

**City of Lauderhill Police Officers' Retirement Plan
Minutes
February 03, 2016
10:00 AM**

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 10:05 AM at the Lauderhill Police Department, 6279 West Oakland Park Blvd Lauderhill, Florida.

Members Present:

Mr. David Hennessy – Chairman; Mr. Floyd Harris – Secretary, Mr. Kennie Hobbs – Trustee (left at 11:00 AM), Mr. Brad Mitchell & Mr. Sam Smith - Trustees.

Absent:

None

Others Present:

Mr. Paul Daragjati – Board Attorney; Mr. Dave Williams – Plan Administrator; Mrs. Patty Ostrander – Administrative Assistant, Mr. Don Dulaney – Board Actuary, Ms. Rosa Salum and Mr. Clement Johns – Board Auditors, Mr. Hung Hoang & Mr. Bill Lynch – New Amsterdam (left at 11:00 AM).

Public Discussion:

No Comments Provided

Approval of Minutes:

The Board of Trustees reviewed the minutes for the January 13, 2016 meeting. Mr. Floyd made a motion to approve the minutes, seconded by Mr. Smith. The motion passed 4-0.

Consent Agenda: Warrant Ratification / Approval:

Warrant 523

Payment of \$1,414.20 to Kennie Hobbs for Made in America conference per diem. Motion to ratify pre-payment by Mr. Harris to approve as outlined, seconded by Mr. Smith. Motion passed 4-0. Mr. Hobbs reflected an amended travel request will follow. Mrs. Ostrander will monitor.

Warrant 524

Payment of \$30.00 for FPPTA Re-Certification for Floyd Harris. Motion by Mr. Smith to approve as outlined, seconded by Mr. Hennessy. Motion carried 4-0.

Warrant 525

One time payment of \$16,027.68 to Gregory Hayes as a Return of Contributions per the calculation prepared by Board Actuary. Motion by Mr. Smith to approve as outlined, seconded by Mr. Harris. Motion passed 4-0. Mr. Daragjati stated that the Board can approve this warrant today, however payment cannot be processed until the original paperwork is received. Mrs. Ostrander will monitor.

Warrant 526

Payment of \$5,997.56 to Salem Trust for custodial fees for 10-01-15 to 12-31-15. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Smith. Motion passed 4-0.

Warrant 527

One time payment of \$18,830.28 to Mark Abrahams as a Final Return of Contributions per the calculation prepared by Board Actuary. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0.

Warrant 528

Payment of \$4,420.00 to Dulaney & Company, Inc for services rendered through December 2015. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Smith. Motion passed 4-0.

Financial Statements Presentation Fiscal Year ending September 30, 2015:

Mr. Clement Johns of Goldstein Schechter Koch (GSK) began his discussion and analysis of the City of Lauderhill Police Officers' Retirement Plan (the "Plan") financial performance, and provided an overview of the Fund's financial activities for the fiscal year ended September 30, 2015.

Mr. Johns stated that GSK conducted their audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that GSK plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). Mr. Johns outlined that an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

Mr. Johns also stated the audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Mr. Johns advised that he believes that the GSK audit provides a reasonable basis for his opinion.

Mr. Johns was of the opinion that the financial statements presented fairly, in all material respects, the plan net assets of the City of Lauderhill Police Officers' Retirement Plan as of September 30, 2015 and 2014 (restated), and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The following financial highlights were reviewed:

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2015 and 2014 by \$51,228,241 and \$48,801,039, respectively, (reported as net position restricted for pensions). Net position is held in trust to meet future benefit payments. The increase of \$2,427,202 and \$6,479,853, of the respective years has resulted primarily from changes in the fair value of the Plan's investments due to volatile financial markets.
- Receivables at September 30, 2015 were more than receivables at September 30, 2014 by \$33,811 (or 140.3%) due primarily to an increase in receivable for securities sold.

Receivables at September 30, 2014 were less than receivables at September 30, 2013 by \$289,380 (or 92.3%) due primarily to a decrease in receivable for securities sold.
- Liabilities at September 30, 2015 were more than liabilities at September 30, 2014 by \$8,212 (or 12.7) due primarily to an increase in payable for securities purchased.

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Liabilities at September 30, 2014 were less than liabilities at September 30, 2013 by \$413,716 (or 86.5%) due primarily to a decrease in payable for securities purchased.

- For the fiscal year ended September 30, 2015, City contributions to the Plan decreased by \$49,042 (or 1.9%) based on the actuarial valuation. Actual City contributions were \$2,466,585 and \$2,515,627 for 2015 and 2014, respectively.

For the fiscal year ended September 30, 2014, City contributions to the Plan increased by \$56,466 (or 2.3%) based on the actuarial valuation. Actual City contributions were \$2,515,627 and \$2,459,161 for 2014 and 2013, respectively.

