

City of Lauderhill Police Officers' Retirement Plan
Minutes
July 10, 2013
10:00 A.M.

Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 10:25 a.m. at the City of Lauderhill Police Department.

Members Present:

David Hennessy - Chairman, Michael Lucas - Secretary, Floyd Harris & Kennie Hobbs - Trustees. Kennie Hobbs left the meeting at 11:18 a.m.

Absent & Excused:

Mr. Gary Celetti - Trustee

Others Present:

Robert Klausner - Klausner, Kaufman, Jensen & Levinson - Board Attorney (left at 11:06 a.m.); Dave Williams & Patty Ostrander - Precision Pension Administration, & Don Dulaney - Dulaney & Company

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the June 05, 2013 meeting. Mr. Hennessy asked if there were any changes required to the minutes. Mr. Harris made a motion to approve the minutes as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

Warrant 305

Payment of \$4,980.00 to Dulaney & Company for services through May 2013. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Lucas. Motion passed 4-0.

Warrant 306

Payment of \$452.84 to Kennie Hobbs for FPPTA June 2013 reimbursement expenses. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 4-0.

Warrant 307

Payment of \$761.04 to City of Lauderhill for FPPTA June 2013 reimbursement expenses. (Kennie Hobbs) Motion by Mr. Lucas to approve as outlined, seconded by Mr. Harris. Motion passed 4-0.

Warrant 308

Payment of \$541.45 to Michael Lucas for FPPTA June 2013 reimbursement expenses. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0.

Warrant 309

Payment of \$9,693.00 to Southeastern Advisory Services, Inc. for services through the second quarter of 2013. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0.

Warrant 310

Payment of \$900.00 to Klausner, Kaufman, Jensen & Levinson for services through June 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

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Warrant 311

ICC Capital Warrant tabled for the August 2013 meeting.

Warrant 312

Payment of \$3,900.00 to Dulaney & Company for services through June 2013. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0. Mr. Hennessy questioned the progress billing amount cited on the invoice. Mr. Dulaney indicated this is something new that he is reporting to the Board. That resulted in a comparison to the expense report as the amounts differed. Mr. Williams stood by his expense report however indicated that the payments made during the fiscal year would be reviewed again.

New Business

- Motion to approve Timothy Doughty as a new member effective 05-08-13 by Mr. Harris, seconded by Mr. Hobbs, passed 4-0.
- Pre-Retirement Information Session – Dave Hennessy
Mr. Hennessy felt that it would be beneficial if the Board sponsored a pre-retirement educational session open to all active members of the Plan. He suggested the Board Attorney, Actuary & Administrator be present. Mr. Klausner interjected & endorsed Mr. Hennessy's request. Mr. Klausner also suggested that the session include a segment for estate planning. Mr. Klausner advised that his firm would also prepare a power point presentation which summarizes all the Plans benefits. Mr. Klausner stated that his firm would also sponsor the food stuffs for the event. Conversation among all Board members ensued all of which endorsed Mr. Hennessy's proposal. The date of the presentation was identified being July 31, 2013 at 6:30 p.m. Mr. Hennessy asked the Plan Administrator to prepare an announcement that could be posted on the website and distributed internally via e-mail.

Old Business

- Housing Authority Presentation – Kennie Hobbs
Mr. Hobbs reflected a written presentation will follow along with a physical presentation at a future meeting. He asked that this matter remain on the agenda. Mr. Klausner reflected that investment in the community is a positive thing. Mr. Klausner advised that investments of this nature generates taxes for the City and the Pension system realizes a return on the Note.
- Meeting Schedule – Tabled for future meeting

Attorney's Report:

Mr. Klausner cited proposed federal legislation requiring all Pension plans to offer insurance annuities. It was stated that NCPERS have spoken out against the proposal.

Mr. Klausner spoke briefly about the closure of public pension plans. Mr. Klausner reflected that there is a large negative impact in terms of costs. He also cited that the Philosophy in asset allocation and types of investments also change may cause a negative impact. Mr. Klausner also indicated that local governments cutting employees is actually counterproductive. Mr. Klausner suggested that the trustees read a study by the National Institute on Retirement Security entitled Pensionomics. For every dollar paid out in pension benefits, \$2.37 in total economic output was supported. Mr. Williams advised he would have the cited report transmitted to the members.

Mr. Klausner briefed the Board on the City of Miami Financial Urgency case. He indicated he made a compelling argument to the Court and the ruling is pending.

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Actuary's Report

Mr. Hennessy questioned the charge on the Dulaney billing statement for the Rhames matter. Mr. Williams advised that the Attorney for Mrs. Rhames requested an Actuarial calculation. Mr. Williams secured a quote from Mr. Dulaney. That payment was transmitted by the Attorney for Mrs. Rhames to our office and was promptly deposited into the Plan's Account. Therefore, the charges for Mr. Dulaney was correct. Mr. Hennessy inquired about direct payment to the Actuary for the service. Mr. Klausner advised that Mr. Dulaney was working for the Plan therefore the Plan should be billed accordingly.

