

**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 16, 2021, at 10:30AM

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

**TRUSTEES ABSENT:** None

**OTHERS PRESENT:** Scott Christiansen, Christiansen & Dehner  
Kerry Richardville, AndCo Consulting  
Chrissy Stoker, Foster & Foster  
Braeleen Scott, Foster & Foster  
Kristin Simeone, City Finance Director  
Kate Hurley, JP Morgan (via phone)  
Mike Tyrrell, JP Morgan (via phone)  
Kase Kinney, American Beacon (via phone)  
Colin Hamer, American Beacon (via phone)  
Members of the Plan

1. **Call to Order** – Linda Sposito called the meeting to order at 10:35AM and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**
  - a. September 16, 2021, quarterly meeting

**The minutes from the September 16, 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 #80
      1. Foster & Foster, invoice #21419, \$1,715.81
      2. FPPTA, invoice #5327, CEU registration for L. Sposito, \$750.00
      3. AndCo, invoice #39447, \$6,000.00
    - ii. Warrant #81
      1. Christiansen & Dehner, invoice #34953, \$1,759.90
      2. Garcia Hamilton & Associates, invoice #34532, \$9,961.25
      3. Foster & Foster, invoice #21593, \$1,400.00
      4. Salem Trust, 3<sup>rd</sup> quarter fees, \$8,612.4
    - iii. Warrant #82
      1. Foster & Foster, invoice #21837, \$1,400.00
      2. FPPTA, invoice #5597, CPPT recertification fees for L. Sposito and J. Smith, \$124.00
      3. Baron Capital Management, 3<sup>rd</sup> quarter fees, \$9,058.80

- b. New invoices for payment
  - i. None
- c. Fund Activity Report for September 10, 2021 – December 9, 2021

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

6. **New Business**

- a. Upcoming trustee term expirations
  - i. Chrissy Stoker commented Bill Page's term was expiring soon, as he was a Council-appointed Trustee filling the remaining term of John Tiller through 10/21/22. Chrissy asked Bill if he wanted to continue to serve on the Board and Bill confirmed he did. Chrissy commented she would reach out to the City to ensure his name was added to a future Council agenda for consideration.
  - ii. Chrissy Stoker commented Bob Bartell was a Council-appointed Trustee who was filling the remaining term of Julie McGillivray, and his term would expire on 4/1/22. Chrissy asked Bob if he wanted to continue to serve on the Board and Bob confirmed he did. Chrissy commented she would submit his name to the City for consideration as well.
- b. Periodic review of vendors
  - i. Chrissy Stoker commented this agenda item was added at the request of Bob Bartell. Bob commented he had served on both the General Board and the Police Board, and while there had been many changes over the years, the one thing that had not changed was the Board's vendors. Bob commented the Board had an obligation to review the performance of their vendors and to review alternative vendors at least periodically.
  - ii. Linda Sposito commented she was open to this discussion, but if they did not have any issues with any vendor(s), she wondered why they would go through the trouble. Bob Bartell commented they did not know if there were other vendors who were equally qualified or had better prices. Bob stated he did not mean to include investment managers in this review, as they were reviewed on a quarterly basis.
  - iii. Bradley Teets commented they would need to obtain a list of other vendors who could provide services to the Board, possibly from the FPPTA. Linda Sposito commented there may be some sort of performance measurement of vendors out there.
  - iv. Linda Sposito reiterated the Board was open to looking at information but was not taking any action at this meeting. Bill Page commented interviewing other vendors without having any problems with the current vendors may be a waste of time.

*Scott Christiansen arrived at 10:50AM.*

- v. Linda Sposito commented she wanted Scott Christiansen's input about the periodic review of vendors. Linda asked Scott if he knew of any measurement tool for vendor performance. Scott commented he was not aware of any list and added there was no legal requirement to change or review the vendors. Linda commented they did not have any problems or concerns, but the Board would be doing its due diligence.
- vi. John Smith commented he believed the FPPTA had a list of all their members and who was using which vendor. Scott Christiansen commented this list did not evaluate the vendors, it only showed who was using which vendor. Scott commented if they wanted to do an analysis of any given vendor, they would need to do a Request for Proposals or Request for Information.
- vii. By consensus the Board agreed to request a list of vendors for review.



