

*City of Fort Myers General Employees' Retirement System*

## **Minutes: Meeting of March 21, 2012**

### **1. CALL TO ORDER**

Chairperson Barbara Carlson called a meeting of the Board of Trustees for the Fort Myers General Employees' Retirement System to order at 9:00 AM. The plan administrator called roll. Those persons present included:

#### TRUSTEES

Barbara Carlson, Chair  
Eloise Pennington, Vice-Chair  
Richard Griep, Secretary  
Dennis Pearlman  
Donna Lovejoy  
Tom O'Malley  
William Mitchell

#### OTHERS

Linda Runkle & Pam Nolan, Pension Resource Center  
Debra Emerson, City of Fort Myers  
Scott Christiansen  
Mike Seagle, City of Fort Myers  
Jonathan Breth, The Bogdahn Group

Those persons present recited the Pledge of Allegiance.

### **2. TRUSTEE UPDATE**

a. Linda Runkle addressed the election of Donna Lovejoy to the Non-Union Employee Trustee position; there were two nominations with one refusal to serve prior to the election, therefore no balloting was conducted. Scott Christensen confirmed that in these circumstances the lone nominee is considered elected and an election does not necessarily need to be held.

**Richard Griep made a motion to approve the election of Donna Lovejoy to the non-Union Trustee position. Barbara Carlson seconded the motion.**

Discussion initiated by William Mitchell regarding the nomination process; notification of nominees, specifically, nominees not aware they had been nominated. Barbara Carlson pointed out that notification of the election process followed the process used in prior elections; the time for nominations was duly advertised & no reason to object to final outcome of process. Emails regarding the election that were sent to the non-Union members of the plan was a new development with this election. Richard Griep said he re-sent the four or five emails that were returned due to incorrect construction of the email address. Donna Lovejoy pointed out that there were still some emails that did not get through. The email list was created by PRC from payroll data information provided by the City. William Mitchell pointed out that there was a definite oversight in the process since notice of nominees & their qualifications did not seem to get to the electorate. Linda Runkle, PRC, noted that this information is sent out after the nominating period closes and by then there was only one nominee running. Eloise Pennington pointed out that nothing has been heard from anyone of contesting the election prior to this discussion today. Scott Christensen clarified that since the opportunity to nominate was made available to the electorate then process followed since second nominee refused to serve and ultimately only one person nominated. Barbara felt that the physical posting in the building elevators and bulleting boards as well as on the website addressed that point. Trustees noted need for improvement in notifying electorate of nominees in a timely manner- posting physically and on website

as well as via email; second need to obtain accurate list of email addresses for electorate.

**William Mitchell introduced a new motion for Administrator to review the election process and determine the information distributed. Dennis Pearlman seconded the motion.**

Further discussion ultimately came down to a need to clarify the election procedure in the operating rules; Scott Christensen has revision of this section of the Operating Rules and Procedures as agenda item 5 b. for this meeting. Mr. Christiansen will ensure clear guidelines for nomination and notification to the electorate throughout the process are included in a revised update to the section 1.7 of the Operating Rules and Procedures for the next Board meeting in April. The Administrator (PRC) is to obtain accurate list of email addresses for plan participants, noting union vs. non-union status from Debra Emerson.

**Chairwoman Barbara Carlson called for a vote on the original motion, approved by the Trustees 5-1 with William Mitchell dissenting. Trustee Donna Lovejoy did not vote, pending her swearing in by the City Clerk.**

b. Welcome aboard to Dennis Pearlman, City Council appointed Trustee. Scott Christiansen mentioned the need for a Financial Disclosure form from Mr. Pearlman. Mr. Pearlman has a current Financial Disclosure form on file with the state from a recently resigned position on another board and is planning on renewing it this coming July. Mr. Christiansen reminds all Board members to keep a current Financial Disclosure form on file with the State as they are active with enforcement and penalties that can accrue will be assessed.

c. Update of Trustee Terms. Linda Runkle called the Board's attention to the Trustee list included in the meeting packet. At the last meeting the Board directed Scott Baur to coordinate terms to the dates maintained by the City Clerk. Richard Griep pointed out that the Clerk's office interpretation of the effective dates has affected the terms and this is inconsistent with the Operating Rules and Procedures. Over the next couple of months action will be taken to align the appointments to the dates contained in the governing ordinances. Richard Griep's appoint will expire in May; this will be on the April agenda for Board action. Eloise Pennington's term will expire in June; this will be on the May agenda for Board action.

