



NEW PORT RICHEY POLICE PENSION SYSTEM



Minutes

Of a Quarterly meeting of the Board of Trustees
Meeting at 6739 Adams Street, New Port Richey Police
Department,
New Port Richey, Florida 34652
Tuesday, the 28th day of May 2019, at 5:00 P.M.

The meeting was called to order by Mr. Pratt at 5:08 PM.

Trustees Present:

Mr. Glen Pratt
Mr. Edward Beckman
Mr. Bill Phillips
Sergeant Greg Williams

Trustee Absent:

Sergeant Christopher Trapnell

Consultants Present:

Mr. Dan Cascarano, 361 Capital
Ms. Jennifer Gainfort, AndCo
Mr. Scott Christiansen, Christiansen & Dehner

Administrator:

Mr. T. Scott Baker

ITEM #1 -- Approval of the minutes of the meeting on April 23, 2019

Motion: Mr. Beckman made a motion to approve the minutes of the meeting. Sgt. Williams seconded the motion. The motion passed without opposition.

ITEM #2 -- Open Public Comment

There was no public comment.

ITEM #3 -- 361 Capital Investment Manager Quarterly Report – Dan Cascarano

Mr. Cascarano started his presentation of his quarterly report on page 4 and said there were no changes to the firm and they ended the quarter at \$1.7 billion in assets as a firm. Moving ahead to page 6, he said all markets were up double digits, with mid-caps leading the way at 16 ½%, followed by small-caps at 14.6%, and large cap at 14%. He said a trend, pretty consistently seen again, Growth outperformed Value. He said this is the 20th out of the last 28 months where Growth has outperformed Value.

Mr. Cascarano said the best performing sector was industrials, followed by information technology and energy. He said in particular to this account, their stock selection in the information technology sector was quite robust, which propelled them to outperform the benchmark for the quarter. He said lagers were health care, financials, and communication services.

Mr. Cascarano continued to page 7 and said the portfolio's value at last year's year-end was \$7.4 million and at the end of this quarter the value was \$8.4 million, saying on a net basis there was an appreciation of about \$1 million. He said for the quarter they performed positive, up 13.14% versus the Russell 1000 Value, which was up 11.93%. He said for the last 12 months they have actually underperformed by about 6%, because the 4th quarter of last year was very difficult for them and most other active managers. Mr. Cascarano continued to page 8 and went over the Performance Discussion items listed on that page.

Mr. Cascarano continued to page 19 and said the graph shows a bar for every quarter since their inception of their strategy, showing they have been able to outperform a randomly generated portfolio every quarter since inception. He said the only thing they can't control is the how the market rewards that ability.

ITEM #4 -- Performance Monitor Report – Jennifer Gainfort

Ms. Gainfort began covering the performance report starting on page 2 and said all indices were up for the quarter, making up for a poor quarter at the end of last year. She said that equities reported the best start to a year since 1998. She said all international markets (in red) were up around 10%; the domestic equities (in blue) were ahead of international for the quarter with the S & P up 13.6%, small caps up 14.6%, and mid-caps up at 16 ½%. Mr. Phillips discussed with Ms. Gainfort several issues that might impact the fund including China's tariffs, infrastructure on corporate earnings, gas pricing, and possible interest rate changes. Ms. Gainfort continued with the report and said that fixed income aggregate was up about 3% for the quarter.

Ms. Gainfort continued to page 14 and this this shows what the allocations are compared to the investment policy statement. She said everything is in an allowable range per the policy and they do not recommend any rebalancing. She briefly went over pages 15 and 16, showing the allocations compared to this quarter and last quarter. She continued to page 17 and said this shows the financial reconciliation, a snapshot of what occurred in the quarter in dollar terms. She said the fund started the quarter at \$26.6 million, added \$151,492 in contributions, distributions paid out were \$492,979, paid management fees of \$33,761, paid other expenses of \$29,387, assets generated income of \$138,314, capital gains of \$2,750,988, ending the quarter with a market value of \$29,161,962, showing a total gain for the quarter of \$2,889,302. Continuing to page 18, Ms. Gainfort said this shows this same information for year to date, combining the bad last 4th quarter with this quarter, for a year to date loss, so far, of \$103,733

Ms. Gainfort continued to page 19, showing the return for the fund. She said the total fund was up 10.89% for the quarter, versus the index up 9.18%, and ranking in the 4th percentile. She said the return for total equities was up 17.82%, versus the index at 14.01%, with 361 Capital up 13.26%, ahead of the index at 11.93%, ranking in the 21st percentile. Logan Capital was up 22.34%, versus the index at 16.1%, and ranking in the 3rd percentile. She said that Garcia Hamilton trailed a little for the quarter, up 1.97%, versus the index up 2.32%. She said what caused the underperformance was a risk on

quarter where low quality issues outperformed and Garcia Hamilton focuses solely on high quality fixed income. She said lastly, Intercontinental Real Estate was up just shy of 2%, versus the index that was up 1 ½%. She said that overall it was a very good quarter.

ITEM #5 -- Acknowledgement of Retirement – Daniel Rengering

Mr. Baker said that Daniel Rengering submitted his retirement paperwork indicating his last day of work would be May 31, 2019. Mr. Beckman asked if he had retired elsewhere previously and questioned what happened when he visited the Board at a previous meeting where he had questions regarding his retirement. Mr. Baker said he believed he had a FRS pension and when he came to the Board meeting he had questions regarding the new ordinance, because it affected him because he is only 51 years of age. He said with the change of the ordinance, his benefit would be reduced because he hadn't reached age 52. Mr. Baker said once he gets his numbers from the city, they will be submitted to the actuary to determine his benefit.

