

City of Fort Myers General Employees' Pension Plan

Minutes: Meeting of March 19, 2014

1. Call to Order

Chairperson Richard Griep called a meeting of the Board of Trustees for the Fort Myers General Employees' Pension Plan to order at 9:03 AM. Mr. Griep called roll. Those persons present included:

Trustees

Richard Griep
Eloise Pennington
William Mitchell
Rodolfo Rosso
Joseph Tallarico
Dennis Pearlman

Others

Thel Whitley, Pension Resource Center
Scott Christiansen, Christiansen & Dehner, P.A.
Tim Nash, The Bogdahn Group
Debra Emerson, City of Ft. Myers
Mike Seagle, City of Ft. Myers
Holly Simone, City of Ft Myers

Trustees Absent

Donna Lovejoy

2. Public Comment

There were no members of the public that wished to make comments.

3. Old Business – Discussion of method of payback of purchase of Credited Service (Air Time) Patrick Donlan of Foster & Foster, Inc. participated via conference call.

Mr. Donlan reported that from an actuarial view, the repayment of the purchase of credited service by the use of payroll deduction is revenue neutral as long as the assumed rate of return of 7.9% and the 1% administrative fee is included in the calculation of the bi-weekly deductions. Mr. Mitchell stated that though Mr. Donlan's written report stated that the bi-weekly repayment method was revenue neutral, he interpreted the report as this method of repayment may also be speculative and may have a negative impact to the plan. Mr. Donlan expounded on how in a situation when the plan makes more than the assumed rate of return, the use bi-weekly payment method would cause the plan to make less money than it would if the the buyback were paid in a lump sum, but if the plan made less than the assumed rate of return, the bi-weekly payment method would increase earnings to the plan. Mr. Mitchell expressed his concern that he did not want to take any action that may increase the unfunded liability of the plan. Mr. Mitchell spoke about the rarity of this type of benefit across the state. Ms. Pennington spoke regarding the fact that the plan currently allows for the purchase of military time and prior governmental service time and that those types of service credit purchases can be repaid by using the bi-weekly payroll deduction method, and that she saw this request as a fairness issue. There was general discussion regarding the timeline that purchase of military time, prior government service time and when the ability to utilize the bi-weekly payroll deduction was allowed by the plan. Mr. Mitchell reiterated that he felt there was an additional risk to the plan involved in implementing the bi-weekly payroll deduction method to purchase air time, and that the plan can not afford to take on any additional risk at this time. Mr. Pearlman and Mr. Griep asked Mr. Donlan if there is additional risk with a participant utilizing the bi-weekly payroll method vs. a lump sum payment. Mr. Donlan reported that there is no extra risk with the installment or bi-weekly payroll method and he said that the he would be willing to produce a "no negative impact letter". Mr. Mitchell added that if the purchase of air time were easier, more people would most likely do that, which could add to the risk. Mr. Donlan further clarified his position by saying with the bi-weekly payroll deduction method there is a little less than equal of a positive or negative impact to the plan. Mr. Pearlman asked Mr. Donlan if using the payment plan is a greater risk. Mr. Donlan stated that there is no additional risk.

A motion was made by Ms. Pennington for Plan Participants to be able to utilize the bi-weekly payroll deduction method to pay for the purchase of Credited Service (Air Time). The motion died due to lack of a second.

Mr. Pearlman asked the Board if the Air Time provision should be removed from the Plan. Mr. Christiansen said that there was no legal reason to remove the provision and that it would be Board decision. Mr. Mitchell said that there has not been a study of the positive or negative effects of the purchase of Air Time.

4. Approval of Minutes of the February 19, 2014 Meeting.

The Board was presented with the minutes of the February 19th, 2014 meeting to review.

A motion was made by Mr. Pearlman and seconded by Ms. Pennington to approve the minutes as presented. The motion passed 6 – 0.

5. Attorney Report – Scott Christiansen, Christiansen and Dehner, P.A.

Mr. Christiansen reported that a new agreement with the PBA has been approved and with the new agreement the 13 Tele-Communication Officer IIs, the Ordinance must be revised to reflect this agreement. Mr. Christiansen presented Board a revised Ordinance for consideration.

