

**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, December 17, 2020 at 10:30AM

TRUSTEES PRESENT: Julie McGillivray
Bill Page
John Smith
Linda Sposito
Bradley Teets

TRUSTEES ABSENT: None

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Patrick Donlan, Foster & Foster
Kerry Richardville, AndCo Consulting
Kim Kilgore, Foster & Foster
Kristin Simone, City Finance Director

1. **Call to Order** Linda Sposito called the meeting to order at 10:32AM.
2. **Roll Call** As reflected above.
3. **Public Comments** - None.
4. **Approval of Minutes**
 - a. September 17, 2020, quarterly meeting

The minutes from the September 17, 2020 quarterly meeting were approved upon motion by Julie McGillivray and second by Bradley Teets; motion carried 5-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #70
 1. Christiansen & Dehner, invoice #34178, \$828.00
 2. Christiansen & Dehner, invoice #34179, \$1,284.20
 3. Foster & Foster, invoice #18038, \$1,400.00
 4. AndCo, invoice #36384, \$6,000.00
 5. FPPTA, Pivot 2020 registration fee (J. Smith), invoice #3032, \$250.00
 - ii. Warrant #71
 1. Christiansen & Dehner, invoice #34252, \$1,108.15
 2. Christiansen & Dehner, invoice #34253, \$1,874.82
 3. Foster & Foster, invoice #18305, \$1,400.00
 4. Garcia Hamilton & Associates, invoice #32770, \$9,252.39
 5. Salem Trust, 3rd quarter fees, \$7,451.64

- 6. Baron Capital Management, 3rd quarter fees, \$7,784.59
- 7. Foster & Foster, invoice #18497, \$1,400.00
- 8. Christiansen & Dehner, invoice #34359, \$1,265.00

- b. New invoices for payment
 - i. None
- c. Fund Activity Report for September 11, 2020 – December 10, 2020

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

6. **New Business**

- a. Welcome to the new city appointed trustee: Bill Page
 - i. Linda Sposito welcomed Bill Page who was appointed by the city to serve as a trustee of the plan.
 - ii. Bill Page introduced himself and gave a brief overview of his background and work experience.
 - iii. Scott Christiansen advised the new trustee on the requirement of filing a financial disclosure.
- b. Florida Public Pension Trustee Association (FPPTA) membership renewal
 - i. Kim Kilgore stated the annual FPPTA membership renewal fee was due in the amount of \$620.00. John Smith commented the Certified Public Pension Trustee (CPPT) fees also needed to be paid.

The Board approved to renew the 2021 FPPTA annual membership and pay the CPPT fees due upon motion by John Smith and second by Bradley Teets; motion carried 5-0.

- ii. Scott Christiansen reviewed the educational requirement per the Board's operating procedures for each trustee to attend a training regarding trustee responsibilities at least once each term. Scott Christiansen further stated new trustees should attend training within six months of their term start date.

7. **Old Business** – None.

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

- a. Foster & Foster, Actuary, Patrick Donlan
 - i. October 1, 2020, valuation report
 - 1. Patrick Donlan stated the October 1, 2020 valuation report presented today determined the contributions effective beginning October 1, 2021.
 - 2. Patrick Donlan stated the minimum required contribution had decreased from \$1,701,258 to \$1,510,954 annually from the previous valuation reporting period. Patrick further stated the City's annual contribution amount decreased from \$1,359,765 to \$1,219,224.
 - 3. John Smith asked about the \$50,000 decrease in member contribution from the previous valuation. Patrick commented the active members contributing had dropped from 73 members to 61 members due to 1 terminated, 1 death, 2 retired and 8 who

entered DROP. Patrick further reviewed with the plan closing they would expect the member contribution to continue to go down.

4. Patrick Donlan commented the plan experience was favorable overall for meeting the plan's assumptions. Patrick commented the sources of actuarial gain included the investment return of 8.13% (Actuarial Asset Basis) which exceeded the 7.00% assumed rate. Patrick further commented there were gains on the active and inactive mortality experiences. Patrick commented these gains were offset by a loss experienced with more retirements than expected.
5. Patrick Donlan reviewed the net pension liability had a nice improvement decreasing from \$7,550,908 to \$6,952,604 due to the good investment return.
6. Patrick Donlan reviewed the change in the smoothing method for the rate of return from 4 years to 5 years to help when there was volatility in the market. Patrick further reviewed the new method would be by dollar amount instead of percentage beginning October 1, 2021.
7. Bradley Teets asked about the difference of using dollar amount versus the percentage for the previous valuations and the effect on the City's contribution. Patrick Donlan commented it would not make much difference in the long run. Bradley Teets commented with less members contributing, and more members being paid out, the absolute dollar amount versus percentage may have an adverse effect on the change up or down.
8. Julie McGillivray asked how many plans were currently using this dollar method. Patrick commented around 90% of his plans would be changing to the 5-year method. Patrick explained the goal on using the dollar amount would help mathematically when there was volatility in the market.
9. Patrick Donlan commented the actuarial assumptions and methods changed from the previous valuation were the use of the State mandated mortality rates, investment returns reduced to 6.75% and the asset valuation method changes to spread investment gains and losses over a five-year period. Patrick Donlan further reviewed these changes increased the Unfunded Actuarial Accrued Liability (UAAL) by \$1,072,771.
10. Patrick Donlan commented the UAAL balance had decreased from \$7,797,934 to \$7,184,057 with an annual payment by the City of \$814,828.
11. Patrick Donlan reviewed history of asset values and investment returns since 1996.
12. Patrick Donlan commented the plan's funding ratio in 2010 was 74.80% compared to 2020 funding ratio of 87.60%. Patrick Donlan stated most plans try to be funded between 80% to 100%.

