

City of Lauderdale Police Officers' Retirement Plan
Minutes
April 01, 2015
10:00 AM

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderdale Police Officers' Retirement Plan to order at 10:23 AM at the Lauderdale Police Department 6279 West Oakland Park Blvd in Lauderdale Florida.

Members Present:

David Hennessy - Chairman, Floyd Harris – Secretary & Sam Smith - Trustees.

Absent:

Gary Celetti & Kennie Hobbs

Others Present:

Paul Daragjati – Board Attorney (left at 12:15 PM); Dave Williams – Plan Administrator & Patty Ostrander – Administrative Assistant & Don Dulaney – Board Actuary (arrived at 11:30 AM)

Public Discussion:

No Comments Provided

Approval of Minutes:

The Board of Trustees reviewed the minutes for the March 04, 2015 meeting. Mr. Harris made a motion to approve the minutes, seconded by Mr. Smith. The motion passed 3-0.

Consent Agenda: Warrant Ratification / Approval:

Warrant 445

Payment of \$3,488.75 to Klausner, Kaufman, Jensen & Levinson for legal services through February 2015. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 446

Payment of \$4,200.00 to Dulaney & Company, Inc. for Actuarial services through February 2015. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 447

Payment of \$2,800.00 to Goldstein Schechter Koch for progress billing in connection with Audit services for year ended 09-30-14. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 448

Payment of \$20.99 to Sun Credit Union. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 449

Payment of \$13.00 to Floyd Harris for parking at the annual Klausner Conference. Motion by Mr. Smith to approve as outlined, seconded by Mr. Hennessy. Motion passed 3-0.

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Warrant 450

Payment of \$27.00 to Dave Hennessy for parking at the annual Klausner Conference. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 451

Payment of \$43,562.03 – Return of Contributions – Qualified Rollover Request for Julian Burrell as calculated by our Board Actuary. Member was provided a Vested Benefit Statement whereas she would have been entitled to a monthly retirement payment. Member elected to forego a future monthly payment and selected a return of her member pension contributions per Mr. Williams. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Attorney's Report:

Summary Plan Description and DROP FAQ Revision – Mr. Daragjati distributed a draft of the cited documents dated March 2015. After further review, it was determined that there appears to be a conflict in the language in the Collective Bargaining Agreement (CBA) vs the City Ordinance. Mr. Smith will provide Mr. Daragjati a copy of the CBA Agreement so Mr. Daragjati can outline the differences and review with the City's Legal Counsel.

Mr. Hennessy stated that a member questioned his retirement date on his annual statement. This initiated discussion regarding the verbiage on the Tier II Statements. Mr. Daragjati stated that the Board has the ability to interpret the Ordinance. If there is a conflict in the Ordinance, they are to look for the plain meaning for the intent. In this case, it is clear that vesting occurs at 7 years of service. Mr. Smith made a motion that the Board provide direction to the appropriate professionals that Tier II members are eligible to receive benefits after 7 years of service and age 55, seconded by Mr. Harris. Motion passed 3-0. By consensus, the Board asked Mr. Daragjati to prepare a letter to the City Manager and Attorney advising them of this interpretation.

Mr. Hennessy asked Mr. Daragjati to review the Christian Moraga file with Mr. Kaufman for any possible updates.

PowerPoint draft for Educational Seminar - Mr. Daragjati presented a copy of the presentation to the Board members for informational purposes. This information will be presented at the April 08, 2015 Pre-Retirement Seminar.

Mr. Daragjati provided a legislative update.

Actuary's Report:

Assumption study presentation - Mr. Dulaney presented a recent study to determine the cost associated with alternative actuarial assumptions. The study was undertaken in an effort to identify and align the actuarial assumptions in a more reasonable and realistic manner. The study focused on the assumed rate of return currently 7.75% and the assumed annual salary increase which is currently 6%. Mr. Dulaney provided two alternatives. Alternative 1 was adjusting the assumption rate to 7.60% and salary increase assumption to 7.75%. Alternative 2 adjusted the assumed rate to 7.50% and the salary increase assumption to 5.5%. Mr. Dulaney recommended Alternative 2 to the Board. The cost associated with the change was valued at \$153,788. Mr. Dulaney cited that the City's contribution for the current year projected a reduction in excess of \$164,000. It was his thoughts that the timing for the change would not have an adverse effect on the City and at the same time the Board would be fulfilling their Fiduciary duty in determining reasonable assumptions. After discussion among the trustees, Mr. Harris made a motion to adopt Alternative 2 (study is attached hereto), seconded by Mr. Smith.

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Motion passed 3-0. Mr. Hennessy asked Mr. Dulaney to write a letter outlining the change in the assumption rate to the respective DROP members.

Plan Administrator's Report:

Mr. Williams updated the Board on the ongoing process of balancing the payroll spreadsheet. Mrs. Ostrander contacted Ms. Langley, Finance Department and requested a new quarterly report be forwarded to the Pension office on a quarterly basis to help with reconciling the payroll.

Mr. Williams advised the Board that Mrs. Ostrander and Mr. Johns (GSK) worked together and reconciled the statistical exhibit for the annual audit.

Mr. Williams received an email from Mr. Swanson, Southeastern Advisory Services requesting authorization for on line access to the Principal account for a representative in his firm. This form was presented and executed by Mr. Hennessy. Mrs. Ostrander will return to Mr. Swanson for further processing.

Mr. Williams updated the board on a head count for the Pre-Retirement Seminar (Wednesday, April 08, 2015). Mr. Hennessy said that he will send out another internal email department wide. Mr. Hennessy noted that the announcement was also posted within the agency. Mr. Williams reminded the Board that the notice was also posted on the announcement page of the website.

New Business:

Custodial Proposals – Mr. Hennessy asked the professionals in attendance if they had any background on the companies who submitted proposals (Fiduciary Trust, Fifth Third, Key Bank, Regions Bank, US Bank & Wells Fargo). It was mentioned that the Managerial Plan has Fifth Third but is considering a change as well. Mr. Williams noted that Fiduciary Trust handles all the accounts that he administers. Mr. Williams has no reservations about recommending their services and the Board should consider including them in the interview process.

As the proposals were so voluminous, the Board agreed to review them in further detail independently outside the meeting, for the purpose of creating a short list at the next meeting.

Old Business:

None

Open Discussion:

Mr. Hennessy cited a prior conversation he had with Mr. Forbes relative to his DROP Investment return option. Mr. Forbes conveyed that because he was outside of the Collective Bargaining Agreement (CBA), he did not receive a notice option. Mr. Forbes maintains that he wanted the assumed rate of return. Mr. Hennessy placed a conference call to Mr. Forbes during the meeting whereas Mr. Forbes reiterated the foregoing and his position. The Board by consensus agreed and Mr. Dulaney acknowledged same.

Adjournment:

Being there was no other business; Mr. Hennessy adjourned the meeting at 12:42 PM

Approved: 
Chairman Hennessy

Date: 05-06-15