

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, June 20, 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
Kerry Richardville, AndCo Consulting
Mike Welker, AndCo Consulting
Jack Evatt, AndCo Consulting
Mindy Johnson, Salem Trust
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. March 21, 2019, quarterly meeting

The minutes from the March 21, 2019 quarterly meeting were approved, upon motion by John Tiller and second by John Smith, motion carried 5-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #53
 1. Foster & Foster, invoice #14140, \$1,400.00
 2. Foster & Foster, invoice #14162, \$1,213.00
 - ii. Warrant #54
 1. AndCo Consulting, invoice #30300, \$6,000.00
 2. Christiansen & Dehner, invoice #33181, \$1,277.90
 3. Foster & Foster, invoice #14365, \$1,548.83
 4. Garcia Hamilton & Associates, invoice #30293, \$8,543.33
 5. Salem Trust, 1st quarter fees, \$6,748.00
 6. FPPTA, CPPT re-certification fees, invoice #2132, \$60.00
 - iii. Warrant #55
 1. Christiansen & Dehner, invoice #33262, \$1,468.03
 2. Foster & Foster, invoice #14553, \$1,400.00
 3. Foster & Foster, invoice #14578, \$4,180.00
 4. Baron Capital Management, 1st quarter fees, \$6,114.26
 5. United Members Insurance, invoice #06167, \$5,895.00
 - b. New invoices for payment
 - i. Warrant #56
 1. FPPTA, conference registration fee (Bradley Teets), invoice #366, \$700.00
 2. Foster & Foster, invoice #14783, \$1,400.00
 - c. Fund Activity Report for March 15, 2019 – June 13, 2019

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

6. **New Business**

a. Mindy Johnson, Salem Trust

- i. Mindy Johnson reviewed the recent acquisition that occurred on April 1, 2019. Mindy briefly reviewed the Frequently Asked Questions (FAQ) sheet. Mindy commented they would not be changing their platform. Scott Christiansen commented just the parent company was changing, so there was no need to change the custodial contract, as the board still had an agreement with Salem Trust. Mindy commented their functions, roles, and the way they conducted business would not change.
- ii. Mindy Johnson briefly reviewed the quarterly service report and the summary prospectus of the sweep accounts.

7. **Old Business** – None.

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

a. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Firm update and review of services

1. Kerry Richardville introduced Mike Welker and Jack Evatt. Kerry gave a brief overview of the market environment during the quarter. Kerry reviewed the treasury yield curve and commented there was an inversion with the fixed income market posting positive returns. Kerry reviewed the possible interest rate reduction that could occur in July. Kerry commented there was a high chance the cut would occur, and this would boost the returns of the equity market.
2. Kerry Richardville reviewed the current asset allocations and the process they used to identify recessions. The board discussed the future performance of the market. Kerry commented she could provide data to the board that outlines their investment processes.

ii. Quarterly report as of March 31, 2019

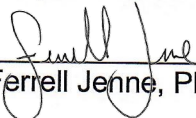
1. Market value of assets of March 31, 2019 were \$46,386,735.
2. Kerry Richardville commented all assets were in line with the Investment Policy Statement (IPS) and there was no need for rebalancing.
3. Total fund gross returns for the quarter were 8.07%, outperforming the policy benchmark of 7.78%. Gross total fund fiscal YTD returns were 0.45%, underperforming the benchmark of 1.30%. Total fund gross trailing returns for the 3 and 5-year periods were 7.81%, and 6.09%. Since inception (3/1/1999) total fund gross earnings were 6.10% outperforming the policy benchmark of 5.31%.
4. Kerry Richardville reviewed the performance of each manager. The board discussed the trailing returns for the international managers. Kerry commented there were some legacy managers in the portfolio that were terminated.
5. Kerry Richardville commented as of May 31, 2019 the market value of assets was \$45,824,680 and the fiscal YTD returns were -0.18%, underperforming the benchmark of 0.72%.
6. The board discussed the current investment return assumption. Ferrell Jenne confirmed the current assumption is 7.00% until October 1, 2023 and then it would step down to 6.75% thereafter. John Tiller expressed concern over the current assumption. The board further discussed the current investment return assumption.
7. Kristine Simeone commented the finance department requested the board to set a reduced investment return assumption via glidepath that aligns with what the plan thinks it would earn.

