

City of Lauderhill Police Officers' Retirement Plan

Minutes

July 20, 2020

3:00 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 3:12 P.M. Due to Executive Order 20-69 Signed by RON DESANTIS, Governor of Florida on March 20, 2020, the Board of Trustees conducted the meeting remotely.

Public Discussion:

No comments or questions were received. It was noted on the public meeting notice the following language was posted. "Any member of the public may submit questions or comments to be read during the public comment section of the meeting to info@lauderhillpolicepension.org by July 19, 2020".

Members Present:

Mr. Dave Hennessy – Chairman; Mr. Kennie Hobbs, Mr. Samuel Smith and Mr. Brad Mitchell.

Absent:

Ms. Andrea Anderson.

Others Present:

Mr. Sean Henderson, City of Lauderhill – Finance Department; Mr. Robert Klausner & Mrs. Cassandra Harvey - Board Attorney; Mr. Jeff Swanson, Investment Consultant; Mr. Dave Williams – Plan Administrator.

Old Business

- City of Lauderhill Presentation RE: Housing Authority Notes

The Pension Plan invested in two notes with the City of Lauderhill Housing Authority. Each note was valued at 1 million dollars. The first note was issued in July of 2010¹ and matured in July of 2020. The second note was issued in July of 2014² and matures in July 2024. The City of Lauderhill proper assumed the debt of these instruments from the Lauderhill Housing Authority on June 25, 2020. The Board of Trustees convened to discuss the status of these notes with a representative from the City of Lauderhill.

Mr. Sean Henderson thanked the Board for the opportunity to address the outstanding note issue. Mr. Henderson indicated that the City assumed the notes' debt from the Housing Authority in exchange for property to be sold. Those sales would be used to satisfy the notes. However due to the short timeline, he was hoping to restructure the debt³ as the City did not have the funds budgeted to pay off the note.

¹ 7.00% Interest

² 5.75% interest

³ At a prevailing fixed income rate of return

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Mr. Klausner reflected that the restructure is permissible⁴. He also said as the City of Lauderhill is the plan sponsor therefor the risk is de minimis. Both notes could be combined into one instrument and extended to a time to be determined.

Mr. Jeff Swanson spoke to a range of interest returns but felt given the circumstances 4.00% would be reasonable.

Mr. Hennessy indicated that he felt comfortable combing the instruments and extending till July 9, 2024. This would give the City of Lauderhill and the Lauderhill Housing Authority time to sell off the property, and/or budget to repayment. Mr. Hennessy also felt the rate cited by Mr. Swanson was acceptable but wanted assurances that the other city pension plans would not get a better rate of options.

Mr. Klausner responded that a "most favored nations" clause would be included when the new note is drafted. That would address Mr. Hennessy's concerns.

Mr. Jeff Swanson spoke to the existing payments and late fees owed the Plan from July 1, 2020 and the late fees from April 1, 2020. Mr. Sean Henderson asked that Mr. Swanson send him the amount owed from April 1, 2020 and he would make payment to the plan at once. After discussion from all parties, it was felt that the July 1, 2020 payment and late fees would be rolled into the new instrument.

After detailed discussion by all parties, Mr. Smith made a motion to direct legal counsel to draft a new note, combining the two existing notes; extending the payoff of the 2010 note from July 1, 2020, to July 9, 2024. Further to add the missed payments and late fees⁵ to the new note. To set the rate of return of the note at 4.00%, which is a reasonable and prevailing rate. Finally, to ensure that a most favored nations clause is included. Mr. Mitchell seconded the motion. Trustees voted as follows: 3 – Yes, 0- No and 1 – Abstention⁶. Mr. Klausner will have a draft prepared for the August 12, 2020 meeting.

Mr. Sean Henderson thanked the Board for working with the city. Mr. Henderson reflected the matter will have to be formally approved by the city commission⁷.

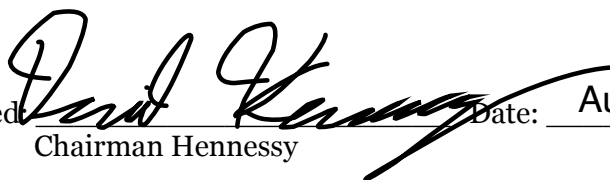
OPEN DISCUSSION

None

ADJOURNMENT:

Being there was no other business; the meeting was adjourned at 4:09 p.m.

Approved



Chairman Hennessy

Date:

August 30, 2020

⁴ Florida Statute Chapter 112

⁵ To be determined by Mr. Swanson for July 1, 2020

⁶ Mr. Hobbs Abstained from the vote and will complete a Form 8B

⁷ Next city commission meeting is August 31, 2020