7. **Old Business**

a. Portal discussion

- i. Chrissy Stoker stated this item was tabled at the last meeting until the full Board could be present to make a decision
- ii. Chrissy Stoker reminded the Board the Fire Board elected to purchase the portal last quarter. Chrissy commented if the General Board signed on, there would be a separate fee for each Board but a provision in the contract would show a group discount on the annual fee. Chrissy commented the set-up fee was \$2,500 and the ongoing annual fee was \$5,000 for bi-weekly payroll updates. Chrissy commented the annual fee was locked in for 5 years but the portal itself was not so if the Board decided they were unhappy with it, the Portal could be discontinued. Chrissy added Foster & Foster would host a workshop for the membership to educate them about the portal and their retirement benefits, and any member needing help logging in or running calculations could call Foster & Foster for assistance.
- iii. John Smith commented the portal would really only help active employees in the pension plan and not DROP participants. John commented there were 62 active members when this discussion began, and the new valuation report showed only 52 active employees. Bradley Teets commented the Fund Activity Report showed even more members retiring. John commented there would not be many actives left to use the portal, and the cost was the same regardless of how many members there were so the cost per employee was going up as the plan shrunk in size. John commented the only people who would need to use it would be the actives and with the plan being closed and the age of the membership increasing, there would be more and more people in the DROP that already had their benefits calculated and would have no use for the portal.
- iv. Linda Sposito commented out of the 52 active members, some did not have computer access or would need help anyway so the number of people actually using the portal would likely be considerably less than 52.
- v. The Board discussed the benefits and drawbacks of purchasing the portal and noted the large number of members eligible for retirement in the next 5 years.

**The Board voted to decline purchasing the Foster & Foster pension portal, upon motion by Bob Bartell and second by John Smith; motion carried 5-0.**

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

a. AndCo Consulting, Investment Consultant, Kerry Richardville

i. Small Cap Value manager interviews

1. Kerry Richardville reminded the Board they previously discussed adding a Small Cap Value (SCV) allocation to the portfolio. Kerry commented they had a Small Cap Growth (SCG) manager with Baron but nothing on the Value side, so they explored possibly pairing a SCV manager with Baron. Bradley Teets asked Kerry where the money would come from. Kerry commented she would take some from Baron and put it into a SCV fund.

ii. American Beacon, Investment Managers, Kase Kinney & Colin Hamer (via phone)

1. Kase Kinney introduced himself and Colin Hamer and reviewed their experience with American Beacon.
2. Kase Kinney reviewed how they selected managers using the Quadrant Analysis Approach.
3. Kase Kinney reviewed the fund's sub-advisors, objective, strategy, and investment style. Kase commented they paired managers together to give exposure to deep value, traditional value, and relative value. Colin Hamer explained the difference between deep, traditional, and relative value.

4. Kase Kinney reviewed the performance of the fund on a rolling 1, 3, 5, and 10-year basis.
  5. Bob Bartell asked what share class they would be in. Kerry Richardville commented they would be in the R6 Share Class.
  6. Bob Bartell asked if the returns were calculated net or gross of fees. Kase Kinney commented the returns were net of fees. Kase commented the rolling return numbers were net of fees as well. Bob asked what the benchmark for the fund was and Kase commented it was the Russell 2000 Value Index. Bob and Kase discussed the returns of the fund and discussed the difference between trailing and rolling returns.
  7. Bob Bartell and Bradley Teets discussed if it was more relevant to look at the fund performance on pages 31 or 32. Bradley commented their main consideration should be whether they wanted to focus more on passive index holdings that were only updated periodically or if they wanted to seek active money managers. Bob and Bradley discussed if they could get better returns by being in an index fund and not having to pay a manager fee.
- iii. JP Morgan, Investment Managers, Kate Hurley & Michael Tyrrell (via phone)
1. Kate Hurley introduced herself and Mike Tyrrell and their experience.
  2. Kate Hurley gave a firm overview, commenting JP Morgan had over \$2.5 trillion in assets under management which enabled them to have access to the top resources across the globe.
  3. Kate Hurley reviewed JP Morgan's long-standing partnerships with public retirement plans.
  4. Mike Tyrrell reviewed the equity assets under management as of 9/30/21.
  5. Mike Tyrrell reviewed the US Structured Equity Small/Mid Cap Team and their experience.
  6. Mike Tyrrell reviewed their investment philosophy and gave an overview of the investment process.
  7. Mike Tyrrell reviewed the performance of the fund net of fees as of 10/31/21.
  8. Mike Tyrrell reviewed the valuation spread chart.
  9. Bradley Teets asked if they had a big decline in value in the last week, as he had looked up the JSVUX ticker on the front of the booklet. Mike discussed the factors contributing to the decline of the fund in recent weeks.
  10. Scott Christiansen asked what the expense ratio would be. Mike Tyrrell commented the fees were 76 BPS for the R6 Share Class.
  11. Bob Bartell asked if the returns shown in the report were gross or net of fees. Mike Tyrrell commented all returns were net of fees.
  12. Kate Hurley commented there was no investment minimum.
- iv. Kerry Richardville and the Board discussed the manager presentations. Kerry commented they had approximately \$4 million invested with Baron.

**The Board voted to take half of what was in Baron Small Cap Growth and allocate the funds to the Vanguard Small Cap Value Index fund, upon motion by Bob Bartell and second by John Smith; motion carried 5-0.**

- v. Quarterly report as of September 30, 2021
1. Kerry Richardville reviewed the net investment returns. Total fund net returns for the quarter were 0.42%, outperforming the policy benchmark of 0.29%. Total fund net Fiscal YTD returns were 16.43%, outperforming the benchmark of 15.48%. Total fund net trailing returns for the 3, 5 and 10-year periods were 10.22%, 9.92% and 9.96%. Since inception



(3/1/1999) total fund net earnings were 6.36% outperforming the policy benchmark of 6.05%.

