

# ***City of Fort Myers General Employees' Pension Plan***

## **Minutes: Meeting of March 16, 2016**

### **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 9:07 AM. Ms. Lovejoy called roll then the Pledge of Allegiance was recited.

#### **Trustees Present**

Donna Lovejoy  
Eloise Pennington  
Joseph Tallarico  
Saeed Kazemi  
Dennis Pearlman

#### **Others**

Thel Whitley, Resource Center  
Amber McNeill, Resource Center  
Debra Emerson, City of Fort Myers  
Maria Joyner, City of Fort Myers  
Scott Christiansen, Christiansen & Dehner  
Tim Nash, The Bogdahn Group

#### **Trustees Absent**

Richard Griep  
Rodolfo Rosso

### **2. Public Comment**

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

### **3. Board Reorganization**

Mr. Whitley informed the Trustees it was time to choose officers for the next year and that there is no set way to do so.

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico to reappoint Ms. Lovejoy as Chairman. The motion passed 5 – 0.**

**A motion was made by Ms. Lovejoy and seconded by Mr. Pearlman to reappoint Ms. Pennington as Vice Chairman. The motion passed 5 – 0.**

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico to reappoint Mr. Griep as Secretary. The motion passed 5 – 0.**

### **4. Approval of Minutes**

The Board was presented with the minutes of the February 17, 2016 meeting to review.

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico to approve the meeting minutes of February 17, 2016 as submitted. The motion passed 5 – 0.**

### **5. Attorney Report – Scott Christiansen, Christiansen & Dehner, P.A.**

Mr. Christiansen reported that he was working on to update the section of the plan regarding the internal revenue code. The Florida legislative session ended last week, nothing was adopted that will have any impact on the Plan. The Actuarial Valuation was approved and now the Board needs to declare an expected rate of return from current asset allocation. Mr. Nash stated that looking at JP Morgan's assumptions he believes that it is reasonable that the plan should be able to earn a 7.625% return rate. Mr. Christiansen informed the Board that a motion was needed to the effect that based on the advice of our consultant the Board expects to receive a 7.625% return rate this year, the next several years, and the long term thereafter.

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico that based on the recommendation of the Consultant the Board expects to receive a 7.625% investment return, this year, the next several years and the long term thereafter.**

Ms. Pennington asked for more clarification about how that expected 7.625% return rate was generated. Mr. Nash and Mr. Christiansen explained expectation vs prediction and how the return rate was determined.

**The motion passed 5 – 0.**

Mr. Christiansen addressed a previous question asked by the Board concerning its composition and whether or not it can be changed. Mr. Christiansen stated that the Board's composition can be changed, and that the limitation that was discussed at the prior meeting only applies to Police Officer and Firefighter Boards. Mr. Christiansen did not recommend adding City Council Managers or Commissioners because it can introduce dual office holding issues, which can produce conflicts of interests, but the Board can increase or decrease the amount of Trustees. Mr. Christiansen explained the current composition of the Board. Mr. Tallarico asked if the Union appointee had to be from the Union, Mr. Christiansen responded that it did not. The Trustees discussed whether or not to add two more outside members to the Board. Mr. Christiansen informed the Trustees that they cannot make the change to the Board, it must be done by an ordinance, and the quorum will also be raised from 4 to 5. Ms. Lovejoy expressed concern that the Board would be unable to fill those seats, and that it would not benefit the Board to make such a change. Ms. Pennington also expressed concern in the financial burden it would put on the Board to train new members. Mr. Kazemi stated that this would be an opportunity to receive 'free advice' and additional outside expertise. There was much discussion amongst the Trustees about the possible criteria for new Board members and if there would need to be criteria for those members to meet. Mr. Christiansen explained the current appointing process, and that there are currently no training or background requirements to be a Trustee. The Trustees discussed possible new criteria for the possible new Board members. Mr. Kazemi stated that he was looking for an appointment of 'qualified' members. Mr. Christiansen explained the composition of other Boards, and that General Boards are not subjected to the same rules as Police and Fire Boards. Mr. Christiansen also explained that adding criteria to the Board limits the number of people who will actually be qualified to be on the Board, and this can create issues with vacancies which affect the quorum. Ms. Lovejoy reminded the Board that there was an issue in the past when the Board added a position for a licensed physician, but the position was always vacant because they could not find a qualified doctor to fill it. Ms. Lovejoy asked Mr. Kazemi to look into the matter further and bring it back to the Board the next meeting.

#### **6. Investment Performance – Tim Nash, The Bogdahn Group**

Mr. Nash reported that it was a good fiscal year relatively, even though the fund did not meet the actuarial assumption due to the uncertainty in the market. International stocks were up 4.7%, emerging markets were slightly positive at .75%, S&P 500 was up 7%, small and mid cap stocks were up 3.6%, US bonds were down 60 basis points. As of December 31, 2015, the market value of the fund was \$91,890,320. The net return for the quarter was 3.34% and the benchmark was 3.51%. The net return for the calendar year was 1.26% and the benchmark was 1.14%, the plans gross return for the calendar year was 1.91% and the benchmark was 1.14%, putting the fund in the 8<sup>th</sup> percentile in comparison to its peers.

