

**MINUTES OF THE LADY LAKE
POLICE PENSION BOARD MEETING
LADY LAKE, FLORIDA**

March 8, 2017

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

MEMBERS PRESENT: Chairperson/Member Captain Jason Brough; Member Captain Robert Tempesta; Member John Schmied; and Member William Farley

Member Absent: Member Leonard Cieciek

TOWN STAFF PRESENT: Kris Kollgaard, Town Manager; Debbie Rodriguez-Lopez, Senior Accounting Clerk; and Nancy Slaton, Deputy Town Clerk

ALSO IN ATTENDANCE: Kevin Stone of Stone & Gerken, P.A.; Brendon Vavrica of AndCo Consulting, LLC; and Commissioner Tony Holden

A. Call to Order: Chairperson/Member Captain Jason Brough called the meeting to order at 1:30 p.m.

Chairperson/Member Captain Brough introduced Mr. William Farley as a new member appointed by the Town Commission and welcomed him.

B. Public Comment: Chairperson/Member Captain Brough asked if anyone in the audience had any comments. There were no comments.

C. New Business

1. Approval of Minutes – Regular Meeting – December 14, 2016

The Deputy Town Clerk reported that Captain Tempesta noted an error on pg. 5, line 21 regarding the vote, and it has since been corrected to show a 4-0 vote.

Upon a motion by Member Tempesta and a second by Member Schmied, the Board approved the meeting minutes of December 14, 2016 with the correction as noted by a vote of 4-0.

2. Quarterly Report from AndCo Consulting (Brendon Vavrica)

Brendon Vavrica of AndCo Consulting, formerly The Bogdahn Group, stated he may be attending these meetings in place of Dave West, as he has some consistent conflicts, and he apologized on his behalf. Mr. Vavrica stated page one of the quarterly report explains the name change of the company and he summarized by stating the company chose this name to show their commitment to client-first consulting; Lady Lake Police Officers' Pension Plan is noted first on the report, and then the company name - AndCo.

Mr. Vavrica reported that the quarter ending was positive with domestic equities increasing after the election. He noted there was a big shift during this quarter between value and growth. He reviewed the treasury yield curve on page 9, which showed an upward move after the election. Mr. Vavrica

reviewed the asset allocation versus target allocation on page 11, stating the plan was a little overweight in domestic equity, and underweight in international equity; although overall, it is right in line with the policy. He stated the fund total at quarter ending December 2016 was \$7,092,376, and the fund total as of this morning was at \$7,285,000, or a 2.7% increase since the first of the year.

Mr. Vavrica noted that page 15 showed the reconciliation of the fund, which included the withdrawal from other funds of \$750,000 to fund the real estate portion. He reviewed the comparative performance on page 16 which showed the quarter was decent with a total return of 60 basis points versus the benchmark of 80. Mr. Vavrica stated that although Wells Fargo seemed to be bouncing back last quarter, they were down 3.8% this quarter. He stated the good news is that, as of yesterday, the Wells Fargo portfolio has increased 9.7% since the first of the year. He noted that international equity was down somewhat, but seems to be rebounding in the current quarter. The Baird Aggregate Bond Fund/fixed assets were down -2.77%, but has been outperforming over the last three years.

Mr. Vavrica stated that the real estate performance did not show up on this quarterly report as it was just funded at the end of the year, but it is working for the plan. He stated it is expected to outperform over the next few years.

Mr. Vavrica reviewed the three and five- year peer group scattergrams on page 20 of the report. He commented that the plan is below the median on the five-year basis, but is above the median of the peer group, or receiving more return relative to a comparable level of risk, which is a positive trend. He stated he would be happy to answer any questions.

There were no questions.

3. Report by Kevin Stone of Stone & Gerken, P.A.

Mr. Stone stated it appears that it has been two years since the Summary Plan Description has been developed and distributed for this plan. He stated he will draft a revised and updated Summary Description for the Board's consideration at the next meeting.

Mr. Stone stated there is a statutory requirement that there be a link on the website to the Department of Management Services actuarial fact sheet for the plan. He stated he did not see a link on the Town's website at this time and that it needs to be done for compliance.

Mr. Stone stated that he is aware that union negotiations are due to be held in the next couple of months. He stated the changes for requirements on how the tax premium revenues from the state are used in 2015 did not take affect for this plan until the next union bargaining cycle, which is upcoming. He stated that there will need to be mutual consent between the Town and the bargaining unit on how the state monies are used, or the Board will need to defer to the statutory framework that is in place when a mutual agreement is not reached. Mr. Stone stated that, either way, an update will need to be made to the plan's ordinance that implements how the state monies are used. He stated this will be on the agenda for the next quarterly meeting, and that he will be in touch with the Town as the bargaining process is underway to be sure it is addressed and to find out the outcome.

Mr. Stone stated that there are not many bills introduced that will impact the plan in this legislative session. There is one bill that would cap the assumed rate of return so that the plan would not be allowed to use an assumed rate of return that is higher than what the assumed median rate of return would be. Another bill would affect the ability to use credit unions as qualified public depositories instead of a bank for custodial purposes.

Mr. Stone stated the plan's chairperson received a letter from Intercontinental, which is the company that has accepted funds from the plan for investment in real estate investments. The letter listed a number of new provisions that have been included in contracts that Intercontinental has done with new investors since their contract with this plan was implemented. He stated that the agreement this plan has with Intercontinental includes the option to incorporate favorable provisions in any of Intercontinental's future contracts with new investors into the agreement this plan has with Intercontinental. Mr. Stone asked for an action by the Board to authorize the chairperson to respond and accept, with his direction, those provisions that may be favorable for this plan.

Upon a motion by Member Schmied and a second by Member Tempesta, the Board authorized Chairperson/Member Captain Brough to respond to the letter received by Intercontinental Real Estate and accept, with direction by Attorney Stone, new provisions to the agreement that may be favorable to the plan, by a vote of 4-0.

4. Approval of the Following Invoices Processed for Payment:

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

- a) Invoice from Salem Trust dated October 15, 2016 for \$1,250
- b) Invoices from Stone & Gerken, P.A. dated October 8, 2016 for \$3,311.25
- c) Invoices from Stone & Gerken, P.A. dated December 8, 2016 for \$2,017.50
- d) Invoice from World Risk Management dated October 1, 2016 for \$4,411 (two-year policy)

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

5. Informational Items from Pam Winegardner, Finance Director:

Senior Accounting Clerk Debbie Rodriguez-Lopez stated she was filling in for the Finance Director at this meeting. She reviewed and commented on the following informational items as included in the packet:

- a) Financial Statements for the Quarter Ending December 31, 2016
- b) October – December 2016 Statement from Salem Trust Company
- c) Annual Report of Investment to the Town of Lady Lake Commission
- d) Foster & Foster Senate Bill 534 (Section 112.664, Florida Statutes) Compliance – This has been posted on the website.

D. Adjourn: *With no further business to discuss, the meeting was adjourned at 1:53 p.m.*

Kristen Kollgaard, Town Clerk

Chairperson/Captain Jason Brough

Transcribed by Nancy Slaton, Deputy Town Clerk