

**City of Lauderhill Police Officers' Retirement Plan
Minutes
September 10, 2014
10:00 A.M.**

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 10:13 A.M. at the Lauderhill Police Department, 6279 West Oakland Park Blvd in Lauderhill, Florida.

Members Present:

David Hennessy - Chairman, Floyd Harris – Secretary, Gary Celetti, Kennie Hobbs (left @ 11:25 A.M.) & Sam Smith – Trustees.

Absent & Excused:

None

Others Present:

Paul Daragjati – Board Attorney; Dave Williams – Plan Administrator & Patty Ostrander – Administrative Assistant, Don Dulaney (arrived at 10:45 A.M.) William Berk – Active Member & Kim Vincent – FOP President.

Public Discussion:

No Comments Provided

Approval of Minutes:

The Board of Trustees reviewed the minutes for the August 06, 2014 meeting. Mr. Hobbs made a motion to approve the minutes, seconded by Mr. Celetti. The motion passed 5-0.

Consent Agenda: Warrant Ratification / Approval:

Warrant 390

Payment of \$7,005.32 (Gross – as per Board Actuary) to Timothy Doughty for a Return of Pension Contributions. Motion by Mr. Celetti to approve as outlined, seconded by Mr. Hobbs. Motion passed 5-0. Mr. Hobbs asked what the calculation procedure is and Mr. Hennessy explained the procedure.

Warrant 391

Payment of \$4,750.97 to Professional Indemnity Agency, Inc. for yearly Fiduciary Insurance Renewal. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Celetti. Motion passed 4-0. (Mr. Smith off dias)

Warrant 392

Payment of \$3,898.25 to Klausner, Kaufman, Jensen & Levinson for Legal Services through August 2014. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 5-0.

Warrant 393

Payment of \$1,450.00 to Dulaney & Company, Inc. for Actuarial services through August 2014. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Smith. Motion passed 5-0.

Warrant 394

Payment of \$38,634.84 (Gross – as per Board Actuary) to Franklin Hartley for a Return of Pension Contributions. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Celetti. Motion passed 5-0.

Recess 10:30 – 10:35

Attorney's Report:

Mr. Daragjati had no report.

Actuary's Report:

Ordinance Review - Mr. Hennessy recapped the Collective Bargaining Agreement and the Ordinance that was being proposed. Questions were raised regarding the implementation and its practice. One of the issues raised was the language regarding the Rate of Return to be applied to the DROP accounts. Mr. Dulaney explained that based on the proposed Ordinance language, he would not be able to value a DROP account until the end of any given fiscal year. That would obviously raise an issue for anybody that leaves prior to the end of any fiscal year. Mr. Dulaney felt that the language would need to be modified. Discussion ensued regarding a Memo of Understanding that would have to be crafted between the City and the Union. Mr. Hobbs advised that the first reading of the Ordinance was scheduled for September 15th. By consensus of the majority of the Board, the rationale in the expeditious manner this Ordinance is being handled was questioned. Mr. Hobbs said it was the City Manager's direction.

AFC Issue - Another issue raised was how banked time was going to be calculated and how the snapshot shot was still to be developed by the City. It was the Board's understanding that the snapshot shot time would be counted towards the members AFC upon entry into the DROP. However, the employee would not be paid for the time nor would the Plan receive a contribution until the member separates service from the City. That was a concern of several trustees as contributions are always made at the time the AFC is credited. As it stands now, the Plan would not receive the employee contribution for potentially up to five years later. Mr. Paul Daragjati cited language that earnable compensation means "paid" as reflected prior, the Plan would not be paid until the member leaves. Mr. Hobbs feels that paid could mean held in Trust. The Board wanted to hear from Mr. Klausner on the issue and a conference call was established. Mr. Klausner reported he had discussions with Ms. Sara Carr and Mr. Keith Brinkman, State of Florida Division of Retirement regarding this matter. It was his feeling that the timing of the payout should have no bearing on the State. However, Mr. Klausner suggested he would delay the Ordinance until the matter is matter is clarified.

Mr. Celetti feels that the Board should have another meeting once the Memo of Understanding is completed and the State Representatives are in agreement. Mr. Smith & Mr. Harris concurred. Mr. Hennessy felt that there will be a need for an emergency meeting to avoid all unnecessary delays. It was felt that if the State did not approve the Trust, the City and the Union would potentially have to go back to the table to clarify and / or correct the Collective Bargaining Agreement. Mr. Berk interjected that Mr. Klausner should advocate for the payout. Mr. Hennessy responded that is not Mr. Klausner's job nor was that agreed upon in the Collective Bargaining Agreement. Mr. Hennessy reminded everyone it was this Board's responsibility to administer the Ordinance not to bargain for benefits. This concluded the discussion related to this matter.

