

**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 17, 2021 at 10:30AM

TRUSTEES PRESENT: Linda Sposito
Bill Page
John Smith
Bradley Teets
Harry Bartell

TRUSTEES ABSENT: None

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Kerry Richardville, AndCo Consulting
Chrissy Stoker, Foster & Foster
Kristin Simeone, City Finance Director

1. **Call to Order** – Linda Sposito called the meeting to order at 10:30AM and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**
 - a. March 18, 2021, quarterly meeting

The minutes from the March 18, 2021, quarterly meeting were approved as presented, upon motion by John Smith and second by Bill Page; motion carried 5-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #75
 1. Baron Capital Management, 4th quarter fees, \$9,435.16
 2. AndCo, invoice #37902, \$6,000.00
 3. Foster & Foster, invoice #19303, \$1,606.54
 4. Christiansen & Dehner, invoice #34634, \$1,097.10
 5. Foster & Foster, invoice #19542, \$1,400.00
 6. Salem Trust, 1st quarter fees, \$8,371.19
 7. Garcia Hamilton & Associates, invoice #33817, \$9,612.65
 - ii. Warrant #76
 1. FPPTA, invoice #4156, CEU registration for L. Sposito, \$450.00
 2. Foster & Foster, invoice #19910, \$1,400.00
 3. Christiansen & Dehner, invoice #34683, \$184.00

- b. New invoices for payment
 - i. None
- c. Fund Activity Report for March 12, 2021 – June 10, 2021

The Board approved the consent agenda as presented, upon motion by John Smith and second by Harry Bartell; motion carried 5-0.

6. **New Business**

- a. Welcome to Council appointed trustee, Harry Bartell
 - i. The Board welcomed Harry Bartell back to the pension board.
- b. Term expiration, Bradley Teets, 5th Trustee; expires 7/15/21
 - i. Linda Sposito commented Bradley Teets' term would expire on 7/15/21. Scott Christiansen commented since Bradley was the 5th Trustee, he was selected by the other four and they could motion to re-elect him if they wanted him to continue serving on the Board.

The Board voted to re-elect Bradley Teets as the 5th trustee, upon motion by Harry Bartell and second by Bill Page; motion carried 4-0.

- ii. Scott Christiansen reminded Chrissy Stoker to send Bradley Teets' name to the City Council for ratification and Chrissy commented she would make sure this was done.

7. **Old Business**

- a. Bill Page asked if the Fire Board purchased the Foster & Foster Pension Portal and Chrissy Stoker commented they did not purchase it yet but were very interested. Kristin Simeone commented she attended the meeting of the Fire Board and they would very likely purchase the Portal but wanted to see what the other Boards decided and survey the membership.
- b. Chrissy Stoker commented there would be group discount if all three Boards purchased the Portal. Scott Christiansen commented there would be a separate fee for each Board with a provision in the contract that showed a group discount if all other Boards also signed on.
- c. Linda Sposito inquired about the fees for each Plan and how they were determined.
- d. Scott Christiansen clarified the discount would be on the annual fee not the implementation fee.
- e. Kristin Simeone stated the Fire Board only had their Portal demonstration at today's meeting, so they had not surveyed their membership yet.
- f. Linda Sposito commented she believed the Board was uncertain of who would use the Portal based on the Plan's active membership. Bradley Teets commented one drawback would be there were not many active participants and that number would continue to drop, as the plan was closed.
- g. Bill Page commented he would like to see a breakdown of the cost per employee.
- h. Kristin Simeone referred to the most recent valuation report, commenting as of 9/30/20 there were 61 active members, 27 members in the Deferred Retirement Option Plan (DROP), 117 retirees, and 9 beneficiaries. Linda Sposito commented

over the next 5 years, there would be many members retiring. Kristin further provided a breakdown of the ages of the current membership.

- i. Scott Christiansen commented if the Board was unhappy with the Portal, they were not locked in and it could be discontinued. Bradley Teets commented if the Portal was to be purchased, its use should be tracked.
- j. Linda Sposito asked if Foster & Foster would assist any members who were less familiar with computers or needed assistance with the Portal and Chrissy Stoker commented they would host a workshop for the active membership, and anyone who needed help logging in or running calculations could call Foster & Foster for assistance.
- k. John Smith commented he believed there was only a small number of people close to retiring so it would be a lot of money to spend for such a small group of people. Kristin Simeone and the Board further discussed the demographics of the membership and whether purchasing the Portal would be worth the cost.
- l. Linda Sposito asked if they purchased the Portal and subsequently decided to opt out, could a member still get two free benefit calculations and Scott Christiansen commented this was correct, as the number of calculations provided to a member at the plan's expense was determined by the Board.

The Board voted to table discussion of the Portal until they knew what the Police and Fire Boards decided, upon motion by John Smith and second by Bradley Teets; motion carried 5-0.

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

a. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Quarterly report as of March 31, 2021

1. Kerry Richardville gave an overview of the market over the quarter, commenting returns were broadly positive. Kerry commented the economy was largely driven by the effects of the federal fiscal stimulus and the deployment of the COVID vaccines.
2. Kerry Richardville commented higher beta, smaller company stocks outperformed mid and large cap companies throughout the quarter, and value stocks outperformed growth stocks.
3. Kerry Richardville commented bonds produced negative returns as long-term interest rates rose and the yield curve steepened.
4. The Market Value of Assets as of 3/31/21 was \$56,538,463.
5. Kerry Richardville reviewed the plan's asset allocations. Kerry commented they were a bit over weighted to equities and underweight in fixed income but were still within the parameters of the Investment Policy Statement (IPS). Kerry commented they may still need to rebalance.
6. Total fund net returns for the quarter were 1.83%, outperforming the policy benchmark of 1.59%. Total fund net Fiscal YTD returns were 10.39%, outperforming the benchmark of 9.77%. Total fund net trailing returns for the 3, 5 and 10-year periods were 9.89%, 9.45% and 7.95%. Since inception (3/1/1999) total fund net earnings were 6.25% outperforming the policy benchmark of 5.95%.
7. Kerry Richardville reviewed the performance of each manager.
8. Kerry Richardville and the Board briefly discussed real estate.

