

**General Employees' Pension Board Regular, Quarterly Meeting**  
**February 07, 2019 – 8:30am**

The regular, quarterly meeting of the City of Lake Wales General Employees' Pension Board was held February 07, 2019 in the City Administration Building, City Manager's conference room beginning at 8:30a.m. Violeta Salud, Chairperson, conducted the meeting.

**Agenda Item 2: BOARD MEMBERS PRESENT:**

Commissioner Robin Gibson,  
Sarah Kirkland,  
Violeta Salud,  
James Slaton

**BOARD MEMBERS ABSENT:**

Linda Kimbrough

**CITY REP PRESENT:**

Carla Bibby, Recording Secretary

**OTHER ATTENDEES:**

Sandra Davis, City of Lake Wales;  
Ryan Higgins, Raymond James;  
Tom Meyerson, Wells Fargo;  
Grant McMurry, Highland Capital Management, LLC;  
Chris Rafool, Raymond James;

**Agenda Item 3: COMMUNICATIONS AND PETITIONS:**

No comments from the public.

**Agenda Item 4: APPROVAL OF MINUTES:**

**November 08, 2018 Regular Meeting Minutes**

James Slaton made a motion to approve the minutes of the July 26, 2018 regular meeting. Commissioner Robin Gibson seconded the motion.

**VOTE: All "AYE", None "NAY"**

Motion passed, 4/0 vote

**Agenda Item 5: NEW BUSINESS:**

Chairperson Salud asked for clarification on the fees associated with Wells Fargo Trust and Wells Fargo Advisors and if the plan were saving any money by Wells Fargo Advisors becoming Raymond James. Chris Rafool explained that Wells Fargo Trust handled the writing of all the checks for the pension fund and will continue to do that. Wells Fargo Trust has always had a separate fee and it has

remained constant. When Raymond James was Wells Fargo Advisor, the fee was 25 basis points and now the fee is 15 points. This estimates to be around \$10,000 in savings for the plan.

Chairperson Salud would like the minutes to note that the invoice from the plan's attorney has a total fee of \$4,355.00. After reviewing the line items, she estimates that \$3,182.50 is due to legal fees of the change from Wells Fargo Advisors to Raymond James.

### **Invoices**

Klausner, Kaufman, Jensen, Levinson	\$4,355.00
Highland Capital Management	\$12,084.80

James Slaton made a motion to approve the payment of invoices. Sarah Kirkland seconded the motion.

### **VOTE: All "AYE", None "NAY"**

Motion passed, 4/0 vote

## **Agenda Item 6: KLAUSNER, KAUFMAN, JENSEN & LEVINSON:**

Adam Levinson reviewed the memo regarding proposed House Bill 265. The proposal should be monitored in case it is adopted. One of the requirements is to make agenda packages available online at least three days in advance of a meeting and would include any materials or handouts that are distributed at meeting. This would require advance preparation because all consultants' reports will have to be made available before the board meeting. If a document is not available by the three days before the meeting, it should be added as soon as possible to the already posted agenda package. Another requirement of proposed House Bill 265 is that at least two physical copies of agenda packages be made available for public inspection at the meeting location. A final requirement that Mr. Levinson reviewed is the board response to any questions made by members of the public. The board has to respond to any questions during the meeting and the answer recorded in the minutes or respond to questions in writing within 10 days. The written responses should also be incorporated into the minutes.

Mr. Levinson discussed the memo regarding the summary of the Division of Retirement's report to the legislature. The summary is not to tell the plan what they have to do but to give the trustees some context when making decisions by seeing what other plans in the state are doing. Mr. Levinson pointed out that 10 years ago the most common investment assumption rate was 8%. According to the summary, the most common investment assumption is currently 7.5%. Mr. Slaton mentioned that the plan is currently using the investment assumption rate of 7.5%.

