



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 25th day of May 2021, at 5:00 P.M.

The meeting was called to order by Mr. Pratt at 5:00 PM.

Trustees Present:

Mr. Glen Pratt
Mr. David Dorsey
Sergeant Greg Williams
Mr. Al Renedo

Trustee Absent:

Sergeant Chris Trapnell

Consultants Present:

Ms. Jennifer Gainfort, Andco Consulting (Performance Monitor)
Mr. Scott Christiansen, Christiansen & Dehner (Attorney)

Consultant(s) participating via tele-conference:

Mr. Dana Stewardson, Logan Capital

Administrator:

Mr. T. Scott Baker

ITEM #1 -- Approval of the minutes of the meeting on April 27, 2021

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

ITEM #2 -- Open Public Comment

There was no Public comment.

ITEM #3 -- Logan Capital Quarterly Investment Report – Dana Stewardson (participating telephonically)

Mr. Stewardson was reached by phone and said about 14 months ago we went from a very strong economy and then straight into a brutal recession. He said a lot of great steps were taken to make things as good as they could be, but said it was a very scary time. He said we're coming out of that and they are pleased with their results in the stock market. He said they were up 18% versus the index at 12% as of March 31st and the fiscal year last

year was up 40% versus the index at 36%. Mr. Stewardson said looking forward they still feel very positive about the economy improving and the portfolio being positioned for that. He covered some of the companies that have done well. He said the Value proposition, where there have been a lot of market players hiding in Value the last 9 months saying he thinks that will come undone a little and Growth will be a very nice place to be looking forward. He asked for questions.

Mr. Renedo asked if the stock Lithia Motors does something with EV's, Electric Vehicles. Mr. Stewardson said they are big auto sellers around the country. Mr. Renedo asked if the EV market was something that Logan was looking at for the future. Mr. Stewardson said they are more into the component companies and said there were plenty of companies that are selling into that market. Mr. Stewardson said Tesla was been way too expensive for them to buy.

ITEM #4 -- Andco Performance Monitor Quarterly Report & Performance of Vanguard Equity Income Portfolio – Jennifer Gainfort

Ms. Gainfort began covering their report on page 2 and discussed index returns. S & P 500 was up 6.2% for the quarter, Russell mid-cap index was up 8.1%, and Small Caps led the way (Russell 2000) up 12.7%. Looking at the bottom chart showing 1 year performance, Ms. Gainfort said the S & P 500 was up 56.4% and Small Caps led the way, just shy of 95% over the last 12 months. Mr. Dorsey asked when the big drop was and she said the bottom of the market was on March 23rd. Ms. Gainfort said International Equities were positive for the quarter and year as well. She said with Fixed Income that interest rates began to rise so there were negative returns.

Continuing to page 3, Ms. Gainfort said the graph shows domestic equity performance saying the 1000 Value index was up 11.3% for the quarter, while the 1000 Growth index was up .9%. She also discussed the different sectors on page 4. Ms. Gainfort continued to page 12 and said this shows a graph of the growth of the plan since 1998. It shows in 1998 the plan had \$11,100,000 in assets and has grown to \$34,797,649 to date.

Ms. Gainfort continued to page 13 and discussed the asset allocation and said that possibly next quarter there may be a need to rebalance, taking funds from the equities and transferring it to fixed income, depending on how the markets perform. She continued to page 17, Financial Reconciliation, and covered all the figures, saying as of close on Friday the fund was just shy of \$35 ½ million.

Continuing to page 19, Ms. Gainfort said for the quarter the total plan was up 3.96%, which was ahead of the policy at 3.27%, and ranked in the 19th percentile. Fiscal year to date the plan is up 13.82%, ahead of the policy of 12.1% and the one year number at 38.25%, saying they are great returns. Looking at the drivers of those returns, Ms. Gainfort said Vanguard returned 10.07% for the quarter, slightly behind the policy of 11.26%. Logan returned 3.74% for the quarter, nicely ahead of the index at .94%. Ms. Gainfort said Garcia Hamilton was down 1.78% versus the index down 1.86%. She said Intercontinental Real estate was up 2.52% for the quarter versus the index of 1.72%.

ITEM #5 -- Overview of information from FPPTA Spring Trustee School CEU Program Virtual Program – David Dorsey

Mr. Dorsey said most of the information was economics and where the market is going to go. He said most people are optimistic except for fixed income investments. He said

nothing that was introduced to the legislature passed that affected the plan, as he said they were trying to close the FRS DB plan. Mr. Christiansen said the bill did pass on the Senate side but not on the house side. Mr. Dorsey said they covered cyber security, but assumed the plan had already covered that with the vendors.