A motion was made by Mr. Pearlman and seconded by Mr. Tallarico to approve the revised Ordinance as presented. The motion passed 6 – 0.

Mr. Christiansen reported that the term of Joe Tallarico expires in April. Mr. Rosso stated that he was re-appointing Mr. Tallarico for another term. Mr. Whitley asked Mr. Rosso to express that appointment in writing to the Plan Administrator. Mr. Christiansen further added that Mr. Griep's term expires on June 1st, and that he is appointed by the Board. Mr. Griep indicated that he was interested in continuing on the Board.

Mr. Christiansen reminded all of the Trustees that their Form 1 must be filed, if they had not already done so by July 1st.

Mr. Christiansen suggested that the Warrant and Benefit approvals that were approved at the meeting become part of the minutes of that meeting either by attachment or within the minutes document. There was Board consensus that this action is appropriate.

Mr. Donlan called back into the meeting via the conference phone. Mr. Donlan brought up to the Board that the Ordinance calls for a recalculation of the employee cost after the selection of the multiplier. There was a general discussion of the window for all general employees to make an election to another multiplier that ends on September 30, 2014. Mr. Christiansen suggested a revision in the revised Ordinance reflecting that the recalculation of the employee cost take place at the end of that election period. Mr. Donlan agreed that that would be appropriate time for the recalculation. Ms. Simone brought to the Boards attention that there was a misspelling of a Council Members name and that it could be corrected with this revision.

A motion was made by Mr. Pearlman and seconded by Ms. Pennington to amend the revised Ordinance to reflect that a recalculation of the employee cost of the two multipliers will occur at the end of the member election period ending September 30, 2014. The motion passed 6 – 0.

Mr. Christiansen reported that a pending bill in the Florida legislature (SB 718) clarifies that meeting agendas can not add or remove any agenda items once posted. He added this will effect the "new business" section of the meeting and that only items on the agenda could be voted on; the items could be brought up to be put on the next meeting's agenda.

6. Investment Performance Report – Tim Nash, The Bogdahn Group

Mr. Nash reported that for the first quarter and through February, the Plan's performance has been very good. Mr. Nash reported that international developing markets were up 5.7%, emerging markets were positive at 1.9%, both US bonds and emerging market bonds were in negative territory. Mr. Nash continued reporting that the US equity markets were showing strong performance and the US bond markets were struggling, Galliard has limited exposure to US bonds at approximately 12.5% vs. the benchmark having approximately 35% of US Treasury Bonds. Mr. Nash reported the overall value the Plan increased from December 31, 2012 at \$73,729,960 to December 31, 2013 at \$86,630,901 and through February the portfolio is up to \$88,982,190. Mr. Pearlman asked Mr. Nash about the current asset allocation and the risk associated with it. Mr. Nash stated that the portfolio is reviewed monthly, though the investment policy states the review is conducted at a maximum time period of quarterly. Mr. Nash continued citing the target of the portfolio is to have a 60% equities allocation and 40% fixed income allocation with a 5% tolerance depending on market conditions.

