

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

October 18, 2017

The special meeting of the Police Pension Board 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 Leonard Cieciek; Member John Schmied; and Member William Farley

MEMBERS ABSENT:

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

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

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

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 – June 14, 2017

Upon a motion by Member Schmied and a second by Member Cieciek, the Board approved the meeting minutes of June 14, 2017 as presented by a vote of 5-0.

2. Approval of the FY 2017-2018 Administrative Budget for the Police Pension Plan (Debbie Rodriguez-Lopez, Senior Accounting Clerk)

Senior Accounting Clerk Debbie Rodriguez-Lopez (for Finance Director Pam Winegardner) passed out an updated budget for FY 2017 that included more expenses since the meeting was postponed from September to now. The proposed FY 2017-2018 Administrative Budget for the Police Pension Plan was submitted, as included in the packet, for formal approval.

Upon a motion by Member Cieciek and a second by Member Schmied, the Board approved the FY 2017-2018 Administrative Budget for the Police Pension Plan, by a vote of 5-0.

3. Quarterly Report from AndCo Consulting by Brendon Vavrica

Brendon Vavrica of AndCo Consulting reviewed the highlights of the quarterly report ending June 30, 2017. He noted that the market was strong during this quarter, with returns positive for most major equity and fixed income indices. He stated international stocks were by far the best

performers; up five or six percent, and growth stocks out-performed value stocks during this quarter. Total net funds were at 3.04% (42nd percentile in the peer group) for the quarter, 8.14% FYTD, and 11.65% for the year. Under domestic equity, Ridgeworth Large Cap performed well at 2.28% for the quarter; Vanguard S&P Mid Cap was under slightly at 1.95%, and Wells Fargo Large Cap had another strong quarter and was up at 6.5%. He stated they are making progress. International Equity was up at 7.69% for the quarter, as was Baird fixed income at 1.66% for the quarter. Mr. Vavrica stated that Intercontinental Real Estate was a little behind at 1.43% versus 1.70% for the quarter.

Mr. Vavrica passed out an updated preliminary report for the period ending September 30, 2017, which showed the net value market figure as \$7,854,836, excluding final numbers from Intercontinental Real Estate as those figures were not available at the time. The total net fund was at 3.16% for the quarter ending 9/30/17; with the FYTD at 11.56%, beating the index of 11.12%. He stated that based on the preliminary numbers, the FYTD figure should be at 11.8% when the Intercontinental Real Estate fund numbers are included for this quarter. He stated this is very good, and continued reviewing the other funds, which were all doing well, including Wells Fargo.

Mr. Vavrica pointed out that the fund asset allocation is overweight in domestic stocks and underweight in international stocks. He suggested that the asset allocation be rebalanced given that this last fiscal year closed out so well by taking a total of \$542,000 out of all three of the domestic funds and putting it toward international equity; \$300,000 from Vanguard Mid Cap, \$121,000 from Ridgeworth Large Cap, and \$121,000 from Wells Fargo Large Cap.

Member Cieciek asked why they should take funds from a well-performing stock such as Vanguard and put it toward a lesser performing stock.

Mr. Vavrica replied the rationale is because they have done so well, and it should be beneficial to sell high for the stock that is doing well and buy low.

Member Farley clarified that Mr. Vavrica was predicting that the international fund will start performing better.

Mr. Vavrica confirmed this, stating that it already has, and has been the best performing fund for the last 12 months, with a lot of growth in the last six months in the European markets. He stated that given the fact that it has under-performed for so long, he feels that it will rebound over the next few years.

After further discussion, Chairperson Brough asked the Board if they would like to make a motion regarding this suggestion by Mr. Vavrica.

Upon a motion by Member Farley and a second by Member Cieciek, the Board approved by a vote of 5-0 to follow the direction of Mr. Vavrica of AndCo Consulting to rebalance asset allocation by selling \$300,000 of the Vanguard Mid Cap fund, \$121,000 of the Ridgeworth Large Cap fund, and \$121,000 of the Wells Fargo Large Cap fund; and of that \$542,000, invest \$287,000 into the international fund and \$255,000 into the Baird fixed income fund.