ITEM #6 -- Legal Report – Attorney Scott Christiansen

Mr. Christiansen reminded the Trustees to make sure to file their Financial Disclosures by July 1st. He asked if the Summary Plan Description, approved at a prior meeting had been distributed and Mr. Baker said that it had been. Mr. Christiansen said the Budget would need to be done at the next (quarterly) meeting. He said at the last meeting he had discussed legislation that would have required additional training by the Trustees. He said another item said he didn't discuss was legislation that would have added Covid as one of the presumptive diseases for an in-line of duty, similar to if a Police Officer becomes disabled due to the result of hypertension, heart disease, meningitis, hepatitis, or tuberculosis. He said this would have added Covid to that list if it was contracted during a period of emergency, but said that Bill didn't pass either.

Mr. Christiansen asked if the Auditor contract had been signed. Mr. Baker said that the document was just emailed to him yesterday, so he has it and it needs to be signed. The contract was signed by the Chairman, Mr. Pratt, and the Secretary, Mr. Dorsey. Mr. Christiansen asked for a copy to be sent to him. Mr. Christiansen said at the last meeting a rebalancing letter had been approved and confirmed that it had been sent and asked for a copy.

Mr. Christiansen said he was asking the Board to authorize him to draft an ordinance. He said last year the IRS made some changes in the law in the revenue code. He said one of the changes was a change in the date for required minimum distributions. He said essentially, if you are in a pension program or IRA or some other program you're allowed to accumulate assets in the pension program, and it grows taxed deferred. But there comes a time when you have to start taking it out so they can tax you. He said the law used to provide that age was 70 ½ and said essentially the way it works is they take whatever you have in your retirement program and they stretch that out over your expected life expectancy and figure out how much you need to take out for that year, and that is how much you need to take out and get taxed on. Mr. Christiansen said there is a reference in the current plan to 70 ½, which is what it was until 10/01/2020. He said they pushed it back to age 72, so he asked for authorization to do an ordinance to make the change.

Motion: Mr. Dorsey made a motion to authorize Mr. Christiansen to draft an ordinance to make the required changes. Mr. Renedo seconded the motion. The motion passed without opposition.

Mr. Christiansen said in reading the minutes, he saw that Mr. Dorsey had questioned why there were interim meetings, between the required quarterly meetings. He said he wanted the Board to understand that it is only required that the Board hold quarterly meetings. He said the Operating Rules provide that bills that the Board has with clients with contracts the Administrator can review those bills and pay them in between meetings and then put them on the agenda for approval. He said this is the same with when someone retires and the Administrator can provide figures to the Actuary for calculation. Mr. Baker said this is already being done.

Mr. Dorsey asked Mr. Christiansen if the Fire Pension changed who did their State Report due to saving money. Mr. Christiansen said they had changed from having the Auditor to having the Actuary do the State Report, as they saved money in doing so. Mr. Dorsey said the contract from Saltmarsh calls for a charge of \$3,000. Mr. Christiansen said the Fire plan has Foster & Foster as their Actuary and this plan has GRS, so he wasn't sure if there would be a savings. He suggested contacting Jennifer Borregard from GRS just to find out if they could do the report and if there would be a savings.

ITEM #7 -- Approval of expenditures

Mr. Baker said he only the three expenditures for Mr. Pratt to attend the FPPTA Conference. He said the expenditures had already been approved at the last meeting, however the documents needed to be signed. They are \$775.00 to FPPTA for Conference registration fee; \$540.00 to Omni Orlando Resort at Championsgate for hotel charges; and \$189.68 to Glenwood Pratt for per diem to attend the conference.

Mr. Baker said there was a guest fee of \$110 for anyone attending with the Trustee that participated in any FPPTA activities.

ITEM #8 -- Any other business

Sgt. Williams said they are having contract negotiations coming up and he had a couple questions. He said the PBA may be looking at a COLA or 13th check. He asked if the pension would do the actuary study to determine the cost. Mr. Christiansen said the plan says the union or city can be authorized by the plan to use the pension plan's actuary to do the work, however it says the entity requesting it is supposed to pay for it.

Sgt. Williams asked how to find out what the city is paying into the pension. Mr. Baker said that information is in the Valuation Report. A discussion took place regarding COLA's, the 13th check, and other forms. Mr. Christensen said a lot of plans do what is called an ad hoc cola. He said this is a one-time increase, percentage increase, for everyone that is retired on their benefit amount. He said a lot of times they'll use a sliding scale, for example: anyone who is currently drawing a benefit will receive a 2% increase for each year they have been retired up to a maximum of 6 or 10%. Meaning those who have been gone the longest will get the highest percentage and if you haven't been gone that long you'll get a smaller percentage increase. He said this is very popular and they have a lot of plans that have done this. He said the cost of this compared to a straight 2% COLA is much cheaper, as it is a one-time adjustment. A discussion took place.

Mr. Baker said a copy of a letter from Mr. Christiansen's office was provided to the Trustees. Mr. Christiansen said the letter basically states that the meetings are back to the way they used to be and cannot be held via zoom or other virtual methods.

Mr. Stewardson thanked the Board and the phone call was disconnected.

Motion: Sgt. Williams made a motion to adjourn. Mr. Renedo seconded the motion. The motion passed without opposition. The meeting was adjourned at 5:56 PM.