

**MINUTES OF THE LADY LAKE
REGULAR POLICE PENSION BOARD MEETING
LADY LAKE, FLORIDA
September 9, 2015**

The Police Pension Board Meeting was held in the Town Hall Commission Chambers at 409 Fennell Blvd., Lady Lake, Florida.

MEMBERS PRESENT: Chairperson/Member Capt. Jason Brough; Member Capt. Robert Tempesta; Member John Schmied; and Member Pete Chiasson

MEMBERS ABSENT: Member Leonard Cieciek

TOWN STAFF PRESENT: Pam Winegardner, Acting Finance Director; Kris Kollgaard, Town Manager; Tia O'Neal, Human Resource Director; and Nancy Slaton, Deputy Town Clerk

ALSO IN ATTENDANCE: Scott Christiansen of Christiansen & Dehner, P.A.; David West of Bogdahn Consulting, LLC; Mayor Ruth Kussard and Commissioner Tony Holden

A. CALL TO ORDER: Chairperson Brough called the meeting to order at 1:30 p.m.

B. PUBLIC COMMENT

Chairperson Brough asked if anyone in the audience had any comments or questions. There were no questions or comments.

C. OLD BUSINESS - No old business.

D. NEW BUSINESS

1. Approval of Minutes: Regular Meeting – June 10, 2015

Upon a motion by Member Tempesta and seconded by Member Chiasson, the Board approved the meeting minutes of June 10, 2015 as presented by a vote of 4-0.

2. Approval of FY 2015-2016 Administrative Budget for the Police Pension Plan (Pam Winegardner, Acting Finance Director)

Acting Finance Director Pam Winegardner reviewed the FY 2015-2016 Administrative Budget for the Police Pension Plan.

Member Pete Chiasson asked for clarification on the dates for the fiscal year.

Ms. Winegardner replied that the upcoming fiscal year runs from October 1st, 2015 through September 30th, 2016.

Mr. Christiansen, Board Attorney, stated that new legislation, Senate Bill 172, has required that an administrative budget for expenses be done each fiscal year, and a copy must be provided to the Town and the pension plan members once adopted. He stated that once the fiscal year is over, a report of the actual administrative expenses for the previous fiscal year must be

completed and approved by the Board; then provided to the Town and plan members, and then the State. Mr. Christiansen stated he reviewed the budget prior to the meeting and some items that are included on it are not necessary such as the whole section on total revenue, termination payments, and sales fee, which would be included in Investment Monitor. He stated only administrative expenses should be included such as the investment consultant, but not investment managers. Mr. Christiansen stated that the history is not needed, and he suggested that the budget include a line item for travel and training since continuing education is required for board members. He stated that the statute requires that an amended budget be sent in if the budget is exceeded, so he suggested that a cushion of a percentage be built in to be sure that does not happen.

Member Chiasson stated he has a problem with the concept of providing an overstated forecast on the budget so that the State does not question it. He questioned some of the increased expenses since the last fiscal year.

Mr. Christiansen explained his position in this regard and stated inflating the budget is not the goal. He also explained that the actuary had to prepare several more reports this past year as required by new regulations and legislation that were not required previously.

Ms. Winegardner explained that contributions from the Town are based on a percentage of payroll, which fluctuates. She clarified with Mr. Christiansen the items to be revised in the budget.

After further discussion, it was the consensus of the Board that this budget will be revised as suggested and will include an estimated 10% increase in expenses, and be brought back for adoption at the September 22, 2015 special meeting/disability hearing as the first agenda item.

3. Quarterly Report from The Bogdahn Group

David West of The Bogdahn Group reviewed the quarterly report for the first quarter ending June 30, 2015. He commented that this was a tread-water quarter; that the plan did well early on, but he would not predict how the market would do toward the end of the fiscal year.

Member Chiasson asked some questions during Mr. West's report, and Mr. West responded.

