

CITY OF PUNTA GORDA
GENERAL EMPLOYEES PENSION BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
City Hall Council Chambers, 326 W Marion Ave, Punta Gorda, FL 33950

Thursday, March 21, 2019 at 11:00AM

TRUSTEES PRESENT: Julie McGillivray
Linda Sposito
John Smith
Bradley Teets
John Tiller

TRUSTEES ABSENT: None

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Ferrell Jenne, Foster & Foster
Patrick Donlan, Foster & Foster
Kerry Richardville, AndCo Consulting
Phil Wickstrom, City Human Resources
Kristin Simeone, City Finance Director
Members of the Public

1. **Call to Order** Linda Sposito called the meeting to order at 11:00AM.
2. **Roll Call** As reflected above.
3. **Public Comments** None.
4. **Approval of Minutes**
 - a. November 29, 2018, quarterly meeting

The minutes from the November 29, 2018 quarterly meeting were approved, upon motion by John Smith and second by Bradley Teets, motion carried 5-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #50
 1. Foster & Foster, invoice #13552, \$22,590.00
 2. Baron Capital Management, 3rd quarter fees, \$6,794.91
 3. Christiansen & Dehner, invoice #32875, \$1,408.40
 4. FPPTA, invoice #1312, \$600.00
 5. Foster & Foster, invoice #13658, \$1,544.23
 6. AndCo Consulting, invoice #28037, \$6,000.00
 - ii. Warrant #51
 1. Garcia Hamilton & Associates, invoice #29948, \$8,407.24
 2. Salem Trust, 4th quarter fees, \$6,373.03
 3. Foster & Foster, invoice #13753, \$1,400.00
 4. Christiansen & Dehner, invoice #32949, \$221.50
 - iii. Warrant #52
 1. American Core Realty, 4th quarter fees, \$5,772.59
 2. Christiansen & Dehner, invoice #33025, \$751.40
 3. Foster & Foster, invoice #13948, \$1,400.00
 4. Baron Capital Management, 4th quarter fees, \$5,152.28
 - b. New invoices for payment
 - i. None
 - c. Fund Activity Report for November 23, 2018 – March 14, 2019

The consent agenda was approved as presented, upon motion by John Smith and second by Bradley Teets, motion carried 5-0.

6.

New Business

a. Discussion of future legal representation

- i. The board expressed their condolences regarding Lee Dehner's passing. Scott Christiansen commented the board's contract is with the law firm and he will continue to represent the plan. Scott gave a brief overview of his experience and commented he has been practicing pension law for over thirty years.
- ii. The board discussed a succession plan. Scott Christiansen commented he will work for several more years, but if something were to happen prior to this, he would help transition the plan to another law firm in the state. Scott reviewed the transition process. Scott confirmed he did not have plans to hire another associate. Scott confirmed he would attend all meetings, as scheduled, with no issues. Scott commented as a result of Lee's death, they will be transitioning approximately forty clients to other law firms. Scott reviewed his current office staff, commenting he has two administrative assistants that will be supporting him.
- iii. John Tiller requested Scott Christiansen introduce them to other law firms, so they have a designated firm lined up, in case something was to happen to him. Julie McGillivray commented the board should consider other law firms at the next quarterly meeting, giving the fact that the board has been analyzing all vendor fees. Julie commented the board has been well represented by Christiansen & Dehner but thinks this is an opportunity for the board to ensure that all fees are competitive. Bradley Teets commented he was concerned about scheduling conflicts with other law firms. Scott Christiansen commented he will be attending the police meetings as well and all travel fees would be split between the two boards.
- iv. Phil Wickstrom commented the City works with Jim Linn and he is very familiar with the plan and pension law. Phil commented Jim Linn is based in Tallahassee, Florida. Scott Christiansen commented Jim Linn represents a lot of Cities, but he is not sure how many pension plans he represents.
- v. Scott Christiansen commented he will work on getting some information together and will present it at the next meeting. Scott confirmed they charge the same hourly rate for all plans. Scott commented they have over thirty years of experience and therefore spend less time answering questions on pension related items. Therefore, the total billing will be similar to attorneys with less experience who have a lower hourly rate but spend more time researching issues.

