

City of Fort Myers General Employees' Pension Plan

Minutes: Meeting of December 16, 2015

1. Call to Order

Chairperson Donna Lovejoy called a meeting of the Board of Trustees for the Fort Myers General Employees' Pension Plan to order at 9:03 AM. Ms. Lovejoy called roll.

Trustees

Richard Griep
Donna Lovejoy
Joseph Tallarico
Rodolfo Rosso
Saeed Kazemi
Dennis Pearlman
Eloise Pennington

Others

Scott Christiansen, Board Attorney
Tim Nash, Investment Consultant
Patrick Donlan, Actuary
Thel Whitley, Resource Center
Holly Simone, City of Ft Myers
Debra Emerson, City of Ft Myers

Trustees Absent

None

2. Public Comment

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

3. Approval of Minutes

The Board was presented with the minutes of the November 18, 2015 regular meeting to review.

A motion was made by Ms. Pennington and seconded by Mr. Griep to approve the regular meeting minutes of November 18, 2015. The motion passed 7 – 0.

4. Actuarial Valuation Report - Patrick Donlan, Foster & Foster, Inc.

Mr. Donlan reported that the report is based on October 1, 2015 and projects out future retirement benefits along with the funding requirements for the one year period of the 2016 – 2017 year. Mr. Donlan explained the funding requirements for the current year are 4.4% for Member Contributions and 37.0% for City Contributions; noting that there are four Tiers with two different multipliers. Mr. Donlan further reported that for next year the Member Contributions will average 4.5% and the City's Contribution will be 35.8%. Mr. Donlan explained the reason for the decrease in the City's required Contribution was the four year smoothing or average of the returns, though the last year was just about flat. Mr. Donlan explained the valuation methodology, which is called the Entry Age Normal Cost Level Percentage of Pay. Mr. Donlan explained the Salary assumptions, which are graduated due to employees typically, get more salary increases early in their career and less later in their career, the salary assumptions are based on the Salary Study that was done in 2013. Mr. Donlan explained the actual return vs. the assumed rate of return, in the years since 1987, there have been gains of the assumption and losses below the assumption, in the 2014 – 2015 year there was an actuarial gain, within these years there were changes to the assumed rate of return and salary increase assumptions which play a role in the determination if there is a gain or loss for the year. Mr. Donlan spoke about the Board has thought about decreasing the assumed rate of return to less than 7.75%. Ms. Lovejoy spoke about the desire of lowering the assumed rate of return while the cost to the City will decrease. Ms. Lovejoy inquired to Mr. Donlan what is the approximate cost of reducing the assumed rate of return. Mr. Donlan explained that a rule of thumb would be for every 1/10 reduction of the assumed rate of return there would a 1% of payroll increase. Mr. Pearlman inquired as to what is the average assumed rate within the state, Mr. Donlan explained that the

plan that they work for the average is at 7.5%, though there a few at 7.0 and a number still at 8%, including the Fort Myers Firefighters and Police Officers, and FRS is now at 7.65%. There was Board discussion on the timing of a reduction of the assumed rate of return. There was Board discussion on the actual cost to lower the assumed rate of the return to 7.65%. Mr. Christiansen indicated that from listening to the discussion that the cost would equate to approximately \$200,000 over the presented actuarial valuation cost. Mr. Donlan explained the City's reduction of the current valuation is largely due to the four year smoothing aspect of the plan and in the years to come this years low performance could reduce the four year smoothed rate unless the rate of return exceeds the assumed rate of return, thus increasing the cost of the plan. Mr. Pearlman was supportive of reducing the assumed rate of return to 7.65 now while there would be no financial impact to the City's contribution rate. Mr. Nash reported that the latest information from JP Morgan indicates that the return of equities will be decreased to approximately 7%. Mr. Christiansen inquired to Mr. Donlan the impact of the mandatory use of the FRS mortality tables. Mr. Donlan explained that the plan valuation utilized the RP2000 Combined Healthy Table projected to valuation date for health lives which is less conservative as the FRS mortality table that assumes that life expectancy will increase each year, and the law states that any valuation report done after October 1, 2016 must be utilized, this will result in a one to one-half percent increase in cost for the for 2017-2018 budget year if the law is not repealed. There was Board discussion on the having Mr. Donlan conduct a study of the impacts of reducing the assumed rate of return in different increments with the mandated use of the FRS mortality tables and having a special meeting in January with enough time for the City Finance Department to utilize the data.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to have a special meeting on January 6, 2016 and to approve a study conducted by Foster & Foster to determine the cost of lowering the assumed rate of returns of 7.65%, 7.625%, 7.60% and 7.5% as well as incorporating the cost of the use of the FRS mortality tables; with this data being presented to the Board at this special meeting. The motion passed 7 – 0.

Mr. Kazemi asked Mr. Donlan to provide him with some language that he can utilize to speak to the local legislators to repeal the law of the use of the FRS mortality tables. Mr. Donlan said that he would put that information together and get it to him.

