

**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, September 19, 2019 at 11:00AM

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

**TRUSTEES ABSENT:** John Tiller

**OTHERS PRESENT:** Scott Christiansen, Christiansen & Dehner  
Siera Feketa, Foster & Foster  
Kerry Richardville, AndCo Consulting  
Members of the Public

1. **Call to Order** Linda Sposito called the meeting to order at 11:01AM.
2. **Roll Call** As reflected above.
3. **Public Comments** None.
4. **Approval of Minutes**
  - a. June 20, 2019, quarterly meeting

**The minutes from the June 20, 2019 quarterly meeting were approved, upon motion by John Smith and second by Bradley Teets, motion carried 4-0.**

5. **Consent Agenda**
  - a. Payment ratification
    - i. Warrant #57
      1. AndCo Consulting, invoice #32477, \$6,000.00
    - ii. Warrant #58
      1. Christiansen & Dehner, invoice #33402, \$1,401.10
      2. Foster & Foster, invoice #14899, \$1,550.75
      3. Garcia Hamilton & Associates, invoice #30675, \$8,733.50
      4. Salem Trust, 2nd quarter fees, \$6,904.01
      5. Bradley Teets, FPPTA travel reimbursement, \$870.03
    - iii. Warrant #59
      1. Foster & Foster, invoice #15038, \$1,400.00
      2. Baron Capital Management, 2nd quarter fees, \$6,493.14
    - iv. Warrant #60
      1. Foster & Foster, invoice #15289, \$800.00
      2. Christiansen & Dehner, invoice #33522, \$845.00
  - b. New invoices for payment
    - i. None
  - c. Fund Activity Report for June 14, 2019 – September 12, 2019

**The consent agenda was approved as presented, upon motion by John Smith and second by Bradley Teets; motion carried 4-0.**

1. Julie McGillivray recommended reviewing the consent agenda items in the future for any members of the public who may be present.
6. **New Business**
  1. John Smith asked if a retired member, who retired at age sixty, could work with the City as a contract employee. Scott

Christiansen commented he thought the answer was no because a contract employee was still an employee and falls under the same rules as any other employee. Scott reviewed some differences between an independent contractor and an employee. Scott commented he would have to determine the City's rules of what an independent contractor was. John Smith and Scott Christiansen discussed situations that may have an independent contractor or an employment. Scott added the employment status would need to be evaluated on a case by case basis.

7. **Old Business** – None.

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

a. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Quarterly report as of June 30, 2019

1. Kerry Richardville gave a brief overview of the market environment for the quarter. Kerry commented it was a volatile quarter, but there were some good equity gains.
2. Kerry Richardville reviewed the treasury yield curve.
3. Market value of assets of June 30, 2019 were \$47,373,477.
4. Linda Sposito asked what the rating of Baa meant. Kerry Richardville gave a brief overview of the rating commenting Baa was the lowest rating of what they considered investment grade.
5. Kerry Richardville reviewed the asset allocation of the Fund in comparison to the target allocation in the investment policy statement, commenting all investments were in line with the investment policy statement.
6. Julie McGillivray asked Kerry Richardville to elaborate on what the yield curve was indicative of in relation to the fixed income and the expectation of a potential recession. Kerry reviewed the inverted yield curve, which was not current, but occurred twice recently. Kerry commented the inverted yield curve was typically an indicator of a recession in the next eighteen to twenty-four months. Kerry reviewed the current economic environment commenting it was possible there may be a recession in the next couple of years. Kerry commented from a fixed income standpoint they had managers in a position for rising interest rates. Kerry reviewed the items that had caused recessions in the past.
7. Julie McGillivray asked if the low yield curve was hurting the portfolio. Kerry Richardville commented, if they saw a recession, she expected the fixed income allocation would help the plan.
8. Kerry Richardville gave a brief overview of the plan's strategy commenting they were long-term investors and at this time there were no short-term concerns.

b. S&P 500 Total Return Index History, Drawdowns Trading Days

1. Kerry Richardville reviewed the S&P 500 total return index history. Kerry commented March 2009 was the rebound point. Kerry commented it was a good reminder to do market pull backs from time to time. Kerry commented usually the markets ultimately go up.
2. Kerry Richardville reviewed the importance of staying in the market.
3. Julie McGillivray asked Kerry Richardville if they considered booking their profits and gains. Kerry commented they did not see the merit in distinguishing between realized and unrealized gains for this type of plan. Kerry added they were already performing rebalancing.