4. Police Pension Board Attorney’s Report by Kevin Stone of Stone & Gerken, P.A.

Mr. Stone stated he wanted to make sure that all Board members have filed their Form 1 – Financial Disclosures with the Supervisor of Elections office as required. He stated he would email the members he did not receive confirmation on.

Mr. Stone reported that the state has approved the Annual Report and the fund will receive the tax premium monies.

Mr. Stone asked if the meeting dates for the next year needed to be addressed.

The Deputy Town Clerk stated that the meeting dates are normally scheduled for the second Wednesday of the months of March, June, September and December (quarterly), at 1:30 p.m., unless a special meeting is called.

Mr. Stone stated he believed the meeting dates had to be determined for the year and posted, and stated it can be brought up at the December quarterly meeting.

Mr. Stone stated the actuarial statement on the proposed ordinance will be forthcoming and delivered to the Town. He stated he will be presenting some minor amendments to the plan over the next couple of quarters in order to comply with some IRS guidance issued over the past couple of years.

Mr. Stone stated that Board members should make sure they are attending a training at least once during their term as is required by the Plan’s operating rules and procedures, and because it assists the members in performing their fiduciary duties to the plan. He recommended that the members sign up for an upcoming free training in Orlando put on by the Division of Retirement of the Department of Management Services. Mr. Stone stated that the plan also reimburses members for training when necessary.

Member Cieciek stated that the upcoming training is being held on November 17th and he will be away. He asked if there are any other trainings coming up.

Mr. Stone replied there are three popular seminars that happen every year and put on by different organizations and information on other trainings will be sent out as it comes in.

Mr. Vavrica stated the PPTA training was held last week in Tampa, and he believes there is a school scheduled for late January or early February somewhere locally.

Chairperson/Member Captain Brough asked Mr. Stone if he would be able to do a brief training at one of the scheduled meetings.

Mr. Stone replied that he will be doing a presentation at the Board’s first quarterly meeting of the year having to do with local government matters such as Sunshine Law, public records law, etc. He stated he can present on legal matters, although it is valuable to the members to have specialists in other areas such as allocating assets do trainings.

Member Tempesta stated he attended a training last year, however he was not given a certificate.

Chairperson/Member Brough stated he forwards all notices of training opportunities to the Clerk's office, and they forward them to the members.

5. 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 processed for payment for approval by the Board; listed as follows:

- a) **Invoice #22220 from AndCo Consulting dated 6/30/2017 for \$3,875**
- b) **Invoice from Salem Trust dated 07/06/2017 for \$1,250**
- c) **Invoice #42423 from Stone & Gerken dated 04/14/17 for \$1,057.50**
- d) **Invoice #10553 from Foster & Foster dated 06/02/2017 for \$4,025**

Upon a motion by Member Cieciek and a second by Member Tempesta, the Board directed the invoices to be paid as listed by a vote of 5-0.

6. Informational Items from Pam Winegardner, Finance Director:

Senior Accounting Clerk Debbie Rodriguez-Lopez reviewed and commented on the following informational items as included in the packet:

- a) **Financial Statements for the Quarter Ending June 30, 2017**
- b) **April through June 2017 Statement from Salem Trust Company**
- c) **Quarterly Statements (3) for U.S. Real Estate Investment Fund, LLC (Nov. 10, 2016 through June 30, 2017)**
- d) **Approval of Retirement Withdrawal for Barney Johnson Effective Sept. 3, 2017**
- e) **Florida Department of Management Services Retirement Letter**
- f) **State of Florida Insurance Premium Check - (\$102,878.64 Deposited)**

Upon a motion by Member Tempesta and a second by Member Cieciek, the Board authorized Barney Johnson's retirement distribution from the pension fund by a vote of 5-0.

Ms. Lopez passed out a memorandum received from Foster & Foster for the Board members' review regarding an increase in the cost of doing business due to new electronic reporting requirements by the Florida Division of Retirement for actuarial valuations performed after September 30, 2017. The start-up fee for the Plan will be \$750.00, and the ongoing fee in subsequent years will be \$300.00.

D. Adjourn: *With no further business to discuss, the meeting was adjourned at 2:35 p.m.*

Nancy Slaton, Deputy Town Clerk

Chairperson/Captain Jason Brough

Transcribed by Nancy Slaton, Deputy Town Clerk