

**CITY OF PUNTA GORDA
GENERAL EMPLOYEES PENSION BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES**

Thursday, June 18, 2020 at 10:30AM

Governor Ron DeSantis signed Executive Order 20-69 which suspends all statutes that require a quorum to be present in person or require a local government body to meet at a specific public place. It also provides that local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in section 120.54(5)(b)2, Florida Statutes. Under Executive Order 20-69, the board meeting was held via video conference using Zoom Meeting.

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

TRUSTEES ABSENT: None

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Kim Kilgore, Foster & Foster
Brad Hess, AndCo Consulting
Kristin Simeone, Finance Director
Members of the Public

1. **Call to Order** Linda Sposito called the meeting to order at 10:33AM.
2. **Roll Call** As reflected above.
3. **Public Comments** - None.
4. **Approval of Minutes**
 - a. April 1, 2020, quarterly meeting

The minutes from the April 1, 2020 quarterly meeting were approved upon motion by John Smith and second by Julie McGillivray; motion carried 5-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #66
 1. Garcia Hamilton & Associates, invoice #31531, \$9,305.00
 2. Foster & Foster, invoice #16714, \$3,900.00
 3. AndCo, invoice #34857, \$6,000.00
 4. Christiansen & Dehner, invoice #33914, \$221.00
 5. Foster & Foster, invoice #16853, \$1,400.00
 6. Garcia Hamilton & Associates, invoice #31937, \$9,251.75
 7. Salem Trust, 1st quarter fees, \$6,393.82
 8. Christiansen & Dehner, invoice #33965, \$1,149.20
 9. Christiansen & Dehner, invoice #33966, \$1,326.00
 10. Foster & Foster, invoice #17054, \$1,400.00
 - b. New invoices for payment
 - i. None
 - c. Fund Activity Report for March 26, 2020 – June 11, 2020

The consent agenda was approved upon verification of Garcia Hamilton & Associates past due invoice was not a duplicate payment, upon motion by John Smith and second by John Tiller; motion carried 5-0.

6. **New Business** – None.
7. **Old Business** – None.
8. **Reports (Attorney/Consultants)**
 - a. AndCo Consulting, Investment Consultant, Brad Hess
 - i. Quarterly report as of March 31, 2020
 1. Brad Hess reviewed the market environment during the past quarter showing the negative impact on the market from the COVID 19 virus.
 2. Brad Hess reviewed the asset allocation versus the target allocations, commenting all allocations were in the allowable ranges and no rebalancing was needed at this time.
 3. Brad Hess reviewed the financial reconciliation through the last quarter.
 4. Market value of assets of March 31, 2020 was \$44,390,794.
 5. Total fund gross returns for the quarter were -11.80%, underperforming the policy benchmark of -9.91%. Gross total fund fiscal YTD returns were -7.28%, underperforming the benchmark of -5.68%. Total fund gross trailing returns for the 3 and 5-year periods were 3.83% and 3.88%. Since inception (3/1/1999) total fund gross earnings were 5.65% outperforming the policy benchmark of 4.99%.
 6. Brad Hess reviewed each of the investment managers performance during the past quarter.
 7. Bradley Teets asked if it would be a good time to scale back on the real estate investment before values go down. Brad Hess stated the real estate managers had already started to scale back. Brad further commented the plan's portfolio had a 10.00% exposure in real estate which was appropriate.
 8. Conversation ensued between the trustees and investment consultant about the pandemic and the best way to manage the fund.
 9. John Tiller asked what kind of liquidity they had with the real estate investment. Brad Hess stated it could take up to two quarters to redeem the real estate investment. John Tiller commented when rebalancing they should not add any dividends to the real estate investment. Bradley Teets agreed on not putting any more money into real estate.

The Board approved to change the current rebalancing instructions with no additional cash going to the real estate investment, upon motion by John Tiller and second by Bradley Teets; motion carried 5-0.

10. By consensus, the board would like to add the discussion of the rebalancing of the dividends of the real estate investments to the next quarterly meeting.
- ii. Flash report as of May 31, 2020
 1. Brad Hess reviewed the flash report through May 31, 2020.
 2. The market value of assets as of May 31, 2020 was \$48,852,043.

