

City of Fort Myers General Employees' Retirement System

Minutes: Meeting of April 18, 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. Ms. Carlson called roll. Those persons present included:

TRUSTEES

OTHERS

Barbara Carlson, Chair

Eloise Pennington, Vice-Chair

Richard Griep, Secretary

Dennis Pearlman

Donna Lovejoy

Tom O'Malley

William Mitchell

Scott Baur & Pam Nolan, Pension Resource Center

Debra Emerson, City of Fort Myers

Scott Christiansen (phone)

Mike Segal, City of Fort Myers

2. APPROVAL OF MINUTES

Eloise Pennington made a motion to approve the Minutes for the meeting of March 21, 2012, Barbara Carlson seconded.

Richard Griep noted what looked like a typographical error page 3, item 3; the motion to approve 2/1/12 minutes approved vote count should be 7-0 instead of 5-0 and corrected the spelling of Margo Arcand's name on page 5.

Motion to approve the March 21, 2012 minutes as amended carried by the Trustees 7-0.

3. TRUSTEE APPOINTMENTS

- a. Staggering of Trustee Terms (Two Years and Three Years)**
- b. Richard Griep (Term Expires May 13, 2012)**
- c. Eloise Pennington (Term Expires June 16, 2012)**

Richard Griep and Eloise Pennington's appointments are expiring May 13, 2012 and June 16, 2012, respectively. Scott Baur pointed out that according to the Ordinance and Operating Policy and Procedures, the two Board Selected Trustee positions are to be staggered a year apart. To re-appoint each of them now for a three year term would continue the discrepancy of being only a month apart. Donna Lovejoy asked if it was possible for the Board to appoint for a shorter period? Richard Griep's recollection was that the term that Eloise Pennington was appointed to when the prior Trustee resigned should have expired when that term would have expired instead of a new three year appointment, which was the date he believes was carried forward in the records. He searched past minutes, but could not find specific documentation. After some discussion it was proposed to make one of the appointments for two years to correct the current situation. William Mitchell requested direction on staggering the appointments from Scott Baur and Scott Christiansen. Scott Christiansen verified that an adjustment in years' of appointments being made now will bring the terms in alignment with the Operating Rules and Procedures.

Donna Lovejoy made a motion that the Board re-elect Richard Griep and Eloise Pennington as they have received training and are becoming experienced in Board matters. Richard Griep offered to serve his term for two years and continue Eloise Pennington's for the three year term, effective June 1, 2012. Seconded by William Mitchell; motion carried, 7-0.

Scott Baur requested Richard Griep and Eloise Pennington address being sworn by the City Clerk in prior to the June meeting. Richard Griep agreed it would be done in April or May.

Discussion shifted to the process for handling when a Trustee resigns; Mr. Mitchell raised a concern that there was no process for the selection of Board-selected appointees. Scott Christiansen reiterated that the board making the selection is the only process defined in the ordinance. Richard Griep noted that the City Council process is similar-- the council makes the selection.

William Mitchell made a motion that the Board Attorney draft a process for Board selection of appointments. Richard Griep seconded for discussion.

Richard Griep suggested that more detail might be supplied for the selection process. Scott Christiansen suggested adding language along the lines of "...Trustees are encouraged to submit names 30 - 60 days prior to the selection date" for the Operating Rules and Procedures.

Chairperson Barbara Carlson called for above motion to add the above language to the Operating Rules and Procedures; motion carried 7-0.

4. ATTORNEY REPORT

a. Operating Rules and Procedures

i. Section 1.7: Election Procedures

Richard Griep made a motion that the ordinance specifically mention that the primary notice of election is via posting on bulletin boards and the City's website. William Mitchell seconded for discussion.

