

City of Lauderhill Police Officers' Retirement Plan
Minutes
June 03, 2015
2:00 PM

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 2:14 PM at the Lauderhill Police Department 6279 West Oakland Park Blvd, Lauderhill, Florida.

Members Present:

David Hennessy - Chairman, Gary Celetti (arrived at 3:57 PM and left at 4:05 PM) Kennie Hobbs (left at 3:00 PM) & Sam Smith - Trustees (left at 4:05 PM).

Absent:

Floyd Harris

Others Present:

Paul Daragjati - Board Attorney; Dave Williams - Plan Administrator & Patty Ostrander - Administrative Assistant, Don Dulaney - Board Actuary, Jeff Swanson - Performance Monitor Southeastern Advisory.

Public Discussion:

No Comments Provided

Approval of Minutes:

The Board of Trustees reviewed the minutes for the May 06, 2015 meeting. Mr. Hobbs made a motion to approve the minutes, seconded by Mr. Smith. The motion passed 3-0. (Mr. Celetti was off the Dias).

Consent Agenda: Warrant Ratification / Approval:

Warrant 460

Payment of \$2,422.00 to Goldstein Schechter Koch for billing in connection with expanded procedures for annual audit. Motion by Mr. Smith to approve as outlined, seconded by Mr. Hobbs. Motion passed 3-0. (Mr. Celetti was off the Dias). Mr. Hennessy stated that he wants Salem Trust to pay for their issue and he asked Mr. Williams to write a letter saying that we want to be reimbursed by them for it.

Warrant 461

Payment of \$5,990.00 to Dulaney & Company, Inc. for Actuarial services through April 2015. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Smith. Motion passed 3-0. (Mr. Celetti was off the Dias).

Warrant 462

Payment of \$5,446.31 monthly to Lerue Sarvis Jr. as a Normal Retirement Benefit (Ten Year Certain & Life option) effective June 01, 2015 and the first day of each month thereafter until further notice per the final calculation prepared by Board Actuary. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Smith. Motion passed 3-0. (Mr. Celetti was off the Dias).

Attorney's Report:

Summary Plan Description and DROP FAQ Revision - Tabled for the July meeting.

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Mr. Daragjati distributed a segment of the Ordinance with regard to vesting and termination. The issue involves around Tier 2 members who complete seven years of service being vested in the Plan. After a round robin session between all parties present, it was deemed that the intent of the collective bargaining agreement was to change vesting from five years to seven years for Tier 2 members. Further that there appears to be a conflict in the way the original Ordinance was crafted and passed. Mr. Hobbs suggested that Mr. Daragjati communicate with the city representatives and possibly draft a memo of understanding.

Mr. Daragjati distributed a memo regarding SB 172 and explained the bill.

Actuary's Report:

Actuarial Valuation Presentation

Mr. Dulaney appeared before the Board to present the Actuarial Valuation of the Lauderdale Police Officers' Retirement System as of October 1, 2014. The report determines the contribution for the plan year ending September 30, 2015. Mr. Dulaney reported that the Actuarial Findings are based on the revised Assumption of 7.5% investment returns and annual salary increase of 5.5%. These assumption changes were previously approved by the Board.

Mr. Dulaney reported that he anticipates the member's contribution to be valued at \$971,201 (10% of covered payroll). The required funding amount for the plan/fiscal year ending September 30, 2015 is valued at \$2,831,595 (29.2% of covered payroll). The State contribution is valued at \$356,564 (3.7% of covered payroll). This leaves a City contribution of \$2,475,031 (25.5% of covered payroll).

Mr. Dulaney advised the active participant data as of 10/1/2014 is as follows: There are 82 active Tier One employees and 25 Tier Two employees. The covered payroll is \$9,712,011. The average pay for an active member in the plan is \$90,766 with the average age being 38.9 years.

Mr. Dulaney advised that the market value of assets is \$48,641,964 and the actuarial value of assets is \$46,823,896. The present value of vested benefits is \$52,886,855. The funded ratio increased again this year and was valued at 76.0%.

