

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

March 13, 2019

This Lady Lake Police Pension Board meeting was held in the Commission Chambers at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida. The meeting convened at 1:30 p.m.

A. CALL TO ORDER

Acting Chairperson Chief Robert Tempesta

B. ROLL CALL

MEMBERS PRESENT

Member Chief Robert Tempesta

Member Leonard Cieciek

Member William Farley

Member John Schmied

MEMBERS ABSENT

Chairperson Captain Jason Brough

STAFF PRESENT

Kris Kollgaard, Town Manager; Debbie Rodriguez, Accountant; and Nancy Slaton, Deputy Town Clerk

ALSO IN ATTENDANCE

Kevin Stone of Stone & Gerken, P.A.; Brad Hess of AndCo Consulting; and Commissioner Tony Holden

C. PUBLIC COMMENT

Acting Chairperson Chief Tempesta asked if anyone in the audience had any comments. There were no comments.

D. CONSENT

1. Approval of Minutes — December 6, 2018 Special Police Pension Board Meeting (Hearing)
2. Approval of Minutes — December 12, 2018 Police Pension Board Meeting
3. Approval of Minutes — January 16, 2019 Special Police Pension Board Meeting (Hearing)

4. Approval of the Following Invoices Processed for Payment:

- a) Invoice from Salem Trust dated October 3, 2018 for \$1,250.00
- b) Invoices from Stone & Gerken dated October 9, 2018 for \$1,518.75; dated October 9, 2018 for \$25.00; dated November 9, 2018 for \$1,649.82; and dated November 9, 2018 for \$112.50
- c) Invoice from AndCo dated December 28, 2018 for \$3,875.00
- d) Invoice from Ocala Orthopaedic Group dated September 24, 2018 for \$3,100.00 for the Independent Medical Examination for Darwin Santos' Disability Hearing
- e) Travel Reimbursement for John Schmied to Attend the 48th Annual Police Officers and Firefighters Pension Conference on November 13th – 16th, 2018 for \$589.68
- f) Permission for Withdrawal and Rollover of Christopher McKinstry's Pension Funds

Acting Chairperson Tempesta asked if anyone had any questions or comments regarding the Consent items. Hearing none, he asked for a motion.

Member Schmied made a motion to approve Consent items D-1 through D-4. Member Cieciek seconded the motion. The motion passed by a vote of 4-0.

E. NEW BUSINESS

5. Quarterly Report by Brendan Vavrica of AndCo Consulting

Brad Hess of AndCo Consulting stated he was filling in for Mr. Vavrica this week. He stated page one of the report was a letter from the firm's president, thanking the Board for their business. The letter is also an update and states their firm has hired seven new employees to better serve clients. AndCo has also hired an outside firm to conduct a client assessment survey to ensure they are meeting clients' needs.

Mr. Hess reviewed the market results for the fourth quarter ending December 2018. He reported that it was a very volatile market, resulting in the worst quarter results since 2008/2009. He noted there has been a significant recovery since December. Mr. Hess stated that the asset classes are within allowable ranges of the target allocation, and AndCo is not recommending any changes in that area. He stated that taking funds from fixed assets and adding real estate to the portfolio in 2016 appears to have been a good move for the plan. Market value of the fund as of October 1, 2018 was \$8,499,226. With losses during the fourth quarter, the plan's market value was \$7,814,325 as of December 31, 2018. Mr. Hess reported that the market has recovered since then and the fund's market value was back up to \$8,280,000 as of March 12, 2019.

Mr. Hess recommended that the Board authorize AndCo Consulting to work with Salem Trust regarding switching from the Ridgeworth Large Cap Value STVTX fund to the Ridgeworth STVZX, an R6 share class which is 25 basis points cheaper, contingent upon availability.

Mr. Hess continued with his report by reviewing the comparative performance of the fund.

Member Farley asked for more information on the recommendation to transfer from one fund to another.

Member Cieciek asked about the fee structure for these two funds, and the cost per share.

Member Schmied asked about the performance of the fund since it was new.

Mr. Hess stated he did not know the price per share at this time. He provided more background on the fund, stating it is fairly new and would allow the plan a net gain of 25 basis points just from the fees. He stated it is managed the same way. This was discussed further.

Mr. Stone explained that this new fund offered by Ridgeworth is strictly to attract retirement funds in this R share class and is not available to general investors. He stated the only difference is the plan will save money and the investment results will be identical.

Mr. Hess stated there may be a higher minimum investment threshold that would not be a problem for this plan. He stated that it could be the fund is looking for a bigger chunk of business, allowing more economy to scale while still charging a lower price per share.

Member Farley motioned to authorize AndCo to move forward with the purchase of the shares in this new fund (Ridgeworth STVZX). Member Schmied seconded the motion. The motion passed by a vote of 3 to 1 (Cieciek).