Mr. West reported that the total fund net and gross for the quarter end was down -.077%, and up 5.15% for fiscal year to date (FYTD). Total domestic equity was down at -.056% for the quarter and up 7.69% for FYTD; total international equity was up 1.12% for the quarter and up 5.41% FYTD; and total fixed income was down -1.64% for quarter end, and up 1.89% for FYTD. He reported on the cash flow as follows: contributions for the quarter were \$66,020, distributions were at -\$50,246, expenses were -\$14,516, income was \$13,274, depreciation was -\$64,223, and the fund's market value at quarter end was \$6,580,157. Mr. West commented the plan went into the recent decline in good shape.

4. Report by Christiansen & Dehner

Scott Christiansen of Christiansen & Dehner, P.A. reported that he checked online for the financial disclosure forms and only Captain Tempesta and John Schmied are listed there, although he believes all the other trustees have filed their forms, but are just not listed yet.

Mr. Christiansen reported that the Board has received State monies in the amount of \$98,306, and confirmed with the Finance Director that the money has been deposited into the plan's account.

Mr. Christiansen confirmed that the reports from Foster & Foster are being put on the Town's website as a compliance requirement.

Mr. Christiansen reported further on Senate Bill 172 regarding the shared contribution component, which this plan is not required to have in place until 2017. He stated that the Division of Retirement has answered questions by some of the plans and has posted these on their website.

a) Draft Ordinance No. 2015-14 - Modification of Investment Allocation

Mr. Christiansen stated that he prepared a draft ordinance to allow for changes in the investment parameters to include real estate investments up to a max of 15%, and to allow the Board to invest in an investment vehicle called a group trust, as directed by the Board at the last meeting.

Member Chiasson asked for clarification on the wording in the ordinance regarding investments not exceeding 5% and aggregate investments not exceeding 65%.

Mr. Christiansen explained that the first limitation is that the plan cannot invest in more than 5% in any one company, and the second limitation is that all of the plan's total portfolio cannot exceed 65% of the fund.

After further discussion, and upon a motion by Member Schmied, and a second by Member Tempesta, the Board approved sending this draft ordinance to the Town Commission with a recommendation that they approve it.

Town Manager Kris Kollgaard commented that the Board recommended a workshop meeting for the Commission regarding this ordinance at the last meeting, and asked if the Board still wanted to hold a workshop.

Mr. Christiansen stated that he would leave it up to the Town Manager. He said the issue is to convince the Commission that this is a good thing to do, and perhaps a representative from the Bogdahn Group could attend the Commission meeting to answer any questions.

Ms. Kollgaard recommended that this ordinance go before the Town Commission for first reading at their meeting on October 5th, and for second/final reading on October 19th. She agreed it would be helpful to have someone from the Bogdahn Group in attendance to answer any questions by the Commission.

Mr. West of the Bogdahn Group stated that he would not be able to attend on October 5th, but that he could schedule a colleague to attend the meeting to answer any questions.

It was the consensus of the Board that this ordinance go directly on the agenda of the October 5th Commission meeting with a representative from the Bogdahn Group attending to answer any questions; with no workshop necessary.

Proposed 2016 Meeting Dates

Mr. Christiansen asked that the Board approve the proposed meeting dates for 2016 that were provided to the members. The proposed meeting dates are as follows: March 9th, June 8th, September 14th, and December 14th; all Wednesdays at 1:30 p.m.

Upon a motion by Member Schmied and a second by Member Tempesta, the Board approved the meeting dates for 2016 as presented by a vote of 4-0.

b) Update on Disability Claim for Rita Boice

Mr. Christiansen stated that the disability hearing for Rita Boice is scheduled for September 22, 2015 at 2:30 p.m. He stated that the records for this claim have been provided to the members to include the Independent Medical Evaluation (IME). He stated that after these records were sent out, his office became aware of some surveillance that was done by the workers' comp carrier. Mr. Christiansen stated the workers' comp carrier has provided his office with these surveillance disks, and these have been sent on the doctor who completed the IME to review to see if what is on these disks changes his opinion with regard to Ms. Boice's disability claim and her ability to do the job of a police officer. He stated his office has been told they will get the doctor's report early next week, and it will be provided to the Board along with the disks.

