

City of Lauderhill Police Officers' Retirement Plan
Minutes

March 07, 2018

1:00 P.M.

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 1:10 P.M. at the Lauderhill Police Department 6279 West Oakland Park Blvd in Lauderhill Florida.

Public Discussion:

Mr. Shawn Keechle attended the meeting and asked for clarification on a possible buyback. Mr. Kaufman told the member to submit the buyback form as well as his job description to Dave Williams and he will review it and get back to him.

Members Present:

Mr. David Hennessy – Chairman; Mr. Kennie Hobbs, Mr. Brad Mitchell and Mr. Kennie Hobbs – Board Trustees.

Absent:

Ms. Andrea Anderson

OTHERS PRESENT:

Mr. Stu Kaufman - Board Attorney; Mr. Dave Williams – Plan Administrator; Mrs. Patty Ostrander – Administrative Assistant; Mr. Don Dulaney – Board Actuary (arrived 1:45 P.M.), Mr. Jeff Swanson – Board Performance Monitor via Conference Call (2:35 P.M. – 2:55 P.M.); Ms. Cynthia Borders-Byrd and Ms. Kathleen Daher – Board Auditors (left at 1:50 P.M.) and Mr. Shawn Keechle – City of Lauderhill Police Officer (arrived at 1:30 P.M. and left at 2:05 P.M.).

Public Discussion:

None

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the February 07, 2018 meeting. Mr. Mitchell made a motion to approve the minutes, seconded by Mr. Hobbs. The motion passed 4-0.

Consent Agenda: Warrant Ratification / Approval:

Warrant 721

Payment of \$2,410.88 to Mr. Kennie Hobbs for reimbursement to attend the Investment Education Symposium. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 4-0.

Warrant 722

DROP Distribution Request – Trustee to Trustee Rollover for Ms. Yvonne Pubien. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 4-0.

Warrant 723

Payment of \$9,500.00 to C. Borders-Byrd, CPA, LLC for progress billing for the audit FYE 09-30-17. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Mitchell. Motion passed 4-0.

City of Lauderdale Police Pension Plan - Minutes

March 07, 2018

Page 2

Warrant 724

Payment of \$4,460.00 to Dulaney & Company for Actuarial services through January 2018. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

Warrant 725

Payment of \$301.72 to Fifth Third Bank for Office Supplies and Education. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Mitchell. Motion passed 4-0.

Warrant 726

Payment of \$4,420.00 to Dulaney & Company for Actuarial serviced through December 2017. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 4-0.

Warrant 727

Payment of \$3,395.00 to Klausner, Kaufman, Jensen & Levinson for Attorney serviced through February 2018. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Mitchell. Motion passed 4-0.

ATTORNEY'S REPORT:

Mr. Kaufman read the letter regarding Mr. Solowsky. Mr. Kaufman opined that Mr. Solowsky could not purchase back time related to the unpaid Administrative Leave (October 03, 2017 to January 24, 2018).

Mr. Kaufman stated that he reviewed the paperwork regarding Mr. Kevan Rolle and he is unable to do a buyback as he received a cash out from the prior plan. Mr. Williams will contact the member.

Mr. Hennessy asked Mr. Kaufman and Mr. Williams to review Mr. Bigwood's file regarding his termination and reinstatement.

ACTUARY'S REPORT:

Mr. Dulaney distributed and reviewed the GASB67 report. Motion to approve the report by Mr. Mitchell, seconded by Mr. Smith. Motion passed 4-0.

Mr. Dulaney suggested a change in the funding rate. He will prepare a report and present it at the April meeting.

Performance Monitor Report – Jeff Swanson, Southeastern Advisory

Mr. Swanson advised the Board (via conference call) that the total fund was valued at \$68,579,567 as of December 31, 2017.

