

**NORTH PORT MUNICIPAL POLICE OFFICERS' PENSION –  
LOCAL OPTION TRUST FUND  
REGULAR QUARTERLY MEETING  
MONDAY, MARCH 11, 2019**

Present: Scott Smith, Chair (Officer, elected by Police Officer Members); Jason Richter, Secretary (Officer, elected by Police Officer Members); Keith Brown (North Port Resident Appointed by the Commission); Mark Harms (North Port Resident Appointed by the Commission); Investment Consultants Tim Nash, Jennifer Gainfort and Daniel Osika (AndCo.); Board Attorney Scott Christiansen (Christiansen & Dehner PA); Plan Administrator Amber McNeill (The Resource Centers, LLC); Christine O'Neal and Walter Bachez (Foster & Foster Actuaries); and Recording Secretary Hale.

Absent: Howard Henriksen (Chosen by a majority of the other four Trustees).

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The North Port Municipal Police Officers' Local Option Board of Trustees Quarterly Meeting was called to order in Committee Meeting/Training Room 244 at 1:00 p.m. by Chair Scott Smith.

The Pledge of Allegiance was led by the Board.

**2. PUBLIC COMMENT**

Public comment was held 1:01 p.m. – 1:08 p.m.

Kevin Vespia: retirement processing issues and the Share Plan Distribution.

Eric Sineath: the Share Plan Legislation and the Police Benevolent Association contract.

Jay Dupre: the Share Plan Distribution.

**3. APPROVAL OF MINUTES**

a. December 10, 2018 Regular Meeting

b. January 7, 2019 Special Meeting

Following a question, it was stated that Board Member Henriksen's seat on the Board expires in April and the upcoming opening will be advertised through the end of March for anyone who wishes to be considered.

*A motion was made by Board Member Harms, seconded by Board Member Brown, to approve the North Port Municipal Police Officers' Local Option Board of Trustees meeting minutes of the December 10, 2018 Regular Meeting and the January 7, 2019 Special Meeting as presented. The motion carried unanimously on a voice vote.*

**4. INVESTMENT CONSULTANT REPORT: TIM NASH, AndCo. CONSULTING**

a. Quarterly Investment Report

Investment Consultant Daniel Osika provided the following report: 1) page 2 showed that the markets were volatile during the last quarter through the end of 2018 with both international and domestic equity markets had considerable losses during the fourth quarter; 2) the S&P 500 down -13.5% and the Russell 200 small cap stocks fell -20.2%; 3) page 3 value stocks outperformed growth stocks during the quarter which is typical in a bear market, which continued in the one-year performance comparisons even though the returns were negative; 4) the only bright spot were the bond fixed-income securities which outperformed equities in the fourth quarter and one-year calendar year but produced mostly flat returns; 5) it was stated that all equities are non-hedge holdings but global bond fixed-income holdings are hedged; 6) page 9, the Market Rate and Yield Curve Comparison, showed the bond trailing returns did

well despite the rise in interest rates for the fourth time during the year; 7) the market is experiencing a rebound and at the end of February the S&P 500 gained 11.5% while International Stocks gained 9.3%.

After a question, it was clarified that in the last few years, markets have been dominated by a handful of technology-related companies who hold a vast portion of the market's capital index, compared to approximately 280 companies in the S&P 500 that had an equal share of that market capitalization pie.

Investment Consultant Jennifer Gainfort provided the following report: 1) page 10, the Asset Allocation Summary showed how the market volatility affected the Pension Plan for the quarter in the asset classes and page 11, shows each manager's returns; 2) all allocations are in line with the Investment Policy Statement and no changes are needed; 3) page 14, is the Financial Reconciliation showing the quarter ended with a total of \$40,908,267 for a loss of \$-4,273,426; 3) page 16 shows the Fund Performance in terms of percentages and the quarter ended with a -8.87% overall loss and the year ended with a -3.82% loss; 4) each Manager's returns were noted compared to its respective benchmark; 5) as of January 31, 2019 the market value for the Pension Fund was \$43,510,018.

