



NEW PORT RICHEY POLICE PENSION SYSTEM



Minutes

Due to the Coronavirus (Covid-19) this quarterly meeting of the Board of Trustees was conducted by teleconferencing through Communications Media Technology (CMT), provided by the Technology Solutions Division, City Hall
New Port Richey, Florida 34652
On Tuesday, the 26th day of May 2020, at 5:00 P.M.

The meeting was called to order by Mr. Pratt at 5:14 PM.

Trustees Participating:

Mr. Glen Pratt
Mr. Ed Beckman (Joined at 5:34 PM)
Sergeant Greg Williams
Mr. Bill Phillips
Sergeant Chris Trapnell

Consultants Participating:

Ms. Jennifer Gainfort, Andco Consulting (Performance Monitor)
Mr. Dana Stewardson, Logan Capital (Investment Manager)
Mr. Amed Avila, Fiduciary Trust International of the South (Custodian)
Mr. Scott Christiansen, Christiansen & Dehner (Attorney)

Administrator Participating:

Mr. T. Scott Baker

Other(s) Participating:

Ms. Crystal Feast, City Finance Director
Unknown person(s)

ITEM #1 -- Approval of the minutes of the meeting on April 28, 2020

Motion: Mr. Phillips 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 -- Logan Capital Investment Manager Quarterly Report
– Dana Stewardson**

Mr. Stewardson apologized as he said he couldn't get logged on to his computer and therefore is participating by phone. He said fiscal 2019 they underperformed by about 100 basis points, saying the 4th quarter of 2018 was rough on Growth stocks and the 4th quarter of last year was very good. He said the calendar year was very good, finishing up 39% and 300 basis points ahead for the year. He said we all know the first quarter was very rough and they finished down about 18% versus the index of about 20%. However, he said as of today they are positive for the year, up about 1%, with the index a little ahead of that.

Mr. Stewardson said the account value right now is about \$10.4 million. He said the 5 year period through today, the portfolio is equal with the Russell 1000 Growth. Mr. Stewardson said they tend to take less risk than the overall index. He said in a nutshell you have a federal government, Federal Reserve Treasury, that is doing everything they can to fight this thing and is succeeding. He said he is optimistic it is going to be a good year and a half coming up. He said he thought real estate would continue to grow and said they are well positioned. He asked for any questions. Mr. Pratt asked if the upcoming presidential election will have an effect on this. Mr. Stewardson said he thinks the President and Executive Offices will do anything they can to get the economy going and thinks things will recover.

ITEM #4 -- Andco Performance Monitor Report – Jennifer Gainfort

Ms. Gainfort said she would be going over the report covering the quarter ending March 31st. She started on page 15 of the report and said this shows the asset allocation summary broken down by various asset classes. She said the fund had a balance of \$26,163,922 with about 55% in Domestic Equities, 30% in Domestic Fixed Income, 13.8% in Real Estate, and the remainder in cash. Going back one page, she said this shows how those allocations look compared to the targets from the Investment Policy Statement. She said given what the market went through, the Domestic Equity allocation has come down pretty significantly during the quarter. However the markets since have rebalanced the allocation with the Domestic Equities currently at 59%, which is in line with the 60% target, Fixed Income now at 28%, and Real Estate is at 12 ½%. She said because of this there is no need for any rebalancing.

Continuing to page 17 Ms. Gainfort said this shows the Financial Reconciliation, showing where the fund started for the quarter and ended. She said the fund started with a little more than \$31 million, contributions made of \$163,672, distributions of \$502,563, management fees of \$40,553, other expenses of \$30.553, assets generated income of \$141,769, capital gain/loss of -\$4,656,962, which resulted in the ending balance of \$26,163,922. She said that as of the close of business on Friday the fund currently has \$28.98 million in assets so the fund recovered a significant amount of what was lost during the quarter.

Moving to page 19 Ms. Gainfort said in terms of percentages the plan was down 14.66 for the quarter, which was more than the index, which was down 11.46%. She said Large Cap Growth (Logan) was down about 18%, with the index down 14% and 361 Capital (Large Cap Value) was down about 30 ½%, with the index down 26.73%. She said fast forward to today, 361 Capital is ahead of the benchmark by about 3% and Logan is getting into positive territory. Garcia Hamilton (Fixed Income) was up .33%, while the index was up

2.4% and were hurt due their short term duration positioning relative to the benchmark and other issues. She said Intercontinental Real Estate was up .27% compared to the index at .71%. Ms. Gainfort said overall it was a rough quarter, but quarter to date the fund is up about 11%. She asked for any questions.

ITEM #5 -- Fiduciary Trust Data Privacy Issue, email forwarded to Trustees and Attorney and Auditor's System and Organization Controls (SOC) Report – Amed Avila

Mr. Avila said he the first item he would discuss was the privacy issue. He said a letter was sent out and he had a conversation with Mr. Baker to advise on the situation. He said he hoped the Trustees had a chance to read the letter and he would answer any questions they might have. Mr. Pratt asked if the issue had been addressed and Mr. Avila said the issue had been addressed internally. He said he wanted to let the Board know that the account is not transactional, meaning they are not a bank. All instructions, any movement of cash, whether internal or external, all requests are signed by an authorized party and all go through their authentication and recorded call back policy. He said even if someone attempts to gain access to the account it would be very difficult for them to breach the account. Mr. Baker said the email that Mr. Avila had sent out indicated that the account could be change and asked if this was necessary. After discussion it was determined that the account change was not necessary.