b. Vendor fee analysis

- i. Ferrell Jenne commented at the board's request, all the "core" vendor fees were collected and included in the packet for board review.
- ii. Patrick Donlan commented \$71,027.00 are the administrative fees shown in the October 1, 2018 valuation report. Patrick commented this does not include the AndCo investment fees or the custodial fees, as these are categorized as investment management fees.
- iii. The board briefly discussed the vendor fee analysis. Julie McGillivray commented her only concern at this point is to have a succession plan for the attorney. Scott Christiansen commented he will go down to sixty clients who are the closest to his home base of Sarasota, Florida.

c. Discuss revision of October 1, 2018 actuarial valuation report

- i. Patrick Donlan commented the board approved the October 1, 2018 valuation at the December meeting. The valuation then went to the state for review. Patrick reviewed the changes that were made in conjunction with the October 1, 2018 valuation. Patrick commented the investment return assumption was reduced by 25BPS and the Unfunded Actuarial Accrued Liability (UAAL) was consolidated into a ten-year mortgage. Patrick commented when the consolidation occurred, it reduced the cost from \$1,205,646.00 to \$1,158,621.00. Patrick commented the state's

actuary stated the plan shouldn't consolidate and reduce the cost. Patrick commented that if the state looked at both changes, the City's costs actually went up. However, the state would not accept the valuation as presented.

- ii. Patrick Donlan reviewed the fact that the City has been overcontributing and has budgeted more than the costs shown in the valuation report. Patrick commented next year; the board can consolidate the UAAL.
- iii. Bradley Teets briefly reviewed the article by John Bogle. Patrick Donlan reviewed the factors that make up the UAAL and the associated offsets.

The board voted to approve the revised October 1, 2018 actuarial valuation and funding within as presented, upon motion by John Tiller and second by John Smith, motion carried 5-0.

- iv. The board requested Patrick Donlan to review consolidating the UAAL in conjunction with the October 1, 2019 valuation report.

7. **Old Business** – None.

8. **Reports (Attorney/Consultants)**

a. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Quarterly report as of December 31, 2018

1. Kerry Richardville briefly reviewed the Foster & Foster market value investment returns. Kerry commented all plans highlighted in yellow are plans they currently represent. The board asked about the police and fire plans. Kerry commented the manager line-up and allocations were different between the plans. Ferrell Jenne confirmed there are approximately five to ten closed plans on the list.
2. Kerry Richardville reviewed the peer universe shown in the December 31, 2018 quarterly report. Kerry commented she could provide a closed plan list over a longer horizon.
3. Kerry Richardville reviewed the December 31, 2018 quarterly report. Kerry commented markets were volatile and both domestic and international markets had considerable losses.
4. Market value of assets of December 31, 2018 were \$43,573,770. Kerry Richardville reviewed the current asset allocations and commented everything is within the range of the Investment Policy Statement (IPS).
5. Total fund gross returns for the quarter were -7.05%, underperforming the policy benchmark of -6.01%. Gross total fund fiscal YTD returns were -7.05%, underperforming the benchmark of -6.01%. Total fund gross trailing returns for the 3 and 5-year periods were 5.45%, and 4.81%. Since inception (3/1/1999) total fund gross earnings were 5.77% outperforming the policy benchmark of 4.98%.
6. Kerry Richardville gave an update through February 28, 2019. Kerry commented the S&P500 came back 8.00% in January and 3.00% in February.
7. Kerry Richardville commented as of February 28, 2019 the market value of assets was \$45,911,594 and the fiscal YTD returns were -0.97%, underperforming the benchmark of -0.25%.
8. Kerry Richardville reviewed Transamerica International Equity and commented they are continuing to monitor them. Kerry commented they have had Transamerica in the portfolio for just over three years. The board asked for some alternative managers at the next quarterly meeting to review.
9. Kerry Richardville commented the majority of public plans have a 10-15% international allocation.
10. Kerry Richardville commented the market value of assets through today was \$46,029,749.

11. Kerry Richardville briefly reviewed their firm's size and depth of resources.
12. Kerry Richardville commented she would like to switch the Transamerica share class to R6. It is the same fund but it was about 10BPS cheaper. Kerry commented there were no restrictions or obligations.