He indicated the total asset allocation for the portfolio as of December 31, 2017 was 46% in Domestic Equities, 14.1% in International Equities, 7.4% in Absolute Returns, 15.5% in Fixed Income, 15.4% in Real Estate and 1.5% in Cash.

Equity Portfolio:

Vanguard 500 Index returned 6.6% for the quarter vs. 6.6%, placing it in the 38th percentile. On a one-year basis that portion of the portfolio returned 21.8% vs. 21.8% for the benchmark, placing it in the 36th percentile.

Highland Capital returned 6.7% for the quarter vs. 6.6% for the benchmark, placing it in the 28th percentile. On a one-year basis, that portion of the portfolio returned 19.0% vs. 21.7% for the benchmark, placing it in the 88th percentile.

New Amsterdam returned 2.5% for the quarter vs. 5.2% for the benchmark, placing it in the 91st percentile. On a one-year basis that portion of the portfolio returned 10.2% vs. 16.8% for the benchmark, placing it in the 99th percentile.

Euro Pacific Growth returned 4.2% for the quarter vs. 4.2% for the benchmark, placing it in the 61st percentile. On a one-year basis that portion of the portfolio returned 31.2% vs. 25.0% for the benchmark, placing it in the 42nd percentile.

Oakmark International returned 2.4% for the quarter vs. 4.2% for the benchmark, placing it in the 90th percentile. On a one-year basis that portion of the portfolio returned 29.8% vs. 25.0% for the benchmark, placing it in the 47th percentile.

Fixed Income Portfolio:

Dodge & Cox Income returned 0.5% for the quarter vs. 0.4%, placing it in the 23rd percentile. On a one-year basis that portion of the portfolio returned 4.4% vs. 3.5% for the benchmark, placing it in the 15th percentile.

PIMCO Investment Grade Bond returned 0.8% for the quarter vs. 0.4%, placing it in the 3rd percentile. On a one-year basis that portion of the portfolio returned 8.0% vs. 3.5% for the benchmark, placing it in the 1st percentile.

PIMCO Income returned 1.1% for the quarter vs. 0.4%, placing it in the 15th percentile. On a one-year basis that portion of the portfolio returned 8.6% vs. 3.5% for the benchmark, placing it in the 11th percentile.

Lauderhill Housing Authority Note 1 returned 3.6% for the quarter vs. 0.3%. On a one-year basis that portion of the portfolio returned 7.3% vs. 0.9% for the benchmark.

Lauderhill Housing Authority Note 2 returned 2.9% for the quarter vs. 0.3%. On a one-year basis that portion of the portfolio returned 5.9% vs. 0.9% for the benchmark.

Real Estate Portfolio:

Principal U.S. Property returned 1.8% for the quarter vs. 1.8%, placing it in the 55th percentile. On a one-year basis that portion of the portfolio returned 7.9% vs. 7.0% for the benchmark, placing it in the 43rd percentile.

JPMCB Strategic Property returned 1.8% for the quarter vs. 1.8%, placing it in the 54th percentile. On a one-year basis that portion of the portfolio returned 7.4% vs. 7.0% for the benchmark, placing it in the 47th percentile

Absolute Return Portfolio:

Westwood Income Opportunity returned 3.9% for the quarter vs. 0.9%. On a one-year basis that portion of the portfolio returned 11.2% vs. 6.2% for the benchmark.

Mr. Swanson suggested rebalancing the account away from domestic equities, towards international. Motion to transfer \$2,000,000 from Vanguard 500 as follows: \$500,000 to Oakmark international, \$500,000 to American Europacific and \$1,000,000 to Westwood Income by Mr. Hobbs, seconded by Mr. Mitchell. Motion passed 4-0. Mr. Swanson will prepare a trade ticket and forward it to Dave Williams for processing.

Presentation of Financial Statements as of September 30, 2017 – Cynthia Borders-Byrd:

Prior to the meeting, Mr. Kaufman reviewed the Management Representation Letter and suggested changes to items 25 & 36. Motion to accept the representation letter with the noted changes by Mr. Hobbs, seconded by Mr. Mitchell. Motion passed 4-0. Mrs. Ostrander will make the changes on the letter and forward it to Mr. Hennessy for execution.

