



# NEW PORT RICHEY POLICE PENSION SYSTEM



## Minutes

Of a Quarterly meeting of the Board of Trustees  
Meeting at 6739 Adams Street, Police Station,  
New Port Richey, Florida 34652  
Tuesday, the 26<sup>th</sup> day of April 2016, at 5:00 P.M.

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The meeting was called to order by Mr. Pratt at 5:05 PM.

Trustees Present:

Mr. Glen Pratt  
Mr. William Bennett (arrived during BRC Report)  
Mr. Edward Beckman  
Officer Steve Wade

Trustee Absent:

Sergeant Chris Trapnell

Consultants Present:

Ms. Sharon Ward  
Mr. Brendon Vavrica

Administrator:

Mr. T. Scott Baker

Others Present:

Corporal Gregory Williams

**ITEM #1 -- Approval of the minutes of the meetings on March 9, 2016 and March 23, 2016**

**Motion:** Mr. Beckman made a motion to approve the minutes of the meetings. Officer Wade seconded the motion. The motion passed without opposition.

**ITEM #3 -- Open Public Comment**

There was no public comment.

**Non-Agenda ITEM –**

Corporal Gregory Williams was present to ask for funds from the Johnny Cash Benevolent Fund. Corporal Williams said he has been with the Police Department for 14 years and he and his wife recently had a child on February 2, 2016. He said he had saved some money with the planning of the birth of the child along with what would be covered by insurance. He said on March 28<sup>th</sup> they discovered there was a large lump on his son's belly. Their physician recommended they immediately go to the hospital, so they went to St. Josephs Pediatric Hospital where he was admitted. After 3 days in the hospital they sustained a lot of medical bills, one being \$3,756.00, which is not covered by insurance. He said his wife has had to take off from work, as they are still going to doctor's appointments to determine whether there are problems with his heart. Corporal Williams said he was asking for assistance from the Johnny Cash Fund to pay for the bills. He said he had documentation if the Board wanted to view them. Mr. Pratt asked if the maximum out of pocket was \$5,000.00 and Corporal Williams said that's what he thought it was, however the document he had showed a maximum out of pocket of \$6,215.00 on that plan.

**Motion:** Mr. Beckman made a motion to approve payment to Corporal Williams in the amount of \$2,500.00. Officer Wade seconded the motion. The motion passed without opposition.

### **ITEM #3 -- BRC Investment Manager Quarterly Report – Sharon Ward**

Ms. Ward introduced herself and said she is a co-owner of BRC and partners with John (Riddle), Mark (Jaeger), and David (DuRie). She began covering her quarterly report and said on page 3 there were no changes to the firm, no issues with the SEC, and they currently manage close to a billion dollars, starting with \$150 million. She said they have 34 institutional clients, of which the New Port Richey Police Pension fund is one, managing two-thirds of their assets for this group (shown on page 4). Continuing to page 5, Ms. Ward said this is a graph of the fund performance. She said the last quarter they did not keep up with the market, as the benchmark return was up 1.6% and the portfolio was down 4.4%. She said starting 2-3 quarters ago the markets got extremely volatile. They had a good quarter a year ago, however beginning the middle of last year the markets declined 9% in the 3<sup>rd</sup> quarter, then rose 5% in the 4<sup>th</sup> quarter, and then rose just a little this last quarter. She said in the last 3 months there has been the same amount of volatility that there was in the last 6 months. She said what this comes down to is an escalated fear of a global recession.

Ms. Ward continued in her report to page 7 and discussed Market Summary. She discussed the index returns, best and worst performing sectors, and contributing factors. She said it was a volatile quarter and was the worst quarter in 20 years. Ms. Ward continued to page 9 and discussed the influences on recent Large Cap Performance. Moving to page 10 Ms. Ward discussed the graph, containing a red line represents Winner Stocks and in the last 6 months (light grey area) the stocks were up 29%. The light grey line represents very large stocks and during the same period they were up 20%. The blue line are average stocks and during the same period those stocks declined 20%. Ms. Ward discussed the preceding time frame and said winner and large stocks were down 20% while the average stocks were up 12%. She said starting in March it appears

that we're at a point where we've moved from a risk seeking period to more of a normalization, with their performance becoming much more normal, where they are starting to outperform the market again.

Continuing to page 11, Ms. Ward said this shows the performance of the portfolio, which she had indicated earlier that the portfolio was down 4.4% and the benchmark was up 1.6%. She said since inception that they have been fairly even with the benchmark. A discussion took place regarding the economy.

#### **ITEM #4 -- Performance Monitor Report – Brendon Vavrica**

Mr. Vavrica said this is the first full quarter as part of the Bogdahn Group. He said they can actually make the report about 100 pages with a lot more data, so this may be an option to send out electronically. He started covering his report on page 2 and said this is a snapshot of quarter. The box in the upper right shows the stocks in blue (most of the domestic stock indices) were positive, with small cap in the negative territory. Emerging Markets was up almost 6% and Large Cap International was down 3%. The one year returns are shown on the graph at the bottom right, and he said the next few pages shows the performance of style. He said starting on page 8, the graphs show fixed income.