The board voted to approve the recommendation of AndCo to move from institutional Transamerica to the R6 share class, upon motion by Bradley Teets and second by John Smith, motion carried 5-0.

- b. Christiansen and Dehner, Board Attorney, Scott Christiansen
 - i. Plan Restatement
 1. Scott Christiansen briefly reviewed the plan restatement and commented all additions were underlined and all strikethroughs are deletions.

The board voted to approve the plan restatement as presented, upon motion by Bradley Teets and second by John Smith, motion carried 5-0.

- ii. Legislative update
 1. Kristin Simeone commented all Council meetings are public, and the trustees can attend if they would like. Ferrell Jenne commented they will request the no impact letter from the actuary.
 2. Scott Christiansen gave a brief overview of pending bills. Scott commented HB265 will mandate that the entire agenda packet be posted on the City's website. The bill also mandates that each individual public person has three minutes to speak and the board must answer all questions at the meeting or directly following the meeting in writing. Phil Wickstrom commented that all documents must be sent ADA compliant. Phil reviewed the costs associated with making the City's website ADA compliant. Ferrell Jenne commented they will do their best in submitting the documents in an ADA compliant format, but a lot of the information is provided by outside consultants, such as AndCo. Scott reviewed the definition of being ADA compliant. Kerry Richardville commented she will bring back the ADA compliant issue to her firm and see if they can help.
- c. Foster & Foster, Plan Administrator, Ferrell Jenne
 - i. Update on fiduciary liability policy
 1. Ferrell Jenne commented they are working on renewing the policy.
 - ii. FPPTA guest fee and registration procedure
 1. Ferrell Jenne reviewed the FPPTA guest fee policy and registration procedure.
 - iii. Educational opportunities
 1. Ferrell Jenne commented the Florida Division of Retirement 40th Annual Trustee School would be held April 30-May 2, 2019 in Tallahassee, Florida.
 2. Ferrell Jenne commented the FPPTA 35th Annual Conference would be held June 30-July 3, 2019 in Orlando, Florida at the Marriott World Center.
 3. Ferrell Jenne gave an update on Ollie Mae Stokes. Ferrell advised the overpayment has been deposited into the plan's account by U.S. Bank.
 - iv. Update on Lillian Gomillia's repayment schedule
 1. Ferrell Jenne commented the member lives in Mississippi and at the request of the board, they tried multiple times to call regarding the overpayment that occurred and a possible

settlement or partial repayment. Ferrell confirmed they also reached out two other times, via letters.

The board voted to cease and desist on trying to recoup the overpayment from Lillian Gomillia, upon motion by Julie McGillivray and second by John Tiller, motion carried 5-0.

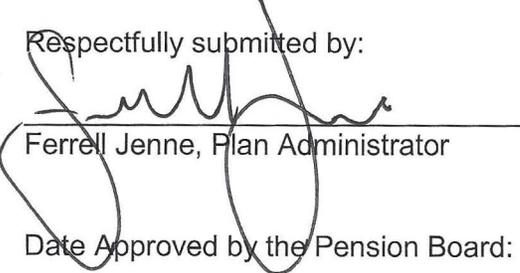
c. **Trustee Reports, Discussion, and Act**

1. The board discussed the upcoming trustee schools. Ferrell Jenne reviewed the reimbursement procedure. Scott Christiansen commented the trustees are required to attend an educational session once per term.
2. Linda Sposito commented she received correspondence from an investment manager to attend a private meeting. Linda commented she declined the invitation. Ferrell Jenne commented any investment managers trying to speak to the board are directed to AndCo.

d. **Adjournment** The meeting adjourned at 12:43PM.

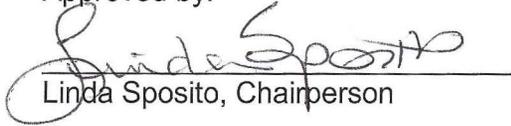
e. **Next Meeting** June 20, 2019, Quarterly Meeting

Respectfully submitted by:



Ferrell Jenne, Plan Administrator

Approved by:



Linda Sposito, Chairperson

Date Approved by the Pension Board:

JUNE 20, 2019