- Kristine commented the City had historically over contributed each fiscal year.
8. Kerry Richardville commented she liked the managers that were in the portfolio and didn't recommend making any changes.
- iii. Discussion of alternative managers for Transamerica
 1. Kerry Richardville commented the plan was looking to possibly replace Transamerica, as they have trailed on a three-year basis. Kerry reviewed the historical performance of the possible manager replacements and commented it had been a challenging environment for value managers. Kerry commented she still liked Transamerica.
 2. Kerry Richardville reviewed the definition of value managers and their holdings. Bradley Teets gave examples of value holdings.
 3. Kerry Richardville reviewed the manager styles of each possible replacement. Kerry commented each strategy had been around for a long period of time.
 4. Bradley Teets reviewed the performance of Transamerica against First Eagle Overseas R6 and the other international managers that were currently in the portfolio.
 5. Julie McGillivray commented she was not impressed with Transamerica and had been watching them over the last three years.
 6. The board discussed their current overall allocation to international equity and if they wanted to keep a value manager in the portfolio. Kerry Richardville commented she would not recommend making any changes to the portfolio at this time. Julie McGillivray commented she would like to reduce the allocation to Transamerica and increase the allocation to American Funds. Kerry reminded the board they moved from institutional to the R6 share class for Transamerica.
 7. Julie McGillivray asked the board to look at Transamerica again at the end of the year. Scott Christiansen asked if there was a value version of the MSCI. Kerry Richardville confirmed there was a value version. Kerry commented they could show this in future reports.
 8. Kerry Richardville reviewed the MSCI return information.
- b. Christiansen and Dehner, Board Attorney, Scott Christiansen
 - i. Legislative update
 1. Scott Christiansen reminded the board to file their financial disclosure forms to avoid fines.
 2. Scott Christiansen commented he appeared at the first reading of the Plan Restatement and it passed first reading on June 5, 2019. Ferrell Jenne confirmed.
 3. Scott Christiansen commented the legislative session had ended and no changes were made that affected the plan.
 - ii. Summary plan description (SPD)
 1. Scott Christiansen commented the Summary Plan Description (SPD) needed to be updated, as it was last done August 8, 2017. Kristine Simeone commented there was language in the SPD that states the City auditor cannot audit the plan. Scott commented the language was found in the Operating Rules & Procedures, not the SPD.
 2. Scott Christiansen commented they had gone down to approximately sixty-four clients over the last quarter due to the death of Lee Dehner.

The board voted to approve Scott Christiansen updating the Summary Plan Description (SPD), upon motion by John Smith and second by Julie McGillivray; motion carried 5-0.

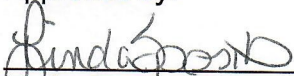
- c. Foster & Foster, Plan Administrator, Ferrell Jenne
 - i. Update on fiduciary liability policy renewal
 - 1. Ferrell Jenne commented the fiduciary liability policy was renewed. The premium was \$57.00 higher than the expiring policy.
 - ii. Update on SB 534 posting
 - 1. Ferrell Jenne reviewed the SB 534 calculation requirements. Ferrell commented all calculations had been done and sent to the City for posting.
 - iii. Educational opportunities
 - 1. Ferrell Jenne commented the FPPTA 35th Annual Conference would be held June 30, 2019 thru July 3, 2019 in Orlando, Florida at the Marriott World Center.
 - 2. Ferrell Jenne informed the board of her pregnancy and the resources that would be available during her maternity leave.
- d. **Trustee Reports, Discussion, and Act** – None.
- e. **Adjournment** The meeting adjourned at 12:20PM.
- f. **Next Meeting** September 19, 2019, 11:00AM, Quarterly Meeting

Respectfully submitted by:



 Ferrell Jenne, Plan Administrator

Approved by:



 Linda Sposito, Chairperson

Date Approved by the Pension Board: September 19, 2019