



NEW PORT RICHEY POLICE PENSION SYSTEM



Minutes

Of a special/regular meeting of the Board of Trustees
Meeting at 6739 Adams Street, Police Station,
New Port Richey, Florida 34652
Wednesday, the 9th day of March 2016, at 5:00 P.M.

The meeting was called to order by Mr. Pratt at 5:00 PM.

Trustees Present:

Mr. Glen Pratt
Officer Steve Wade
Sergeant Christopher Trapnell
Mr. William Bennett

Trustee Absent:

Mr. Edward Beckman

Consultant Present:

Mr. Richard Cristini

Administrator:

Mr. T. Scott Baker

ITEM #1 -- Approval of the minutes of the meeting on January 26, 2016

Motion: Officer Wade made a motion to approve the minutes of the meeting. Sergeant Trapnell seconded the motion. The motion passed without opposition.

ITEM #2 -- Open Public Comment

There was no public comment

ITEM #3 -- Review and approval of Financial Statements – Mr. Richard Cristini

Mr. Cristini began reviewing the Financial Statements starting on page 1, the Independent Auditor's Report, which is an unqualified opinion and said in all material respects the assets, liabilities, revenues, and expenses of the plan are fairly stated and all material

respects. He said there were not any problems and didn't find any evidence of wrongdoing and bills are being paid on time. He said this was a good report, however did have issues with getting information from the city. Mr. Cristini said the city was \$133,000 short on their contribution and that they indicated immediately that they would be funding the shortfall, so he booked that as a receivable in the report. Following that are pages of the Management Discussion and Analysis (MD & A) summarizing the report. This also lists the last three years of data.

Mr. Cristini moved to page 11, Statements of Fiduciary Net Position. He went over the numbers on the page in reference to cash, receivables, prepaid expenses, investments, equipment, and accounts payable. He said the Total Investments for this year were \$23.2 million versus \$22.5 million last year saying it was a bad year, not only for this plan, but for all plans. He said the Net position restricted for pensions was \$23,075,000 versus \$22,218,000 million last year. He said the fund went positively from last year to this year and said he has plans that went the other way.

Mr. Cristini continued to page 12, Statements of Changes in Fiduciary Net Position, which includes contributions (more from plan members this year due to many new members added), State excise tax (more than last year, with most of his clients either staying the same or less), Investment income loss, net appreciation, commission recapture, class, action settlements, benefit payments, refunds of contributions, and administrative expenses. Mr. Cristini said that this plan typically gets a lot from Class Action settlements. City contributions were higher this year compared to last year (which includes the \$133,000 shortfall). He said the Net Income (Loss) was down this year at \$1,036,000 versus last year at \$2.6 million last year saying this is the number the Actuary will zero in on when he does the Valuation. Although it is down, Mr. Cristini said he has many clients that were negative for the year. He said the ending number, Net Position restricted for pensions was \$23, 075,000 versus last year at \$22,218,000 (which was still positive and better than most plans).

Mr. Cristini said he wanted to point out some things in the report that relate to GASB67, starting on page 28, Note 8, titled Investment Asset Allocation. He said the Performance Monitor provides this information. The Rate of return, listed at the bottom of the page, indicates the rate of return on pension plan investments, net of pension plan investment expense at 4.06%. Mr. Cristini said this is the highest rate of return they have had this year in all of their plans.

Mr. Cristini continued to page 18, Note 3, and said that it indicates that the city will have to comply with GASB 68 on accounting data from this plan. Moving to page 26, Note 11, he said there is a designation showing DROP Plan assets. On page 27, Note 15, Net Pension Liability of the City, he said this is a calculation from the Actuary in accordance with GASB 67 showing the Total pension Liability at \$25,010,695, with the Plan Fiduciary Net Position at \$23,075,102, causing the City's Net Liability at \$1,935,593. Mr. Cristini said the city will have to record this number in the governmentwide balance sheet for 09/30/2015. He said the Plan Fiduciary Net percentage of total pension liability is 93.41%, saying this was excellent in terms of funding under GASB 67. Mr. Baker asked where most plans were at and Mr. Cristini said mainly in the 80's, between 80-85%.

Mr. Cristini continued to page 28 and discussed the Discount rate, basically saying this was the long term expected rate of return, which is recommended by investment

managers and Performance Monitor, then voted on by the Board. He continued to discuss Note 15. Mr. Baker asked if the International Fixed should be Intermediate Fixed and he said they would fix the error. Mr. Cristini continued to page 29 and said the state requires the actuary to do this showing a 1% increase and a 1% decrease in the assumption rate. The difference in the city's net pension liability changes from \$4,789,622 at a 1% decrease to (\$447,989) at a 1% increase.

