

MINUTES OF NEW PORT RICHEY FIREFIGHTERS PENSION BOARD MEETING

HELD ON MAY 15, 2019 NPR FIRE STATION #2, 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 6:00 PM. The following Board members were present: Joe Fiorentino, Keith Bauer; Bob Langford. Also in attendance were Attorney Scott Christiansen; Jennifer Gainfort with AndCo Consulting; Laurie Watson with Great Lakes Advisors; Richard Cristini with Davidson, Jamieson & Cristini; Patrick Donlan with Foster & Foster; Fire Chief Chris Fitch; Assistant Finance Director Crystal Dunn; Karen Lauer, Plan Administrator.

ITEM #1 - PUBLIC COMMENTS

None

ITEM #2 – APPROVAL OF MINUTES FROM FEBRUARY 19, 2019 REGULAR MEETING

Bob Langford made a motion to approve the minutes for the November meeting. Motion was seconded by Keith Bauer. Motion passed unanimously.

ITEM #3 – PRESENTATION OF ANNUAL AUDIT – RICHARD CRISTINI

Page 3 of the audit shows payables and receivables, with payables down from last year. Net assets are \$13 million vs \$12 million for the previous year. Page 4 details contributions to the fund. Richard noted that the monies received from the state excise tax is down from last year. This could be due to the state not properly recording all city residents and properties that should be recorded. Crystal Dunn advised that Pasco County takes care of reporting for all cities in the county. There was a larger spread in securities, investing in things that are increasing in value. Total additions to investment income were at \$1.8 million this year and last year. The net increase on Page 4 is up a bit from the prior year. Page 16 reflects cost vs fair value of investments. DROP account in footnote notes \$277K which is being monitored and cannot be included in assets (page 21.) Page 22 describes Investment Measurement at Fair Value, levels 1 and 2. Page 25 provides investment measurement by fund. Page 26 has the same information for the prior fiscal year. Page 27 is the GASB information from Foster & Foster. There is net asset of \$312,711 which includes smoothing. Patrick Donlan will explain this later in the meeting. This is based on assumptions that the plan has adopted. Page 30 is a 4 year table of net pension liability. This will build to ten years. Page 36 shows a four year schedule of investment returns, net of investment expenses. Motion to approve the audit made by Bob Langford, seconded by Keith Bauer. Motion approved unanimously.

Richard mentioned a report of agreed upon procedures requested by the city. This is a schedule of pension assets done by the Board's auditor and paid for by the city. Attorney Christiansen advised that Board authorization is needed. Bob Langford made a motion to approve which was seconded by Keith Bauer. The motion passed unanimously.

ITEM #4 – GREAT LAKES ADVISORS PRESENTATION – LAURIE WATSON

Laurie discussed the state of the market and the current recovery trend. She stated that the concern is the longevity of this recovery. The market is worried about potentially bad policies and major events. Therefore there is no way to know when the recovery might end. Large cap did well (page 3) with market value up to \$3.5 million from \$3.1 million. Trades deals with Chia is making things jittery. Page 11 shows smid cap values. Laurie advised that smaller company stocks don't do as well right now. Great Lakes evaluates weekly and adjusts according to changes in the market. Fixed income is shown on page 19. More explanation is provided in the inserts at the back of the report, one for each portfolio, for the Board's review.

ITEM #5 – ANDCO CONSULTING PRESENTATION – JENNIFER GAINFORT

Jennifer advised that the quarter ending March 31st was a great quarter. The numbers on page 13 of her report show total values up to \$12.7 millions from \$11.6 million. Page 16 shows that asset classes are all in line with targets. Page 17 lists deposits and payment and reflects a strong quarter. Laurie advised that Vanguard is in the custodial account and would like to have Board approval to move it to another account at no additional cost. Jennifer recommends this and has an authorization letter ready. Bob Langford made a motion to approve, seconded by Keith Bauer and passed unanimously. The authorization was signed by Chairman Fiorentino. Jennifer will send a copy to the Plan Administrator.

ITEM #6 – FOSTER & FOSTER – PATRICK DONLAN

Patrick presented the actuarial valuation for fiscal year ending 9/30/2018. Referring to page 5, the city's required contribution for next year will be 20.2% of payroll. Page 20 of the report shows a 4 year average return for smoothing. This keeps the city contributions more steady. The actuarial value is \$400K less than market value for a cushion. Referring to page 23, Patrick advised that the city can use excess reserves which is a credit of \$728K. Now the city's credit is \$826K. Contributions could be stopped for 3 years if the city chooses to do so. The numbers on page 36 includes the approximate \$800K credit, as GASB67 does not allow the credit to be set aside. Chief Fitch asked how the member contributions went up. Patrick advised that the numbers already reflect the 6.5% member contribution rate because the valuation was done after the new contract went into effect. With salary increase and one termination, the valuation is close to assumptions. Patrick noted that page 10 confirms that administrative expenses came down Motion to approve the valuation made by Bob Langford, 2nd by Keith Bauer. Motion passed unanimously.

