

City of Lauderhill Police Officers' Retirement Plan

Minutes

February 06, 2019

12:30 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 12:30 P.M. at the Lauderhill Police Department 6279 West Oakland Park Blvd in Lauderhill Florida.

Members Present:

Mr. David Hennessy – Chairman, Mr. Brad Mitchell and Mr. Sam Smith.

Absent:

Ms. Andrea Anderson & Mr. Kennie Hobbs - Absent

OTHERS PRESENT:

Ms. Michelle Clayman of New Amsterdam Partners; Ms. Cynthia Borders & Ms. Kathleen Daher of C. Borders-Byrd, CPA LLC; Mrs. Cassandra Harvey - Board Attorney; Mr. Dave Williams - Plan Administrator (arrived at 12:37 P.M.).

Public Discussion:

None

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the January 09, 2019 meeting. Mr. Mitchell made a motion to approve the minutes, seconded by Mr. Smith. The motion passed 3-0.

Warrant 786

Payment of \$7,268.67 to New Amsterdam Partners. Q Fees through March 31, 2019. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

Warrant 787

Payment of \$4,000.00 to C. Borders-Byrd LLC for financial statements progress billing . Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

Warrant 788

Payment of \$3,235.14 to Fifth Third Bank for custodial services through December 31, 2018. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

Warrant 789

Payment of \$284.00 to Andrea Anderson per diem allowance for NAPO Conference. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

Warrant 790

Payment of \$4,360.00 for actuarial services through December 2018. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

Warrant 791

Payment of \$284.00 to Kennie Hobbs for per diem for the NAPO Seminar. Motion by Mr. Smith to approve as outlined, seconded by Mr. Mitchell. Motion passed 3-0.

Warrant 792

Payment of \$2,165.70 to Fifth Third Bank for travel and education. Motion by Mr. Mitchell to approve as outlined, seconded by Mr. Smith. Motion passed 3-0.

ATTORNEY'S REPORT:

Ms. Harvey distributed a memo of public records which may be viewed at:
<http://lauderhillpolicepension.org/modules/publicRecords/index.asp>

Ms. Harvey also outlined the authority of a "Power of Attorney".

A question arose from Mr. Smith about members entered the DROP at early retirement. Ms. Harvey will research further and report back at a future meeting.

PRESENTATION OF FINANCIAL STATEMENTS:

Ms. Borders advised she audited the accompanying financial statements of the City of Lauderhill Police Officers' Retirement Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2018 and 2017, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements.

Ms. Border's responsibility is to express an opinion on these financial statements based on her audit. She conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that she plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In Ms. Borders opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Lauderhill Police Officers' Retirement Plan as of September 30, 2018 and 2017, and the related statement of changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Financial Highlights

□ Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2018 and 2017 by \$71,281,197 and \$66,483,336, respectively, (reported as net position restricted for pensions). Net position is held in trust to meet future benefit payments. The increase of \$4,797,861 and \$8,699,588, 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, 2018 were less than receivables at September 30, 2017 by \$34,132 (or 30.6%) due primarily to a decrease in accrued interest due from Lauderdale Housing Authority.

□ 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.

□ Liabilities at September 30, 2018 were less than liabilities at September 30, 2017 by \$70,278 (or 40.5%) due primarily to a decrease in contribution refund payables.

□ 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.

□ For the fiscal year ended September 30, 2018, City contributions to the Plan increased by \$187,467 (or 8.1%) based on the actuarial valuation. Actual City contributions were \$2,499,429 and \$2,311,962 for 2018 and 2017, respectively.

□ 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, 2018, member contributions including buybacks increased by \$42,946 (or 4.7%). Actual member contributions were \$921,050 and \$897,779 for 2018 and 2017, respectively, and buybacks were \$33,835 and \$14,160 for 2018 and 2017, 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, 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, 2018, net investment income was \$5,006,434 compared to \$8,315,095 for fiscal year ended September 30, 2017. Actual results were \$3,487,227 and \$7,230,927 of net appreciation in fair value of investments for 2018 and 2017, respectively, and \$1,732,997 and \$1,292,646 of income from interest and dividends for 2018 and 2017, respectively. Investment expenses increased by \$5,312 (or 2.6%).

