

City of Fort Myers General Employees' Retirement System

Minutes: Meeting of September 19, 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

Barbara Carlson, Chair
Richard Griep, Secretary
William Mitchell
Dennis Pearlman
Donna Lovejoy
Eloise Pennington

OTHERS

Scott Baur/Pam Nolan, The Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Debra Emerson, City of Fort Myers
Mike Seagle, City of Fort Myers
Holly Simone, City of Fort Myers

2. APPROVAL OF AUGUST 15, 2012 MEETING MINUTES

Richard Griep made a motion to approve the Minutes as submitted for the meeting of August 15, 2012; Donna Lovejoy seconded. Motion carried by the Trustees 6-0.

3. INVESTMENT PERFORMANCE REVIEW

The Board reviewed the Monthly Asset Allocation and Performance review as of August 31, 2012 provided by The Bogdahn Group. The fiscal year to date return of the fund was 14.09%; total assets \$71,426,628. This up from July 31, 2012 FYTD return of 12.64%; total assets \$71,317,761.

The Trustees noted that the domestic equities group performed under their benchmark, with Manning & Napier, at -7.17%, being the lowest below the benchmark in that category. Mr. Mitchell and Mr. Pearlman noted that investment managers underperforming for over a year should be examined at the November meeting.

4. ADMINISTRATOR REPORT

a. Workshops for Pension changes

Scott Baur reviewed the plan for five workshops to be presented for the City of Ft Myers employees to attend on Wednesday and Thursday. Statements have been prepared for all employees to illustrate the difference in their future benefit if they choose to stay at the default 1.8% multiplier effective 9/17/12 or choose to 'pay up' to the 3% multiplier and what their cost for the 'pay up' would be. The statements were created from the data provided by the City and do not include any buybacks or breaks in service.

The Board discussed distribution of any statements not picked up by employees attending the workshops. It was decided that PRC would create name/departments labels and give any statements not picked up in the workshops to Debra Emerson for distribution in the City's interoffice mail.

The Board thanked Scott for putting on the workshops and Mr. Baur acknowledged the valuable support from Ms. Emerson, Ms. Murphy and the City's IT personnel in providing the information to help the plan participants make an informed decision.

b. Fiduciary Liability Insurance renewal

Pam Nolan advised the Board that an extension has been requested to enable gathering of quotes for the Board to review at the next meeting. Mr. Christiansen called the Board's attention to no separate statement of a premium for the Waiver of Recourse in the Chartis policy. Waiver of Recourse charges need to be paid by an entity other than the pension fund in order to be legally viable.

c. Trustee School October 7 - 10, 2012 Bonita Springs, FL

Richard Griep will be attending the Trustee School session in Bonita Springs.

5. PLAN FINANCIALS

a. Interim Financial Statements

The Board reviewed the Income Statement and Balance Sheet for the plan. Questions covered classification of expenses and audit fees. Mike Seagle advised the board that the City bills the plan as service bills are received and processed. Scott Baur noted that the City bills the plan for its portion of the City's Audit.

b. Benefit Approvals

The Benefit Approvals were reviewed by the Board. Mr. Mitchell questioned the impact of DROP withdrawals for employees leaving the City on the plan. He also questioned the Partial Lump Sum Option Payments that are an option available to employees upon retirement. These withdrawals do reduce the expense/liability of the plan; the amount of impact generally depends on the investment performance of the fund. Richard Griep questioned how employees are advised when requesting the refunds? Scott Baur advised that they are given information regarding their options, which include leaving their contributions in the plan earning interest, and a waiver noting they have been informed is included on the Return of Contribution form.

Eloise Pennington made a motion to approve the Benefit Approvals as submitted. Richard Griep seconded. Motion carried 6-0.

c. Warrant dated September 17, 2012

Richard Griep made a motion to approve the Warrant as submitted. Donna Lovejoy seconded. Motion carried 6-0.

