

City of Fort Myers General Employees' Pension Plan

Minutes: Meeting of May 18, 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 9:01 AM. Ms. Lovejoy called roll then the Pledge of Allegiance was recited.

Trustees Present

Richard Griep
Donna Lovejoy
Joseph Tallarico
Rodolfo Rosso
Eloise Pennington

Others

Scott Baur, Resource Center
Amber McNeill, Resource Center
Forrest Banks, Councilman - City of Fort Myers
Debra Emerson, City of Fort Myers
Holly Simone, City of Fort Myers
Beth Stark, Member of the Plan

Trustees Absent

Dennis Pearlman
Saeed Kazemi

2. Public Comment

Councilman Banks introduced himself and expressed his interest in the Plan.

3. Board Reorganization

No further action was needed.

4. Approval of Minutes

The Board was presented with the minutes of the March 16, 2016 regular meeting to review.

A motion was made by Ms. Pennington and seconded by Mr. Griep to approve the regular meeting minutes of March 16, 2016 as submitted. The motion passed 5 – 0.

5. Administrative Report – Scott Baur & Amber McNeill, Resource Centers

Mr. Baur presented the Compliance Report 112.664 to the Board. He also reminded the Board that the Annual Financial Disclosure (Form 1) needs to be filled by July 1; a copy was provided in the packet. Wells Capital Management and Galliard have provided the Board a 20% discount for each billing period for 2016. Ms. Lovejoy and Mr. Baur discussed the Compliance Report 112.664. Mr. Baur informed the Board that the report shows current assumptions, if the Plan makes 2% less than assumed, and if the Plan never makes any more money on the investments. The Board also chose to include the scenario of making 2% more than assumed in this report. The Board previously chose to lower the assumption rate from 7.75% to 6.87%, which will be reflected on the October 1, 2016 Valuation. The Trustees discussed the effect that lowering the investment rate has on the Plan.

Mr. Baur reminded the Board of the upcoming Trustee educational opportunities: the FPPTA Conference in June, the FPPTA Trustee School in October, and the International Foundation of Employee Benefit Plans in November. The Trustees discussed the importance of Trustee education and the FPPTA Conference June 27 – 29.

Mr. Baur presented the Board with a one page status sheet for the Plan in order to better explain the stability of the Plan. He explained summary sheet and how the document was produced, and where the information was obtained. The document was produced in order to

help alleviate an increased level of concern from members regarding the health and stability of the Plan. Mr. Baur suggested that workshops be held for the members in order to better educate them on the Plan. Workshops have been previously held to educate the members on the Plan and they were quite beneficial to the members. Councilman Banks discussed the Plan's funded ratio and his hope that it will eventually be at 70%. Ms. Simone expressed concern that unfunded and net liabilities are being confused, and that some of the terminology may be difficult for some to understand. She also expressed concern that the Plan's asset allocation may not be completely in line with the Investment Policy; real estate asset allocation is supposed to be 10%, but is currently represented as 11%. Mr. Baur reminded the Board that assets can fluctuate and that is why the Investment Policy allows for some variance. If the allocation moves to far away from the target allocation, then it will be recommended that a change be made. Ms. Simone recommended that the status sheet contain a disclaimer under the asset allocation section that says that the allocation may fluctuate based on the current Investment Policy. Councilman Banks asked why there was a difference between the number on the CAFR and the numbers expressed on this sheet. Mr. Baur explained that the CAFR uses market value of assets but the Actuarial Valuation, which was used to produce this summary sheet, recognizes gains and losses over a period of time, which causes it to vary from the market value. The Board discussed how market fluctuations and unfunded liability affect the Plan. Mr. Tallarico suggested that the Board have a yearly workshop to educate the Plan members. The Board authorized Ms. Lovejoy and Ms. McNeill to proceed with scheduling a day where the Resource Center can hold several workshops for the Plan members.

The Board was presented the Benefit Approvals for review.

A motion was made by Mr. Griep and seconded by Mr. Rosso to approve the Benefit Approvals. The motion was approved 5 – 0.

Mr. Rosso informed the Board that several members received their Annual Benefit Statements from the actuary, and their buybacks were not included. Ms. McNeill informed the Board that she has addressed that issue with the actuary, and has requested that the statements for those members be fixed. Ms. McNeill will send Mark Nuber an estimate of his current benefit, with the buyback included, so he can be updated until that revised statement from the actuary is available.

6. Plan Financials

Mr. Baur presented the Interim Financial Statements and the Investment Flash Report to the Board for review.

Ms. McNeill updated the Board on the transition from Lateef to Alger Capital Management. The CAPIS agreement for the transition management has been executed. Tim Nash has confirmed with Alger's that their legal group is reviewing the agreement and should be ready for execution within the next few weeks. Last meeting the Board decided to terminate Lateef and divide the \$13 million currently in that fund between Alger Capital and the Vanguard Index Fund; \$10 million was allocated to Alger's and \$3 million to Vanguard.

The Board reviewed the warrant and individual invoices. Ms. Pennington had a question regarding the Christiansen & Dehner invoice dated March 31, 2016, specifically regarding the charging of \$157.60 for a telephone conference with City Officials that the Board was unaware of regarding airtime.

A motion was made by Ms. Pennington to accept the Warrant dated May 18, 2016, except for the \$157.60 charge from Christiansen & Dehner, and seconded by Mr. Griep. The motion passed 5 – 0.

7. Old Business

None

8. New Business

Mr. Baur presented the Board with overpayment summaries for Juan Collazo and Robert Buchanan. Mr. Collazo's overpayment has been resolved with \$69,685.32 of the total overpaid amount of \$73,046.37 being recovered.

Ms. McNeill updated the Board on how many of the Confirmation of Receipt of Retirement Benefits Affidavits have been returned; second notices will be sent out.

Mr. Baur updated the Board on Mr. Buchanan's overpayment; he was the beneficiary of a 10 Year Certain Benefit that should have ended October 2013. His total overpayment is \$8,978.40. The Board discussed the cost of legal action to recoup the funds versus how much they could actually get back from Mr. Buchanan.

The Board discussed the current process for reviewing 10 Year Certain Benefits so that overpayments do not occur.

Next Regular Meeting

The Trustees previously set the schedule for the next regular monthly meeting on Wednesday, June 15, 2016 at 9:00 AM.

11. Adjournment

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

Respectfully submitted,

Richard Griep, Secretary