The Board approved the valuation report as presented, upon motion by John Smith and second by Julie McGillivray; motion carried 5-0.

The Board voted the declaration of returns for the plan shall be 6.75% for the next year, the next several years and 6.50% for the long-term thereafter net of investment related

expenses as recommended by the Investment Consultant, upon motion by Julie McGillivray and second by John Smith; motion carried 5-0.

b. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Quarterly report as of September 30, 2020

1. Kerry Richardville reviewed the market environment during the past quarter showing another strong quarter of returns. Kerry commented the quarter return performance for the S&P was around 9.00%.
2. Kerry Richardville reviewed a graph showing the US Treasury yield curve at the end of each of the last four calendar quarters.
3. Market value of the total assets as of September 30, 2020 was \$50,803,460.
4. Total fund allocation was Domestic Equity at 36.50%, International Equity at 14.70%, Domestic Fixed Income at 38.10%, Real Estate at 9.50% and Cash at 1.20%.
5. Kerry Richardville reviewed the asset versus the target allocation stating there was no need to rebalance at this time.
6. Total fund gross returns for the quarter were 5.48% (22nd percentile), outperforming the policy benchmark of 4.51% (66th percentile). Gross total fund fiscal YTD returns were 10.03%, outperforming the benchmark of 9.40%. Total fund gross trailing returns for the 3, 5 and 10-year periods were 7.89%, 8.47% and 8.67%. Since inception (3/1/1999) total fund gross earnings were 6.36% outperforming the policy benchmark of 5.59%.
7. Kerry Richardville reviewed each of the investment managers returns for the past quarter commenting they had very strong returns.
8. The market value of assets as of November 30, 2020 was \$55,073,429 with a fiscal year performance of 5.34%.
9. Julie McGillivray commented for the quarter the Credit Suisse investment versus expenses seemed to be a moderate performer. Kerry Richardville stated historically this investment would add value during times of market correction. Kerry further stated they may not perform as well during up markets, but they protect very well during down markets. Julie was concerned about the 70-basis point fee and the 2.75% return and holding this investment long term. Kerry commented this investment was giving a little more value than fixed income but in a cautious manner. Kerry stated at any time if the Board would like she could present other investors to consider.

c. Christiansen and Dehner, Board Attorney, Scott Christiansen

- i. Scott Christiansen reminded the Plan Administrator to send the annual report of investment activity to the City as required by the State.
- ii. Scott Christiansen stated David Hilston had withdrawn his application for disability pension and there was no further action required on this case.
- iii. Scott Christiansen reviewed at the last meeting the board approved a proposed Ordinance for Internal Revenue Service (IRS) requirements and some housekeeping updates which he presented to the City council and

was ultimately adopted on November 18th, 2020. Scott stated the approved Ordinance was sent to the State as required.

iv. Scott Christiansen stated there were no legislative items which would affect the pension plan to report to the Board at this time.

d. Foster & Foster, Plan Administrator, Kim Kilgore

i. Foster & Foster cyber liability insurance

1. Kim Kilgore commented Foster & Foster increased their cyber liability coverage from \$1 million to \$2 million per claim.

ii. Educational opportunities

1. Kim Kilgore reviewed the upcoming FPPTA Winter Trustee School from January 24-27, 2021 in Orlando had been cancelled. FPPTA would be replacing the on-site Trustee school with a virtual program over three months in March, April, and May. Kim suggested the new trustee attend the Pension Fundamentals for New Trustees program in March.

2. John Smith commented he attended last year's virtual program which was well organized and very informative and would recommend trustees to attend.

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

i. Julie McGillivray announced she was resigning from the Board effective December 31, 2020 due to other commitments.

ii. The Board thanked Julie McGillivray for her service and wished her the best for the future.

iii. Scott Christiansen reminded Julie McGillivray to file her final disclosure within sixty days of leaving. Scott commented the new council trustee appointment would finish Julie's term through April 1, 2022.

10. **Adjournment** - The meeting adjourned at 11:37AM.

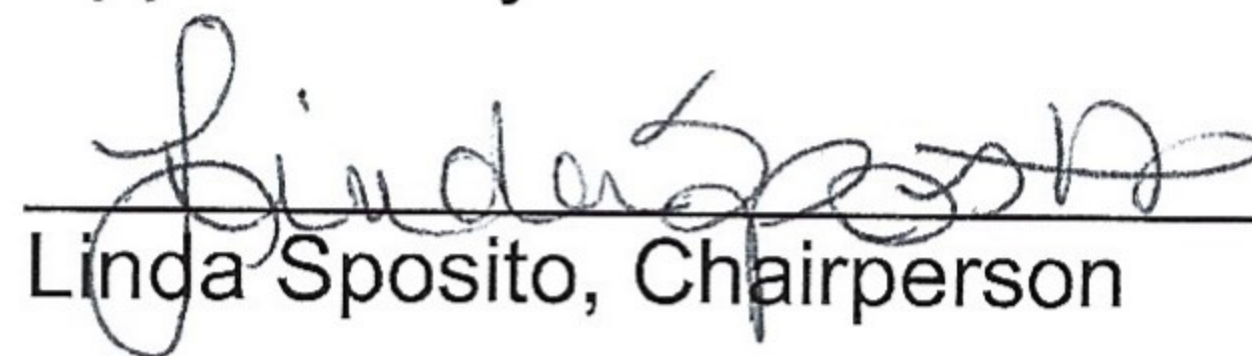
11. **Next Meeting** – March 18, 2021, 10:30AM, Quarterly Meeting

Respectfully submitted by:



Kim Kilgore, Plan Administrator

Approved by:



Linda Sposito, Chairperson

Date Approved by the Pension Board:

3/18/2021