4. Linda Sposito asked what the year-to-date (YTD) overall return was for the S&P 500. Kerry Richardville commented fiscal year-to-date (FYTD) was 2.51% for October 1, 2018 through June 30, 2019. Kerry commented for the year, from January 31, 2019 to June 30, 2019 it would be around 15.00%-17.00%.
5. Bradley Teets commented the fourth quarter of last year was pretty low and this year had been good and therefore, it was going to be pretty flat.
6. Julie McGillivray commented AndCo should be doing what they can to determine the factors that would impact the market and asked Kerry Richardville what those factors were. Kerry Richardville reviewed the factors that could impact the market.
7. Julie McGillivray asked Kerry Richardville what factors would move the market up aside from the presidential election and China. Kerry commented the Gross Domestic Product (GDP) numbers and consumer spending.
8. Total fund gross returns for the quarter were 3.15%, underperforming the policy benchmark of 3.41%. Gross total fund fiscal YTD returns were 3.61%, underperforming the benchmark of 4.76%. Total fund gross trailing returns for the 3 and 5-year periods were 8.45%, and 6.24%. Since inception (3/1/1999) total fund gross earnings were 6.19% outperforming the policy benchmark of 5.41%.
9. Kerry Richardville reviewed the returns for each asset class.
10. Kerry Richardville briefly reviewed the Garcia Hamilton Fixed Income strategy commenting they had been running short causing their returns to be lower, but Garcia Hamilton thought rates were artificially low.

c. August 31, 2019 flash report

1. Kerry Richardville commented the month of August was a tough, but the Plan had one of the best returns she had seen for the month. Kerry added September had also been low with a couple of good days.

d. TSW Internation Equity Account Review

1. Kerry Richardville commented TSW came to their office in late July and gave an update on their performance.
2. Kerry Richardville reviewed the price to cash flow positioning and performance commenting the most expensive stocks were the best performing. Kerry reviewed the least expensive stocks and how TSW was positioned.
3. Kerry Richardville reviewed the market cap positioning and performance, commenting the exhibit looked at size. Kerry added they were continuing to watch this and would provide updates.
4. Bradley Teets and Kerry Richardville discussed the interpretation of the report.
5. Julie McGillivray commented TSW was still underperforming. Kerry Richardville commented they had been, but there was a recovery and month by month they were improving. Kerry commented this would be revisited at the next meeting depending on their performance over the next couple of months.
6. Kerry Richardville gave a brief overview of TSW's investment strategy and the headwinds they faced. Kerry briefly reviewed the conditions that would impact TSW's investment strategy. Kerry and Julie McGillivray briefly discussed how TSW's strategy differed from Europacific.

e. Christiansen and Dehner, Board Attorney, Scott Christiansen

- i. Scott Christiansen commented all trustees filed their financial disclosure forms
- ii. Proposed 2020 meeting dates
  1. Scott Christiansen reviewed the proposed 2020 meeting dates.
  2. Bradley Teets asked if the Chambers was available. Siera Feketa confirmed the Council Chambers was available.
  3. Scott Christiansen suggested changing the meeting time to 10:30AM.

**The board approved the 2020 meeting dates with a start time of 10:30AM rather than 11:00AM, upon motion by Julie McGillivray and second by John Smith; motion carried 4-0.**

- iii. Summary Plan Description (SPD)
  1. Scott Christiansen reviewed the updated Summary Plan Description (SPD) commenting it was required to be updated every two years. Julie McGillivray asked Scott why there were recommended language changes. Scott reviewed the reasons for the changes commenting the language was updated due to changes in the plan.
  2. Linda Sposito and Scott Christiansen discussed the early retirement reduction.
  3. Linda Sposito asked if a member should contact Foster & Foster directly to enter the Deferred Retirement Option Plan (DROP). Siera Feketa confirmed Foster & Foster would work with the member directly to enter DROP. Linda commented she would provide the member's information to Siera following the meeting.
  4. Bradley Teets asked if the SPD would be sent to all members. Siera Feketa and the board discussed how the SPD would be distributed to all members.

