

CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM

FIRE PENSION MEETING

09/21/2017

I. Call to order

Sean Henderson called to order the regular meeting of the CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM at 8:31AM on September 21, 2017 at Lauderhill Fire Headquarters, 2nd Floor Conference Room, 1980 NW 56 Avenue, Lauderhill, and Fl. 33313.

Roll call

The Plan Administrator conducted a roll call. The following persons were present:

Sean Henderson, Chairman
Michael Taussig, Vice Chairman
Meralis Celetti, Secretary
Matthew Newman, Trustee

Brent Chudachek, Rice Pugatch Robinson Storfer & Cohen, PLLC

Absent: Ryan Gabner

II. Approval of minutes from meeting dated 08/08/17

MOTION to approve minutes by Matthew Newman
SECONDED by Meralis Celetti
MOTION PASSED UNANIMOUSLY.

III. New business

1. Approve withdrawal for Robert Gendreau

**Motion to approve withdrawal request for Robert Gendreau contingent upon completion of forms and everything is in order. Motion made by Michael Taussig.
Seconded by Meralis Celetti
Passed unanimously**

2. Approve Warrant

**Motion by M. Celetti to approve the warrant in the amount of \$17,922.06
SECONDED by M. Newman
PASSED UNANIMOUSLY**

IV. Attorney's report given by Brent Chudachek

- BDO Engagement letter. There has been some work on the engagement letter again this year. They sent the administrator a different version than what was finalized last year. There was too much work done on the letter in January to start over again. There was no reason not to engage with the same language this year. There was a limited liability clause added this time that all clients are giving kickback on it. The administrator asked for that to be removed. The administrator also negotiated down the fee twice. To sum up his conversation with Clement, Brent said they want to see the same agreement as last year with the \$18,000 fee for the audit and \$1000 for the annual report, as well as the plan year changed. Brent said Clement asked for time to get that done. After some discussion, they realize the relationship and dynamics have changed since the merger with BDO. They agreed that they need to do consider going out for referrals after this audit is completed. If BDO wants to respond to the referral they have no problem with that.

Motion by M. Taussig to give BDO one week to resolve the engagement letter. If it is not resolved in one week the administrator shall bring forth some options for an interim auditor.

Seconded by M. Celetti

PASSED UNANIMOUSLY

- Vaughn update. The attorney advised the board that Chad received all of the information he needed, reconciled it and produced an amount for Mr. Vaugh to pay into the plan. The buyback calculation has been taken care of. The Administrator was directed to send a letter notifying Mr. Vaughn of the amount with a copy to the attorney and Chad Little.
- Ninger update. Ron emailed James Spears asking if he is still representing Mr. Ninger. Mr. Spears has not responded. The Chairman does not want a potential liability pending. The attorney was directed to reach out to Mr. Spears one more time and ask him if he is still representing Mr. Ninger. If he doesn't hear from James Spears, they will then contact Zach Ninger directly and ask him if he has legal representation and if he still wants to pursue a final hearing. The attorney will report back when he hears something.
- Ordinance update. Discussion on the issue with the Ordinance that the City passed regarding the Supplemental benefit. The Ordinance was passed on first reading then second reading. While working on the summary plan description it was discovered that the City's Attorneys office passed the wrong version of the ordinance upon second reading. They have been working with the City on the best way to correct this. The Supplemental benefit payments are on hold until this is resolved. Brent will notify the administrator as soon as he hears from the City's legal.

V. Plan Administrator's report

- Annual Report. We have submitted all information to the State and await the funding from Division of Retirement.
- Michael Goodwin has resigned and will be submitting a withdrawal of funds. It will be submitted at the next meeting.
- Holtzclaw will be submitting a request for retirement benefit payments. His retire date is October 20.
- Fiduciary Liability Insurance renewal is due and will be submitted for payment at the next meeting.
- A form in the DROP withdrawal package was revised to address an issue with withdrawal waiting periods for members who elected either a fixed rate of return or the rate of return of the plan. When there is a fixed rate the withdrawal can be released ASAP. When there is rate of return of the fund, the withdrawal has a waiting period until the end of quarter of their request to withdraw. This was clarified.

The administrator reminded the board of their discussion with Chad Little. *"It's time to prepare the quarterly DROP statements. Normally nothing about the formula changes, but when you change the assumed rate of return it does. For years, the fund has been paying 5.25%. In the Summary Plan Description, you took 5.25% and divided by 8 (assumed rate of return) and you said you will use an interest rate that is 65.625% of the assumed rate of return. The assumed rate of return has changed to 7.85%. When Brent was working on the SPD and made the change, it went to 5.15%. Barbara thought that was incorrect and they are still at 5.25%. The question is, should the 5.25% change. He doesn't remember all of the past discussions. Mr. Henderson's opinion was that they put a mechanism in place so that they don't have to have discussions about it anymore. The purpose was so that the Board doesn't have to be torn and figure this out year after year. Ron Cohen asked if the motion that was passed was based on a formula that would allow it to back into the interest rate. It would adjust accordingly. Mr. Henderson said that is correct. Mr. Cohen asked the administrator if that motion was correct. Chad Little said that if they use this formula it will change the interest to 5.15% beginning October 1, 2017. The change should be in the plan year that the assumed rate of returned changes. This will mean effective balances October 1, 2017 going forward. Mr. Henderson would like this memorialized so they don't have to speak on it again. There were several discussions over time. Chad said that he may bring up the discussion to lower the assumed rate of return more, so if this is a mechanism that is put in place it will just take care of itself. Ron Cohen said he would like the administrator to make sure there was a motion passed and let him know before they change anything. Mr. Cohen was saying that they should pass something that says the formula applies to the assumption rate. When the assumption rate goes up the interest rate goes up, when the assumption rate goes down the interest rate goes down. He would like Barbara to check the minutes and see if there was a motion ever passed before they move forward. The intent is also for the members' contribution interest rate will mirror the same formula.*

MOTION by M. Taussig to treat employee contribution interest accruals under the same mechanism that is in place for doing the DROP interest accruals, for Tier I, and any changes in those rates will begin in the fiscal year following in which the change in assumption rate was done in the valuation.

SECONDED by M. Newman

PASSED UNANIMOUSLY”

The administrator researched all of the minutes through the years and a motion was never actually passed for putting the mechanism for determining interest rate in place. She would like the Trustees to pass a motion tonight. She would also like a policy put in place for future reference.

Motion by M. Taussig to set the guaranteed interest rate for DROP participants and non-vested plan participants to 65.625% of the assumed rate of return. The plan attorney is directed to write a policy to reflect the mechanism put in place for the motion.

Secoded by M. Celetti

PASSED UNANIMOUSLY

MOTION by M. Taussig to finalize the SPD and publish a final version.

SECONDED by M. Celetti

PASSED UNANIMOUSLY

- Investments Summary Report September 2017

VI. Old Business

VII. Communications

VIII. Adjournment

MOTION to adjourn by 9:25pm