

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of January 24, 2013

1. CALL TO ORDER

Chairman Michael O'Toole called a meeting of the Board of Trustees for the Firefighters' Retirement Pension Fund to order at 5:07 PM.

2. ROLL CALL

Roll call of the Trustees present resulted in a quorum being present for the quarterly meeting. Those persons present included:

TRUSTEES

Michael O'Toole, Chair
Christine Brown
Mike Hayes
Don Howard
Brian Campbell

OTHERS

Scott Baur & Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, The Bogdahn Group
Lynn Skinner, Salem Trust
Patrick Donlan, Foster & Foster
Patrick Carney, Gulfport Resident & former Trustee

3. APPROVAL MINUTES

Christine Brown made a motion to approve the minutes of the October 25, 2012 meeting as submitted. Brian Campbell seconded the motion. The motion passed 5-0.

4. ACTUARY REPORT (Patrick Donlan, Foster & Foster)

Mr. Donlan reported the total contributions required to fund the plan fell from 29.9% of payroll to 29.3% of payroll. The City's portion of the total contributions required fell from 14.8% to 14.2%. The net investment return was 17.22%. The four year smoothing return is 6.10% due to low earnings in prior years. This resulted in the plan being under the 8% earnings assumption. Mr. Donlan did note however, that If the plan achieves an actual return of 8% or greater this year, then the 4-year average smoothed rate of return will be at 8% for 2013. The plan had no turnover this year, with 13 active members. Mr. Donlan reviewed the history of the premium tax receipts for the plan. In 2009 the plan was changed to increase the multiplier and add a COLA; the amounts were tied to the amount of monies received from the State. Based on the premium tax receipt money received from the State in 2010 and 2011, the multiplier has been increased from 3.07% to 3.13% and the COLA has been increased from .39% to .69% as of January 1, 2013.

Christine Brown made a motion to accept the Actuarial Valuation as presented. Brian Campbell seconded the motion. The motion passed 5-0.

Mr. Donlan noted that since there are no longer any volunteer firefighters, the requirement for plan members to contribute 10% of the first \$1200 and 5% thereafter could be changed to a uniform 5% contribution rate. Mr. Christiansen will incorporate this into a future Ordinance change.

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5. INVESTMENT REPORT (Jack Evatt, The Bogdahn Group)

Christine Brown made a motion that, based upon the advice of the Board's investment consultant, the plan expected rate of return for the next year, the next several years and the long term thereafter be set at 8%. Mike Hays seconded. Motion passed 5-0.

Mr. Evatt observed that this was a quiet quarter. He noted that concerns about the "fiscal cliff" muted market activity. He reviewed the background of the market environment during the quarter as well. The portfolio had total assets of \$2,457,114, up from \$2,407,108 with a 1.35% return for the year, over the plan's benchmark of 1.07%. The calendar year return was 14.21%, over the plan's benchmark of 12.38% for the year. Mr. Evatt noted the plan had strong long term performance as well.

Mr. Evatt reviewed cash procedures for the fund, and a letter of direction for Salem Trust regarding rebalancing the receipt and disbursement account that was given to Lynn Skinner. This letter will be revised whenever there are changes to the plans' asset allocation.

Christine Brown made a motion to approve the Cash Procedures as proposed. Don Howard seconded the motion. The motion passed 5-0.

5. ATTORNEY REPORT (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen reported that the tax consultant, Ice Miller, provided updated compliance language that will need to be incorporated into an ordinance update passed by May 1 of 2013, in order for the determination letter to take effect. Additional changes, however, are also required for to cover all IRS requirements regarding language. Upon authorization from the Board, Mr. Christiansen will insert these changes into the current ordinance update in order to submit a single ordinance change to the City.

Don Howard made a motion to approve an amendment to the ordinance addressing the Maximum Pension definition, adding additional language required by the IRS and eliminating the language designating employee contribution rates for volunteer firefighters. Christine Brown seconded. Motion passed 5-0.

Mr. Christiansen will prepare a separate ordinance amendment to address changes to the member contribution language.

Christine Brown made a motion to appoint Mike Hays as Board Secretary. Don Howard seconded. Motion passed 5-0.

Ms. Brown is submitting her resignation from the Board at this meeting as she will become a member of the City Council March 13, 2013. The City obtained an opinion from the State Attorney General's office that it would be a dual office holding situation if she were to continue on the Board.

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Don Howard made a motion to authorize an update to the Summary Plan Description. Mike Hays seconded. Motion passed 5-0.

Mr. Christiansen noted that proposed changes to the Florida State Retirement System could carry over to municipal defined benefit plans. The way in which the State Supreme Court ruled on the proposed FRS legislation set a precedent for reduction of benefits. The current bill includes reduction in the contribution rate and/or reducing COLA's. It also would make a defined contribution plan the default for new employees and provide for closing down the current employees' defined benefit plan by setting an election period for current employees to select a defined contribution plan.

Mr. Christiansen addressed Rick Johnson's letter regarding his application for vested deferred benefits. Mr. Johnson made his application for benefits in July of 2011 and is requesting they be made retroactive to his eligibility date of September 1, 2002. Mr. Christian noted that the current ordinance does not allow for retroactive award of benefits and that the Board does not have a responsibility to seek out the members' applications. After some discussion that terminated members and their families had been repeatedly advised that benefits needed to be applied for, and a case where a police officer was denied retroactive benefits, the Board requested Mr. Christiansen to review the ordinance in effect when Mr. Johnson left the City and provide an opinion to the Board. If Mr. Johnson is not satisfied with those findings he may then apply for a hearing before the Board.

6. ADMINISTRATOR REPORT

Ms. Nolan advised the Board that the request to reimburse the Waiver of Liability premium for the Fiduciary Liability Insurance renewal has been submitted to the City.

Ms. Nolan noted that the Vested Deferred review was moving into the 'reach out' stage where PRC is researching contact information for vested deferred members in the order of when they are eligible to apply for a benefit from the plan.

7. PLAN FINANCIALS

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated January 24, 2013.

Don Howard made a motion to approve the Warrant for payment of invoices as submitted. Brian Campbell seconded the motion. The motion carried 5-0.

Christine Brown made a motion to approve the Supplemental Payment in the amount of \$409.34. Mike Hayes seconded the motion. The motion carried 5-0.

The Trustees reviewed the Benefit Approval dated January 24, 2013.

Don Howard made a motion to approve the Benefit Approval as submitted. Mike Hayes seconded the motion. The motion carried 5-0.

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8. OTHER BUSINESS

Ms. Skinner advised the Board that Salem Trust would be undergoing a system conversion at the end of May, with benefit payment conversion effective April 1, 2013. Going forward, retirees must use direct deposit via ACH or received a debit card that will be reloaded on a monthly basis. No more checks will be issued for monthly benefit payments.

Chairman O'Toole thanked Ms. Brown for her 12 years of service to the Board. The entire Board was appreciative of Ms. Brown's contributions and wished her all the best in her future endeavors.

9. NEXT MEETING

The Trustees previously scheduled their next quarterly meeting for April 25, 2013 at 5:00 PM.

10. ADJOURNMENT

There being no further business, a motion was made by Brian Campbell to adjourn. Motion seconded by Mike Hayes. Motion carried 4-0.

The meeting was adjourned at 6:35 PM.

Respectfully submitted,

Mike Hayes, Secretary