

**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 7, 2018 at 11:00am

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

**TRUSTEES ABSENT:** Bradley Teets  
John Tiller

**OTHERS PRESENT:** Lee Dehner, Christiansen & Dehner  
Toni Lozen, Foster & Foster  
Ferrell Jenne, Foster & Foster  
Mary Kelly, Deputy City Clerk  
Kerry Richardville, AndCo Consulting  
Mindy Johnson, Salem Trust  
Phil Wickstrom, City HR Department  
Karen Smith, City Clerk

1. **Call to Order** John Smith called the meeting to order at 11:04am.
2. **Roll Call** As reflected above.
3. **Public Comments** None.
4. **Approval of Minutes**
  - a. The board discussed the minutes and requested there be a revision regarding who called the meeting to order.

**The minutes from the March 15, 2018, quarterly meeting were approved with discussed revisions upon motion by Linda Sposito and second by Julie McGillivray, motion carried 3-0.**

5. **Consent Agenda**
  - a. Payment ratification
    - i. Warrant #41
  - b. New invoices for payment
    - i. Warrant #42
  - c. Fund Activity Report for March 11, 2018 - May 31, 2018

**The consent agenda was approved as presented, upon motion by Julie McGillivray and second by Linda Sposito, motion carried 3-0.**

6. **New Business**
  - a. Toni Lozen commented that John Smith and Linda Sposito were re-elected as the Member Trustees.
  - b. Ordinance amendment
    - i. Toni Lozen explained that the current Ordinance referred to accruing a benefit upon re-hire. However, the plan was closed so there is no option to accrue an additional benefit if the member was re-hired.
    - ii. Lee Dehner reviewed the tax qualification that states if a member under the age of 62 was terminated and rehired, benefits must be ceased.
    - iii. Lee Dehner reviewed members in the DROP and commented that a distribution cannot commence until the member terminates employment.

- iv. Lee Dehner commented that he would amend the Ordinance to remove the substitute benefit language and update with new Internal Revenue Code (IRC) language.
- v. Karen Smith asked if a Plan Restatement could be done, as there had been many changes and it had not been done since 2010.

**The board voted to authorize Lee Dehner to prepare a Plan Restatement to include the new IRC regulations, upon motion by Julie McGillivray and second by Linda Sposito, motion carried 3-0.**

- vi. Lee Dehner recommended updating the Operating Rules and Procedures.

**The board voted to authorize Lee Dehner to update the Operating Rules and Procedures, upon motion by Julie McGillivray and second by Linda Sposito, motion carried 3-0.**

- b. Discussion of Mary Kelly's DROP Exit
  - i. Toni Lozen reviewed the memo and commented that Mary Kelly exited the DROP, but remained employed by the City, and she was under the age of 62. Toni commented that she was able to pull back the monthly pension benefit, but not the DROP balance.
  - ii. Lee Dehner recommended setting up a repayment plan with the member or allowing the member to establish an Equitable Estoppel. Lee reviewed the elements that needed to be established to determine an Estoppel situation.
  - iii. Lee Dehner commented that the Equitable Estoppel would be done under the Claims Procedures, in a special meeting. Lee confirmed actions could not be made at today's meeting.
  - iv. Phil Wickstrom advised the board he was the one who made the error and the member didn't do anything wrong. The member relied on information that he gave her. Phil commented that he would be a witness, if necessary. Lee Dehner requested Phil to provide any records that existed pertaining to the issue.
  - v. Mary Kelly confirmed that she understood the Equitable Estoppel and confirmed she does not have an attorney.
  - vi. Phil Wickstrom commented he would write a memo of the events that transpired.

**The board voted to move forward with Counsel's recommendation for a special meeting to be set under the Claims Procedure with all records collected prior to the meeting, upon motion by Linda Sposito and second by Julie McGillivray, motion carried 3-0.**

7. **Old Business** None.