- ii. Flash report as of May 31, 2021
 - 1. Kerry Richardville reviewed the monthly flash report as of 5/31/21, commenting the markets were very strong going into the last quarter of the fiscal year.
 - 2. Kerry Richardville commented equity markets had continued to do well and fixed income was falling behind. Kerry recommended to take \$400,000 from the Vanguard 500 Index Fund and put it into the Garcia Hamilton Domestic Fixed Income fund.

The Board voted to rebalance as recommended by the investment consultant, upon motion by Bill Page and second by John Smith; motion carried 3-2, with Harry Bartell and Bradley Teets opposing.

- iii. US Small Cap Value Equity Manager Analysis
 - 1. Kerry Richardville presented an analysis of US Small Cap Value Managers to complement the plan's growth managers.
 - 2. Kerry Richardville reviewed the candidates, their strategies, managers, holdings, and position sizes. Kerry commented these funds did not have any foreign exposure.
 - 3. Kerry Richardville reviewed the long-term performance and risk-return measures of each manager.
 - 4. Kerry Richardville recommended the Board to interview a couple of the managers, commenting this could be done over the phone. Linda Sposito commented she agreed they should conduct manager interviews. Kerry and the Board further discussed the manager analysis.

The Board voted to invite JP Morgan and American Beacon to present at the next meeting for discussion, upon motion by Bradley Teets and second by Bill Page; motion carried 5-0.

- 5. Harry Bartell requested Kerry Richardville to clarify whether the manager returns were gross or net of fees. Kerry commented she would find out and let him know.
- b. Christiansen and Dehner, Board Attorney, Scott Christiansen
 - i. Scott Christiansen reviewed the requirement for Trustees to file their financial disclosure statements, commenting they must file prior to July 1st to avoid fines. Scott commented they could check to see if their form was filed by going to the Florida Commission on Ethics website.
 - ii. Scott Christiansen commented no bills passed this session that would affect public pensions.
 - iii. Scott Christiansen commented there was a statutory requirement for the Summary Plan Description (SPD) to be updated every two years and redistributed to the membership, and this was last done in September 2019, so it was time to update.

The Board voted to authorize the plan attorney to update the Summary Plan Description, upon motion by Harry Bartell and second by Bradley Teets; motion carried 5-0.

- iv. Scott Christiansen reviewed the PF-29, Member's Pre-Retirement Election of Benefit Option commenting this form provided documentation for a member who worked beyond Normal Retirement Age to elect a benefit in the event they passed away prior to actually retiring. Chrissy Stoker commented she would send the form out to the Board at the conclusion of the meeting.
 - v. Scott Christiansen commented there was a State law providing that each trustee must vote on any issue that came before the Board unless a trustee had a specific private gain associated with his or her vote. Scott clarified all trustees were required to vote when a motion was made.
- c. Foster & Foster, Plan Administrator, Chrissy Stoker
- i. Chrissy Stoker reviewed the SB534 posting requirements, commenting Section 112.664 required that the plan's most recent financial statement and actuarial valuation, a link to the Division of Retirement Actuarial Summary Fact Sheet, and a 5-year side-by-side comparison of the assumed and actual rates of return was posted on the website. Chrissy commented all information was received and sent to the City and had been posted on the website.
 - ii. Chrissy Stoker commented the Board's fiduciary liability policy would expire on 7/8/21. Chrissy commented the renewal quote from Ullico was \$5,995, which was \$47 more than the expiring premium.

The Board voted to renew the fiduciary liability policy with Ullico, upon motion by John Smith and second by Bill Page; motion carried 5-0.

- iii. Chrissy Stoker reviewed the upcoming FPPTA Annual Conference, commenting Foster & Foster had not received any requests from trustees to be registered for the conference and the Board confirmed this was correct.

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

- a. Harry Bartell asked about the membership fee for FPPTA and if the fee could be discounted if a trustee opted out. Scott Christiansen commented the fee covered the entire Board, not individual trustees, and there were also additional costs to attend the conferences and schools. Linda Sposito commented they fulfilled their educational obligations through the FPPTA. Bradley Teets asked how many plans around the state were members versus non-members and inquired how Boards who were not members got their continuing education. Scott commented Police and Fire pension plans could utilize the Division of Retirement's educational session but commented FPPTA was broader because it incorporated General pension plans as well.
- b. Bill Page asked about the number of calculations each member received without purchasing the Portal and Scott Christiansen confirmed members received one estimate and one final calculation. Scott stated the Board could change this at any time.
- c. Linda Sposito inquired about the "green sheets" and Chrissy Stoker explained these showed only the member's current monthly salary as opposed to using the best 5 of the last 10 years. Kristin Simeone confirmed the green sheets were estimates.

d. John Smith reminded the Board if they were going to the FPPTA Annual Conference for CEUs, they would only get 5 credit hours, whereas attending an FPPTA school would get them 10 continuing education credits.

10. **Adjournment** – The meeting adjourned at 12:01PM.

11. **Next Meeting** – September 16, 2021, 10:30AM, Quarterly Meeting

Respectfully submitted by:

Chrissy Stoker
Chrissy Stoker, Plan Administrator

Approved by:

Linda M Sposito
Linda Sposito, Chairperson

Date Approved by the Pension Board: Sept. 16, 2021