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

Mr. Christiansen reported as a reminder in the March meeting new officers are elected, thus should be put on the agenda for that meeting. Mr. Christiansen reminded Mr. Whitley that the PL#2 letter stating the Plan's assets be sent to the City and State.

6. Bank Custodian Report – Ralph Johnston, Comerica Bank (via Telephone Conference)

While Mr. Johnston gathered some materials Mr. Whitley briefed the Board on the issue of the overpayment of Juan Santiago Collazo. Mr. Whitley reported that he was notified recently by Robin from Comerica Bank that Mr. Collazo died on March 1, 2009. It was reported that monthly payments of \$574.42 continued being directly deposited into his bank account until February 1, 2014 when that deposit bounced back; then Comerica began sending hardcopy checks to his address of record until October of 2015, when the October check was returned. At this pint no one knows what happened to the prior hardcopy checks, but they were not deposited or cashed. Comerica has sense stopped payment on those checks. The reported total of the overpayment is approximately \$73,046.37 with \$20,010.39 of the total being already recovered via the hardcopy checks which leaves approximately \$53,000 to attempt to recover. Robin reported that the "death search" that is conducted did not catch his death. Mr. Whitley reported that at no time did anyone report his death to the City. Mr. Whitley reported that in the last conversation with Robin, was that there would be bank to bank communication to

investigate who, if anyone had access to the account and if there was any balance in the account.

Mr. Johnston stated that Comerica has been the Plan's Custodian since 2000 as well as Robin Gladki has been the representatives of the Plan during that all of this time. Mr. Johnston continued in recapping the situation. Mr. Johnston explained when something like this happens it is usually a family member that had access to the bank account, though at this point we do not know the status on the bank account in which the direct deposits went into. Mr. Johnston reported that they are working through bank to bank channels to determine the status of the account. Mr. Johnston reported the processes that Comerica utilizes to check and cross check social security numbers, names and addresses. Mr. Johnston explained in this case 1099s were being issued and none were returned to Comerica. Mr. Johnston theorized that the social security was either incorrectly reported or not reported to the Social Security Administration, and that this reporting is normally reported by the funeral home. Mr. Johnston reported to the Board that he will be reporting the progress on the investigation of the status of the bank account on a weekly basis to the Resource Center.

There was general Board discussion to do a mailing to all persons who are receiving pension payments from Comerica. Mr. Christiansen spoke about one the form he supplies is a notarized form that the retiree would have to sign and return. The consensus of the Board was to discuss the topic again at the January 6, 2016 meeting when we may have additional information from Comerica.

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

Mr. Nash reported during the third quarter of 2015, broad equity markets posted their weakest returns since the third quarter of 2011 and there was a market correction in the last month of the quarter which drove down overall returns for the time period.

Mr. Nash reported that the Plan ended the fiscal year with more of a total fund value than the previous year. For the fiscal year end the total fund value was \$91,494,745 as compared to \$90,663,474 on September of 2014. Mr. Nash reported a loss of -5.53% for the quarter, a gain of .46% for year, a gain of 7.29% for the three period and a gain of 7.36% for the five year period, all net of fees. Mr. Nash reported that our asset allocation is in line with our investment policy, thus there is no need to rebalance at this time. Mr. Nash explained how the Plan performed relative against other pension firms (438) and that the return for the fiscal year was in the top 14th percentile and that many plans experienced losses for the year. Mr. Nash summarized the performance of the individual money managers performance and their individual strategies. Mr. Nash spoke of PIMCO within the fixed income asset class and their lack lust performance and indicated that they are on the watch list. There was general Board discussion on Advisory Research and Eagle Capital of why they were not on the watch list; Mr. Nash reported that their performance long term as well their strategies indicate to his firm that they are meeting their expectation. Mr. Nash reported the aspects of the Compliance Check List. Mr. Nash reported the individual fees of the money managers, the independent consultant and bank custodian which totaled .77%. Mr. Pearlman asked Mr. Nash how our fees compared to other plans. Mr. Nash reported that the Plan's fees are within the range of typical fees for plan of this size. Mr. Pearlman requested that Mr. Nash produce a fee study to document that the fees paid by the Plan are fair and reasonable; Mr. Nash agreed to produce this report. Mr. Pearlman stated that after the reviewing the performance of Wells Capital that he would like to have them be put on the watch list. There was additional discussion of the performance of these money managers. Mr. Nash reported that we would produce a list of growth manager for review for the next meeting. Mr. Nash explained that putting a manager on a Board Watch List means that if the performance does not turn around within three quarters that that managers will be replaced, though the Board can replace a manager at any time it wishes to.

A motion was made by Mr. Pearlman and seconded by Mr. Tallarico to put PIMCO and Wells Capital Management on Board Watch List. The motion passed 7 – 0.

8. Administrator Report – Thel Whitley, Resource Centers

Mr. Whitley reported to the Board of the upcoming FPPTA Trustee School being held in Orlando, Florida January 31 to February 3, 2016. Mr. Whitley asked that if any Trustee has plans to attend that they make their own hotel reservation, then send the confirmation number and cost to him. Mr. Whitley continued and explained the per diem and mileage reimbursement process.