Questions ensued: 1) it was stated that the left column of page 47 shows a history of benchmark comparisons with what the Pension Plan has or had invested in each sector; 2) the contracts for the new small cap Domestic Equity Managers, Brandywine Global Investment Management and Wells Fargo Management, were signed just this week and will show up on the March quarterly report; 3) in future reports, each Manager's account will show whether it is net of fees or gross of fees; 4) when the Pension Fund's returns vary from the Policy Statement, it is due to the active managers trying to outperform their benchmark; 5) citing page 22, looking at the median return over three and five year snapshot, the total fund was more risky and produced a lower return than the Policy Statement of 7.5%. Former managers GAMCO and Lateef were major contributors to that poor performance but the trend is improving since removing those managers and hiring others to take their place; 6) page 45, the Compliance Checklist, is a report of how well AndCo is doing its job to generate the results mandated in the Pension's Policy Statement. However, in connection with that report, page 21, which gives a rolling account of the Pension's return over five years, should be considered as well.

## **5. ACTUARIAL VALUATION: CHRISTINE O'NEAL, FOSTER & FOSTER**

Foster & Foster Actuary, Christine O'Neal provided an overview of the Police Officers' Pension Actuarial Valuation Report as of October 1, 2018.

Discussion ensued: 1) Foster & Foster's discount rate for present value liabilities are calculated the same as the investment return assumption which was 7.75%; 2) the decision to step down .1% per year for the annual expected rate of return was directed by the Board at the June 12, 2017 meeting and 7.25% will be the stopping point; 3) there is no risk in lowering the investment return assumption; 4) an agenda item will be added for the September Board Meeting to lower the assumption rate 20 basis points to 7.45% beginning October 1, 2019; 5) Actuary Scott Bauer will be invited to the next meeting to discuss the parameters of an online portal to calculate a retiree's pension calculation; 6) it would be beneficial if the actuary would request that the City send payroll information every two weeks when checks are cut; 7) there was a discussion regarding the lag time between an individual's separation of service and receiving a retirement check.

***A motion was made by Jason Richter, seconded by Mark Harms, to authorize Amber McNeill to work with the City to send the bi-weekly payroll runs to AndCo for retirement purposes. The motion carried unanimously on a voice vote.***

Discussion continued regarding: 1) creating a plan to streamline the administrative communication between pensioners regarding retirement calculations and return the information at the next Board meeting; 2) a link will be sent to Board members showing an online portal of how preliminary calculations are made and what they would look like from a member's point of view; 3) the average lag

time between the separation of service and when the first retirement check is received is six to eight weeks after the final payroll is received.

*A motion was made by Keith Brown, seconded by Jason Richter, that Foster & Foster and AndCo provide a document explaining the process of retirement calculations by how it is done and who is involved. The motion carried unanimously on a voice vote.*

*A motion was made by Mark Harms, seconded by Keith Brown, to approve the Actuarial Valuation Report as of October 1, 2018. The motion carried unanimously on a voice vote.*

**6. ATTORNEY REPORT: SCOTT CHRISTIANSEN, CHRISTIANSEN & DEHNER**

**a. Discussion in Interpretation of Share Plan Allocation**

Board Attorney Christiansen explained the Share Plan Allocation draft Ordinance and discussion ensued: 1) it was stated that the City will not object if the Board approves Attorney Christiansen's recommendations as stated in the memo included in the backup material; 2) the Board clearly intended the allocation to be an equal split among everyone; 3) it was suggested that the Board make a determination to agree with Attorney Christiansen's memo, move forward based on that interpretation, and the actuary can be directed to finalize the calculation.

*A motion was made by Mark Harms, seconded by Keith Brown, to approve the recommendation by the Board Attorney in the memorandum and direct the actuary to perform the calculations, based upon that interpretation. The motion carried unanimously on a voice vote.*

**PUBLIC COMMENT:**

Kevin Vespia: the Plan Administrative arm, AndCo. should be changed.

