

City of Fort Myers General Employees' Pension Plan

Minutes: Meeting of June 21, 2017

1. Call to Order

Chair 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, then the Pledge of Allegiance was recited.

Trustees Present

Donna Lovejoy, Chair
Eloise Pennington, Vice Chair
Rodolfo Rosso, Secretary
Mark Nuber
Dennis Pearlman
Aurelio Gongora

Others

Patrick Donlan, Foster & Foster, Inc.
Christine O'Neal, Foster & Foster, Inc.
Scott Christiansen, Christiansen & Dehner, P.A.
Amber McNeill, The Resource Centers, LLC
Richard Manzo, The Resource Centers, LLC
John Thinnies, AndCo Consulting
Mindy Johnson, Salem Trust Company
Debra Emerson, City of Fort Myers
Holly Simone, City of Fort Myers
Mary Hagemann, City of Fort Myers
Mary Ann Abernathy, Trustee Applicant
Brian Fenske, Trustee Applicant

Trustees Absent

Saeed Kazemi

2. Public Comment

The members of the public present had no comments.

Mr. Pearlman entered the meeting at 9:05 AM.

3. Approval of Meeting Minutes – Meeting of May 17, 2017

Ms. McNeill presented the Minutes of the May 17, 2017 meeting for the Board's review. Ms. Pennington requested a correction in the minutes concerning which Trustee suggested inviting all the potential applicants to the meeting of June 21, 2017 for interviews.

A motion was made by Ms. Pennington and seconded by Mr. Rosso to approve the minutes of the May 17, 2017 meeting, as amended. The motion passed 5 – 0.

4. Trustee Interviews

Ms. Lovejoy explained that three of the four Trustee applicants were in attendance.

a. Aurelio Gongora

Mr. Gongora provided a brief summary of his background in the Finance Department of the City of Fort Myers. Mr. Gongora explained that he has a vested interest in the Board of Trustees, as he is an active member of the Plan. Mr. Rosso made note that Mr. Gongora had been regularly attending the Board's meetings for many years.

Mr. Gongora left the meeting at 9:07 AM. Ms. Abernathy entered the meeting at 9:07 AM.

b. Mary Ann Abernathy

Ms. Abernathy expressed her interest in helping maintain the financial stability of the Plan. Ms. Abernathy provided a brief summary of her background as an office manager in charge of seven

divisions in the City. Ms. Abernathy expressed her interest in learning more about the Plan's operations. Mr. Rosso asked if Ms. Abernathy would be able to attend Trustee schools and conferences. Ms. Abernathy stated that she would be able to attend these events. Ms. Abernathy added that she had been with the city for roughly 15 years.

Mr. Donlan entered the meeting at 9:10 AM. Ms. Abernathy left the meeting at 9:10 AM. Mr. Fenske entered the meeting at 9:10 AM.

c. Brian Fenske

Mr. Fenske stated he has been part of the Cape Coral General Employees' Pension Plan Board of Trustees for 15 years, and he has been chairman of the Board for 13 years. Mr. Fenske noted that he will be retiring from the Cape Coral General Employees' Pension Plan in nine weeks, and will be vacating his seat come September 8, 2017. Mr. Fenske explained that he is a Nationally Accredited Fiduciary, as well as a Certified Public Pension Trustee, per the FPPTA. Mr. Fenske provided an overview of the Cape Coral General Board of Trustees and the prerequisites for each Trustee seat. Mr. Fenske requested that, should he be chosen, his effective date be set the day after his final Cape Coral General Board of Trustees meeting, as to not create a Dual Office Holding issue.

Mr. Fenske left the meeting at 9:16 AM.

The Board discussed the merits of each applicant at length. Mr. Christiansen provided a detailed explanation around Dual Office Holding. The Board discussed the consistent attendance of Mr. Gongora at the Board's meetings.

A motion was made by Ms. Pennington and seconded by Mr. Nuber to select Aurelio Gongora as the new Trustee. The motion passed 5 – 0.

Ms. Abernathy and Mr. Gongora returned to the meeting at 9:25 AM.

Ms. Lovejoy informed the applicants of the Board's decision. Mr. Lovejoy welcomed Ms. Abernathy to apply for the next Trustee position that opens. Ms. Lovejoy reminded Ms. Abernathy that the meetings were a public forum, and that she could attend them to learn more about the Plan.