Patrick then reviewed the Experience Study that was previously presented. Referring to the last page of the study, assumptions are based on a switch to EAN (entry age normal.) A lower rate of return assumption increases funding requirements. Minor changes to salary, retirement and turnover reduces the funding requirement. Changing from an 8% rate of return to 7.75% would bring the city's cost down by \$16K per year. At 7.5% the city's cost goes up \$34K per year. Patrick advised that only about 10% of plans use 8% any longer. The state is now at 7.4% and the

average is about 7.5%. Jennifer Gainfort and Attorney Christiansen recommend 7.5%. Motion to accept a 7.5% rate of return effective 10/1/19 made by Keith Bauer, 2nd by Bob Langford. Motion passed unanimously.

Chairman Fiorentino advised that retirees are asking about a cost of living increase or a 13th check. The possibility of a cost of living increase for those retired for 10 years was discussed. Patrick Donlan advised that it could be designed and that it would affect the city's contribution. Attorney Christiansen discussed COLA for everyone vs retirees only. As an example, anyone retired 10 years could get a one time 3% increase. If the increase is only applied to retirees it does not need to be negotiated with the union. Patrick can calculate the city's cost if the board gives him a percentage increase for a COLA. Chairman Fiorentino will discuss the possibility of a COLA for retirees with the City Manager, to see if they are agreeable to an increase before spending the money for the actuarial calculation. Patrick advised the cost of a simple study would be \$750. Motion to approve study, if the City Manager is in agreement, made by Bob Langford, 2nd by Keith Bauer. Motion passed unanimously.

ITEM #7 – ATTORNEY BUSINESS

1. Scott Christiansen advised that representation of the firm will continue since Attorney Dehner's passing. No change in contract is necessary.
2. There was a discussion of appointment of the 5th board member. Chairman Fiorentino has spoken to David Dorsey, CPA, who has shown interest in joining the Board. Motion made to Bob Langford to approve Mr. Dorsey as 5th member, 2nd by Keith Bauer. Motion passed unanimously. Attorney Christiansen advised that the appointment has to go to City Council, but their approval is not needed. Mr. Dorsey has to complete the financial disclosure form.
3. The next meeting agenda should include election of officers of the Board
4. Attorney Christiansen reminded the Board that financial disclosure forms must be filed with the County Supervisor of Elections by July 1st.
5. Legislation – the cancer bill was adopted, covering 21 types of cancer. Benefits are alternative to workers' compensation. The bill also provides disability under pension benefits. This is effective 7/1/19.
6. Pursuant to approval of the actuarial valuation, the Board must declare an expected rate of return. Jennifer recommends 8%. Motion made by Bob Langford to declare the 8% rate of return, 2nd by Keith Bauer. Motion passed unanimously. Plan Administrator will provide letter confirming to state, city and actuary.
7. Proposed Ordinance – compliance ordinance with clarification of termination and disability, per section 3 of IRS code. Also includes section 4 of IRS code regarding missing benefit recipients with procedures set by the IRS. The ordinance also conforms to IRS rules regarding re-employment after retirement, and a change to the DROP plan – if the board does not know where the person is, the money has to go to the state. Board approval is required prior to sending to the city for adoption. Motion to approve the ordinance made by Bob Langford, 2nd by Keith Bauer. Motion passed unanimously.
8. Updated Operating Rules – tabled to next meeting to give board members the opportunity to review.

ITEM #8 – FINANCIAL & ACCOUNTING SERVICES

The Board reviewed the quarterly financial statement for the period ending 3/31/2019. Motion to accept made by Bob Langford, 2nd by Keith Bauer. Motion passed unanimously.

ITEM #9 – SUMMARY PLAN DESCRIPTION

Motion made by Keith Bauer to approve the document. 2nd by Bob Langford, approved unanimously.

ITEM #10 – APPOINTMENT OF BOARD MEMBER TO 5TH VACANT SEAT

See #2 under Attorney Business

ITEM #11 – OTHER BUSINESS AND/OR COMMUNICATION

- a. Karen reviewed payments from the fund made since the last meeting. Motion by Bob Langford to approve payments, 2nd by Keith Bauer. Motion passed unanimously.
- b. Karen advised the Board that the Confirmation of Benefit form has still not been received from Charles Banaciski. Per Attorney Christiansen, the board must send him a letter stating that a hearing will be held at the next meeting and benefits will stop if he has not returned the form.
- c. Karen advised the Board of the dates and location of the upcoming FPPTA conference which will be held June 30th to July 3rd at Marriott World Center in Orlando.
- d. Foster & Foster online tools – Karen advised that she had attended two webinars regarding tools being introduced to enhance administrative and member access to benefit information. The Board agreed that the cost would be prohibitive and there is no need to proceed.

Motion made by Bob Langford to adjourn, 2nd by Keith Bauer. Motion passed unanimously.

The meeting was adjourned at 8:12 PM