6. Quarterly Report by Kevin Stone of Stone & Gerken, P.A.

Mr. Stone reported that the legislative session is under way and no new bills have been introduced that would significantly impact the pension plan at this time. He stated that Mr. Santos has not yet requested an appeal on his disability hearing, although there is still time for this to occur.

a) Update on Disability Application by Shane Barrett

Mr. Stone reported that his office is still gathering information regarding Mr. Barrett's disability application. He stated some of the invoices approved for payment at this meeting had to do with this claim. He stated that he expects a special meeting will be called to hear this prior to the next quarterly meeting. He asked the Board to approve the choice of Ocala Orthopedic Institute to conduct the Independent Medical Examination (IME) for Mr. Barrett once it comes to that point.

Member Cieciek made a motion to approve the use of Ocala Orthopedic Institute to conduct the IME for Mr. Barrett. Member Schmied seconded the motion. The motion passed by a vote of 4 to 0.

b) Update on RFP for Plan Administrator Services

Mr. Stone stated that he has reviewed the two responses to the RFP request for plan administrator services from Foster & Foster and The Resource Centers, LLC. He noted that Foster & Foster is currently the plan's actuary, and The Resource Centers, LLC provides plan administrative services for many plans, including some in Lake County. Mr. Stone stated both proposals have similar fees; Resource Centers is charging \$1,050 per month and Foster & Foster is charging \$1,100 per month; only a \$50 monthly difference. Their monthly fees include up to six meetings per year, with any additional meetings charged at a flat rate of \$350. Both proposals seem to be in line with the fees charged by other plan administrators. The proposals of each respondent also included a separate flat fee of \$3,000 for preparing the annual report. Mr. Stone stated that Resource Centers included a fee schedule for other services they are willing to provide that were not included in the general scope of services. He stated the members could choose to invite the respondents to speak at a future meeting, or accept one of the proposals today, or reject both proposals.

Acting Chairperson Tempesta noted that Foster & Foster is already familiar with the plan.

Member Schmied stated that he is comfortable with choosing Foster & Foster.

Member Farley stated he would like more time to review the proposals before deciding.

Acting Chairperson Tempesta asked if the members would like to have the respondents make a presentation, and after discussion, the members agreed to this.

Mr. Stone stated he will prepare a short letter to the two companies and let them know they are being considered as the top two respondents. He stated he will invite them to the next quarterly meeting in June.

Member Farley asked if there was any reason to act more quickly on this decision.

Mr. Stone replied that if the members wanted one of these firms to prepare the annual report this year, the decision would likely need to be made at the next quarterly meeting.

7. Informational Items from Debbie Lopez, Accountant

Accountant Debbie Rodriguez reviewed and commented on the following informational items included in the packet:

- a) Financial Statements for the Quarter Ending December 31, 2018
- b) October — December 2018 Statement from Salem Trust Company
- c) October — December 2018 Statement from U.S. Real Estate Investment Fund, LLC

Ms. Rodriguez reported that Pam Winegardner, Finance Director, asked her to mention that the Fiscal Year 2018 Police Annual Report has been completed and submitted to the auditor for review; it is due by this Friday. She also noted that the actuarial report from Foster & Foster has

been returned to them for corrections. Foster & Foster is intending to present this report at the next quarterly meeting.

F. CHAIRPERSON AND MEMBERS' REPORTS

Acting Chairperson Chief Tempesta asked if anyone had comments.

Mr. Hess stated that he looked up the share prices for the Ridgeworth funds he was discussing earlier in this meeting. The parent fund is priced at \$12.59 per share, and the new share class is priced at \$12.66 per share. He stated the slightly higher price of the new share class is driven by the slight increase in performance that you get. He noted the parent fund is up 11.02% as of close yesterday, and the new fund is up 11.15% per share.

Acting Chairperson Tempesta stated that since he is taking on his new role as Police Chief of the Lady Lake Police Department, he feels he should step down from this board. He stated there are several other meetings he will be attending as part of his duties that conflict with this meeting time. He stated a vote will be set up within the Police Department to obtain his replacement.

Town Manager Kris Kollgaard asked if there is a rule against the Chief of Police being on the Police Pension Board.

Mr. Stone stated there are a number of practical issues why Chief Tempesta may need to step down due to his new position, although he does not believe it is required. He stated the statute allows the Chief to opt out as a member of the plan. He congratulated Chief Tempesta on his promotion, as did others present.

Acting Chairperson Tempesta stated he feels this would be a conflict aside from all his new responsibilities.

G. ADJOURN

There being no further business, the meeting was adjourned at 2:14 p.m.

s/ Captain Jason Brough, Chairperson

s/ Nancy Slaton, Deputy Town Clerk

Minutes transcribed by Nancy Slaton, Deputy Town Clerk

Note: The original signed documents are on file at the Town Clerk's office. Copies are available upon request.