**Mr. Kazemi left the meeting at 10:09 AM.**

**Mr. Kazemi returned to the meeting at 10:15 AM.**

Mr. Nash reviewed the individual Investment Manager's performance. Mr. Pearlman advised that once the fund has been in the 75<sup>th</sup> percentile for an extended period of time, it is time to move assets. Mr. Nash and Mr. Pearlman discussed risk management. There was much discussion amongst the Trustees and Tim Nash concerning the current managers and the possibility of changing them.

**Ms. Pennington and Mr. Pearlman left the meeting at 10:25 AM.**

**Mr. Pearlman returned to the meeting at 10:27 AM.**

**Ms. Pennington returned to the meeting at 10:29 AM.**

Mr. Nash reminded the Board that Bogdahn has no monetary gain from the Board's decision. Mr. Nash recommended that the Board keep Wells and possibly replace Lateef with Vanguard and Alger.

Mr. Pearlman recommended that the Board move the money out of Lateef and split it between Vanguard and Alger, but leave what money is remaining in Wells.

**Mr. Kazemi left the meeting at 11:09 AM.**

The Board decided to terminate Lateef and reallocate those funds: \$10 million to Alger Capital and \$3 million to Vanguard Russell 1000 index fund. They also decided to leave Wells Capital on a watch list, and revisit them next quarter.

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico to authorize Mr. Christiansen to draft contracts for Alger and Vanguard, to authorize Mr. Christiansen to draft a contract for CAPIS, and to authorize the Chairman and Secretary to sign the contracts. The motion passed 4 – 0.**

## **8. Plan Financials**

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

The Board was presented the warrant and corresponding invoices for approval.

**A motion was made by Ms. Pennington and seconded by Mr. Tallarico to accept the Warrant. The motion passed 4 – 0.**

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

The Board was presented the Benefit Approvals for review.

**A motion was made by Mr. Tallarico and seconded by Ms. Pennington to approve the Benefit Approvals. The motion passed 4 – 0.**

**AT 11:20 AM Mr. Pearlman left, therefore the meeting moved to a workshop.**

## **7. Administrator Report – Thel Whitley, Resource Centers**

a. Mr. Whitley gave an update concerning the J. Collazo overpayment. He stated that the Plan would be getting most of the money back. The overpayment totaled about \$73,000, between the held checks and amount in the account, the plan will receive about \$70,000 back.

b. Mr. Whitley explained the 112.664 Compliance Report and that it must be posted to the City's and the Plan's websites.

c. Mr. Whitley informed the Board of the upcoming FPPTA Annual Conference to be held in Orlando, Florida on June 26<sup>th</sup> through the 29<sup>th</sup>. Mr. Whitley explained the process Trustee travel and expenses. The Trustees discussed the conference and the benefits of attending.

Mr. Whitley presented the Board the Resource Center's SSAE-16 audit of controls and procedures. According to the report, there were no negative findings in the Audit.

Mr. Whitley also informed the Board that most of the audit materials have been given to the City's Auditor.

d. Mr. Whitley informed the Board that he would be leaving the Pension Resource Center and that Amber McNeill would be taking over as Administrator for the Plan. Mr. Whitley also informed the Board that Scott Baur will be attending future meetings to ensure that the transition goes as smoothly as possible.

Mr. Whitley updated the Board on the progress of the 'I'm Alive Letter' and that about 61% of the letters have been returned properly filled out and notarized. He informed the Board that only a few need to be sent back because they did not have a notary stamp on them. The participants have been mostly cooperative throughout the process, with only a few issues.

Mr. Whitley informed the Board that a Foster & Foster Audit found an issue with a Life with 10 Year Certain Benefit that was being paid to a beneficiary and has been overpaid since 2013. The payments have been stopped and the overpayment totals to about \$8,600. The benefit was not stopped in 2013 because the initial set up did not have a benefit end date. Mr. Whitley has asked Comerica to do a query of 10 year certain and Social Security step down benefit recipients that audits individual files to make sure that there are no other overpayments currently occurring. Mr. Christiansen told Mr. Whitley to follow-up with the beneficiary that was receiving the overpayment and request that he return the funds to the Plan. Mr. Christiansen told Mr. Whitley to inform him if the recipient refuses and he will send a Demand Letter.

## **9. Old Business**

None

## **10. New Business**

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, May 18, 2016 at 9:00 AM.

## **11. Adjournment**

The Meeting ended at 11:45 AM.

Respectfully submitted,

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Richard Griep, Secretary