

**HARBOR POLICE RETIREMENT SYSTEM BOARD OF TRUSTEES MEETING  
HARBOR POLICE HEADQUARTERS – ACADEMY CLASSROOM  
THURSDAY, JANUARY 22, 2015**

TRUSTEES PRESENT:

Robert Hecker  
Warner Tureaud  
Benny Harris

Frank Jobert  
James C. Randall  
Steve Dorsey

TRUSTEES ABSENT

Chris Bonura  
Kelvin Randall

ALSO PRESENT:

Patsy Kruebbe of Zenith-American Solutions, Randall Roche, Attorney, and Curtis Williams of Gavion Investment Consulting (via conference call)

1. Chief Hecker called the meeting to order at 10:07 a.m. and it was determined that there was a quorum.
2. No comments from the public.
3. Review of Minutes from December 11, 2014 meeting.

Chief Hecker wanted to clarify that in the meeting with the LASERS in December 2014, the LASERS were advised that HPRS normally paid benefits on the 25<sup>th</sup> of the month, which would mean HPRS would pay the July 2015 payment on June 25, 2015. LASERS agreed with this. The minutes, page 2 paragraph 4, should be changed to clarify this. HPRS will actually pay the July 2015 benefit in June, and LASERS will begin making the August 2015 benefit. Chief Hecker asked Ms. Kruebbe if that amount was included in the \$500,000 estimate, and she indicated it was not. This would be an additional \$66,000. The estimate also did not include the Tail End Fiduciary bill to cover the Trustees for the extended period of time. Mr. Bonura had given an estimate at the last meeting but a final billing has not been received. Ms. Kruebbe said this would increase the estimate by another \$20,00.00 approximately.. The amount for some of the investment managers may be less. With the cash amount currently available, \$528,000, probably another \$50,000 should be added.

Mr. Roche pointed out that on page 2, first paragraph, third line, “the LASERS Board” should just be “the LASERS”.

The following motion was made by Mr. Jobert and seconded by Mr. Tureaud:

MOTION: To accept the minutes of December 11, 2014 meeting with the noted corrections.

MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT

4. Transfer of Assets

Chief Hecker indicated the purpose of the meeting was to discuss transfer of assets. He asked Mr. Williams to break it all down and give the most up to date amounts for each of the funds knowing there are a few that will be tied up and unable to get a redemption from them at this time.

First NBC made a presentation to LATEC, and a second meeting with Chief Hecker, Mr. Roche, Mr. Jim Ruckert, Mr. Mike Orlesh, and Mr. Jobert. Mr. Ruckert and Mr. Orlesh feel that the appropriate thing to do is to go ahead and move the funds that are available to be moved, to the First NBC account. There is approximately \$8-8.5 million that can be moved at this point.

Chief Hecker said the next suggestion to be addressed was whether the Fund would need a consultant from this point forward, and the likely answer is probably not. The Trustees, along with recommendation from Mr. Roche, discussed the termination of services provided by Gavion. Mr. Roche indicated that there is a minimum of 30 days' notice for termination. They could stipulate that the termination will be effective upon the final closure of all the accounts or 30 days, whichever is later. Chief Hecker said the problem is that some of the accounts cannot be closed at this time. Mr. Roche said the Trustees could stipulate those that will not be, like Americus, CA Core, Ironwood, and any other. He said they should come to an understanding with Mr. Williams that the Trustees shouldn't have to pay their full fee if all they are doing is closing out the accounts.

Conference call with Curtis Williams. Discussion on CDARS (Certificate of Deposit Account Registry Service) program. Mr. Williams indicated he had done some research on program. He wanted the Trustees to clarify if there is any fee for these services. Chief Hecker indicated FNBC is charging no fee for their services, and he was notified that the bank is locking in a 1.25% interest rate on the account. Mr. Williams advised that each account in CDARS must be less than \$250,000 per account to allow for interest being added to each account still not exceeding the insurable \$250,000 maximum.

Chief Hecker referred to the printout provided by Mr. Williams of funds that can be liquidated in the next few days. Goldentree may not be received until April (within a couple of weeks after the end of the quarter), probably 90% of the total balance. The remaining money will be received after the completion of their annual (2015) audit. Chief Hecker clarified that the initial letter will suffice for receiving the additional 10% without further action. As HPRS will be non-existent after June 30, 2015, Mr. Williams indicated he thinks the letter should indicate that this additional money will go to the bank account at Argent, and Argent Trust will forward to LASERS Custodian. He feels the Argent account will need to be kept open until all funds are liquidated.

The other account that should take some time is Ironwood. That should be paid on June 30, 2015. Mr. Williams advised that he thinks the same 90% rule as indicated above will apply to Ironwood. Mr. Jobert wanted Mr. Williams' opinion as to whether it is prudent to put \$10 million of the Fund's \$11 million in one place at one time. Mr. Williams clarified that the full amount would be parceled out to the various banks, not just one bank. With the various banks being insured by FDIC, he's not sure how long it would take to recover if anything happened to the individual banks. That would be the only comment he had.

