

MINUTES OF NEW PORT RICHEY FIREFIGHTERS PENSION BOARD MEETING

HELD ON MARCH 14, 2017, NPR FIRE ADMINISTRATION, CITY HALL, NPR, FL

A regular meeting of the New Port Richey Firefighters Pension Board of Trustees was held on the above date. The meeting began at 5:00 PM. The following Board members were present: Joe Fiorentino, Chairman; Adam Darling; Keith Bauer; Matt Potter. Also in attendance were Attorney Lee Dehner; Brendon Vavrica with AndCo Consulting; Laurie Watson with Great Lakes Advisors; Crystal Dunn Assistant Finance Director for the City of New Port Richey; Karen Lauer. Board Member Bob Langford was unable to attend.

ITEM #1 - PUBLIC COMMENTS

None

ITEM # 2 – APPROVAL OF MINUTES FROM NOVEMBER 15, 2016 REGULAR MEETING

Adam Darling made a motion to approve the minutes. Motion was seconded by Keith Bauer. Motion passed unanimously.

ITEM #3 – RENEWAL OF BOARD TERM – ADAM DARLING

Karen advised that an email was sent to all members of the Fire Department, asking if anyone was interested in running for the board seat. There were no responses to the request. Adam retains his seat by acclimation.

ITEM #4 – GREAT LAKES ADVISORS PRESENTATION

Laurie Watson advised that the local office of Great Lakes Advisors has moved to Rocky Point in Tampa. The new office number is on the cover of her presentation. Laurie presented the report for the fourth quarter of 2016. Page 4 reflects a strong equity market; the election had an impact on that Large cap appreciated \$99,000. Laurie also brought a sheet with updated values since 12/31/16. Fixed income was down a bit, but should go up as rates are raised. Large cap is up 9.89 % year to date. Smid cap is up 9.02%. Both are above the benchmark. Page 5 shows performance detail. Page 12 & 13 reflect value vs. growth, value is leading and Great Lakes has made a shift to take advantage of that. They are actively managing risk factors. Laurie advised that all in all it was a good quarter.

ITEM #5 – THE BOGDAHN GROUP PRESENTATION – BRENDON VAVRICA

Matt Potter asked Brendon how funds are allocated between fixed, smid cap and large cap. Brendon advised that it is a Board level decision, with restrictions on international investments (25% of total fund). The Board has discretion on the range of investment percentages. Matt asked if Brendon has an opinion on the percentage in fixed income. Brendon advised that the pie chart on page 14 of his report shows 29.4% of the total fund in in fixed income. 25% of that fund is with Great Lakes and 5% is convertibles. Brendon does not suggest going significantly lower than where it is now, as fixed income is the anchor of the portfolio. He would suggest maybe decreasing it by 5%, if at all. Brendon will do an asset allocation analysis of what the effect would be at various levels. Attorney Dehner advised that there are state and ordinance restrictions on the investments. State statute requires no more

than 25% in international investments. City Ordinance requires 70% equity at cost and no more than 10% in real estate.

Brendon next discussed a necessary transfer from the fund to the Fiduciary Trust account to cover expenses. Per page 12 of the report, Vanguard S&P is overweight. Board approval is needed to move funds from that account. The Board asked what the impact would be to take the funds from fixed income instead of Vanguard. Brendon advised that taking the funds from fixed income would lower it below the target which does not adhere to the investment policy. It would however be okay to deviate as long as it is documented in the minutes and the investment plan was adjusted accordingly. This was confirmed by Attorney Dehner. The Board discussed and agreed to transfer the funds from fixed income. Laurie stated she has no problem with this. Motion made by Matt Potter to transfer funds from fixed income to the Fiduciary Trust account. Motion was seconded by Adam Darling and approved unanimously. Karen, Brendon and Laurie will send necessary emails to process the transfer.

Brendon concluded by referring to page 15 of his report which shows that the portfolio outperformed for the quarter.

ITEM #5 – UPDATE ON CITY/UNION AGREEMENT PERTAINING TO STATE MONIES

No update available at this time.

ITEM #6 – ACTUARIAL VALUATION – FOSTER & FOSTER

Patrick Donlan from Foster & Foster did not attend the meeting – item removed

ITEM #7 – UPDATE ON CITY/UNION AGREEMENT PERTAINING TO STATE MONIES

Per Keith Bauer, there is no current update on this item. Contract negotiations are ongoing. There has been no mutual consent on state monies to date. Per Attorney Dehner, monies will continue to go into the pension fund unless agreed otherwise.

ITEM #8 – ATTORNEY BUSINESS

- a. Legislative Update – Attorney Dehner thinks that we will be unscathed this session. The current session convened on March 7th. Some bills were pre-filed. House Bill 143 and Senate Bill 158 add cancer for firefighters. Senate Bill 306 deals with what a trustee needs to do to abstain from voting if an issue would affect gain or loss personally. No real change there. Senate Bill 632 addresses what the Board can do with actuarial rates of return.
- b. Financial Disclosures – Attorney Dehner reminded Board Members that the disclosures must be filed with Supervisor of Elections by July 1st.

ITEM #9 – FIDUCIARY TRUST AGREEMENT RE: INTERNATIONAL INVESTMENT TAXES

No discussion was needed. The forms requested by Fiduciary Trust were previously executed.

ITEM #10 – FINANCIAL & ACCOUNTING SERVICES

- a. Approval of 12/31/2016 Financial Statement – Matt Potter has some questions as to how the accountant arrives at some of the figures used in the report, specifically relating to Receivables and accounts payable. Karen will contact the accountant for an explanation. Per Attorney Dehner, Board approval of the statement is not needed.

ITEM #11 – OTHER BUSINESS AND/OR COMMUNICATION

- a. Payments from the fund – Karen reviewed payments made from the fund since the last meeting. Motion made by Matt Potter to approve, seconded by Keith Bauer. Motion passed unanimously.
- b. Fire Department Resignations – Karen advised that Sean Pipp Andrews resigned in February. Also, Assistant Chief Tim Exline retired and terminated his DROP in February.
- c. Any other business and/or communications – Karen advised that the laptop has a broken hinge that will need to be replaced. The board agreed that due to the cost of the repair and the age of the laptop, it would be best to purchase a new one. Karen will price out a new laptop and bring to the next meeting. Motion made by Adam to okay a purchase up to \$500. The motion was seconded by Keith Bauer and passed unanimously

Motion to adjourn was made by Joe Fiorentino, seconded by Keith Bauer. Motion passed unanimously. The meeting was adjourned at 6:15PM.