

City of Fort Myers General Employees' Pension Plan

Minutes: Meeting of December 20, 2017

1. Call to Order

Vice Chair Pennington called a meeting of the Board of Trustees for the Fort Myers General Employees' Pension Plan to order at 9:02 AM. Ms. Pennington called roll then the Pledge of Allegiance was recited.

Trustees Present

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

Others

Amber McNeill, Resource Centers
Scott Christiansen, Christiansen & Dehner
Patrick Donlan, Foster & Foster
Christine O'Neal, Foster & Foster
Cassandra Rappaport, Foster & Foster
Tim Nash, The Bogdahn Group
Ellen Clyatt, City of Fort Myers
Debra Emerson, City of Fort Myers
Holly Simone, City of Fort Myers

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 15, 2017 meeting to review.

A motion was made by Mr. Rosso and seconded by Mr. Pearlman to approve the meeting minutes of November 15, 2017 as submitted. The motion passed 6 – 0.

Ms. Simone and Mr. Christiansen entered the meeting at 9:05 AM.

4a. Actuarial Valuation – Patrick Donlan & Christine O'Neal, Foster & Foster

Mr. Donlan and Ms. O'Neal presented the Actuarial Valuation to the Board. The percentage of payroll needed for funding in 2017 was 42.9%, 0.2% less than 2016. The Plan portfolio's rate of return for the fiscal year was 14.75%. As this is smoothed over 4 years, the rate of return was 7.71%, versus the assumed rate of return of 7.625%. Mr. Donlan reviewed the Unfunded Actuarial Accrued Liability (UAAL) and its assumption. The actual UAAL of the Plan was \$58,930,648. The net pension liability in 2017 was \$53,404,963, which is significantly lower than the 2016 net pension liability of \$63,244,371. The funded ratio increased from 61.02% in 2016 to 67.82% in 2017.

A motion was made by Mr. Rosso and seconded by Mr. Pearlman to accept the Actuarial Valuation as presented by Foster & Foster. The motion passed 6 – 0.

Ms. Lovejoy entered the meeting at 9:20 AM.

4b. Investment Performance – Tim Nash, The Bogdahn Group

Mr. Nash reported that as of September 30, 2017, the total portfolio of the Plan was \$111,663,957. Mr. Nash provided an overview of the individual managers and the portfolio's asset allocation. There were currently no recommendations for changes to the portfolio. Mr. Nash reviewed the management fees for the fiscal year. The 2017 fiscal year rate of return was

15.34% versus the benchmark of 11.89%. The Plan was in the 2nd percentile of the sample. The Board discussed the current assumed rate of return at length. The Board decided to revisit the assumed rate of return at the March 21st, 2018 meeting.

Ms. Simone brought up the issue of \$247,000 that cannot be accounted for from the custodial transition earlier in the year. Mr. Nash explained that when Salem took over shadowing the Polaris account from Comerica, the amount that Comerica had listed as the value of assets was incorrect. The amount was corrected in Salem's system, but for accounting purposes it appears that Salem received the incorrect value of assets from Comerica. Ms. Simone informed the Board that the discrepancy was due to the difference between cost and market value. Ms. Johnson informed the Board that the previous custodian has refused to correct their records. The Board discussed the issue at length. Ms., Johnson and Mr. Nash will work together to get it resolved before the end of the year.

Mr. Nash reviewed the compliance checklist. As of December 19, 2017, the total portfolio was \$114,340,385. Mr. Nash reviewed the changes to the Investment Policy Statement.

A motion was made by Ms. Lovejoy and seconded by Mr. Nuber to approve the update Investment Policy Statement. The motion passed 7 – 0.

Mr. Nash presented AndCo's fee increase proposal to the Board. If approved, the yearly fee would increase from \$25,000 to \$33,500. Their fee has not increased in 8 years. The new fee would go into effect on January 1, 2018 and is guaranteed for 3 years.

A motion was made by Mr. Pearlman and seconded by Ms. Lovejoy to approve the fee increase and to have Mr. Christiansen draft a new addendum. The motion passed 7 – 0.

4c. Attorney Report – Scott Christiansen, Christiansen & Dehner

Mr. Christiansen informed the Board that Ms. Lovejoy's term is up in March. If there are any applicants for her position there will need to be a member election. Mr. Pearlman's term is also up in March, he is the City appointee. The Resource Center can setup an electronic election if needed.