- **Oath of Office delivered for Donna Lovejoy by Nancy Heberle, City Clerk.**

Resume discussion of terms- Union/Employee Association Appointee, Union/Employee Association President and Trustee appointments are all 3 year terms. Addressing agenda item 5b. Operating Rules and Procedures, Richard Griep proposed using April 1 as beginning of terms, not dates as kept by City Clerk (date of swearing into office). This is consistent with current Operating Rules and Procedures.

**William Mitchell made a motion for PRC to coordinate with City Clerk. Scott Christensen will provide a copy of lists of term dates back to 2004 to Scott Bauer who will work with the City Clerk and Scott Christensen to synch terms with the**

**Operating Rules and Procedures/Ordinance. Richard Griep seconded the motion, approved by the Trustees 7-0.**

### **3. APPROVAL OF MINUTES**

**Eloise Pennington made a motion to approve the Minutes for the meeting of February 15, 2012. Tom O'Malley seconded the motion, approved by the Trustees 7-0.**

### **4. INVESTMENT REPORT**

Jonathan Breth appeared before the Board on behalf of The Bogdahn Group to review the performance of the fund for the quarter ending December 31, 2011. William Mitchell requested a synopsis on "if the fund was making money, and if so, how much? Also, if the fund is losing money, why?" Mr. Breth called the Board's attention to page 17 of the report indicating the total market value of the portfolio was up from \$61.9M on October 1, 2011 to \$65.1M on December 31, 2011. Mr. Breth noted that during the 4<sup>th</sup> quarter of 2011 Atlanta Sosnoff was sold and iShares Russell was acquired. Also of significance was the sale of a Galliard bond upon receiving notice of its downgrade; this should be out of the portfolio by the end of the current quarter. He reported that a revised investment policy statement has been signed by all managers and will be sent to Scott Christensen in the coming week or two for distribution.

Dennis Pearlman inquired as to how the Bogdahn Group makes decisions on recommendations made to the Board? Mr. Breth informed him that the Bogdahn Group's screening committee suggests 5 money manager candidates to the Board who then interviews three of the candidates and selects one. The Board has the fiduciary responsibility to make the decision.

Mr. Breth pointed out that the current results show an improved position over year end; holding a 6% increase, similar to last year. The outlook is that fundamentals for US companies are good and the international problems with the Greek economy are being addressed. The active managers in the portfolio are starting to outperform the market.

Mr. Pearlman questioned how to compare this plans performance with that of other plans? Mr. Breth replied that the risk level is on the conservative side, the reliance is on active management to achieve returns. He called the Board's attention to the scattergram on page 26 which gives a peer group comparison. The risk return comparison in line over three years is on the conservative side. The plan is diversified across a spectrum of investments. This gives a slightly lower return, but much lower risk.

Mr. Christensen inquired regarding who will send the investment policy to the State/City? Mr. Breth confirmed that the Bogdahn Group will do this. Mr. Christensen also pointed out that he will need a copy of the signed Wells contracts; Linda Runkle confirmed PRC will provide a copy to him.

## 5. ATTORNEY REPORT

- a. Ordinance Update. The ordinance previously drafted regarding negotiated change is on hold per Debra Emerson. The other ordinance regarding buy back of air time, page 7, addresses buy back of time if terminated. Eloise Pennington will request that the union consider and negotiate the proposed ordinance to extend the time to do the buy back.
- b. Operating Rules and Procedures. The meeting packet contains the existing Operating Rules and Procedures as well as Mr. Christensen's draft revising Section 1.7. Mr. Christensen removed the dates from the draft as they were not being adhered to.