The second item Mr. Avila said he was going to discuss is the SOC report also known as the Auditor's System and Organization Controls. He said every year Fiduciary Trust undergoes a third party independent audit of its controls, systems, protocols, and everything they have in place as it pertains to the way they handle their client's day to day transactions or requests. In this case the audit period is for the period between October 1,, 2018 to September 30, 2019. He said there are 4 qualifying ratings for this report: (1) Unqualified – meaning there are no material issues identified where mitigated through other compensation controls were found; (2) Qualified – meaning some areas having qualifications where there were not compensated controls in place. He said not all areas of control have necessary qualified and this is where management's response is the opportunity for them to explain the background and rational for some of the issues identified. (3) Adverse – Something they never hope to get to. Means there are not sufficient controls and are significant issues and serious deficiencies in systems and controls; and (4) No Opinion – meaning the Audits group has not received info to issue an opinion. In addition Mr. Avila said he wanted to give a broader scope of the audit saying the audit is a full overhaul of all of Fiduciary's controls, parent company (Franklin Templeton), all subsidiaries, doing a deep dive into every procedure in all of their systems.

Mr. Avila said on this audit they received a Qualified opinion, however was pleased to say the qualified opinion is a sequence of events that were picked up last audit period, which transitioned into this period. He said one had to do with a recorded call back with a client that has been with them for over 10 years, with the account manager knowing her client very well. The client called in a disbursement and she felt a call back was not necessary, however based on their protocol a call should have been made and one was not conducted. The second issued involved a gain/loss with corporate actions with cash & stock mergers processed in 2018. They identified the gain/loss was incorrect, since then they have taken meditative measures to ensure the system recognizes and properly calculates the gain/loss, and only affects taxable accounts. He said none of the New Port Richey Police Pension

accounts were affected by these findings. He said other than those two items all other controls are deemed to be adequate according to PWC and no further changes or recommendations were made by them at this time. Mr. Avila paused for any questions. Mr. Christiansen said he was the one that asked for an explanation by Fiduciary Trust and said he appreciated his explanation and said he was satisfied that the plan was not adversely affected.

ITEM #6 -- Legal Report – Attorney Scott Christiansen

Mr. Christiansen asked if Chris Trapnell’s term had been squared away, as Mr. Baker had provided a document that was posted for the position and no other Officer had submitted their name for the position and therefore Sgt. Trapnell had been elected by acclamation. He said that he was good for another 4 years. Mr. Christiansen reminded Trustees to file their Financial Disclosures (Form 1) by July 1st and send it to the Supervisor of Elections in the County where you reside. Mr. Christiansen said that a Budget should be completed by Mr. Baker for the next meeting.

Mr. Christiansen said at the last meeting he discussed legislation that would have had the effect of requiring Trustees to do some additional training, however that Bill did not get adopted. He said they have completed a project to change the administrative forms, as there was a change in the law for Notary Public’s which allows for remote notarization. He said in order to be able to do this the notary has to get additional training, additional insurance, and have a means by which they can view and record the notarization they are signing for. He said the forms package has a number of notarizations on its forms and because the law has been changed the forms had to be changed. He said the forms were also updated to include some housekeeping issues. Mr. Baker said he had received the forms packet.

Mr. Pratt said every two years they are supposed to go to training and because of what’s going on he wasn’t able to attend this year and asked if there were any extensions. Mr. Christiansen said the training requirements in the Operating Rules and basically self-imposed and asked if they say a Trustee should attend every two years or once a term. He said whichever it is in the Operating Rules it’s imposed by the Board. He said the law says Trustees have to get continuing education in the area of Board Responsibility and Investments. He said FPPTA is currently doing some online training that any Trustee can participate in. Note: Mr. Baker later found the section in the Operating Rules and said the requirement for training is once a term.

ITEM #7 -- Approval of expenditures

- **DROP pay-out, Steven Wade**
- **Expenses**

Mr. Baker said Steven Wade had terminated his employment with the City, ending his DROP. He was provided the amount of his DROP account, calculated by the Actuary. He requested the DROP funds be rolled over into two separate accounts with AXA Equitable, one for \$100,000.00 and a second for \$21,220.86. All required rollover paperwork had been provided and reviewed by Mr. Christensen.

Motion: Mr. Beckman made a motion to approve the rollover expenditures for Steven Wade’s DROP account. Sgt. Trapnell seconded the motion. The motion was passed without opposition.

Mr. Baker said there was one Distribution Authorization that needed approval: \$1,500.00 to Saltmarsh, Cleaveland & Gund for Auditing services.

Motion: Sgt. Williams made a motion to approve the expenditure. Sgt. Trapnell seconded the motion. The motion was passed without opposition.

ITEM #8 -- Any other business

Mr. Beckman asked if the next meeting would be in person at the P.D. Mr. Baker said the P.D. was back open as of Monday and asked if the PD was allowing meetings at the PD. Both Sgt.'s Trapnell and Williams said they believed the PD was open for meetings. Mr. Christiansen said the actual authority on the virtual meetings runs out on July 8th, so unless the Governor extends it in an Executive Order our authority in having virtual meetings will expire then. Mr. Beckman said he doesn't have a problem meeting face to face, Mr. Pratt said that was fine with him. Mr. Christensen said the room at the PD was small to be 6 feet apart. Mr. Beckman said the bigger conference room would have to be used and asked for assistance from Sgt.'s Trapnell and Williams. Sgt. Trapnell said he would check on the availability of the room and also said Council Chambers, City Hall, may be an option.

Motion: Sgt. Williams made a motion to adjourn. Mr. Beckman seconded the motion. The motion passed without opposition. The meeting was adjourned at 6:06 PM.