

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

March 14, 2018

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; Member Leonard Cieciek; and Member William Farley

TOWN STAFF PRESENT: Pam Winegardner, Finance Director; and Nancy Slaton, Deputy Town 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 – December 13, 2017

Upon a motion by Member Schmied and a second by Member Farley, the Board approved the meeting minutes of December 13, 2017 as presented by a vote of 5-0.

2. Quarterly Report from AndCo Consulting (Brendon Vavrica)

Brendon Vavrica of AndCo Consulting stated the quarterly report includes a letter from AndCo's CEO thanking clients and explaining one new partner has been added to the partnership. He stated there are 87 members of the firm and an update on the employees was shown on page three. Mr. Vavrica stated that the quarter ending December 31, 2017 was phenomenal. The treasury yield curve was reviewed and showed an increase in rates across the board. Total asset allocation was spot on with target allocation. The comparative performance was reviewed. Total fund net was at 15.27% for the year; .84% ahead of the benchmark. Wells Fargo continues to be on track although there was a slight setback for the quarter. Real estate funds were at 2.74% for the quarter and above the benchmark for the year as well; effectively doubling the pension's investment over the last 12 months by making this allocation. As of yesterday (March 13, 2018), the market value of the fund was 2.01% greater than it was on January 1, 2018.

Mr. Vavrica reviewed the highlights of the Investment Policy Statement dated March 9, 2016. He stated there are a couple of asset classes listed in the statement that the pension fund board does not take advantage of, and they include Global fixed income and inflation-protected securities (TIPS).

Mr. Vavrica suggested that the Board change the total fund benchmark to match the target allocation as it currently shows 50- Russell 3000, 10%-MSCI, and 40%-Barkley's aggregate bond. The plan currently allocates 50%-Russell 3000, 10%-MSCI, 30%-aggregate bond, and 10%-real estate. The benchmark should be changed to reflect the target allocation in the policy statement.

Mr. Vavrica asked if there were any questions. There were no questions.

Chairperson/Member Brough asked if the Town Commission has to approve any changes made by the Police Pension Board in the investment policy.

Mr. Vavrica replied that he does not believe the Town has to approve any changes. He commented the Town did have to approve the addition of real estate investment allocation for the plan by ordinance.

Mr. Stone further agreed. He stated there has been no change to the plan ordinance since the one in 2015 allowing real estate investment. He stated the Town is the plan's sponsor and could override the Board's decisions if they changed the plan ordinance. If the Town does not take any such action, then any changes made by the pension board would become on the 31st day after the Investment Policy Statement is approved.

Mr. Stone stated he has reviewed the Investment Policy Statement and it appears that AndCo has done a good job with the Investment Policy Statement according to Chapter 112. He stated all the items that are required by law are in place.

Upon a motion by Member Schmied and a second by Member Cieciek, the Board approved to direct AndCo Consulting change the Barclay Aggregate from 40% to 30% and to include the asset allocation of 10% to real estate investment on the Investment Policy Statement by a vote of 5-0.

Mr. Vavrica stated that this will be drafted for review by the Board's attorney, and then for signature by the Board chairman.

Mr. Stone stated that once the Board chairman has executed the revised Investment Policy Statement, it will need to be transmitted to both the state and the plan sponsor, and will be effective sometime between now and the next quarterly meeting.

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

a) Update on Disability Retirement Application for Darwin Santos

Mr. Stone reported that his office has not received the follow-up application materials requested from the Mr. Santos' attorney, although he has received the requested interrogatory documentation from the Town. The delay has been on the applicant's side, although he did receive a response from attorney thanking him for his letter.

Chairperson/Member Brough asked if there is a deadline for a response from time of application, and if this will be detrimental to the claimant's case.

Mr. Stone replied the application was made timely and there is no deadline. He stated it could be more difficult for the applicant to prove his case as there is a gap between what a doctor could say today and what he could say months from now.

Mr. Stone reported on the legislative action and stated there has been no bills with impact to the police pension fund. Changes in presumptions and workers' comp benefits for PTSD injuries in the line of duty are in effect, but it will not affect the plan disability claims.

Mr. Stone stated that the real estate investment managers have furnished a letter agreement to be executed by the Board chair today.

Chairperson/Member Brough asked Mr. Stone whether the Board is required to review plan disability claims periodically for recipients.

Mr. Stone stated he will review this Board's plan and find out what is required and bring it back to the Board. He stated that some plans require that a beneficiary furnish an affidavit or a doctor's note annually to verify they are still disabled. He stated he could bring back a form of affidavit for this Board to send out to disability recipients to update their status if it is required. The Board members agreed it was a good idea for Mr. Stone to look into this.

Chairperson/Member Brough questioned Mr. Stone's invoices; stating they are a little confusing as there are different prices for hourly rates.

Mr. Stone stated that paralegals are billed at a lower rate, and his services are billed at \$225.00 an hour. He stated an associate's fees may be billed at a lower rate than his \$225 per hour.

Member Farley clarified some of the attorney's charges on the invoices.

4. Approval of the Following Invoices Processed for Payment:

Chairperson/Member 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 10/4/17 for \$1,250.00**
- b) **Invoices from Stone & Gerken dated 10/11/17 for \$56.25; and dated 11/17/17 for \$1,012.50**
- c) **Invoice from Florida Public Pension Trustees dated 12/19/17 for \$600.00**
- d) **Invoice from AndCo Consulting dated 12/29/17 for \$3,875.00**
- e) **Invoice from Foster & Foster dated 12/5/17 for \$10,474.00**

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

5. Informational Items from Pam Winegardner, Finance Director:

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

- a) **Financial Statements for the Quarter Ending December 30, 2017**
- b) **October – December 2017 Statement from Salem Trust Company**

- c) **October – December 2017 Statement from U.S. Real Estate Investment Fund, LLC**
- d) **Annual Section 112.664 Report for FS Compliance by Foster & Foster**
- e) **2017 Actuarial Confirmation of Use of State Monies**
- f) **FPPTA Membership** – Paid as instructed at last meeting.

D. Adjourn: *With no further business to discuss, the meeting was adjourned at 2:07 p.m.*

Nancy Slaton, Deputy Town Clerk

Chairperson/Captain Jason Brough

Transcribed by Nancy Slaton, Deputy Town Clerk