

Regular Meeting Minutes
Board of Trustees of the City of Winter Garden
Pension Plan for General Employees
March 3, 2015

A **REGULAR MEETING** of the Board of Trustees of the Pension Plan for General Employees was called to order by Chairman Theo Graham at 3:28 p.m. in Conference Room 213 at 300 West Plant Street, Winter Garden, Florida 34787-3009.

PRESENT: Chairman Theo Graham, Vice-Chairman Mark Griffith, Secretary Peggy Carpenter, Board Member Joseph Conn, Board Member Dan Kuhl, John Thinnes of Bogdahn Consulting, L.L.C., Scott Christiansen of Christiansen & Dehner, P.A., Grant McMurry of ICC Capital Management, Inc., Douglas Lozen of Foster & Foster, Laura Zielonka and Ariel Kenon of City Staff.

APPROVAL OF MINUTES

Approval of minutes of the regular meeting dated December 2, 2014 and disability hearing dated February 11, 2015. **Motioned by Vice-Chairman Griffith to approve the minutes. Seconded by Board Member Kuhl and carried 5-0.**

INVESTMENT REPORTS

Grant McMurray of ICC Capital Management, Inc. presented his firm's Investment Review for the Quarter Ending December 31, 2014. The ICC portfolio had a market value of \$8.9 million at the end of the quarter. Returns were 2.70% for the period, 4.86% year-to-date, and an annualized return of 17.22% for the past three years. The market value allocation of the ICC portfolio was 4.6% in Cash & Equivalents, 63.1% in Common Stock, and 32.2% in ADRs.

Grant also informed the Board of the sale of ICC Capital Management, Inc to Highland Capital Management LLC and presented an acknowledgment and consent form regarding the sale. Attorney Scott Christensen explained to the Board that they could either continue with Highland Capital once the transaction is completed or look for a new manager, he advised there was no harm in consenting to the transaction since the transaction would be monitored by Bogdahn Consulting. Chairman Graham asked if the current contract with ICC would remain the same or change along with the merger. Scott told the Chairman that he would draft an amendment to change the manager but the terms would remain the same. **Motioned by Board Member Kuhl to authorize the Chairman to sign the Acknowledgement and Consent form presented by Grant McMurray on the sale ICC Capital Management, Inc to Highland Capital Management LLC. Seconded by Vice-Chairman Griffith and carried 5-0.**

John Thinnes of Bogdahn Consulting, L.L.C. presented a Consent form to change internal controls and informed the board that the company was changing from a family owned business to an employee owned business. Attorney Scott Christen told the Board that this would not change the current agreement they have with the company and they need only vote to approve the consent. **Motioned by Board Member Conn to authorize the Chairman to sign the Consent form presented by John Thinnes of Bogdahn Consulting, LLC regarding the change in ownership of the company. Seconded by Secretary Carpenter and carried 5-0**

John also presented their firm's Investment Performance Review for the Period Ending December 31, 2014. The fund experienced net inflow of \$126,500 and investment gains of \$719,861, resulting in an ending balance of \$23,514,653 as compared to the previous quarter of \$22,665,291. The current net rate of return for the quarter and fiscal year is at 3.79% compared to the policy index of 2.41%. For the trailing 1 year, 3 years, 5 years, and since inception, the fund has had annualized returns of 7.76%, 13.30%, 10.50%, and 5.89%, respectively.

OLD BUSINESS

There was no old business for discussion.

NEW BUSINESS

The Board discussed the return of contributions to non-vested member Laura Smith. **Motioned by Vice-Chairman Griffith to approve the return of contributions to non-vested member Laura Smith. Seconded by Secretary Carpenter and carried 5-0.**

The Board discussed the return of contributions to vested member David Stevenor. **Motioned by Vice-Chairman Griffith to approve the return of contributions to vested member David Stevenor. Seconded by Board Member Kuhl and carried 5-0.**

Mr. Lozen presented the Actuarial Valuation as of October 1, 2014, showing a decrease in employer contributions from 14.91% of payroll for fiscal year 2015 to 10.49% of payroll for fiscal year 2016. **Motioned by Board Member Kuhl to approve the Actuarial Valuation. Seconded by Board Member Conn and carried 5-0.**

The Board discussed and determined the expected annual rate of investment return for the next year, the next several years, and the long-term thereafter to be 7.25%. **Motioned by Vice-Chairman Griffith to approve the expected investment rate of return of 7.25% for the next year, the next several years, and the long-term thereafter. Seconded by Board Member Conn and carried 5-0.**

MATTERS OF THE CHAIRMAN AND BOARD MEMBERS

There were no matters of the Chairman and Board Members.

ATTORNEY'S REPORT

Mr. Christiansen inquired on whether Vice-Chairman had been approved by City Commission and asked Mr. Kenon to follow up on the matter with the City Clerk to make sure it was.

Mr. Christiansen informed the Board of few situations involving Salem Trust. The first with them being the victim of fraud and the second regarding a failure on an operational audit they claim to be a result of their system transition the year prior. The fund wasn't affected by the fraud and Mr. Thinnes clarified that it was another subsidiary of Salem Trust's parent company that was the custodian of the funds involved. Mr. Christensen advised the board that they didn't have to take any actions or they could prepare a request for proposal in case any other problems would arise with Salem Trust. Mr. Thinnes suggested that a request for proposal would be a good precaution in case they did decide that they needed to switch custodians, but didn't believe they needed to switch now. Chairman Graham inquired on whether the results of their current audit would be ready by the

meeting in September and Mr. Thinnes informed him that it may not. Mr. Thinnes also suggested that he could collect bids from other custodians instead of submitting a full proposal and Mr. Christiansen agreed that it would be better for the next meeting and decide then if the Board would like to submit a full proposal.

Mr. Christiansen informed the Board that he is in the process of reviewing and updating the plan so it may maintain its tax qualification status with the IRS. He also informed the Board of both Federal and State level law changes that could affect the plan.

Mr. Christiansen informed the Board regarding an issue he was made aware of regarding the City awarding employees with prior service. He stated there was language in the City's personnel policy that allows this but it conflicts with the plan since it's not written in the plan. He stated that the City could if they wanted but would need to change the plan to accommodate it. Mr. Christiansen stated he would continue to work with the City on to get the issue resolved.

Board Member Conn inquired about the requirements for continuing education for Board Members and was told he would have to attend a conference once each term while new members were advised to attend one in the first six months.

BILLS AND EXPENSES FOR APPROVAL

The following bills and expenses were presented to the Board for Approval:

- A. Bogdahn Group Consulting invoice 10597 dated June 11, 2014 in the amount of \$4,375.00
- B. Bogdahn Group Consulting invoice 11364 dated December 4, 2014 in the amount of \$4,375.00
- C. Christiansen & Dehner, P.A. invoice 25745 dated November 30, 2014 in the amount of \$614.74.
- D. Christiansen & Dehner, P.A. invoice 25930 dated December 31, 2014 in the amount of \$901.01.
- E. Christiansen & Dehner, P.A. invoice 25931 dated December 31, 2014 in the amount of \$3,622.42
- F. Garcia, Hamilton, & Associates, L.P. invoice 25556 dated January 23, 2015 in the amount of \$3,700.65.
- G. ICC Capital Management invoice 57534143 dated December 31, 2014 in the amount of \$8,900.72.
- H. Sawgrass Asset Management statement dated January 9, 2015 in the amount of \$9,322.00.

Motioned by Board Member Conn to approve the Bills and Expenses as presented. Seconded by Board Member Kuhl and carried 5-0.

ADJOURNMENT

Meeting was adjourned at 4:53pm

Secretary

Vice-Chairman