A motion was made by Mr. Rosso and seconded by Mr. Nuber to authorize Mr. Christiansen to update the operating rules to include electronic balloting. The motion passed 7 – 0.

Mr. Christiansen noted that Pension Letter 2 needed to be completed and addressed to the Council by the Resource Centers. Mr. Christiansen informed the board that his firm was identifying clients that were farthest away from their offices and transitioning them to other firms. They are reducing their client list from 160 to 100 by January 1st. His services for the Board will not change.

Mr. Christiansen informed the board that they needed to declare an expected rate of return. Mr. Nash stated that he believes 7.625% is a reasonable rate of return.

A motion was made by Ms. Lovejoy and seconded by Mr. Rosso that based on the recommendation of the Board's consultant, the Plan expects to receive a 7.625% rate of return. The motion passed 7 – 0.

Mr. Christiansen has received a disability application from Monty Gooch. His application is not complete as he has not provided confirmation from his doctor that he is permanently disabled. If he quits or the City terminates him for any reason other than medical reasons, he is not eligible

to receive a disability from the Plan. Mr. Gooch has given the City his resignation. Ms. Clyatt informed the Board that the City will allow him to rescind his resignation. The deferred comp distribution will also need to be stopped.

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

Mr. Christiansen informed the Board that he has not received a response from Mr. Buchanan regarding the overpayment. He will send a follow up letter to Mr. Buchanan.

4. Custodian Report – Mindy Johnson, Salem Trust Company

Ms. Johnson provided a fiscal year 2017 report to the Board. Ms. Johnson explained that she has brought Globe Tax forms for the Chair to sign in order to have any international taxes recouped.

4d. Administrator Report – Amber McNeill, The Resource Centers

The Board was presented the following Benefits for approval:

- Retirement – Dennis Berndt: Early Retirement, Joint and Survivor (\$461.25), commencing 9/01/2017
- DROP Exit – Gary Bostic: Normal Retirement, Joint and Survivor (\$2,263.21), commencing 1/01/2018, DROP Proceeds \$146,520.76
- DROP Exit – Richard Osborne: Normal Retirement, 10 Year Certain (\$1,731.64), commencing 12/01/2017, DROP Proceeds \$5,199.19
- Refund – John Sutton: Terminated 09/13/2017, \$840.15 (To Participant)
- Refund – Miriam Viera Miret: Terminated 02/08/2017, \$767.19 (To Participant)
- Death – Theresa Joiner: Date of Death 11/07/2017, Social Security (\$127.23)
- Death – Lucille Passarelli: Date of Death 09/24/2017, Life Annuity (\$812.39)

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

Ms. McNeill presented Foster & Foster's fee increase proposal. Foster is asking for a fee increase due to increased reporting requirements.

A motion was made by Ms. Pennington and seconded by Mr. Pearlman to approve Foster & Foster's fee increase and to authorize Mr. Christiansen to draft a new addendum. The motion passed 6 – 0.

5. Plan Financials

a. Interim Financial Statements

Ms. McNeill presented the Interim Financial Statements to the Board. The Board accepted the statements as presented.

b. Warrant dated December 20, 2017

The following expenses for approval from the Board:

- Christiansen & Dehner \$467.50
- United Members Insurance \$15,496.00

A motion was made by Ms. Pennington and seconded by Mr. Rosso to accept the Warrant dated December 20, 2017 as presented. The motion passed 6 – 0.

6. Old Business

Foster & Foster reviewed the report GRS had completed for the City. Ms. O'Neal explained that the report did not cover the impact of employees' benefits. The Board discussed Foster's analysis of the report at length.

7. New Business

Ms. Pennington informed Ms. McNeill that she would be attending the upcoming Winter Trustee School along with Mr. Rosso and Mr. Nuber.

Ms. McNeill provided the Board with a class action report from Kessler Topaz.

8. Next Meeting

The next meeting will be held on February 21, 2018 at 9 AM.

9. Adjournment

There being no further business, a motion was made by Ms. Pennington to adjourn and seconded by Mr. Nuber. The motion passed 6 – 0.

Respectfully submitted,

Rodolfo Rosso, Secretary