Ms. Daher distributed the Financial statement for the Board to review. Ms. Borders-Byrd stated that since the management representation letter was not executed, she will collect the reports and issue them to the Board once she receives an executed letter.

Mr. Hennessy asked Ms. Borders-Byrd if she had any difficulties with the report this year and she stated she did have a problem trying to receive the trial balance as that was not part of her engagement and the Board failed to engage a bookkeeper. Mr. Hobbs stated that after the individual who agreed to do the bookkeeping declined our offer, he got management approval and his office completed the bookkeeping in 1 ½ weeks. The Plan Administrator was the source of the documents required and they were provided without delay.

Ms. Borders-Byrd reported that she prepared the financial statements of the City of Lauderhill Police Officers' Retirement Plan (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2017, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

In Ms. Borders-Byrd's opinion, the financial statements presented fairly, in all material respects, the fiduciary net position of the City of Lauderhill Police Officers' Retirement Plan as of September 30, 2017, and the related statement of changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Excerpts to the reported financial statements:

Our discussion and analysis of the City of Lauderhill Police Officers' Retirement Plan (the "Plan") financial performance provides an overview of the Plan's financial activities and funding conditions for the fiscal years ended September 30, 2017 and 2016. It should be read in conjunction with the Plan's financial statements, which follow.

Financial Highlights

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2017 and 2016 by \$66,483,336 and \$57,783,748, respectively, (reported as net position restricted for pensions). Net position is held in trust to meet future benefit payments. The increase of \$8,699,588 and \$6,555,507, 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, 2017 were less than receivables at September 30, 2016 by \$138,601 (or 55.4%) due primarily to a decrease in receivable for securities sold.
- Receivables at September 30, 2016 were more than receivables at September 30, 2015 by \$192,303 (or 332.1%) due primarily to an increase in receivable for securities sold.

City of Lauderdale Police Pension Plan - Minutes

March 07, 2018

Page 5

- Liabilities at September 30, 2017 were less than liabilities at September 30, 2016 by \$73,113 (or 29.6%) due primarily to a decrease in payable for securities purchased, after the increase in contribution refund payables.
- Liabilities at September 30, 2016 were more than liabilities at September 30, 2015 by \$173,681 (or 238.0%) due primarily to an increase in payable for securities purchased.
- For the fiscal year ended September 30, 2017, City contributions to the Plan decreased by \$30,780 (or 1.3%) based on the actuarial valuation. Actual City contributions were \$2,311,962 and \$2,342,742 for 2017 and 2016, respectively.
- For the fiscal year ended September 30, 2016, City contributions to the Plan decreased by \$123,843 (or 5.0%) based on the actuarial valuation. Actual City contributions were \$2,342,742 and \$2,466,585 for 2016 and 2015, respectively.
- For the fiscal year ended September 30, 2017, member contributions including buybacks decreased by \$10,267 (or 1.1%). Actual member contributions were \$897,779 and \$888,450 for 2017 and 2016, respectively, and buybacks were \$14,160 and \$33,756 for 2017 and 2016, 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, 2016, member contributions including buybacks decreased by \$92,335 (or 9.1%). Actual member contributions were \$888,450 and \$961,701 for 2016 and 2015, respectively, and buybacks were \$33,756 and \$52,840 for 2016 and 2015, 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, 2017, net investment income was \$8,315,095 compared to \$5,185,725 for fiscal year ended September 30, 2016. Actual results were \$7,230,927 and \$4,044,268 of net appreciation in fair value of investments for 2017 and 2016, respectively, and \$1,292,646 and \$1,310,514 of income from interest and dividends for 2017 and 2016, respectively. Investment expenses increased by \$39,421 (or 23.3%).
- For the fiscal year ended September 30, 2016, net investment income was \$5,185,725 compared to \$366,152 for fiscal year ended September 30, 2015. Actual results were \$4,044,268 of net appreciation in fair value of investments and \$837,619 of net depreciation in fair value of investments for 2016 and 2015, respectively, and \$1,310,514 and \$1,346,694 of income from interest and dividends for 2016 and 2015, respectively. Investment expenses increased by \$26,134 (or 18.3%).
- For the fiscal year ended September 30, 2017, benefit payments and refunds of contributions increased by \$986,723 (or 46.5%).
- For the fiscal year ended September 30, 2016, benefit payments and refunds of contributions increased by \$489,486 (or 30.0%).
- For the fiscal year ended September 30, 2017, administrative expenses decreased \$15,077 (or 9.6%) from 2016 due primarily to a decrease in fees for legal services.
- For the fiscal year ended September 30, 2016, administrative expenses increased \$1,883 (or 1.2%) from 2015 due primarily to an increase in fees for professional services.