Mr. Nash made a recommendation to the Board to move 5% of the portfolio's US bond fixed income (Galliard) to the portfolio's Morgan Stanley Real Estate Fund. Mr. Nash explained that due to the low performance of the US bond market and that the Morgan Stanley Real Estate fund has 6% income to the Plan; and with this change adds additional protection against decreasing bond performance. Mr. Nash reported that the current the Investment Policy cited a 5% real estate allocation up to 10%; with this recommendation the Investment Policy would be revised to reflect a target of 10% in the real estate allocation. Mr. Pearlman stated that he agreed with the recommendation but warned of additional risk within the real estate market. Mr. Nash agreed with Mr. Pearlman's statement and further explained differences of REITs vs. the private Morgan Stanley real estate fund. Mr. Nash explained that it may take a number of quarters to fully fund up to 10% due to the manner in which the Morgan Stanley fund operates. Mr. Nash went on to explain that this type of investment is liquid on a quarterly basis vs. daily basis. Mr. Nash further explained that a quarterly request for liquidation could be sold subject to a hold on a waiting list of other funds requesting liquidation and the Plan would be waiting in a queue on the liquidation list which could take several quarters to accomplish. Mr. Nash reported that during the 2008 real estate market crash that this fund continued to make its income distributions to its participating plans but did limit liquidation distributions for approximately 1.5 years and that some liquidation requests were not the fully liquidated, just a pro-rated share of the request. Mr. Tallarico inquired as to the cost of the purchase. Mr. Nash explained that there is no fee to purchase the fund, the fees associated with this fund are 1.25% per year, there will be increased cost of fees over the Galliard fund, but the net of fees return will be higher. Mr. Mitchell and Mr. Pearlman inquired to Mr. Nash if there were any other types of investments that the Plan could utilize. Mr. Nash stated that the Plan has covered most of the bases and has rebalanced during the previous year with different options.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to increase the Plan's real estate allocation target to 10% of the Plan's portfolio and reduce the Galliard TIPPS bond allocation target to 5% of the Plan's portfolio and revise the Plan's Investment Policy Statement to reflect these changes. The motion passed 6 – 0.

Mr. Tallarico inquired as to if this revision has anything to do with the smoothing process. Mr. Nash explained the actuarial process of smoothing to the Board. Mr. Nash reviewed last six

years of Plan returns and said that if the returns continue above the assumed rate of return of 7.9% and the Plan may see the Sponsor's cost start to decrease.

Mr. Mitchell left the meeting at 10:45 AM.

Mr. Nash stated that the Plans FTYD return was 6.66% (net of fees) which was ahead of the benchmark of 5.22%.

7. Administrator Report - Thel Whitley, PRC

a. Comerica 1099R Coding. Mr. Whitley reported that a Plan Participant had contacted PRC regarding a problem with their 1099R. After exhaustive research by Comerica Bank and a number of conversations with the Plan Participant the issue was with the tax preparation software that the Plan Participant was using and not an error or issue of any kind with the 1099Rs that were issued from Comerica Bank.

b. Update of revised Buy Back Tables. Mr. Whitley reported that Mr. Donlan reported that their firm would have the revised tables completed within three to four weeks. Mr. Whitley stated that he had a list of a number of Plan Participants that were waiting for the revised tables in order to decide whether to move forward with a calculation of the cost for service credit buy back.

Mr. Pearlman left the meeting at 10:55 AM and returned at 11:00 AM.

7. Plan Financials

a. Interim Plan Financial Statements.

Mr. Whitley reported that the Plan's Bank Custodian (Comerica Bank) had not posted the Plan's disbursements as Friday the 14th and the PRC Accountant was unable to complete the Interim Financial Statements for this meeting

b. Benefit Approvals (see attached list of Benefit Approvals)

The Board was presented the Benefit Approvals for review.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to approve the Benefit Approvals. The motion passed 5 to 0.

c. Warrant (see attached Warrant – Payment of Invoices)

The Board reviewed the warrant and individual invoices.

A motion was made by Ms. Pennington to accept the warrant as submitted and seconded by Mr. Tallarico. The motion passed 5 to 0.

8. Old Business

None.

9. New Business

None

10. Next Regular Meeting

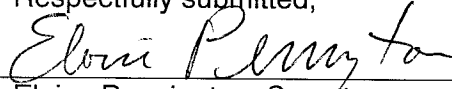
The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, May 21, 2014 at 9:00 AM.

11. Adjournment

There being no further business, A motion was made by Ms. Pennington to adjourn and seconded by Mr. Pearlman. Motion passed 5 to 0.

The meeting was adjourned at 10:55 AM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Eloise Pennington", written over a horizontal line.