Posting on bulletin boards and the City's website has been consistently used in the past and Mr. Griep does not see that email notification should become an official part of the election process. Scott Baur pointed out that the emailing was only done because of that particular election overlapped with a City Council appointment, which changed the election/balloting dates mid-way through the Pension Board's election process. Richard Griep felt that there has been a lot of good analysis of the process and has created an opportunity to clarify the operating rules. Donna Lovejoy agreed that the posting was very adequate but might be good to add email? Richard Griep noted the administrative overhead that adding email notification could bring. Donna Lovejoy asked if it would be possible to do both the bulletin board/website posting and email? Scott Baur agreed as long as email is not considered the primary notification method. Scott Christiansen noted a sentence would be added to Section C. mentioning something along the lines of "... primary notification to electorate be posted on bulletin boards and City website...".

Discussion turned to the revisions to Section 1.7 made by Scott Christiansen from the last Board meeting. The Board supplied specific months that appointments should be made and when the Trustee shall take office as follows:

Section B. Union Trustee – appointed March/April to take office May 1.

Section C. Non-Union Trustee - appointed February/March to take office April 1.

Section D. Council Appointed Trustee - appointed February/March to take office April 1.

Section E. 6th and 7th Trustee - appointed April/May to take office June 1.

Motion deferred to next meeting for review of final revisions reflecting the above from Scott Christiansen.

ii. Section 8: Ordinance Changes

Eloise Pennington questioned the order of having the Union review changes to an ordinance that have not been approved. Scott Christiansen noted that the City and the Union negotiate changes to ordinances; the Pension Board does not originate changes to ordinances. Donna Lovejoy pointed out that the Board reviews changes prior to approval to assess if there are any impacts to the Fund. Eloise Pennington questioned what would happen if it was found to have a negative impact? Scott Christiansen responded that the Board would have to accommodate any impacts as the ordinance directs the operation of the Fund. The Board can make recommendations to the Council and can bring in Attorney and Actuarial review if necessary. William Mitchell pointed out that the Council makes the decision and takes the risk. Richard Griep said the Board can review and make recommendations, but the ultimate cost and litigation, if any, would be with the City. Donna Lovejoy brought up the fact that the Board could be named in a suit. Tom O'Malley acknowledged this, but reiterated that the ultimate answerable authority would be the Council. Eloise Pennington requested that language be added to Section 8.1 to change "presented" to "recommended by the Board". Scott Christiansen noted this change and will incorporate for final review at the next Board meeting.

b. Sunshine Law Discussion

Scott Christiansen reminded the Board of the mini-conference his firm was holding in Estero where Sunshine Laws would be discussed in greater depth. For an immediate update to the new members of the Board, he recapped the Florida statute that says two or more Board members are not permitted to discuss Board business outside of a Board meeting. Scott Baur added that the Plan Administrator is not to act as a middleman to forward communication amongst Trustees. He asked that emails be used carefully as they can be considered 'a discussion'.

c. Summary Plan Description Update

Scott Christiansen went over the updates for 2012 that included:

Page 1, Section A(1)- addition of the City Manager for the Council Appointed seat

Page 2, updates to the salary box

Page 11, Section L – maximum benefits – IRS increase from \$195K to \$200K

Page 12, added #8

Page 18, updates to Trustees

Eloise Pennington made a motion to approve the Summary Plan Description updates. Richard Griep seconded. Motion carried, 7-0.

Discussion ensued on the best method of distribution. Options considered were posting on Pension Resource Center's website, posting on the City's website, direct mailing to all members, emailing to all members, distribution through interoffice mail or distribution with city payroll. Dennis Pearlman asked if this was to go to ALL participants in the plan or just the contributing employees? Barbara Carlson advised that only contributors to the plan need this information and that the practice in the past was that HR used to mail the plan description to each employee's home. The Board concluded that distribution with City payroll would be the best option.

Dennis Pearlman made a motion that the Administrator work with Debra Emerson to distribute the Summary Plan Description 2012 update to all contributors to the plan as soon as possible. William Mitchell seconded. Motion carried, 7-0.

- 10:35 am Scott Christensen departed the meeting (by phone).