Attorney Christiansen further reported: 1) a declaratory relieve complaint pertaining to the Reed estoppel issue is ready to be filed as a law suit next week; 2) if successful, the Board can use the equitable estoppel to make the adjustments and Mr. Reed will receive the benefit that he didn't get, as a result of incorrect information originally given to him; 3) now that the Actuarial Valuation is approved, the Board must also declare an expected rate of investment.

*A motion was made by Keith Brown, seconded by Mark Harms, that based on past performance and looking forward, it is expected that the Plan is able to achieve a rate of return of 7.55% this year, the next several years, and the long term thereafter. The motion carried unanimously on a voice vote.*

Attorney Christiansen requested that the Board authorize the Attorney to remove the provision for the change in the Share Plan and forward a revised Ordinance with the remaining sections to the City for approval.

*A motion was made by Jason Richter, seconded by Mark Harms, to remove the Share Plan addendum from the current Ordinance with the IRS changes. The motion carried unanimously by a voice vote.*

Discussion ensued: 1) the Fiscal End of Year Report to the Commission will be sent with the 09-30-2018 data; 2) a signed contract was received from the new Domestic Equity Manager, Brandywine Global Investment Management; 3) Ms. McNeill will provide the attorney with a copy of the Maulden & Jenkins CPA, LLC, Auditors retention letter with an addendum and also an addendum from the Foster & Foster Actuaries retention letter; 4) requested to postpone the Operating Rules and Procedures discussion until next meeting; 5) the 2018 Summary Plan Description needs to be updated due to some changes.

*A motion was made by Keith Brown, seconded by Jason Richter, to authorize Attorney Christiansen to update the Summary Plan Description. The motion carried unanimously on a voice vote.*

7. **ADMINISTRATOR REPORT: AMBER McNEILL, THE RESOURCE CENTERS**

a. **Warrant – Payment of Invoices**

Ms. McNeill requested approval of the March 11, 2019 invoices.

*A motion was made by Keith Brown, seconded by Mark Harms, that the North Port Municipal Police Officers' Local Option Board of Trustees approve the Warrant – Payment of Invoices in the amount of \$38,880.49 for March 11, 2019. The motion carried unanimously on a voice vote.*

b. **Benefit Approvals**

Ms. McNeill requested a motion to approve the benefit approval for retirees.

*A motion was made by Mark Harms, seconded by Keith Brown, that the North Port Municipal Police Officers' Local Option Board of Trustees approve the Benefit Approvals in the amount of \$273,897.21. The motion carried unanimously on a voice vote.*

Discussion ensued: 1) the upcoming open Trustee seat currently held by Howard Henriksen was advertised by the City and notification was sent to Pension Members with a closing date of March 31, 2019, with action by the Board to be taken at the next quarterly meeting in June; 2) two individuals have expressed interest and the seat is filled by a vote of the other four Trustees; 3) resumes will be forwarded to Board members for review after the closing date of March 31, 2019.

Discussion ensued regarding the cost to the Pension Plan from the Stender and Reed miscalculations.

*A motion was made by Mark Harms, seconded by Keith Brown, to direct Ms. McNeill to work with the Actuary to receive the difference between Stender's retirement error and Reed's retirement error. The motion carried unanimously on a voice vote.*

8. **OLD BUSINESS**

Nothing to report.

9. **NEW BUSINESS**

a. **Board Travel Policy**

Clarification was provided from the Operating Rules and Procedures that states "all Trustees shall be entitled to receive a per diem allowance in reimbursement for reasonable expenses incurred in connection with business the fund. The Board shall establish reasonable reimbursement rates in accordance with the policies of the City of North Port." Receipts are not generally required, unless the individual is requesting reimbursement in excess of the Federal Guidelines for that area. A copy of the City's Travel Policy will be provided to Board Members.