Mr. Levinson then asked Raymond James for a summary of the transition from

Wells Fargo Advisors to Raymond James. Mr. Rafool stated that all assets moved over according to his knowledge. He cannot confirm until Wells Fargo releases account statements. For the next 90 days, Raymond James will continue to sweep the accounts at Wells Fargo to make sure everything transferred. Mr. Levinson suggested a summary for the file, once everything is final.

**Agenda Item 7: BOARD DISCUSSION:**

**Wells Fargo/Raymond James Transition**

Sandra Davis asked Tom Meyerson if the plan needs to keep a buffer of \$200,000 in the account to prevent any negative balances from occurring in the future. Mr. Meyerson is agreeable to whatever the plan wants to do but feels it unnecessary. Wells Fargo Trust issues payments to pensioners out of a master pension payment disbursement account. There will never be a case of a pensioner's check bouncing or not clearing. The fund will always need to be balanced but there shouldn't be any issues as long as DROP payouts are scheduled in advance. Raymond James needs to be notified by the City when someone is nearing the end of his or her DROP period. Raymond James will then tell Highland Capital Management to withdraw the cash. It takes three days for an investment to turn into cash. As long as employees know that it can take up to two weeks to receive their DROP disbursement, there should not be an issue.

Commissioner Gibson asked if the \$200,000 buffer account did exist, would it be income producing. Mr. Meyerson stated that it would be minimal due to the money being held in a money market account. The trustees decided the buffer account is not needed. Chairperson Salud asked why the board has never seen an invoice from Wells Fargo Trust and if the fee is paid out of the general revenue fund or the pension fund. Ms. Davis said she would find out from the finance director. Chairperson Salud stated that the board has never done a Request for Proposals for the consultants. The board is comfortable with the consultants being used and will not make a request for proposals at this time.

**Agenda Item 8: RAYMOND JAMES:**

**Portfolio Performance Report**

No report provided.

**Agenda Item 9: HIGHLAND CAPITAL MANAGEMENT:**

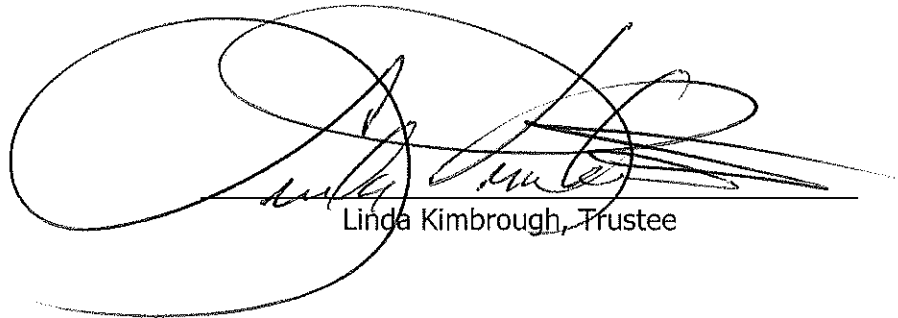
Grant McMurry spoke about the fiscal year ending 12/31/18. December is normally the best month on the year for stocks and September is usually the worst. However, September had a bump in the stocks due to the Federal Reserve raising short term rates by 25 basis points. In December, they unexpectedly

raised it again by another 25 basis points, which started a large sellout. Briefly looking at the month of January for the current quarter, the stocks do look to be back up. Normally there is worry associated with tariffs and government shutdowns but it doesn't seem to have any influence on the market. There is a concern about the market if an impeachment happens but otherwise consumer confidence is very high.

**Agenda Item 10: OTHER NEW BUSINESS:**

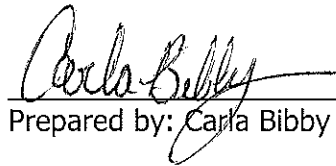
**Announcements**

The next meeting will be held on Thursday, April 25, 2019 at the City Administration Building in the City Manager's conference room at 08:30 a.m.



Linda Kimbrough, Trustee

ATTEST:



Prepared by: Carla Bibby for the Board of Trustees