Mr. Dulaney advised the Board that there will be no 13th check to retirees since there is a cumulative loss of \$(9,283,297) to the plan since October 1, 2004.

At the conclusion of Mr. Dulaney's presentation of the Actuarial Valuation Report, Mr. Hobbs made a motion to accept this report which was seconded by Mr. Smith. Motion passed 3-0. (Mr. Celetti was off the Dias).

Mr. Hennessy received confirmation from Mr. Dulaney that if the City paid the full contribution in the beginning of the fiscal year, that they would actually save money. The cost reduction would be as a result of not financing the contribution throughout the year, thus saving on accruing interest. Mr. Hennessy asked Mr. Dulaney to communicate with Mr. Hobbs, the actual cost savings to the City.

Performance Monitor's Report – Jeff Swanson

Mr. Swanson advised that the total fund was valued at \$52,810,451 as of March 31, 2015.

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Mr. Swanson indicated the total asset allocation for the portfolio as of March 31, 2015 was 7.6% in Absolute Returns, 18.8% in Fixed Income, 48.4% in Domestic Equities, 14.6% in International Equities, 1.9% in Cash and 8.7% in Real Estate.

Mr. Swanson reported Vanguard 500 Index returned 0.9% for the quarter vs. 1.0%, placing it in the 55th percentile. On a one year basis that portion of the portfolio returned 12.6% vs. 12.7% for the benchmark, placing it in the top 23rd percentile.

Highland Capital (formerly ICC Capital) returned 3.0% for the quarter vs. 1.6% for the benchmark, placing it in the 11th percentile. On a one year basis, that portion of the portfolio returned 13.2% vs. 12.7% for the benchmark, placing it in the 21st percentile.

New Amsterdam returned 8.3% for the quarter vs. 5.2% for the benchmark, placing it in the top 1st percentile. On a one year basis that portion of the portfolio returned 11.2% vs. 10.1% for the benchmark, placing it in the 35th percentile.

Oakmark International returned 6.5% for the quarter vs. 4.9% for the benchmark, placing it in the top 13th percentile. On a one year basis that portion of the portfolio returned 0.0% vs. -0.9% for the benchmark, placing it in the 40th percentile.

Euro Pacific Growth returned 6.0% for the quarter vs. 4.9% for the benchmark, placing it in the top 18th percentile. On a one year basis that portion of the portfolio returned 2.8% vs. -0.9% for the benchmark, placing it in the top 23rd percentile. On a three and five year basis, the return was 10.0% and 7.5% vs. 9.0% and 6.2% respectively placing it in the top 18th percentile and 22nd percentile.

Mr. Swanson presented the Board with two proposals:

1) Mr. Swanson recommended that we change the instructions to Salem Trust to split the Dodge Cox Income and Westwood Income 50/50 for all incoming revenue. After Board discussion, a motion to change Salem Trust's instructions as outlined was made by Mr. Smith and seconded by Mr. Celetti. Motion passed 3-0. (Mr. Hobbs was off the Dias).

2) Mr. Swanson also recommended increasing the Real Estate Allocation to 15% due to the ongoing dismal fixed income market. After considering the foregoing, a motion to increase the allocation as outlined was made by Mr. Smith, seconded by Mr. Celetti. Motion passed 3-0. (Mr. Hobbs was off the Dias).

Plan Administrator's Report:

Mr. Williams advised the Board that he is in the process of updating the website to comply with all required reporting disclosures. Once the pages are prepared and reviewed for legal content, a link would be provided to the City to post on their website. Mr. Williams and Mrs. Ostrander provided an update on various personnel that they are assisting.

New Business:

No new business discussed.

Old Business:

Custodial Services – Tabled

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Open Discussion:

No formal open discussion ensued.

Adjournment:

Being there was no other business; Mr. Hennessy adjourned the meeting at 4:10 P.M.

Approved: _____


Chairman Hennessy

Date: 08-11-15