Continuing to page 10, Mr. Vavrica said this shows the funds compliance, with one item checked no for the entire fund, for being behind on the 5 year number. Logan has a couple of no boxes checked for performance related. BRC now has a couple of boxes checked no, trailing on the 3 year performance and behind on the 40<sup>th</sup> percentile. Garcia Hamilton had all boxes checked yes. Moving to page 12, Mr. Vavrica said this was a snapshot of the assets, with \$22.8 million and about 60% equities, 27.7% in fixed income, 11% in Real Estate, and 1.6% in cash. Page 13 shows the break-down of the managers.

Continuing to page 14, Mr. Vavrica said this shows the returns, which is slightly different from Thistle's report, as there is no gold color coding. He said it was not a good quarter, as the fund was down 1.3%, while the policy was up 1 ½%. He said the fiscal year to date (6 month number) is 1.97% versus a policy of 5.6%, so about 3 ½% behind and placing in the 98<sup>th</sup> percentile. He said over 3 years the fund is still outperforming and the 5 year is a little behind at 8.4% versus the policy at 8.7%. He said the new report compares public funds, while the Thistle report compared all funds, however this fund ranks in the 1<sup>st</sup> percentile on the 3 year and 2<sup>nd</sup> percentile for the 5 year periods.

Mr. Vavrica said that equities were the reason for the underperformance, down 3 ½% versus the benchmark up 1.2%, placing in the 85<sup>th</sup> percentile. The 3 year return was 10.8% versus 11.5% and the 5 year return was 9.9% versus 11.3%. BRC was down 4 ½% versus a positive 1.6, really hit hard, and Logan down 2.7% versus a positive 74 basis points. He said fixed income is in the next section and said Garcia Hamilton has continued to perform very well, returning 2.8% versus 2.45%. He said taking that out to 5 years the return is 4 ½% versus 3%. Mr. Vavrica said Intercontinental's return for the quarter was 1.09%.

Mr. Vavrica continued to page 18 and said these were some graphs showing the fund's performance over 3 and 5 year periods. The top graphs measure risk, showing more risk

and more return for 3 years and more risk and less return for 5 years. The graphs on the bottom show the performance compared to the benchmark over time, which shows the fund to be outperforming most of the time periods. He continued the next few pages showing further graphs of performance.

**ITEM #5 -- Fiduciary Insurance Renewal**

Mr. Baker said it was normally this time of the year that the Fiduciary policy needs to be renewed, however last year Public Insurance Agency provided a three year policy with yearly instalments. He said he put this on the agenda thinking that the renewal would be received, but nothing has been received. He said it would probably be a matter of obtaining the invoice for payment.

**ITEM #6 -- FPPTA Annual Conference – June 26<sup>th</sup> – 29<sup>th</sup>, 2015; Hyatt Regency Orlando on International Drive, Orlando FL**

The trustees discussed whether they were going to attend. Mr. Pratt and Officer Wade said they wanted to attend.

**Motion:** Mr. Bennett made a motion to approve expenditures for Mr. Pratt and Officer Wade attend the conference. Mr. Beckman seconded the motion. The motion was passed without opposition.

**ITEM #7 -- Legal Report – Lee Dehner**

Mr. Dehner was unable to attend the meeting due to illness.

**ITEM #8 -- Approval of expenditures**

Mr. Baker said there were 7 Distribution Authorizations for approval by the Board of Trustees for payment: \$4,811.10 to The Bogdahn Group for performance monitoring for the quarter ending 03/31/2016, \$10,569.00 to Logan Capital Management for Investment Management Fees for the quarter ending 03/31/2016, \$3,986.37 to Garcia Hamilton for Investment Management Fees for the quarter ending 03/31/2016, \$10,122.00 to BRC Investment Management for Investment Management Fees for the quarter ending 03/31/2016, \$3,449.00 to GRS (Gabriel Roeder Smith & Co.) for Actuary fees for the quarter ending 12/31/2015, : \$1,967.66 to Christiansen & Dehner for Attorney Services; and \$9,800.00 to Davidson, Jamieson & Cristini for Audit of Financial Statements, Preparation of Annual Report, and Consultation on MD & A.

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

**ITEM #9 -- Any other business**

Mr. Beckman suggested that members of the PD possibly put on some type of benefit for the purpose of raising funds for the benevolent fund. He again suggested inviting the Chief and other Officers to attend to determine how the funds should be appropriated to needy Officers.

Officer Wade said that Frank Downey resigned from the Police Department.

**Motion:** Officer Wademade a motion to adjourn. Mr. Bennett seconded the motion. The motion passed without opposition. The meeting was adjourned at 6:15 PM.