Mr. Dulaney presented updated benefit statements to the Plan Administrator. The Board felt distribution of these statements would cause undue confusion and therefore directed Mr. Williams to insert into the members respective files. Mr. Williams requested that Mr. Dulaney transmit an electronic copy of the statements as soon as possible. Mr. Dulaney concurred.

Mr. Williams requested that Mr. Dulaney transmit the June 30, 2013 DROP Statement as soon as possible. Mr. Dulaney concurred once again.

Mr. Dulaney appeared before the Board to present the Actuarial Valuation of the Lauderdale Police Officers' Retirement System as of October 1, 2012. The report determines the contribution for the plan year ending September 30, 2013.

Mr. Dulaney reported that he anticipates the member's contribution to be valued at \$884,436 (10% of covered payroll). The required funding amount for the plan/fiscal year ending September 30, 2013 was valued at \$2,769,493 (31.3% of covered payroll). The State contribution is valued at \$303,327 (3.4% of covered payroll). This leaves a City contribution of \$2,466,166 (27.9% of covered payroll).

Mr. Dulaney reported all Plan benefits recognized in this valuation is the same as the October 01, 2011 valuation. Further, Mr. Dulaney indicated that there were no changes in the actuary assumptions or methods.

Mr. Dulaney highlighted the plan experience and advised the actuarial value of assets return was 6.1% for the plan year ended September 30, 2012, which was lower than the assumption of 7.75%. The market value rate of return was 14.7%. Employee turnover was 51% higher than expected during the last plan year. The average salary increase was 26.6%, as compared to the assumption of 6.0% due to a very high amount of (non-recurring) pensionable cash-outs from accumulated leave banks.

Mr. Dulaney advised the active participant data as of October 01, 2012 is as follows: There are 93 active Tier One employees and 16 Tier Two employees. The covered payroll is \$8,844,361. The average pay for an employee in the plan is \$81,141. The average age is 38.5 years.

Mr. Dulaney advised that the market value of assets is \$34,645,341 and the actuarial value of assets is \$34,269,838. The present value of vested benefits is \$41,201,683. The vested benefit security ratio is 83.2%. (Based on market value of assets). Mr. Dulaney reported that the funded ratio for the plan increased from 69.5% as of October 01, 2011 to 71.2% as of October 01, 2012.

Mr. Dulaney cited the cost related to the unfunded actuarial accrued liabilities (which is reported on page 34 of the report). The total was valued at \$14,024,603. The amortization payment for this report was valued at \$1,204,006. Mr. Williams indicated that some of the liabilities are valued up to 30 years. That means that the City will be repaying that debt with

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interest for that time frame. Mr. Williams felt it may be prudent to average / combine all the bases which would lower the average the City would be paying off the unfunded liability. This action would increase the annual amortization payment but reduce the overall interest the City is responsible for. Mr. Dulaney concurred with Mr. Williams and advised over the long it would save the City money. Mr. Williams also reflected that the City may want to consider making the pension contribution in full at the beginning of each fiscal year which would also reduce their annual obligation as the interest factored would result in a reduction. Mr. Williams asked Mr. Dulaney if he felt the assumptions used for this report were reasonable. Mr. Dulaney responded that he did but prefaced his response by saying that he would revisit them in the future.

Mr. Dulaney also cited the chart relating to the 13th check. Mr. Dulaney stated that the 13th check was for members who retired on or after October 01, 2004. He also cited that there must be a net actuarial gain. Mr. Dulaney advised that as of the valuation date there has been an accumulative loss (\$9,010,678) therefore there will be no 13th check paid. Mr. Hennessy asked that this information be conveyed to the retirees. Mr. Williams stated that he would include this information in the next quarterly newsletter and also insert this page in the annual retiree mail out.

Motion to approve the Actuarial Valuation Report by Mr. Harris, seconded by Mr. Lucas. Motion passed 3-0. (Mr. Hobbs was not present for this vote).

Plan Administrator's Report:

Mr. Williams reported that he confirmed with Revlon Fennell, Human Resources, that the cities has been maintaining the physicals for at least the last four years and continue to do so to date.

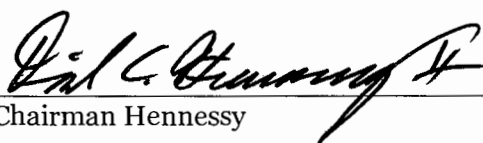
Open Discussion:

None.

Adjournment:

Being there was no other business; the meeting was adjourned at 12:10 p.m.

Approved: _____


Chairman Hennessy

Date: _____

09-04-13