2. The MVA as of 9/30/21 was \$58,419,985.
3. Kerry Richardville reviewed the asset allocation of the fund, commenting they were comfortably within their policy targets, and she had no recommendations to rebalance.

vi. Flash Report as of November 30, 2021

1. Kerry Richardville briefly reviewed the monthly flash report, commenting the value of the fund was \$60,465,011 as of 11/30/21.

b. Foster & Foster, Braeleen Scott, Board Attorney

i. October 1, 2021, actuarial valuation

1. Braeleen Scott introduced herself and reviewed her experience. Braeleen reminded the Board Patrick Donlan was still the Board's actuary and had prepared the report.
2. Braeleen Scott commented the contribution amounts presented in the report were applicable to the plan/fiscal year ending 9/30/23.
3. Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 8.76% (Actuarial Asset Basis) which exceeded the 6.75% assumption, more turnover than expected, and inactive mortality experience. There were no significant sources of actuarial loss.
4. Braeleen Scott commented the Minimum Required Contribution decreased from \$1,510,954 to \$1,006,747 since the previous valuation. The decrease was attributable to an amortization charge from 2011 being fully paid off and favorable actuarial experience.
5. Braeleen Scott reviewed the actuarial gains and losses, commenting the Unfunded Actuarial Accrued Liability (UAAL) decreased from \$7,184,057 to \$4,912,170. Braeleen commented they had a credit of approximately \$160,000 per year due to the net gain.
6. Braeleen Scott reviewed the history of funding progress since 2010, commenting the funded ratio increased from 87.60% to 91.70%.
7. Braeleen Scott commented the City would book a net pension liability of \$686,210 which was a decrease from the prior year.
8. Braeleen Scott commented it had been several years since the Board's last experience study and she recommended the Board to approve a study to examine the assumptions being used and adjust as needed. Braeleen commented the study would cost \$5,000.
9. Bradley Teets asked Scott Christiansen if they had a legal obligation to have an experience study done. Scott commented there was no legal obligation, but the Actuarial Standards of Practice dictated a study should be done every 5 years. Scott added their experience would be less dynamic, since the plan was closed, so he did not think it was necessary to have a study done every 5 years but that was up to the Board to decide.

**The Board voted to table the discussion of an experience study until the next quarterly meeting, upon motion by John Smith and second by Bill Page; motion carried 5-0.**

**The Board voted to approve the October 1, 2021, actuarial valuation as presented, upon motion by Bob Bartell and second by Bradley Teets; motion carried 5-0.**

c. Christiansen and Dehner, Scott Christiansen, Board Attorney

- i. Scott Christiansen commented Bill Page's term was expiring soon. Chrissy Stoker commented this was discussed earlier in the meeting and Bill stated he was interested in serving another term.

- ii. Scott Christiansen asked if the Summary Plan Description had been distributed to the membership and Chrissy Stoker confirmed that it was.
- iii. Scott Christiansen commented the report of investment activity needed to be sent to City Council and Chrissy Stoker confirmed this would get done.
- iv. Scott Christiansen commented the law required the Board to declare an expected rate of investment return since the valuation was approved. Kerry Richardville commented 6.75% was a reasonable assumption.

**The Board voted the declaration of returns of the plan shall be 6.75% for the next year, the next several years and the long-term thereafter net of investment related expenses, upon motion by Bob Bartell and second by Bill Page; motion carried 5-0.**

- v. Kristin Simeone commented even though the valuation report showed the City's required contribution going down, the City had a policy to maintain a \$1.8 million contribution each year to try to reduce the unfunded liability.
- d. Foster & Foster, Plan Administrator, Kim Kilgore/Chrissy Stoker
  - i. FPPTA Board membership renewal and CPPT renewals
    - 1. Chrissy Stoker commented it was time to renew the Board membership with the FPPTA for 2022 if they wanted to maintain their membership. Chrissy commented the renewal fee for 2022 was \$750. Chrissy commented she would also renew the CPPT certificates for any Trustee who had previously obtained one.

**The Board voted to renew their membership with FPPTA for 2022, upon motion by John Smith and second by Bob Bartell; motion carried 5-0.**

- ii. Educational opportunities
  - 1. Chrissy reviewed the upcoming FPPTA Winter Trustee School, commenting any trustees wanting to attend should let her know. Chrissy clarified Foster & Foster would always handle conference registrations for trustees, so they did not have to pay out of pocket.

- 9. **Trustee Reports, Discussion, and Action** – None.
- 10. **Adjournment** – The meeting adjourned at 12:51PM.
- 11. **Next Meeting** – March 17, 2022, at 10:30AM, Quarterly Meeting

Respectfully submitted by:

Chrissy Stoker  
Chrissy Stoker, Plan Administrator

Approved by:

Linda Sposito  
Linda Sposito, Chairperson

Date Approved by the Pension Board: March 17, 2022