Mr. Cristini continued to page 30 and said this is the detail provided by the actuary for net pension liability and related ratios and will be built into a 10 year table. Moving to page 31 is a continuation of the pension liability and related ratios and said the Valuation date was October 1, 2013 and rolled over to October 1, 2014. Continuing to page 32 this shows the city's contribution amounts for the past 10 years, and moving to page 33, shows the actuarial assumptions used in the report. Continuing to page 34, Mr. Cristini said this shows the investment return and will also become a 10 year table, showing 2014's return at 14.0% and 2015's return at 4.06%.

Mr. Cristini went back to page 19 (Net Increase/Decrease in Realized and Unrealized Appreciation of Investments) and said realized appreciation looks like we bought low and sold high, as there were gains. He said the unrealized appreciation however went down, basically meaning the difference between cost and market value, the change between the two years, it went down. He continued to page 23 where he said the difference between 2014 and 2015 was fairly significant in respect to investments. Mr. Cristini asked for any questions regarding the Financial Statements.

Mr. Pratt asked if there were going to be any problems with the reports going to the state later than the March 15th deadline. Mr. Cristini said there shouldn't be any problems as the state is behind now and last year they didn't start receiving letters from the state until July, so he said there should not be any issues.

Mr. Cristini moved on to the Memorandum on Review of Internal Control Structure. He said they found no issues to report in this plan this year.

Motion: Sergeant Trapnell made a motion to approve the Financial Statements. Mr. Bennett seconded the motion. The motion passed without opposition.

ITEM #4 -- Review and approval of State Report

Mr. Baker said that Mr. Cristini just brought the State Report in tonight and therefore he said he would need to review it for any errors, but suggested that it be approved contingent on any changes because the report needed to be in by March 15, 2016.

Motion: Mr. Bennett made a motion to approve the state report contingent on Mr. Baker checking the report for any changes that are needed. Officer Wade seconded the motion. The motion passed without opposition.

ITEM #5 -- Acknowledgement of New Members - Brian Finch

- **Edward Donohue**
- **Anthony Kasperitis**
- **Joseph Valente**

Mr. Pratt acknowledged the new members into the retirement plan.

ITEM #6 -- Johnny Cash Benevolent fund request
- Officer Steven Wade

Officer Wade said his brother had passed away the 13th of last month and said he had to pay a \$7,000 funeral bill for him. He said there was a \$10,000 life insurance policy however a loan totaling close to \$9,000 in his brother's name wouldn't help much. Officer Wade was asking for assistance from the Johnny Cash Fund to help. Mr. Pratt said there were guidelines the Board had set up and he wanted to see how this fit into those guidelines. Mr. Baker said the guidelines had been posted on the Pension bulletin board, however he could not find the document after searching the pension computer. Mr. Pratt suggested checking the minutes for the guidelines. He suggested tabling the request and the Board agreed.

ITEM #7-- Discussion of updates to Board Rules

Mr. Baker suggested tabling this item until the next meeting on March 23rd when Mr. Dehner will be present. The Board agreed and the item was tabled.

ITEM #8 -- Approval of expenditures

Mr. Baker said there was one Distribution Authorization for approval: \$1,724.28 to Christiansen & Dehner P.A. for Legal services.

Motion: Officer Wade made a motion to approve the expenditures. Mr. Bennett seconded the motion. The motion was passed without opposition.

ITEM #9 -- Any other business

Mr. Baker said that Nick Kaller had apparently terminated from employment and has applied for an on-duty disability. He said that the application and all other paperwork received was forwarded to Mr. Dehner's office. He said that Mr. Dehner's office had asked for a copy of the termination letter and Mr. Baker said he has asked both sides for a copy, however has not received a copy. Mr. Baker said that a physician's statement was

supposed to accompany the application indicating that he is totally and permanently disabled to the extent that he can't render useful and efficient service as a Police Officer and that was not provided.

Mr. Baker said that the Christopher Denton pay back had been completed as the board received the remainder of the balance owed.

Mr. Pratt said he may not be able to attend the April (having surgery) and May (out of town) Board meetings. Sergeant Trapnell said he will also miss the April meeting as he will be out of town.

Motion: Officer Wademade a motion to adjourn. Mr. Bennett seconded the motion. The motion passed without opposition. The meeting was adjourned at 6:39 PM.