3. Brad Hess commented the asset allocations as of May 31, 2020 were still close to the Investment Policy Statement (IPS) targets.
 4. Julie McGillivray asked about the last 17 days in the market and Brad Hess commented there had been a pickup of volatility with worries of COVID 19 cases increasing and when a possible vaccine would be available.
- b. Christiansen and Dehner, Board Attorney, Scott Christiansen
- i. Scott Christiansen reminded the Board to file their financial disclosure forms by July 1st to avoid penalties.
 - ii. Scott Christiansen commented the Board's election of officers would need to happen at the next quarterly meeting.
 - iii. Scott Christiansen commented there was no legislative update at this time.
 - iv. Scott Christiansen reviewed the upcoming federal law change on reemployed retired members with the reduction in age from 62 to 59 ½ to continue receipt of the pension benefit after being reemployed.
 - v. Julie McGillivray asked if this plan provision change would impact the funding cost. Scott Christiansen commented the City would not save, since the benefit could continue to be paid at an earlier age.
 - vi. John Tiller stated he had a problem with a retiree continuing to work with the City after starting their pension.
 - vii. John Smith commented the retiree would be able to work elsewhere and still receive a benefit, they just could not work with the City.
 - viii. The Board approved to change the Ordinance with the new federal law to continue to receive a pension benefit after reemployment with the plan at age 59 ½.
 - ix. Scott Christiansen commented a disability application was received from plan member, David Hilston, and they were currently waiting on the interrogatories to be returned by the member. Scott further reviewed the disability process on collecting the member's medical records, conducting the Individual Medical Evaluation (IME) and setup of the initial hearing with the Board. Scott stated the member had been terminated by the City due to medical reasons on June 1st. Julie McGillivray asked if the member was represented by council and Scott stated that he was not. Julie asked if member had the capability to respond due to his disability. Scott stated they would contact the member to see if he needed any assistance on completing the documentation requested from him.
 - x. Scott Christiansen reviewed the recent active member, Tim Smallwood, who had died and left his ex-wife as the primary beneficiary. Scott explained the State law which came into effect in 2012 required the redesignation of an ex-spouse after the final divorce if a benefit was to continue to them. The beneficiary form on file for Mr. Smallwood was completed when he was hired and had listed his ex-spouse as beneficiary and one of his daughters as secondary. Scott stated due to this law since the ex-spouse was not redesignated after the divorce the benefit would be released to the contingent beneficiary. Scott further stated a memo was sent out to all members to inform them of this new law back in 2012.
 - xi. Kim Kilgore discussed performing a beneficiary campaign for all members to update their beneficiary forms. Kim further stated if Foster & Foster handled the project there would be an hourly rate charge and would take approximately four hours to complete. Kim suggested Foster & Foster could create and send out the email and have the City collect all the completed beneficiary forms from the members with no cost for the

project. Kristin Simeone, the City's Finance Director, stated the City could collect the forms, since they would like to file them in the member's file as well. Kristin further stated during the annual open enrollment for employees the beneficiary forms could be referenced to remind employees to make any necessary updates. Scott Christiansen recommended he review the email that would be sent out to members for any additional items to be mentioned.

The Board approved for the administrator to communicate to all members to complete a new beneficiary form, upon motion by John Smith and second by Julie McGillivray; motion carried 5-0.

- c. Foster & Foster, Plan Administrator, Kim Kilgore
 - i. Fiduciary liability insurance renewal
 - 1. Kim Kilgore commented the fiduciary insurance policy expired on July 8, 2020 and to renew for an additional year would cost \$5,948.00, which would be \$53.00 higher than last year.

The Board approved the renewal of the fiduciary liability insurance policy, upon motion by Julie McGillivray and second by John Smith; motion carried 5-0.

- ii. Educational opportunities
 - 1. Kim Kilgore commented FPPTA was currently conducting a virtual learning series and a trustee could receive continuing education credit for attending 6 out of the 10 sessions presented.
 - 2. Kim Kilgore commented the FPPTA 36th Annual Conference would be held October 4-7, 2020, in Orlando, Florida.
- iii. Kim Kilgore commented the presentation of the Foster & Foster member portal would be conducted at our next physical meeting.

9. **Trustee Reports, Discussion, and Action**

- a. John Tiller commented after reviewing the fund's financial results for the past five years he was concerned about the 7.00% assumed rate of return being used in the next valuation.
- b. Scott Christiansen stated the board had approved a reduction in the assumed rate to 6.75% beginning October 1, 2023.
- c. Conversation ensued between the trustees on lowering the assumed rate of return amount for the October 1, 2020 valuation from 7.00%.
- d. John Smith commented we should wait the course until the pandemic has subsided and stay where we are now with the 7.00%.
- e. Linda commented it would not hurt to wait until valuation was presented with the 7.00% and decide at that time.
- f. John Tiller stated he was not requesting a full valuation but an actuarial study.

The Board approved for the Actuary to perform an actuarial study not to exceed a cost of \$1,500, on reducing the assumed rate of return to 6.75% for October 1, 2020 and to 6.50% for October 1, 2023 valuations, motioned by John Tiller and second by Julie McGillivray, motion carried 5-0.

10. **Adjournment** - The meeting adjourned at 12:27PM.

11. **Next Meeting** - September 17, 2020, 10:30AM, Quarterly Meeting

Respectfully submitted by:



Kim Kilgore, Plan Administrator

Approved by:

Linda Sposito, Chairperson

Date Approved by the Pension Board: 9/17/2020