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

- a. AndCo Consulting, Investment Consultant, Kerry Richardville
  - i. Quarterly report as of March 31, 2018
    - 1. Kerry Richardville gave a brief overview of the market environment during the quarter. Kerry commented it was a very volatile quarter.
    - 2. Kerry Richardville reviewed the rising interest rates.
    - 3. Kerry Richardville reviewed the new portfolio allocations and how they were funded.
    - 4. Kerry Richardville commented that no rebalancing was needed, as all allocations were within the Investment Policy Statement (IPS) guideline.
    - 5. Market value of the fund as of March 31, 2018, was \$46,128,983.
    - 6. Gross total fund earnings for the quarter were -0.07%, outperforming the policy benchmark of -0.65%. Trailing total fund gross returns for the 1, 3, and 5 year periods were 9.86%,

5.89%, 7.92%, respectively. Since inception (3/1/1999), gross total fund returns were 6.16%, outperforming the benchmark of 5.37%.

7. Kerry Richardville reviewed the performance of each manager and didn't recommend making any changes.
8. Kerry Richardville commented the market value of assets through May 6, 2018 was \$45,709,576.
9. Prudential fund was up 68BPS from January 1, 2018, to March 31, 2018.
10. Credit Swiss was up 173BPS from January 1, 2018, to March 31, 2018.

c. Salem Trust, Custodian, Mindy Johnson

i. Service report as of March 31, 2018

1. Mindy Johnson briefly reviewed the quarterly service report.
2. Mindy Johnson reviewed IT security measures that they had in place regarding phishing and commented that they now have a cyber liability policy.
3. Mindy Johnson commented that the CCC class action fees were decreased to 12%.
4. Mindy Johnson commented that they had collected approximately \$4,000 on behalf of the plan through Globetax.
5. Julie McGillivray asked about the cyber liability policy used by Salem. Mindy Johnson commented that it was a \$10,000 per occurrence policy.
6. Ferrell Jenne commented that Foster & Foster was HIPAA compliant and reviewed the cyber liability policy held by the firm.

d. Christiansen and Dehner, Board Attorney, Lee Dehner.

i. Legislative/Legal update

1. Lee Dehner reminded the board to file their financial disclosure forms prior to July 1, 2018, to avoid fines
2. Lee Dehner reviewed the budget requirements for Chapter 175/185 plans. Ferrell Jenne reviewed the process for reconciling and tracking the administrative fees and commented that it would be based on an hourly rate, as it was not a requirement for general employee plans. Ferrell commented that none of the other general employee plans they administer do an annual budget.
3. The board asked Mindy Johnson to provide a general breakout of administrative fees as of 9/30 each year.

e. Foster & Foster, Plan Administration, Toni Lozen

i. Renewal of fiduciary liability insurance policy

**The board voted to approve the binding of the fiduciary liability policy with a waiver of recourse endorsement, upon motion by Julie McGillivray and second by Linda Sposito, motion carried 3-0.**

ii. Lillian Gomillia request

1. Toni Lozen reviewed the process for determining a benefit when a joint annuitant is changed. Toni reviewed the repayment plan sent to the new spouse and commented that the spouse would have to pay \$50 a month beginning in June.
2. The board discussed applying interest if the payments weren't received in a timely manner. The board commented they would start the interest if payments were not received within a quarter and would determine the interest rate at that time.



The board voted to draft a letter stating that they would be reducing the joint annuitant repayment amount to \$50.00 and interest would start accruing if payments were not made, upon motion by Julie McGillivray and second by Linda Sposito, motion carried 3-0.

iii. Educational opportunities

1. FPPTA 34<sup>th</sup> Annual Conference, June 24-27<sup>th</sup>, Orlando FL

Note: Ferrell Jenne informed the board that Toni Lozen would be leaving the firm and she would be the main point of contact for the fund.

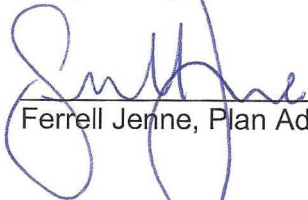
9. **Trustee Reports, Discussion, and Action**

- a. Julie McGillivray requested that the officer elections, Foster & Foster's analysis, and the review of AndCo Consulting be done at the next quarterly meeting.

10. **Adjournment** The meeting adjourned at 12:25pm.

11. **Next Meeting** September 20, 2018, at 10:00am.

Respectfully submitted by:

  
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Ferrell Jenne, Plan Administrator

Approved by:

  
\_\_\_\_\_  
John Smith, Chairman

Date Approved by the Pension Board:

SEPTEMBER 20, 2018