□ 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, 2018, benefit payments and refunds of contributions increased by \$853,199 (or 27.5%). The increase is consistent with the increase in the number of retirees, including DROP payment withdrawals.

□ 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, 2018, administrative expenses increased \$26 (or 0.02%) from 2017.

□ 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.

Plan Highlights

□ For the year ending September 30, 2018, the total return of the portfolio was 8.0%. Actual net returns from investments were net investment income of \$5,006,434 in 2018 compared with net investment income of \$8,315,095 in 2017.

□ 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.

Condensed Statements of Fiduciary Net Position

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,302,152	\$ 1,357,939
Receivables	77,482	111,614
Investments at fair value	<u>70,004,830</u>	<u>65,187,328</u>
Total assets	71,384,464	66,656,881
Liabilities	<u>103,267</u>	<u>173,545</u>
Net position restricted for pensions	<u>\$ 71,281,197</u>	<u>\$ 66,483,336</u>

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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:

	<u>2018</u>	<u>2017</u>
Additions:		
Contributions:		
City	\$ 2,499,429	\$ 2,311,962
Members	954,855	911,939
State	<u>438,599</u>	<u>408,853</u>
Total	3,892,913	3,632,754
Net investment income	<u>5,006,434</u>	<u>8,315,095</u>
Total additions	<u>8,899,347</u>	<u>11,947,849</u>
Deductions:		
Pension benefits paid	3,950,070	2,828,884
Refund of contributions	10,095	278,082
Administrative expenses	<u>141,321</u>	<u>141,295</u>
Total deductions	<u>4,101,486</u>	<u>3,248,261</u>
Net increase	4,797,861	8,699,588
Net position restricted for pensions at beginning of year	<u>66,483,336</u>	<u>57,783,748</u>
Net position restricted for pensions at end of year	<u>\$ 71,281,197</u>	<u>\$ 66,483,336</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.

At the conclusion of the presentation a question answer exchange was undertaken between the Trustees & Ms. Borders. Upon completion, Mr. Smith made a motion to accept the statements as presented. This motion was seconded by Mr. Mitchell. Motion passed 3-0.

Ms. Harvey reviewed and approved the management representation letter prior to the meeting. The appropriate parties executed same.

In a spirit of transparency, this entire report may be viewed at:
<http://laudhillpolicepension.org/modules/stateDocs/index.asp>

ACTUARY'S REPORT:

Mr. Dulaney detailed the GASB 67 report that is created for the Financial Statements and contained therein.

INVESTMENT REPORT – NEW AMSTERDAM

Ms. Clayman reported that as of December 31, 2018, the portfolio had a market value of \$5,815,620.73. The allocation at the end of the quarter based on each asset class is as follows: 2.8% cash, 38.8% in growth equity, 58.4% in value equity and 0.0% in multi-cap equity.

Investment performance for the quarter by asset category is as follows: Value -21.3% vs. the benchmark of -17.1%, growth -16.2% vs. -20.1% which equates to a quarterly return of -19.0% vs. -18.5% for the benchmark¹.

¹ Gross basis

A 2018 Fourth Quarter review was presented as well by Ms. Clayman. The portfolio positioning was reported to be consistent with New Amsterdam's discipline. Ms. Clayman felt looking forward the holdings would have more positives surprises and fewer disappointments than the broad market. Ms. Clayman reaffirmed the portfolio is well positioned for following reason(s): Higher forecast of earnings, solid cash flow, lower balance sheet and better financial accounting.

Ms. Clayman was thanked by the Trustees for the presentation. Mr. Hennessy went on the record to report that New Amsterdam is under review by (our monitor) Southeastern Advisory Services. By consensus the Board is taking a wait and see approach and will continue to evaluate the performance.

PLAN ADMINISTRATOR'S REPORT:

No formal report.

NEW BUSINESS:

No New Business.

OLD BUSINESS:

Mr. Williams reported the Fifth Third fee questioned at the January 2019 meeting was waived by Fifth Third.

OPEN DISCUSSION:

No Open Discussion.

ADJOURNMENT:

Being there was no other business; the meeting was adjourned at 2:20 P.M.

Approved: _____


Chairman Hennessy

Date: 03-06-19