10. **PUBLIC COMMENT**

There was no public comment.

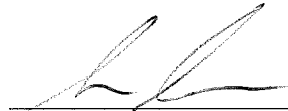
11. **PROPOSED SCHEDULING NEXT MEETING: JUNE 10, 2019 AT 1:00 P.M.**

The next meeting for the Police Officers' Board of Trustees is scheduled for June 10, 2019 at 1:00 p.m.

12. ADJOURNMENT

*A motion was made by Mark Harms, seconded by Keith Brown, to adjourn the North Port Municipal Police Officers' Local Option Board of Trustees Quarterly Meeting. The motion carried unanimously on a voice vote.*

The North Port Municipal Police Officers' Local Option Board of Trustees Quarterly Meeting adjourned at 3:56 p.m.

  
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SCOTT SMITH  
CHAIR

Minutes approved this 10 of June, 2019.

**NORTH PORT POLICE OFFICERS - LOCAL OPTION TRUST FUND****WARRANT - PAYMENT OF INVOICES**

DATED MARCH 11, 2019

TO: BOARD OF TRUSTEES  
FROM: PLAN ADMINISTRATOR

This Warrant serves as authorization to transfer the specified funds from the Salem Trust Cash Account. The Plan Administrator is hereby authorized by the Board of Trustees to pay the persons named below, hereby certified by the Board, as being due payments.

<u>Account Description</u>	<u>Name</u>	<u>Amount</u>
Actuary	Foster & Foster, Inc. Invoice #13676, dated 12-11-18	\$500.00
Administrator	The Resource Centers, LLC Invoice #16808, dated 12-01-18 Invoice #16881, dated 01-02-19 Invoice #16940, dated 02-01-19 Invoice #17002, dated 03-01-19	\$1,966.81 \$2,135.65 \$2,035.65 \$2,035.65
Attorney	Christiansen & Dehner, P.A. Invoice #32556, dated 08-31-18 Invoice #32858, dated 11-30-18 Invoice #32939, dated 12-31-18 Invoice #33013, dated 01-31-19	\$1,508.72 \$1,968.74 \$2,703.64 \$5,085.22
Clerk Services	City of North Port Invoice #3773, dated 01-12-19 Invoice #3774, dated 01-18-19	\$234.44 \$133.97
Custodian	Salem Trust Company Advice for QE 12-31-18, dated 01-04-19	\$5,489.38
Investment Consultant	AndCo Invoice #27995 for QE 12-31-18, dated 12-28-18  Garcia Hamilton & Associates Invoice #29946 for QE 12-31-18, dated 01-03-19	\$3,875.00  \$4,755.52
Trustee Education	FPPTA Cart #1576, FPPTA Winter Conference Registration for Harms, Richter, and Smith  Rosen Centre Hotel Smith, Scott FPPTA Winter Hotel Reservation	\$1,950.00  \$560.55
Trustees	Harms, Mark 48th Annual Police & Fire Conference Travel Expenses FPPTA Winter Trustee School Travel Expenses  Smith, Scott FPPTA Winter Trustee School Travel Expenses	\$767.12 \$868.21  \$306.22
<b>TOTAL:</b>		<b>\$38,880.49</b>

Dated this 11th day of March, 2019

CHAIR \_\_\_\_\_

**AGENDA**  
**CITY OF NORTH PORT POLICE OFFICERS'**  
**LOCAL OPTION TRUST FUND**  
**BOARD OF TRUSTEES QUARTERLY MEETING**  
**Monday, March 11, 2019**

**Location:** City of North Port City Hall      **Time:** 1:00 P.M.  
Room 244  
4970 City Hall Blvd.  
North Port, FL 34286

POSTED AS A PUBLIC NOTICE ON  
BULLETIN BOARD AT CITY HALL  
THIS 4th DAY OF Mar 20 19  
SLT  
-OFFICE OF THE CITY CLERK-