Ms. Pennington left the meeting at 9:26 AM and returned at 9:27 AM.

5. Reports

a. Actuarial Tier Evaluation Report – Patrick Donlan & Christine O'Neal, Foster & Foster

Mr. Donlan provided an overview of the Plan's Tier Election system. Ms. O'Neal explained the impact of the new Florida Retirement System Mortality Table's affect on the changes of the Tier Contributions. Ms. Pennington stated that the members will need to be informed of the changes to their contributions. Ms. McNeill will compose a letter detailing the changes to the contributions rates of each Tier. Mr. Donlan explained that members in the Tier 1A or Tier 1B election will not need to be updated, as their contribution rate will not be changed.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to accept Foster & Foster's proposed Tier Contribution Rates.

Mr. Christiansen explained that the Ordinance must be amended to reflect the Board's acceptance of the new contribution rates. Mr. Christiansen stated that the Ordinance can be

adjusted in such a way that further Ordinance changes would not be required for the reevaluation of Tier contribution rates.

The motion was amended to issue direction to Scott Christiansen to draft an Ordinance including the new Tier Contribution Rates and to include language granting the Board the authority to reevaluate the Tier Contribution Rates by resolution. The motion passed 6 – 0.

Mr. Donlan explained that Mr. Kazemi requested he research the exact dollar amount required to reach a 75% funded ratio, to which he reported would be \$18,479,377.00. Mr. Donlan added that this is almost the same cost as the Early Retirement Incentive the Plan offered.

Ms. Hagemann entered the meeting at 9:45 AM.

Mr. Gongora was sworn in by Ms. Hagemann, the interim City Clerk. The Board and service providers welcomed Mr. Gongora.

Ms. Hagemann, Mr. Donlan, and Ms. O'Neal left the meeting at 9:48 PM.

b. Custodian Report – Mindy Johnson, Salem Trust Company

Ms. Johnson explained that Salem Trust will appear at the Board's meetings twice a year. Ms. Johnson reported that the transition of the Plan's assets had been finalized. Ms. Johnson stated that Galliard's assets had been delayed by a week due to trade issues. Ms. Johnson will add Foster & Foster to the list of providers receiving statements. Ms. Johnson presented the Salem Trust quarterly service report to the Board. Ms. Johnson provided information about GlobeTax, a company that retrieves refunds on taxes from international investments. Mr. Christiansen advised that while the Plan's international investment manager currently monitors this process, it could be worthwhile to utilize GlobeTax.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to add GlobeTax as an additional service through Salem Trust Company. The motion passed 6 – 0.

c. Investment Consultant Report – John Thinnes, AndCo Consulting

Mr. Thinnes appeared on behalf of Tim Nash to present the Board's quarterly investment report. Mr. Thinnes provided an overview of the current economy and remarked at the outperformance of the International Market. Mr. Thinnes reported that as of June 20th, 2017, the Fund held \$106.7 million. Mr. Thinnes did not recommend rebalancing the portfolio at this time. Mr. Thinnes reported that the Fund was in the 1st percentile of the sample as of March 31, 2017. Mr. Thinnes reviewed the Fund's managers in detail. The Board discussed the portfolio's current risk and asset allocation at length.

d. Attorney Report – Scott Christiansen, Christiansen & Dehner

Mr. Christiansen reminded the Board to complete and file their Form 1, as it is due by July 1, 2017. Mr. Christiansen added that the new Trustee, Mr. Gongora, would have to file his Form 1 within 30 days of becoming a Trustee. Mr. Christiansen verified the reappointment of Mr. Nuber by Mr. Rosso, as his previous term expired on April 30, 2017.

Mr. Pearlman left the meeting at 10:38 AM.

Mr. Christiansen reviewed a motion from the previous meeting regarding Trustee travel. Mr. Christiansen noted that motion's current language allowed for Trustees to travel anywhere for any educational conference without restriction.

Mr. Pearlman returned to the meeting at 10:40 AM.

The Board discussed their reasoning and intentions for the motion. Ms. Pennington would prefer non-FPPTA travel to require Board approval, due to its potential high costs to the Plan. Mr. Christiansen will draft an addition to the Board's operating rules and procedures concerning Trustee travel and present it at the next quarterly meeting. Ms. McNeill reminded the Board of upcoming Trustee education opportunities.