Mr. Christiansen asked if the retirement needed to be approved. Mr. Baker said they were previously advised by Mr. Dehner that it didn't have to be approved, just acknowledged. Mr. Christiansen said he recommended approving the retirement, however said if the numbers were not ready, it could be approved at the next meeting.

ITEM #6 -- Legal Report – Scott Christiansen

- Review and approval of “13th check” Ordinance
- IRC Ordinance

Mr. Christiansen said he first wanted to discuss representation. He said he was at the last meeting, due to Mr. Dehner being in the hospital. He said in early March Mr. Dehner did pass away. He said he had been with him a little over 40 years. He said about a year and a half ago they downsized the firm, as they were doing 160 clients, so they downsized and transitioned 60 clients to other firms in the state. He said this left 100, 50 each, but now he has all 100, therefore he is transitioning another 40 clients, by looking at the areas that are close to Sarasota. He said he would like to continue representing this plan if the Board was good with that. He said the firm name would remain Christiansen & Dehner.

Mr. Christiansen asked for a list of Trustees and when their terms are up, also the Chair and Secretary. Mr. Baker said he would email this info to him. He reminded the Trustees that their Financial Disclosures, Form 1, are due July 1st. He said if they're not sent in by then a letter would be sent advising you have until September 1st, and if it's not received by then they begin fining you \$25 a day. Mr. Christiansen asked if the Summary Plan Description, approved at the last meeting, had been distributed to the members. Mr. Baker said he sent it to Sgt. Trapnell and Sgt. Williams to distribute and Sgt. Williams said it had been done. Mr. Christiansen said the next item is the budget, saying it should be done at the next meeting in August, before the beginning of the fiscal year.

Mr. Christiansen said there wasn't any legislation adopted this year affecting pensions. He said the Operating Rules is on his list to get done and would try to have them for the next meeting.

Mr. Christiansen said he had two ordinances to discuss. The first one is the Internal Revenue Code Compliance Ordinance and said it updates the plan with Internal Revenue requirements, but also has some other housekeeping items in it. He said he had previously sent a cover letter explaining the ordinance and why it is being done. Mr. Pratt asked if it

changes anything and Mr. Christiansen said it does not change benefits. He went over the housekeeping changes and said the actuary should provide a no cost Impact Statement.

Motion: Sergeant Williams made a motion to approve the IRS Code Compliance Ordinance. Mr. Phillips seconded the motion. The motion was passed without opposition.

Mr. Christiansen said he would send the Ordinance to the City Manager for consideration.

Mr. Christiansen said the second Ordinance is the 13th check Ordinance and said a study had been done by Larry Wilson, which included a few options. The option chosen by the Board was the 13th check, which essentially says that everyone who is at pay status on October 1, 2018, including DROP's, shall receive a one-time additional benefit payment, equal to their current regular monthly benefit and the supplemental benefit payment that they receive each month. He said that check will be payable on December 1, 2019. He said this has a cost, and again asked if he should send it to the City Manager for consideration.

He asked if the PBA Union needed to okay the Ordinance and said he could make an argument that it does apply to the union. Mr. Beckman said the benefit was for retirees and shouldn't apply to the union. Mr. Christiansen said the Board could authorize him to send the Ordinance and the Actuary Study to the City Manager and they can make a decision as to whether it needs to be negotiated or not. Mr. Beckman asked if Mr. Christiansen would provide a cover letter basically giving his opinion that he doesn't feel the Ordinance falls within the union negotiations. Mr. Christiansen said he really couldn't do that as he can't advise the city on labor issues. Mr. Baker said if only the study was sent, it could be confusing and asked if a shortened condensed summary, consisting of a cover paragraph be included. The Board discussed it further and Mr. Christiansen said he would include a summary.

Motion: Mr. Beckman made a motion to approve the 13th check Ordinance and have Mr. Christiansen send the documents to the City Manager for consideration. Sgt. Williams seconded the motion. The motion was passed without opposition.

ITEM #7 -- Fiduciary Insurance – Approval of payment 2nd year of 3 year Policy

Mr. Baker said he had the invoice for payment of the second year of the three year contract for Fiduciary Insurance to cover the Board. The contract/invoice amount is \$4,230.00.

Motion: Mr. Phillips made a motion to approve the expenditure. Mr. Beckman seconded the motion. The motion was passed without opposition.

ITEM #8 -- Approval of expenditures

- **Return of contributions – Jeffrey McConnell**
- **Other expenditures**

Mr. Baker said the first item is a return of personal contributions to ex-member Jeffrey McConnell in the amount of \$11,797.23. Mr. McConnell provided all required paperwork for the payment to be made directly to him.

Motion: Mr. Beckman made a motion to approve the expenditure. Sergeant Williams seconded the motion. The motion was passed without opposition.

Mr. Baker said he had one new expenditure: \$132.60 to Christiansen & Dehner, P.A. for Attorney's fees, and three other expenditures, already approved for Mr. Beckman to attend the FPPTA Conference: \$537.00 to the Orlando World Center Marriott, \$700.00 to FPPTA, and \$203.91 to Edward Beckman for attendance of the 2019 FPPTA Conference.

Motion: Mr. Phillips made a motion to approve the expenditures. Sergeant Williams seconded the motion. The motion was passed without opposition.

ITEM #9 -- Any other business

There was no other business.

Motion: Mr. Phillips made a motion to adjourn. Mr. Beckman seconded the motion. The motion passed without opposition. The meeting was adjourned at 6:00 PM.