1. Call Meeting to Order
  - a. Secretary Scott Smith
  - b. Howard Henriksen
  - c. Keith Brown
  - d. Mark Harms
  - e. Jason Richter
2. Public Comments
3. Approval of Minutes
  - a. December 10, 2018 Regular Meeting
  - b. January 7, 2019 Special Meeting
4. Investment Consultant Report: Tim Nash, AndCo. Consulting
  - a. Quarterly Investment Report
5. Actuarial Valuation: Christine O'Neal, Foster & Foster
6. Attorney Report: Scott Christiansen, Christiansen & Dehner
  - a. Discussion on Interpretation of Share Plan Allocation
7. Administrator Report: Amber McNeill, The Resource Centers
  - a. Warrant – Payment of Invoices
  - b. Benefit Approvals
8. Old Business
9. New Business
  - a. Board Travel Policy
10. Public Comment
11. Proposed Scheduling Next Meeting: **June 10, 2019 at 1:00 P.M.**
12. Adjournment

**NOTE:** One or more Commissioners may be present.

The following Boards/Committees currently have or will have vacancies. If you are interested in service on any of those listed, please contact the City Clerk.

**CITY OF NORTH PORT ADVISORY BOARD VACANCY LIST**

Art Advisory Board 3 Regular Members, 2 Alternates	Audit Committee 2 North Port Citizens
Beautification & Tree/Scenic Highway Committee 1 Regular Member, 2 Alternates	Charter Review Advisory Board 1 Regular Member, 2 Alternates
Community Economic Development Advisory Board 1 Financial Representative, 1 Home Owners Association Board Member Representative, 1 Higher Education/ School Board Member Representative, 1 Development/Engineering Planning Representative, 1 Land Use Attorney Representative; 1 Public Relations Representative	Environmental Advisory Board 2 Alternate Members; 1 Youth Member
Historic and Cultural Advisory Board 2 Regular Members, 2 Alternates	Joint Management Advisory Board 1 North Port Citizen; 1 Member appointed by the North Port High School Principal
Parks & Recreation Advisory Board 2 Alternates; 1 Youth	Planning & Zoning Advisory Board 1 Regular Member, 2 Alternates
Public Utility Advisory Board 3 Regular, 2 Alternates, 1 Alternate may be a youth 14-17	Zoning Board of Appeals 1 Regular; 2 Alternates

**UPCOMING EXPIRATION DATES FOR BOARD MEMBERS**

2019		
03-28-19	Samuel Cohen	Citizens Tax Oversight Committee
03-28-19	Justin Willis	Charter Review Advisory Board
04-11-19	Helen Marchese	Parks & Recreation Advisory Board
04-11-19	David Wheatcroft	Citizens Tax Oversight Committee
04-13-19	Howard Henriksen	Police Pension Board of Trustees (Elected by the Board)
04-25-19	Richard Lindner	Beautification & Tree/Scenic Highway Committee
04-27-19	Christine Glenn	Beautification & Tree/Scenic Highway Committee
05-08-19	Kody Parsotan	Parks & Recreation Advisory Board
05-08-19	Zhaneta Albritton	Art Advisory Board
05-23-19	Valerie LaBoy	Citizens' Tax Oversight Committee
05-23-19	Alice White	Citizens' Tax Oversight Committee

AMERICAN WITH DISABILITIES ACT OF 1990 - The North Port City Hall is wheelchair accessible. Special parking is available on the west side of City Hall and the building may be accessed from the parking area. Persons with hearing difficulties should contact the City Clerk to obtain a hearing device for use during meetings.

NONDISCRIMINATION: The City of North Port does not discriminate on the basis of race, color, national origin, sex, age, disability, family or religious status in administration of its programs, activities or services.

No stenographic record by a certified court reporter is made of these recordings. Accordingly, anyone seeking to appeal any of the decisions involving the matters herein will be responsible for making a verbatim record of the meeting/testimony and evidence upon which any appeal is to be based. Copies of the tapes are available (for a fee) at the City Clerk's Office.