Town Manager Kris Kollgaard confirmed for the record that Mr. Christiansen received the email from Town Attorney Derek Schroth regarding these disks. She reported that the Town has received the two surveillance video disks as public record, and copies of these have been provided to the Police Pension Board members along with the documents for the disability hearing.

Mr. Christiansen stated that he received the disks from the workers' comp carrier. He further stated that the Town Attorney does not need to attend the disability hearing as it is a quasi-judicial proceeding.

Ms. Kollgaard reported that Mr. Schroth will be representing the Town and will attend the disability hearing.

Member Schmied asked if there is any easier way to schedule these meetings as he is unable to attend this hearing, and scheduling when he could attend would have taken it beyond the extension.

Mr. Christiansen stated that his office has to arrange dates with the other attorney and tries their best to accommodate everyone's schedule, but he does not know of any other way than what has been done by email.

5. Approval of the Following Invoices Processed for Payment:

Chairperson/Member Jason Brough asked if there were any questions or comments regarding the list of invoices to be processed for payment for approval by the Board as follows:

- a) **Invoices from Christiansen and Dehner: Dated May 31, 2015 - Invoice 26666 for \$151.60; Invoice 26667 for \$1,947.10; Dated June 30, 2015 - Invoice 26822 for \$1,189.28; Invoice 26823 for \$2,198.88; and Dated July 31, 2015 - Invoice 26927 for \$361.17; Invoice 26928 for \$315.20**

- b) **Invoice from Salem Trust: Dated July 15, 2015 for Period April 1 – June 30, 2015 for \$1,250.00**
- c) **Invoices from Foster & Foster: Dated June 5, 2015 - Invoice 7330 for \$725.00; Dated June 10, 2015 - Invoice 7338 for \$3,500; Dated August 26, 2015 - Invoice 7726 for \$563.00**
- d) **Invoice from Bogdahn: Dated June 15, 2015 - Invoice 12228 for \$3,875**

Member Pete Chiasson had a few questions on the Christiansen & Dehner invoices that were answered by Mr. Christiansen.

Upon a motion by Member Chiasson and seconded by Member Schmied, the Board directed the invoices to be paid as listed by a vote of 4-0.

6. Informational Items from Pam Winegardner, Acting Finance Director:

Acting Finance Director Pam Winegardner reviewed and commented on the following informational items to the Board as included in the packet:

a) 2014 Annual Report Letter from the Florida Department of Management Services

Ms. Winegardner commented that this report letter was approved as submitted.

b) 45th Annual Police Officers Pension Conference - November 17-19 - No Registration Fee

Chairperson Brough asked if any members were interested in attending this conference, and received no affirmation.

c) Foster & Foster - Senate Bill 534 Compliance

Member Pete Chiasson questioned the Foster & Foster report regarding project benefit payments.

Mr. Christiansen replied that this report is to comply with SB 534, and has no relationship to the funding of the plan. He stated that they have to use an investment assumption that is 2% less than the current assumption rate of 7.75% and re-run the actuarial valuation to show what would happen if the investment assumption was 5.75%, which is not reality. Another assumption report has to be done showing what would happen if there were no more contributions to the plan to see how long the assets in the plan would last based upon obligations to pay out benefits.

d) Foster & Foster - Review of Ordinance for Modifying Police Pension Investments

e) April – June 2015 Quarterly Statement from Salem Trust Company

f) Financial Statements for the Quarter Ending June 30, 2015

Ms. Winegardner asked for direction on how the State check for \$98,306 will be invested, and if a recommendation is needed.

Mr. West of the Bogdahn Group replied that his firm has a standing letter of direction on file regarding the funds deposited, and will make a recommendation to invest the funds per the target in the investment policy statement.

Ms. Winegardner clarified with Mr. West that she will need to communicate to the Bogdahn Group that the State check has been deposited and the funds are ready for assets to be moved within the program structure.

E. ADJOURN: With no further business to discuss, and upon a motion by Member Tempesta and a second by Member Schmied, the meeting was adjourned at 2:46 p.m.

Kristen Kollgaard, Town Clerk

Chairperson/Captain Jason Brough

Transcribed by Nancy Slaton, Deputy Town Clerk