8. Plan Financials

a. Interim Plan Financial Statements – Thel Whitley, Resource Centers

Mr. Whitley presented the Interim Financial Statements to the Board for review. There were no further questions regarding the Interim Plan Financial Statements.

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

The Board was presented with the Benefit Approvals for review.

A motion was made by Ms. Pennington and seconded by Mr. Rosso to approve the Benefit Approvals. The motion was approved 7 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 approve the Warrant as submitted and seconded by Mr. Griep. The motion passed 7 to 0.

9. Old Business

Ms. Simone inquired as the effective date of the current Investment Policy, noting that it was approved in June, 2015 with minor changes to the Real Estate percentage of the allocation. Mr. Nash indicated the he would get that information to Ms. Simone.

10. New Business

None

Next Meeting

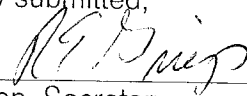
The Trustees approved at today's meeting a Special Meeting to be held on January 6, 2016

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, February 17, 2016 at 9:00 AM.

11. Adjournment

There being no further business, A motion was made by Mr. Griep to adjourn and seconded by Ms. Pennington. Motion passed 7 to 0.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'R. Griep', written over a horizontal line.

Richard Griep, Secretary

**FT MYERS GENERAL EMPLOYEES' PENSION PLAN
MEETING OF DECEMBER 16, 2015**

APPLICATION FOR RETIREMENT

Findley	Danny	DATE OF BIRTH	AGE	03/03/1956	59
		DATE OF HIRE		01/31/2008	
		DATE OF LAST SERVICE		10/07/2015	
		YEARS OF SERVICE		7.6849 Years	
		TYPE OF RETIREMENT		Early Retirement	
		BENEFIT OPTION		10 Year Certain & Life Annuity	
		BENEFIT BEGINS		11/01/2015	
		BENEFIT AMOUNT		\$619.53	
Foster	Ellen	DATE OF BIRTH	AGE	10/05/1945	70
		DATE OF HIRE		06/03/2002	
		YEARS OF SERVICE		12.3041 Years	
		TYPE OF RETIREMENT		Normal/DROP Entry	
		BENEFIT BEGINS		04/01/2015	
		BENEFIT OPTION		10 Year Certain & Life Annuity	
		BENEFIT AMOUNT		\$1,111.47	
Hampton	Pauline	DATE OF BIRTH	AGE	11/30/1950	65
		DATE OF HIRE		10/17/1978	
		YEARS OF SERVICE		11.000 Years	
		TYPE OF RETIREMENT		Vested Deferred Retirement	
		BENEFIT BEGINS		12/01/2014	
		BENEFIT OPTION		Life Annuity	
		BENEFIT AMOUNT		\$383.67	

DEATHS

Swann	Phillip	DATE OF BIRTH	AGE	09/28/1942	73
		DATE OF DEATH		11/02/2015	
		BENEFIT OPTION		Life Annuity (JA Died)	
		BENEFIT AMOUNT		\$580.65	

**REFUND OF
CONTRIBUTIONS**

Krejci	Jason	DATE OF BIRTH	01/03/1977
		DATE OF HIRE	07/19/2004
		LAST DAY OF SERVICE	03/28/2007
		YEARS OF SERVICE	2 Yrs, 8 Mons, 9 days
		CONTRIBUTION AMOUNT	\$3,834.63
		TYPE OF DISTRIBUTION	To Participant
		NET TO PARTICIPANT	\$3,067.70
		DATE PROCESSED	11/24/2015
Whalen	Richard	DATE OF BIRTH	05/16/1955
		DATE OF HIRE	05/15/2014
		LAST DAY OF SERVICE	09/11/2015
		YEARS OF SERVICE	1 Yr, 3 mons, 37 days
		CONTRIBUTION AMOUNT	\$601.06
		TYPE OF DISTRIBUTION	To Participant
		NET TO PARTICIPANT	\$480.85
		DATE PROCESSED	11/03/2015
Mahr	Thomas	DATE OF BIRTH	04/04/1965
		DATE OF HIRE	04/18/2013
		LAST DAY OF SERVICE	05/05/2015
		YEARS OF SERVICE	2 yrs, 17 days
		CONTRIBUTION AMOUNT	\$606.72
		TYPE OF DISTRIBUTION	To Participant
		NET TO PARTICIPANT	485.38
		DATE PROCESSED	11/16/2015

CHAIRPERSON: Donna L. Loug

DATE: 12/16/15

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 14305 dated December 1, 2015	\$5,337.41
Memberships	FPPTA Membership Renewal For 2016 dated December 7, 2015	\$600.00
Trustee Education	FPPTA Trustee School Registration for Eloise Pennington - Winter Trustee School	\$450.00
	Lodging	\$555.00
	Mileage and Per Diem	\$325.45
Money Managers	Galliard Capital Management Invoice 10044897, dated October 22, 2015	\$11,133.13

TOTAL:

\$18,400.99

Dated this 16th day of December, 2015

CHAIR

SECRETARY

Comet L. Louy
RE King