- For the fiscal year ended September 30, 2015, member contributions including buybacks decreased by \$56,816 (or 5.3%). Actual member contributions were \$961,701 and \$1,032,977 for 2015 and 2014, respectively, and buybacks were \$52,840 and \$38,380 for 2015 and 2014, respectively. Member contributions have fluctuated from year to year, based on the number of active members, salary and buybacks.

For the fiscal year ended September 30, 2014, member contributions including buybacks increased by \$20,930 (or 2.0%). Actual member contributions were \$1,032,977 and \$995,578 for 2014 and 2013, respectively, and buybacks were \$38,380 and \$54,849 for 2014 and 2013, respectively. Member contributions have fluctuated from year to year, based on the number of active members, salary and buybacks.

- For the fiscal year ended September 30, 2015, net investment income was \$366,152 compared to \$3,886,946 for fiscal year ended September 30, 2014. Actual results were \$837,619 of net depreciation in fair value of investments and \$2,732,142 of net appreciation in fair value of investments for 2015 and 2014, respectively, and \$1,346,694 and \$1,291,120 of income from interest and dividends for 2015 and 2014, respectively. Investment expenses increased by \$6,607 (or 4.8%).

For the fiscal year ended September 30, 2014, net investment income was \$3,886,946 compared to \$5,486,210 for fiscal year ended September 30, 2013. Actual results were \$2,732,142 and \$4,165,726 of net appreciation in fair value of investments for 2014 and 2013, respectively, and \$1,291,120 and \$1,421,871 of income from interest and dividends for 2014 and 2013, respectively. Investment expenses increased by \$12,523 (or 10.1%).

- For the fiscal year ended September 30, 2015, benefit payments and refunds of contributions increased by \$407,651 (33.3%).

For the fiscal year ended September 30, 2014, benefit payments and refunds of contributions decreased by \$167,272 (12.0%).

- For the fiscal year ended September 30, 2015, administrative expenses increased \$26,954 (or 21.1%) from 2014 due primarily to an increase in fees for professional services.

For the fiscal year ended September 30, 2014, administrative expenses increased \$12,559 (or 10.9%) from 2013 due primarily to a decrease in fees for professional services.

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The following Plan highlights were reviewed:

For the year ending September 30, 2015, the total return of the portfolio was 1.3%. Actual net returns from investments were net investment income of \$366,152 in 2015 compared with net investment income of \$3,886,946 in 2014.

For the year ending September 30, 2014, the total return of the portfolio was 9.4%. Actual net returns from investments were net investment income of \$3,886,946 in 2014 compared with net investment income of \$5,486,210 in 2013

Statements of Plan Net Position:

The table below reflects condensed comparative statements of fiduciary net position as of September 30:

	2015	2014	2013
Cash and cash equivalents	\$ 510,738	\$ 876,663	\$ 1,477,806
Receivables	57,912	24,101	313,481
Other assets	25,000	29,751	-
Investments	50,707,568	47,935,289	41,008,380
Total assets	51,301,218	48,865,804	42,799,667
Liabilities	72,977	64,765	478,481
Net position restricted for pensions	<u>\$51,228,241</u>	<u>\$48,801,039</u>	<u>\$ 42,321,186</u>

Condensed Statements of Changes in Fiduciary Net Position

The table below reflects condensed comparative statements of the changes in fiduciary net position and reflect the activities of the Plan for the fiscal years ended September 30:

	2015	2014	2013
Additions:			
Contributions			
City	\$2,466,585	\$ 2,515,627	\$ 2,459,161
Members	1,014,541	1,071,357	1,050,427
State	365,170	356,564	310,332
Total	3,846,296	3,943,548	3,819,920
Net investment income	366,152	3,886,946	5,486,210
Total additions	<u>4,212,448</u>	<u>7,860,494</u>	<u>9,306,130</u>
Deductions:			
Pension benefits paid	1,587,195	1,149,998	1,388,265
Refund of contributions	43,562	73,108	2,113
Administrative expenses	154,489	127,535	114,976
Total deductions	<u>1,786,246</u>	<u>1,350,641</u>	<u>1,505,354</u>
Net increase	2,427,202	6,479,853	7,800,776

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Net position restricted for pensions			
at beginning of year, restated	48,801,039	42,321,186	34,520,410
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Net position restricted for pensions			
at end of year	\$51,228,241	\$48,801,039	\$ 42,321,186
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The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

Asset Allocation:

At the end of the fiscal year ended September 30, 2015, the domestic equity portion comprised 45.1% (\$23,127,028) of the total portfolio. The allocation to fixed income securities was 14.6% (\$7,474,387) while cash and cash equivalents comprised 1.0% (\$510,738). The portion of investments allocated to international equity, note receivable and real estate was \$11,099,572, \$2,000,000 and \$7,006,581 or 21.7%, 3.9%, and 13.7%, respectively of the total portfolio.