The Board discussed extending terms if they should expire versus vacating the position as well as where the responsibility for keeping track of terms and when elections/appointments should occur. Richard Griep pointed out that the Board has determined that the Administrator (PRC) is the record keeper for the Board; the City Clerk keeps records for the City. PRC is to be the records liaison between the Board and the City and will provide a copy of the meeting minutes to the City Clerk after each meeting. Mr. Griep also noted that the Board needs to adhere to the Operating Rules and Procedures, which contain the effective dates of the positions. The Board requested the following changes to Section 1.7; "electorate shall be notified of the election and given the opportunity to nominate candidates", "nominated candidates shall be required to certify their willingness to serve", "if only one nominee, that nominee shall be considered elected", "the Administrator is to monitor and notify Board and City Clerk 60 days in advance of expiration of trustee terms" and include holdover language regarding "new appointees to an unexpired term shall serve only the remainder of an unexpired term".

**William Mitchell made a motion that the Board's Attorney modify the current draft of Section 1.7 of the Operating Rules and Procedures to include the above wording. Richard Griep seconded the motion, approved by the Trustees 7-0.**

- **Tom O'Malley left the meeting at 11:25 am.**

- c. Scott Christensen reported that the legislative session ended with no items previously discussed by the Board passing. He brought up the requirement that the Summary Plan Description be distributed to the members every two years.

**Barbara Carlson made a motion to direct the Board's Attorney to update the Summary Plan Description. Eloise Pennington seconded the motion, approved by the Trustees, 6-0.**

## 6. ADMINISTRATOR REPORT

Linda Runkle commented regarding the ongoing challenge in PRC obtaining accurate payroll data from the City. She requested that the Board ask the City to designate a single point of contact to resolve questions, such as the verification of termination dates.

William Mitchell designated Debra Emerson as the single point of contact and requested that PRC send a letter identifying which PRC employees are authorized to receive this information.

**Richard Griep made a motion that a letter be sent from the Board to the City manager authorizing PRC and specific PRC employees as authorized to receive information needed for Administration of the plan. Dennis Pearlman seconded the motion, approved by the Trustees, 6-0.**

## **7. PLAN FINANCIALS**

- a. Budget for Plan Expenses – In response to the Board's request at the last meeting to review the city's budget to ensure the Board's operating expenses are properly budgeted for by the city, Linda Runkle presented the City's budget prepared by Margo Arcand as shown on the City's Statement of Revenues and Expenditures and PRC's Balance Sheet and Statement of Income and Expense. In order to ascertain what the board is planning to spend for operating expenses, William Mitchell requested that PRC detail the four lines that contain Board expenses; 3100 - Prof Svcs FEPP, 3141- Investment Expense, 4000 – Travel/Trans and 5400 – Dues/Subscription.
- b. Interim Financial Statement – The Board reviewed the Balance Sheet and Statement of Income and Expense provided by PRC.
- c. Warrant Dated March 21, 2012 – The Board reviewed the invoices attached to this warrant. Linda Runkle explained that Forster & Foster has agreed to accept \$1,250.00 instead of \$5,000 for the electronic calculator. PRC will provide the electronic calculator services after April 1, 2012.

**Richard Griep made a motion that the invoices be paid with the correction to the Foster & Foster payment (partial payment for online calculator). Eloise Pennington seconded the motion, approved by the Trustees, 6-0.**

- d. Benefit Approvals – deferred to next meeting

## **8. OLD BUSINESS**

There was no old business for discussion.

## **9. NEW BUSINESS**

There was no new business for discussion.

## **10. NEXT REGULAR MEETING**

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, April 18, 2012 at 9:00 am.

**11. ADJOURNMENT**

There being no further business, Richard Griep made a motion to adjourn the meeting at 12:02 PM, seconded by Donna Lovejoy, and passed unanimously by the Trustees.

Respectfully submitted,

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Richard Griep, Secretary