Mr. Christiansen reported that none of the pending legislature that could affect the Plan passed. Mr. Christiansen noted that a bill granting judges discretion in assigning attorney's fees during public records cases did pass.

Mr. Christiansen reviewed the language regarding the City Manager's designee for Board meetings. Mr. Kazemi had inquired to the restrictions of the appointed designee, and if he could retain his Trustee position while his designee attended meetings in his stead. Mr. Christiansen's interpretation of the language was that there was to be one Trustee in one position, either the City Manager or his designee, at any one time; and the City Manager and his designee could not freely switch between meetings. Mr. Christiansen noted that the language is not specific, but he believed that this is the intended method. The Board discussed the matter at length. Mr. Christiansen will create a Memorandum of Opinion regarding the issue.

e. Administrator Report – Amber McNeill & Richard Manzo, The Resource Centers

Ms. McNeill presented the following Benefit Approvals for the Board's review:

- Sherry Leonard, DROP Entry
 - 50% Joint & Survivor, \$2,804.63 entering on 04-01-2017
- Sherry Leonard, DROP Exit
 - 50% Joint & Survivor, \$2,804.63 commencing on 07-01-2017
- Michael McCrumb, Vested Deferred
 - Life Annuity, \$559.39 commencing on 03-01-2017 with \$26,565.53 PLOP
- William Munger, Vested Deferred
 - 100% Joint & Survivor, \$499.56 commencing on 04-01-2017
- Maria Zarco, Normal Retirement
 - 50% Joint & Survivor, \$1,097.85 commencing on 04-01-2017
- Gloria Camacho, Refund of Contributions
 - Terminated on 06-23-2011, \$3,939.47 to participant
- Mark Clem, Refund of Contributions
 - Terminated on 04-26-2017, \$12,124.38 to participant
- David Dietz, Refund of Contributions
 - Terminated on 01-01-2014, \$564.16 to participant
- Angela Montalvo, Refund of Contributions
 - Terminated on 01-01-2017, \$788.92 to participant
- Paul Patton, Refund of Contributions
 - Terminated on 03-10-2017, \$2,512.06 to participant
- Valerie Ziajka, Refund of Contributions
 - Terminated on 08-22-2014, \$3,603.68 rollover

A motion was made by Ms. Pennington and seconded by Mr. Rosso to ratify the Benefit Approvals dated June 21, 2017, as presented. The motion passed 6 – 0.

Ms. McNeill presented a draft of the letter of apology from the Pension Resource Centers to Mr. Robert Buchanan, regarding his overpayment. Mr. Christiansen reminded the Board that Mr. Buchanan had requested two letters, one from Scott Baur and the Resource Centers and one from the Board of Trustees. The Board directed Ms. McNeill to draft a second letter addressing the Board's understanding of the situation, and to present both letters to Mr. Christiansen for review and delivery.

Ms. Lovejoy left the meeting at 11:25 AM.

6. Plan Financials

Ms. McNeill presented the Interim Financial Statements for May to the Board. Ms. Simone noted that the Accounts Payable amount for both March and April were identical. Ms. McNeill will investigate the matter further and report her findings. The Board accepted the Financial Statements, as presented.

Ms. McNeill presented the following expenses for approval from the Board:

- **Foster & Foster**
 - Invoice #10487 dated 05-24-2017 \$17,613.00
- **The Resource Centers, LLC**
 - Invoice #15512 dated 05-31-2017 \$8,326.22
- **Christiansen & Dehner, P.A.**
 - Invoice #30433 dated 04-30-2017 \$163.60
- **Bernzott Capital Advisors**
 - Invoice dated 03-31-2017 \$14,276.00
- **Eagle Capital Management, LLC**
 - Invoice dated 04-05-2017 \$31,964.16

A motion was made by Mr. Rosso and seconded by Mr. Nuber to approve the Warrant dated June 21, 2017, as presented. The motion passed 5 – 0.

10. Next Meeting – August 16, 2017 at 9:00 AM.

11. Adjournment

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

The meeting adjourned at 11:30 AM.

Respectfully submitted,

Rodolfo Rosso, Secretary