At this juncture, Mr. Hennessy asked that Mr. Hobbs be permitted to monitor the meeting by Conference call. Mr. Celetti put the foregoing in the form of a motion to approve attendance of Mr. Hobbs by conference call. This was seconded by Mr. Smith. Motion carried 4-0.

Mr. Dulaney began to outline the methodology in developing Final Average Compensation. He did so as a result of the inquiry made by Mr. Berk while valuing his AFC. Mr. Dulaney stated that

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Mr. Berk was valuing his benefit based on the calendar year, and not the fiscal year as provided by Ordinance. Mr. Dulaney reflected his understanding of the Ordinance was based on the five best fiscal years which does not have to be consecutive or the last sixty months whichever is greater. Mr. Dulaney stated that this was always his practice and that of the prior Actuary. Mr. Daragjati cited the Ordinance and concurred with Mr. Dulaney on the fiscal year interpretation. Mr. Berk questioned how the last sixty months could be calculated. Mr. Dulaney felt it was a reasonable interpretation as members do not always DROP or separate service on a fiscal year basis, so partial years at the beginning and the end should be counted, however the middle years would be based on fiscal earnings. Mr. Berk asked if the Board had the Administrative ability to expand the AFC policy. Mr. Daragjati reflected that absent of an Ordinance change "No". Mr. Dulaney stated that he will review all documentation provided by Mr. Berk and alleviate any of his concerns.

Plan Administrator's Report:

Mr. Williams indicated that Salem Trust wants all the Plan vendors to enter into an ACH Agreement instead of mailing payments via check. Salem Trust provided a form for the Board to execute so they may pursue the matter directly with each vendor. The Board agreed by consensus and Mr. Hennessy executed.

Mr. Williams distributed Board credit cards for official Board business only to the Trustees.

Mr. Williams advised the Board that as of today, he has not received the executed Housing Authority Promissory Note. Mr. Harris reflected that it was in fact turned over to the Housing Authority.

Mr. Williams stated that it was his recollection that to date the Financial and Personnel data requested to complete the Actuarial Valuation for fiscal year 14/15 was not received. Mr. Dulaney concurred with Mr. Williams statement, as such no work can commence.

Mr. Williams presented the Goldstein Schechter Koch engagement letters for the Board to consider. It was indicated there was no increase in the fees. Mr. Daragjati reviewed and had no issue with the language. Motion for the Chairman to execute the Audit Engagement letters by Mr. Harris, seconded by Mr. Celetti. Motion passed 4-0.

New Business:

New Member – Motion to approve Diego Saenz Duarte as a new member by Mr. Harris, seconded by Mr. Hobbs. Motion passed 5-0.

Staff Review – Mr. Williams requested that this matter be tabled until there is a full Board.

Old Business:

Salem Trust - Mr. Hennessy stated that he spoke in length with Mr. Swanson regarding the difference in the Salem Trust invoice vs. the difference in the account balance. Mr. Swanson informed Mr. Hennessy that Salem Trust submits a snapshot shot so they can submit an invoice. Mr. Celetti voiced his opinion thinking that we are paying for an incorrect theory and that this should be corrected. Mr. Hennessy feels like they are billing us incorrectly for their service. Mr. Daragjati said his past experiences are that they trail behind but he hasn't seen a situation where final numbers are off. Mr. Hennessy feels they should bill us after the final numbers. Mr. Daragjati suggested that he and Mr. Swanson have a conference call with Salem Trust. Motion to direct Mr. Swanson and Mr. Daragjati to talk to Salem Trust to have them bill on actual assets including accruals b Mr. Celetti, seconded by Mr. Hobbs. Motion passed 5-0.

Ordinance Review – This matter was addressed under Actuary’s report.

Pre-Retirement Seminar – Mr. Hennessy indicated that due to the fact that there is more questions than answers about the proposed Ordinance, the Pre-Retirement Seminar is being postponed. All trustees agreed by consensus.

Open Discussion:
Mr. Hennessy

Adjournment:
Being there was no other business; Mr. Hennessy adjourned the meeting at 1:06 P.M.

Approved:  Date: 10-01-14
Chairman Hennessy