**The board approved the Summary Plan Description (SPD) as presented, upon motion by John Smith and second by Julie McGillivray; motion carried 4-0.**

- iv. Cyberattack and Cyber Liability Memo
  1. Scott Christiansen reviewed the memo commenting it was prepared by Klausner, Kaufman, Jensen & Levinson's firm.
  2. Scott Christiansen commented he needed to check the coverage with the pension plan and check the coverage with the primary consultants.
  3. Bradley Teets commented they had skepticism on the whole security industry. The board reviewed different areas of security and different ways the plan may be vulnerable.
  4. Linda Sposito asked what AndCo did to protect plan information. Kerry Richardville gave a brief overview of the actions take by AndCo to protect plan information.
  5. Scott Christiansen commented Foster & Foster had a broader spectrum of risk since they had all of the member information as the actuary and the administrator.
  6. Bradley Teets asked if they should send a letter to vendors to determine their current coverage. Scott Christiansen commented Foster & Foster may be working on gathering that information already. Siera Feketa commented they were working on gathering that information and could get a quote for cyber liability coverage for the plan. Scott Christiansen commented the plan may be covered under the City's policy.
  7. Siera Feketa commented, Foster & Foster will gather all coverage for all consultants and plan to present at the next meeting.

- v. Succession plan




1. Scott Christiansen gave a brief overview of the board's concern regarding him being the only attorney left in his firm and what might occur should something happen to him.
  2. Scott Christiansen gave an overview of the requirements under the Florida bar to have a "back up" attorney and the requirements of that attorney should he pass away.
  3. Scott Christiansen commented he had designated Bonni Jensen to be his back up in case something was to happen to him. Scott commented Bonni was his inventory attorney and the paperwork had been completed with the State. Linda Sposito asked where Bonni Jensen was located. Scott commented he believed her firm was located in Plantation, Florida.
  4. The board requested Scott Christiansen provide a letter to the board and the administrator to notify them of who the inventory attorney was.
  5. Kerry Richardville commented she worked with Bonni Jensen and both Bonni Jensen and Scott Christiansen were great attorneys.
- f. Foster & Foster, Plan Administrator, Siera Feketa
- i. Update on proposed Ordinance
    1. Siera Feketa commented Ordinance 1922-19 was adopted and sent to the State on June 26, 2019.
  - ii. Educational opportunities
    1. Siera Feketa commented the FPPTA Fall Trustee School would be held October 6-9, 2019 in Ponte Vedra, Florida.
    2. John Smith commented he paid with his credit card for the registration and would need reimbursement directly rather than the registration being paid to FPPTA. Siera Feketa commented she would ensure that it was processed correctly.
    3. Siera Feketa commented the Florida Division of Retirement 49<sup>th</sup> Annual Police Officers' & Firefighters' Pension Conference would be held October 29-31, 2019 in Orlando, Florida.
- c. **Trustee Reports, Discussion, and Act**
1. Bradley Teets reviewed the Garcia Hamilton & Associates presentation from the conference he attended. Bradley reviewed the different vendors at FPPTA. Bradley commented there were vendors that were individuals who were independently contracted by the plans as an investment manager. Bradley commented if the plans wanted to, they could hire a Chief Financial Advisor (CFA) for around \$100,000. Bradley asked if this was common. Scott Christiansen commented very large state plans might, but he didn't have any plans that had an individual CFA contracted.
- d. **Adjournment** The meeting adjourned at 12:21PM.
- e. **Next Meeting** December 19, 2019, 11:00AM, Quarterly Meeting

Respectfully submitted by:

  
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 Siera Feketa, Plan Administrator

Approved by:

  
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 Linda Sposito, Chairperson

Date Approved by the Pension Board: DECEMBER 19, 2019