Mr. Tureaud questioned Energy Opportunities Fund. The 4.93% indicated on Mr. Williams' list is the percentage of the total portfolio. He wanted to know if there is any fund that is so drastically down at this point that it wouldn't be prudent to liquidate now. Mr. Williams said he has seen a report from another client that showed Energy Opportunities was down quite a bit. After discussion, it was decided there would not be time to recover any further losses from not liquidating at this point.

As there will be so many letters to be written involved in the process of liquidating assets, Chief Hecker asked if there was a standard letter that could be used. Mr. Williams advised Gavion has done various

letters over the years and these could be used by changing the addressees and account numbers to be signed by Chief Hecker and sent out. He said the letters should be specific on time frames so they can get the best price. Chief Hecker indicated the Port's accountant is leaning toward having it done as soon as possible. He would like to have the account with First NBC set up by February 1, 2015 if it can be done. Chief Hecker asked Mr. Williams to generate the necessary letters and send them to him, along with notations of who they need to be faxed to or if they need to be overnighted. He will see that they are signed and sent out, as long as the Trustees approve this move in today's meeting. He will send Mr. Williams an e-mail after the meeting advising what to do. He will include in the e-mail the Board's recommendation on the Trustees' arrangement with Gavion. Conference call ended.

Mr. Roche said he will send a letter giving the investors who will be making late partial payments instructions to pay to the LASERS account instead of Argent. He will get that account information from the LASERS.

The following motion was made by Mr. Tureaud and seconded by Mr. Jobert:

**MOTION:** To liquidate all HPRS assets to be transferred to Argent, then deposited with First NBC in the CDARS program.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

The following motion was made by Mr. Tureaud and seconded by Mr. James Randall:

**MOTION:** To have Mr. Roche follow up with CA Core, Americus, and any other fund with remaining amounts after June 30, 2015, amounts to be identified by end of February 2015.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

5. Report from Ms. Kruebbe regarding refund of contributions to Terry Javery. Mr. Javery has completed the necessary papers to withdraw his contributions. She received an update from Office of Family Support indicating that the amount he owes them is \$6,928.00 as of February 1, 2015. Total contributions to be refunded is \$22,487.80 before any reductions. Federal taxes of 20% will be deducted on the \$22,487.80.

The following motion was made by Mr. Dorsey and seconded by Mr. Jobert:

**MOTION:** To pay Terry Javery his refund of contributions, withholding all necessary taxes, and withholding the amount due to Office of Family Support Services of \$6,928.00.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

Ms. Kruebbe advised that she has been speaking with Jonathan Drago, supervisor of pensions with LASERS. She got the impression that they don't realize the importance of keeping paper files on individuals. She advised him that Zenith has individual files on each person as well as files received from HPRS on terminated employees who have been paid contribution refunds. Chief Hecker advised that this has been discussed and he thinks those files will be picked up to be brought back to the Harbor Police Department.

6. Discussion on "Fee Shifting Letter"

Mr. Jobert discussed the letter regarding the Fee Shifting Bylaws. LATEC has written letters to oppose the "Fee Shifting Bylaws" and Mr. Jobert thinks HPRS should do the same. Mr. Roche agreed with this recommendation.

The following motion was made by Mr. Jobert and seconded by Mr. James Randall:

**MOTION:** To send letter pertaining to the opposition of "Fee Shifting Bylaws" from HPRS to the governor and legislature of the State of Delaware to be signed by HPRS Chairman.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

7. Discussion on Agreements with Service Providers. Chief Hecker indicated Trustees needed to make decision on sending Gavion their 30-day notice effective February 1, 2015 which would give them their full salary amount through February 28, 2015. Make sure it is sent 30 days ahead as there is only 28 days in February.

The following motion was made by Mr. Jobert and seconded by Mr. James Randall:

**MOTION:** To send 30-day notice to Gavion terminating the agreement between Gavion and HPRS effective February 28, 2015.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

8. Mr. Jobert wanted it on record that they are working on COLA legislation for LASERS to try to include the current HPRS.

9. Discussion on Amount in Cash Account for Expenses through June 30, 2015.

The following motion was made by Mr. Harris and seconded by Mr. Tureaud:

**MOTION:** To establish an amount of \$580,000 in the cash account to pay expenses through June 30, 2015.

**MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT**

10. Chief Hecker handed out copies of letters sent out by LASERS to both current and retired members of HPRS on the merger process, how it will work, with chart showing differences in the plans. If the members have any questions after reading the letters, Chief Hecker is the contact person. Mr. Roche will also be available to answer any technical questions or anything not covered in the letters.

11. Adjourn

The following motion was made by Mr. Jobert and seconded by Mr. Turead:

**MOTION:** To adjourn the meeting at 12:00

MOTION PASSED UNANIMOUSLY WITH TRUSTEES PRESENT



Robert Hecker



Date



Patsy Kruebbe, Administrative Office  
(Transcribed by Linda Stern)



Date