6. ATTORNEY REPORT

a. Ordinance/Summary Plan Description

Mr. Christiansen noted that Ordinance 34-62 affecting the definition of base pay and adjusting the plan multiplier passed the second reading by the City Council on September 17, 2012. A signed copy of the ordinance and actuarial impact statement will need to be submitted to the State Division of Retirement.

The ordinance change will need to be carried through to the Summary Plan Description.

Eloise Pennington made a motion authorizing Mr. Christiansen to update the Summary Plan Description. Donna Lovejoy seconded. Motion carried 6-0

b. Financial Disclosure Form Update

Mr. Christiansen noted that all Trustees have submitted the required financial disclosure forms to the State within the required deadline.

c. Kessler Topaz Agreement

Mr. Christiansen advised the Board that a securities monitoring firm, Kessler Topaz, has submitted an agreement to monitor class action suits that might arise from various plan investments at no charge to the plan. Their service includes submitting claims on the plan's behalf. Mr. Christian sees no downside in authorizing this service as there is no charge to the plan. The Board requested a copy of the agreement to be reviewed at the next meeting and authorized moving ahead with the agreement.

Richard Griep made a motion to approve execution of the Agreement to be submitted. Eloise Pennington seconded. Motion carried 6-0.

d. Future Meeting Dates

Mr. Christiansen pointed out that if the Board wanted to adjust the future meeting schedule, he is in Ft. Myers on the first Thursday in the third month of every quarter. He would be available to meet at 1pm on these Thursdays. This would cut his travel expense to the plan (\$676) in half.

The Board considered options and did not want to make a change in meeting dates at this time; they will consider going to quarterly meeting in 2013 after things "settle down". Possibly skipping the first meeting of the quarter was mentioned. Mr. Mitchell requested a calendar layout of the various dates available from Mr. Nash and Mr. Christiansen for consideration at the next meeting.

e. Legislation affecting Beneficiary Designation

Mr. Christiansen noted legislation (2012-148) passed with an impact on beneficiary designations. If a member retires with their spouse designated as their beneficiary and then gets divorced, the new law considers the ex-spouse beneficiary to have 'pre-deceased' the member. Mr. Christiansen sees potential issues between the legislation and contract law, such

as insurance policies. He will be providing a letter for the board to send to plan members encouraging submission of new beneficiary forms after a divorce is final.

Trustee Donna Lovejoy requested Mr. Christiansen review with the newer Board members the responsibilities of a Trustee as covered in his conferences and the FPPTA sessions as the new Trustees have not been able to attend either so far. Mr. Christiansen reviewed the educational requirement to attend at least one approved training session per year and the Trustee's primary responsibility to the plan as a fiduciary. He explained that each Trustee is responsible for assets belonging to others and noted that this is a personal responsibility for which they are liable. When sitting on the Board, the Trustee must keep the plan as the primary concern in all areas. Mr. Mitchell reiterated that he always considers the interest of the City and that interests of the pension board and the City are the same. Mr. Christiansen allowed as this might be a conflict of interest, just as an example of a Trustee thinking primarily of the Union would also be a conflict of interest. Mr. Christiansen pointed out that the board members' obligation is to the plan and its members, not the City. If the interests are mutual, fine, but if they differ, the plan should be the concern of the Trustee, not the City.

Mr. Pearlman brought up that The Bogdahn Group brings the funds for the Board to choose from. Mr. Christiansen noted that the Trustees are expected to be 'prudent experts'; if they do not have the investment expertise, they are obligated to hire independent investment consultants to advise them.

7. OLD BUSINESS

Richard Griep mentioned that he reviewed the Pension Resource Centers website for the plan and found it to be up to date and the online calculator was working. Eloise Pennington noted that the addition of the airtime tables a few months back allowed her to assist a few plan participants in working out the cost of airtime purchases.

8. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, October 17, 2012 at 9:00 am.

9. ADJOURNMENT

There being no further business, a motion was made by Eloise Pennington to adjourn and seconded by Donna Lovejoy. Motion carried 6-0.

The meeting was adjourned at 10:33 AM,

Respectfully submitted,

Richard Griep, Secretary