Plan Highlights

- For the year ending September 30, 2017, the total return of the portfolio was 14.6%. Actual net returns from investments were net investment income of \$8,315,095 in 2017 compared with net investment income of \$5,185,725 in 2016.
- For the year ending September 30, 2016, the total return of the portfolio was 10.3%. Actual net returns from investments were net investment income of \$5,185,726 in 2016 compared with net investment income of \$366,152 in 2015.

Condensed Statements of Fiduciary Net Position

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,357,939	\$ 1,303,869
Receivables	111,614	250,215
Investments	<u>65,187,328</u>	<u>56,476,322</u>
Total assets	66,656,881	58,030,406
Liabilities	<u>173,545</u>	<u>246,658</u>
Net position restricted for pensions	<u>\$ 66,483,336</u>	<u>\$ 57,783,748</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:

Additions: Contributions:

	<u>2017</u>	<u>2016</u>
City	\$ 2,311,962	\$ 2,342,742
Members	911,939	922,206
State	<u>408,853</u>	<u>381,449</u>
Total	3,632,754	3,646,397
Net investment income	<u>8,315,095</u>	<u>5,185,725</u>
Total additions	<u>11,947,849</u>	<u>8,832,122</u>
Deductions:		
Pension benefits paid	2,828,884	1,922,841
Refund of contributions	278,082	197,402
Administrative expenses	<u>141,295</u>	<u>156,372</u>
Total deductions	<u>3,248,261</u>	<u>2,276,615</u>
Net increase	8,699,588	6,555,507
Net position restricted for pensions at beginning of year	<u>57,783,748</u>	<u>51,228,241</u>
Net position restricted for pensions at end of year	<u>\$ 66,483,336</u>	<u>\$ 57,783,748</u>

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.

**SCHEDULE OF CHANGES IN THE CITY’S NET PENSION LIABILITY
 (UNAUDITED)
 As of and For the Fiscal Year Ended September 30,**