Eloise Pennington, Secretary

**FT MYERS GENERAL EMPLOYEES' PENSION PLAN
MEETING OF MARCH 19, 2014**

APPLICATION FOR RETIREMENT

Virginia Barnes	DATE OF BIRTH	September 18, 1944
	DATE OF HIRE	May 29, 2001
	DATE OF LAST SERVICE	January 3, 2014
	YEARS OF SERVICE	12.6027 Years
	TYPE OF RETIREMENT	Normal
	BENEFIT OPTION	Life Annuity
	BENEFIT AMOUNT	\$1,315.04
	DATE OF BENEFIT START	February 1, 2014

Thomas Beer	DATE OF BIRTH	July 28, 1947
	DATE OF HIRE	December 15, 2005
	DATE OF DROP ENTRY	December 1, 2012
	DATE OF DROP EXIT	December 25, 2013
	DATE OF RETIREMENT (Normal)	December 1, 2012
	YEARS OF SERVICE	6.959 Years
	BENEFIT OPTION	Life Annuity
	BENEFIT AMOUNT	\$745.10
	DATE OF BENEFIT START	January 1, 2014
	DROP BALANCE PAID	\$9,788.12

APPLICATION FOR VESTED DEFERRED RETIREMENT

Nickolas Lebid	DATE OF BIRTH	March 7, 1948
	DATE OF HIRE	September 7, 1976
	DATE OF LAST SERVICE	February 10, 1989
	DATE OF RETIREMENT	February 21, 2014
	YEARS OF SERVICE	12.1863 Years
	BENEFIT OPTION	Life Annuity
	BENEFIT AMOUNT	\$484.01
	DATE OF BENEFIT START	March 1, 2014

APPLICATION OF SURVIVOR RETIREMENT BENEFIT

Jack Higdon	DATE OF BIRTH (Survivor)	November 3, 1956
	EMPLOYEE NAME	Allison Higdon
	DATE OF DEATH (non line of duty)	January 4, 2014
	DATE OF HIRE	September 2, 1999
	DATE OF LAST SERVICE	January 4, 2014
	DATE OF RETIREMENT	January 4, 2014
	YEARS OF SERVICE	14.3397 Years
	BENEFIT OPTION	Immediate Benefit 10 Years
	BENEFIT AMOUNT	\$758.30
	DATE OF BENEFIT START	February 1, 2014

SERVICE TIME PURCHASE

Tara Lytle	DATE OF BIRTH	April 17, 1978
	DATE OF HIRE	September 25, 2008
	YEARS OF SERVICE	5.000 Years
	YEARS OF SERVICE PURCHASED	5 Years
	TOTAL COST	\$30,657.72
	TYPE OF PAYMENT/AMOUNT	
	ROLLOVER	\$27,761.27
	PERSONAL CHECKS	\$2,896.45
	DATE OF RECEIPT OF ALL FUNDS	March 6, 2014

SECRETARY: Elvie Pannik

DATE: 3-19-2014

Fort Myers General Employees' Pension Fund
WARRANT - PAYMENT OF INVOICES

TO: BOARD OF TRUSTEES
FROM: PLAN ADMINISTRATOR

This Warrant serves as authorization to transfer the specified funds from Comerica Cash Account and the Plan Administrator is hereby authorized by the Board of Trustees to pay the persons named below hereby certified by the Board as being due payments.

<u>Account Description</u>	<u>Name</u>	<u>Amount</u>
Administrator	Pension Resource Center LLC Invoice 13017 dated February 28, 2014	\$4,380.00
Attorney	Christiansen & Dehner Invoice 24291 dated January 31, 2014	\$57.18
Actuary	Foster & Foster Invoice 5824 dated March 3, 2014	\$2,700.00
Filing Fee	Internal Revenue Service Comerica (Globe Tax Recovery Agreement)	\$85.00

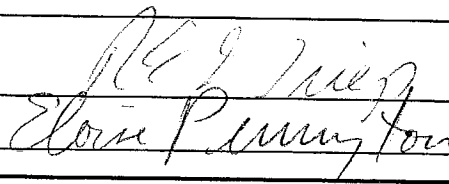
TOTAL:

\$7,222.18

Dated this 19th day of March, 2014

CHAIR

SECRETARY



Elaine Pennington