

City of Fort Myers General Employees' Retirement System

Minutes: Meeting of May 15, 2013

1. CALL TO ORDER

Chairperson Eloise Pennington called a meeting of the Board of Trustees for the Fort Myers General Employees' Retirement System to order at 9:06 AM. Ms. Pennington called roll. Those persons present included:

TRUSTEES

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

OTHERS

Pam Nolan & Scott Baur, The Pension Resource Center
Dann Smith & Tom Galfano, Wells Capital Management
Debra Emerson, City of Ft Myers
Holly Simone, City of Ft Myers

TRUSTEES NOT PRESENT

William Mitchell
Tom O'Malley

2. APPROVAL OF MINUTES

Richard Griep moved that the minutes of the March 20, 2013 meeting be accepted as submitted. Barbara Carlson seconded. Motion Carried 5-0.

3. INVESTMENT MANAGER REPORT- Dann Smith & Tom Galfano, Wells Capital Management

Mr. Smith thanked the board for their business and gave an overview of changes in the firm since he last addressed the Board. The previous CEO of many years retired at the end of 2012, with the current CIO succeeding him. The company's assets are stable; total assets currently under management are \$342B. The Heritage Growth Equity portfolio has \$19,849M in assets, \$7.7M of which are from the Ft Myers General Employee's fund. Mr. Smith advised that the portfolio recently was closed to any new investors; existing clients, however, are able to increase their holdings.

Mr. Galfano then reviewed the performance of the plan's portfolio, noting that the growth since inception in January of 2012 was at 16.16% per year, only slightly under the Russell 3000 Growth Index benchmark of 16.92%. Mr. Galfano noted that the holdings outperformed in the IT, Consumer Discretionary and Energy sectors during the last half of 2012 but the other sectors did not beat the benchmark. He reported that value managers did well, but it was a struggle for the growth managers to beat the benchmark in the last half of 2012. Mr. Pearlman noted that the Board is measuring the performance of the growth investments against a growth benchmark and asked what their plans were for improving future performance against the benchmark. Mr. Smith stated that the team believes in the companies they are invested in and are looking for good performance over a three to five year timeline. Some discussion ensued around the mix of 96 to 110 investments in the portfolio compared to the mix of 3000 holdings in the benchmark, ultimately agreeing that the current benchmark in place is the closest to gauge the performance of the actively managed portfolio. The best advantage is that the active managers do well in positive markets and minimize loss in down markets. Mr. Pearlman asked where they saw the greatest opportunity for growth in the small, mid and large cap sectors. Mr. Galfano stated that the team is looking for gains in the small cap companies, with some interest in the lower end of mid cap as well. The energy and materials and some technology sectors have a positive

outlook for the rest of 2013. He noted that the small size of the team and the closing of the fund to new investors will allow the team to respond quickly to any changes in the market.

4. ADMINISTRATOR REPORT - Scott Baur & Pam Nolan, Pension Resource Center

Disability Applications - Ms. Nolan reported that two applications for disability benefits have been received since the last meeting; from Lisa Lewis and Roy Edmund. Both applications were forwarded to Christiansen & Dehner for processing when received. Mr. Edmund subsequently filed Refund of Contributions paperwork. Scott Baur called him to discuss his intent as there were concerns regarding clarity of intent. Scott Baur discussed with Mr. Edmund his age, years of service and the pros and cons of a refund versus a lifetime benefit. Mr. Edmund was adamant he wanted a refund of his contributions and did not want to proceed with the application for disability. Scott Baur stated that he was convinced that Mr. Edmund understood what he was giving up.

Cape Coral Office Staffing - Scott Baur addressed concerns previously expressed by the Board regarding Administration of the plan. Mr. Baur advised the Board that he takes feedback from the Board seriously and has a responsibility to the plan and staff to take time to understand the issues and address them. Mr. Baur announced that a new employee, Thel Whitley, will join the Cape Coral office staff on June 3, 2013. Mr. Whitley has been known to Mr. Baur for over 15 years as he is a former trustee (outgoing Chairmen) of the St. Lucie Fire Pension Board. Due to his recent move to the Estero area, Thel is available on a full time basis to augment staffing of the Cape Coral office. Scott Baur anticipates re-aligning the duties in the Cape Coral office gradually, aligning the duties with the skills and abilities available. He noted that he has been devoting time to this issue, that he expects to put more effort into the Cape Coral office in the coming few months and while not openly discussing each detail with the Board, improvement should be expected in the level of customer service. Eloise Pennington and Donna Lovejoy thanked Scott for addressing the issue.

5. PLAN FINANCIALS

a. Interim Financial Statements

The Board reviewed the Balance Sheet and Income & Expense Statement for October 2013 through March 2013.

b. Benefit Approvals

Richard Griep made a motion to approve the Benefit Approvals dated May 15, 2013 as submitted. Barbara Carlson seconded. Motion carried 5-0.

c. Warrant

Richard Griep made a motion to approve the Warrant dated May 15, 2013 as submitted. Donna Lovejoy seconded. Motion carried 5-0.

6. NEW BUSINESS

Scott Baur advised the Board that the FPPTA conference will be June 23-26, 2013 at the Omni Orlando Resort and that the next Trustee School will be September 19 through October 2, 2013 at the PGA National Resort & Spa in Palm Beach Gardens, FL.

Scott Baur also noted that the Board members should have received their Form 1 for filing with the state by the July 1, 2013 deadline. He advised the Board that legislation to allow garnishment of wages to collect fines for late filing recently was passed by the State.

7. OLD BUSINESS

Chairperson Eloise Pennington thanked Ms. Barbara Carlson for her five years of service on the Pension Board. Her fine leadership and mentoring of new Board members is much appreciated. Tom O'Malley will be looking for a new person to assume Ms. Carlson's seat out of the union membership.

8. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, June 19, 2013 at 9:00 am

9. ADJOURNMENT

There being no further business, a motion was made by Donna Lovejoy to adjourn and seconded by Richard Griep. Motion carried 5-0.

The meeting was adjourned at 10:08 AM,

Respectfully submitted,

Donna Lovejoy, Secretary