	2017	2016	2015	2014
Total pension liability:	\$ 1,968,523	\$ 2,026,701	\$ 2,263,617	\$ 2,410,501
Service cost				
Interest	5,533,621	5,166,947	4,759,669	4,396,768
Changes of benefit terms:				
Differences between expected and actual experience	(414,452)	541,452	(357,156)	-
Changes of assumptions	781,572	230,889	783,793	-
Benefit payments including refunds of member contributions	<u>(3,106,966)</u>	<u>(2,120,243)</u>	<u>(1,630,757)</u>	<u>(1,223,106)</u>
Net change in total pension liability	4,762,298	5,845,746	5,819,166	5,584,163
Total pension liability – beginning	<u>72,999,449</u>	<u>67,153,703</u>	<u>61,334,537</u>	<u>55,750,374</u>
Total pension liability – ending	<u>77,761,747</u>	<u>72,999,449</u>	<u>67,153,703</u>	<u>61,334,537</u>
Plan fiduciary net position:				
Contributions – Employer	2,720,815	2,724,191	2,831,755	2,872,191
Contributions – Member	911,939	922,206	1,014,541	1,071,357
Net investment income	8,315,095	5,185,725	366,152	3,886,946
Benefit payments, including refunds of member contributions	(3,106,966)	(2,120,243)	(1,630,757)	(1,223,106)
Administrative expenses	<u>(141,295)</u>	<u>(156,372)</u>	<u>(154,489)</u>	<u>(127,535)</u>
Net change in plan fiduciary net position	8,699,588	6,555,507	2,427,202	6,479,853
Plan fiduciary net position – beginning	<u>57,783,748</u>	<u>51,228,241</u>	<u>48,801,039</u>	<u>42,321,186</u>
Plan fiduciary net position – ending	<u>\$ 66,483,336</u>	<u>\$ 57,783,748</u>	<u>\$ 51,228,241</u>	<u>\$ 48,801,039</u>
City’s net pension liability	<u>\$ 11,278,411</u>	<u>\$ 15,215,701</u>	<u>\$ 15,925,462</u>	<u>\$ 12,533,498</u>
Total pension liability	\$ 77,761,747	\$ 72,999,449	\$ 67,153,703	\$ 61,334,537
Plan fiduciary net position	<u>(66,483,336)</u>	<u>(57,783,748)</u>	<u>(51,228,241)</u>	<u>(48,801,039)</u>
City’s net pension liability	<u>\$ 11,278,411</u>	<u>\$ 15,215,701</u>	<u>\$ 15,925,462</u>	<u>\$ 12,533,498</u>
Plan fiduciary net position as a percentage of the total pension liability	85.50%	79.16%	76.29%	79.57%
Covered – actuarially computed employee payroll	\$ 8,091,698	\$ 8,479,879	\$ 9,712,011	\$ 9,671,315
City’s net pension liability as a percentage of covered – employee payroll	139.38%	179.43%	163.98%	129.59%
*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.				

After the Trustees reviewed the statements and considered the oral presentation provided; Motion to approve September 30, 2017 Financial Statements as noted by Mr. Hobbs, seconded by Mr. Mitchell. Motion passed 4-0.

The entire report may be viewed on-line at:

http://lauderhillpolicepension.org/docs_state/FinancialStatements/LauderhillPoliceFinancial_PE_20170930.pdf#zoom=100

PLAN ADMINISTRATOR'S REPORT:

Mr. Williams stated that he spoke to Mr. Iwaskewycz who informed him that he will be separating service on 03-14-18. Mr. Williams provided him a beneficiary form to complete and return so we may update our database.

NEW BUSINESS:

New Membership: Motion by Mr. Smith to accept Mr. Rickiee Dowe & Mr. Joseph Williams as new members into the Plan, seconded by Mr. Mitchell. Motion carried 4-0.

OLD BUSINESS:

Auditor RFP – After discussion, the Board decided not to begin an RFP for Auditor at this time.

SPD – Tabled being prepared by the Board Attorney.

Bookkeeper – The Board discussed the extreme difficulties with a bookkeeper for this fiscal year's audit. Mr. Kaufman and Mr. Williams will work on securing a bookkeeper for the next audit.

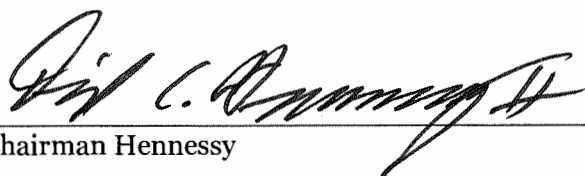
OPEN DISCUSSION:

None.

ADJOURNMENT:

Being there was no other business; the meeting was adjourned at 3:47 P.M.

Approved: _____


Chairman Hennessy

Date: _____

04-04-18