7. INVESTMENT PERFORMANCE AND REVIEW

This item was moved up on the agenda as Dennis Pearlman had a hard deadline to leave the meeting by 11 am. Mr. Pearlman felt that since the Board met monthly and had the fiduciary responsibility for investing, a monthly review of investments would be in order. For instance, if any litigation involving the investment managers occurred, the Board should be aware. Scott Baur said that any off-quarter happenings could be addressed in the monthly meetings and at times the Board may choose to have a special meeting if necessary. Eloise Pennington agreed that some kind of monthly touchpoint would be in order. Mr. Pearlman reiterated that this could be an evolving line item and to add investment performance as a routine line item on the agenda would be a good start. Scott Bauer noted that this would be done and he would contact Tim Nash at Bogdahn to see what could be provided on a monthly basis.

Donna Lovejoy pointed out that the quarterly update should be moved to be closer to the actual end of the quarter as they are now somewhat after the fact. Scott Baur will work with Tim Nash to review when quarterly updates are presented to the Board.

- 10:45 am Dennis Pearlman departed the meeting.

5. ADMINISTRATOR REPORT

Scott Baur addressed a request to have personnel from the Pension Resource Center onsite at City Hall. The current contract was put in place with the understanding that the Cape Coral office would be adequately staffed to receive visits from Ft. Myers employees needing in-person assistance. Putting an employee on site could potentially require office space, document storage, a network and/or internet connection, printing capability, etc. Richard Griep asked where this request originated? Mr. Mitchell said the City requests this for the convenience of the employees and asked that the Board please

consider providing this; the City can provide the requirements Mr. Baur mentioned. Donna Lovejoy said that additional options should be considered as there has been frustration expressed by some employees regarding phone support out of the Cape Coral office. Scott Baur said that he would examine options including setting specific appointments, etc. Eloise Pennington mentioned that a monthly option or two half days could be suitable. Richard Griep asked what kinds of questions are posed? Debra Emerson said she is getting calls from retirees, some cannot travel. Mr. Mitchell inquired as to the nature of their questions? Ms. Emerson said they are pension questions- some about length of time to receive benefits, DROP statements. Richard Griep pointed out that the answers may or may not be up to the Administrator to answer. William Mitchell noted that there is a need to identify what services the members of the plan require. Donna Lovejoy asked about the online system—what could the members get there? Scott Baur said that it was available, but the payroll data is only current to March 30, 2012. It is not a final calculation quality, but materially correct. Donna Lovejoy mentioned that since it was available to all there is a need to help Employees learn how to use it. Scott Bauer offered that they can always call, the online is meant to provide additional information, not replace the support the Pension Resource Center provides. Scott Bauer will provide an update on this point at the next meeting.

6. PLAN FINANCIALS

- a. FY 2012 Budget**
- b. Interim Financial Statement**

Scott Baur called the Board's attention to the four areas that have been broken down into more detail on the budget and interim financial statement; there are no changes, just more information provided. Mr. Mitchell noted that this was just what was required and the City will use for the next budget cycle.

- c. Warrant Dated April 18, 2012**

Richard Griep made a motion to approve the Warrant as submitted. William Mitchell seconded. Motion carried 7-0.

- d. Benefit Approvals**

Richard Griep made a motion to approve the Benefit Approvals as submitted. Eloise Pennington seconded. Motion carried 7-0.

Richard Griep requested that the Administrator add Term Date to the Refund of Contribution entries on the Benefit Approval form.

8. OLD BUSINESS

Richard Griep had a question regarding investment rate. This will be added to the agenda for the next meeting.

9. NEW BUSINESS

No new business.

10. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, May 16, 2012 at 9:00 am.

11. ADJOURNMENT

There being no further business, Eloise Pennington made a motion to adjourn the meeting at 11:33 AM, seconded by William Mitchell, and passed unanimously by the Trustees.

Respectfully submitted,

Richard Griep, Secretary