At the end of the fiscal year ended September 30, 2014, the domestic equity portion comprised 55.3% (\$27,007,022) of the total portfolio. The allocation to fixed income securities was 16.5% (\$8,066,067) while cash and cash equivalents comprised 1.8% (\$876,663). The portion of investments allocated to international equity, note receivable and real estate was \$7,544,427, \$1,000,000 and \$4,317,773 or 15.5%, 2.0%, and 8.9%, respectively of the total portfolio.

The target asset allocation as of September 30, 2014 and 2013 was as follows:

	2015	2014
Domestic equity securities	45%	45%
Fixed income securities	20%	30%
Foreign equity securities	15%	15%
Absolute return	10%	10%
Real estate	10%	0%

Actual Contributions:

The actual City and State contributions amounted to \$2,831,755 and \$2,872,191, for the years ended September 30, 2015 and 2014, respectively. The actual amount of annual covered payroll for the years ended September 30, 2015 and 2014 were approximately \$9,617,000 and \$10,329,000, respectively. City and State contributions consisted of the following for the years ended September 30:

	2015	
	Amount	Percent of Actual Covered Annual Payroll
City contributions	\$ 2,466,585	25.65%
State contributions	365,170	3.80
Total City and State	\$ 2,831,755	27.73%

	2014	
	Amount	Percent of Actual Covered Annual Payroll
City contributions	\$ 2,515,627	24.35%
State contributions	356,564	3.45
Total City and State	\$ 2,872,191	27.80%

For the fiscal years ended September 30, 2015 and 2014, member contributions were \$961,701 and \$1,032,977, respectively and buybacks were \$52,840 and \$38,380, respectively.

The new GASB67 requirements were also presented by Mr. Johns.

Mr. Johns concluded his presentation by stating that he had no disagreements with management (Plan Administrator) during this audit process and received full cooperation.

Motion to approve the Financial Statements of September 30, 2015 by Mr. Harris, seconded by Mr. Harris. Motion passed 4-0.

Attorney's Report:

IPT Memo: Mr. Daragjati distributed a memo on this matter.

Multiplier Request: Mr. Daragjati cited a tier two member's request to increase his multiplier. Discussion ensued; Mr. Daragjati proposed to the Board that the Plan allow an officer to add up to a 12 1/2% as a time to be added. If they leave early, they will get a refund. The calculation will use the prevailing rate and the fund will absorb the cost if the member follows through with the request. Mr. Harris stated that it will not be difficult for this to be deducted from payroll. Once the rule is approved, Mr. Daragjati suggested that it be put in the CBA so no problems occur in the future. Motion to direct Mr. Daragjati to draft an Administrative Rule to allow purchasing multipliers by Mr. Smith, seconded by Mr. Harris. The motion passed 3-0. (Mr. Hobbs was not present). The Administrative Rule will be presented for consideration at the next meeting. Mr. Daragjati and Mr. Williams will work together to create a form.

DROP FAQ Summary & Summary Plan Description: Mr. Daragjati distributed copies of this report. Mr. Hennessy asked the trustees to review and it can be approved at the March meeting.

Actuary's Report:

Post Retirement Supplement: Mr. Dulaney distributed and explained the Post Retirement Supplement.

Mr. Dulaney distributed Mr. Abrahams yearly breakdown of pension contributions as given to him by the Finance Department.

Mr. Hennessy asked Mr. Dulaney about the status of the annual statements. Mr. Dulaney said that due to the new state requirements, they will try to get them out in March.

Investment Report – New Amsterdam

Mr. Lynch and Mr. Hoang indicated that as December 31, 2015, the portfolio had a market value of \$6,068,101.62. The allocation at the end of the quarter based on each asset class is as follows: 2.1% in cash, 53.8% in growth equity, 44.1% in value equity and 0.0% in multi-cap equity.

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Investment performance for the quarter by asset category is as follows: Value -2.0% vs. the benchmark of 4.1%, growth 10.4% vs. 2.6%, which equates to a quarterly return of 4.7% vs. 3.3%. These numbers are gross basis.

The investment return on a fiscal year basis is as follows: Value 0.4% vs. the benchmark of -0.3%, growth 7.9% vs. the benchmark of -5.5%, which equates to an annual return of 4.1% vs. -2.9%. These numbers are gross basis.

Plan Administrator's Report:

Mr. Williams advised the Board that all the paperwork has been turned in to Fifth Third. Mr. Williams also advised the Board that we are currently working with Fifth Third to possibly get credit cards.

New Business:

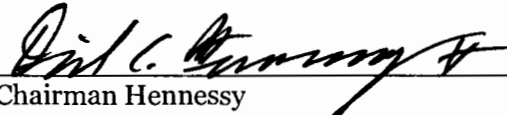
None.

Open Discussion:

None

Adjournment:

Being there was no other business; Mr. Hennessy adjourned the meeting at 12:53 PM.

Approved: 
Chairman Hennessy

Date: 04-06-16