

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of July 25, 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 5:02 PM. Chairman O'Toole welcomed new Trustee Guadalupe Gagnon to the Board.

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
Mike Hays
Guadalupe Gagnon
Don Howard (5:30 PM)
Brian Campbell (5:11 PM)

OTHERS

Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, The Bogdahn Group
Lynn Skinner, Salem Trust

3. APPROVAL MINUTES

Mike Hays made a motion to approve the minutes of the April 25, 2013 meeting as submitted. Michael O'Toole seconded the motion. The motion passed 3-0.

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

Mr. Evatt noted that the only investment sector to have positive returns in the second quarter was domestic equities. The international equity market had negative returns as did the bond market. This quarter's market performance was the opposite of the second quarter in 2012.

In reviewing the plan's performance, Mr. Evatt noted that there was not much change in assets for the quarter; from \$2.619M on April 1, 2013 to \$2.621M as of June 30, 2013. The plan returned .10% for the quarter, slightly ahead of the .09% benchmark. Fiscal year to date return was at 7.99%, however, ahead of the benchmark of 7.16%. The plan is in the 41st percentile for the quarter, which is in line with the long term objective to be in the 40th percentile. Three quarters into the fiscal year, the plan is on track to make 8% for the fiscal year.

Mr. Evatt addressed the returns in the individual sectors of the plan. Domestic equities in Vanguard ExtMkt fund and Dana Investment Advisors both came in slightly ahead of their benchmarks, at 2.44% and 3.05%, respectively. The international portion of the portfolio, in American Europacific Growth fund, returned -0.73, but this was much better than the benchmark which came in at -2.90%. In the fixed asset sector, PIMCO Total Return had an unusually poor return of -3.64%, which was attributable to poor timing with TIPS in a bad market. Mr. Evatt noted that there was no easy money on the fixed income side. Trustee Hays inquired about interest rates going up. Mr. Evatt said that there has been concern of inflation or even hyper inflation ahead, but it is not such a concern in the near term.

Lynn Skinner advised the Board that Salem Trust had replaced their Trust Accounting system at the end of May. Initial problems with delivery instructions from investment

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managers affected the production of statements, which was the reason for the delay of the quarter end reporting. They are continuing to address the situation and will keep clients informed of their progress.

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

Mr. Christiansen reminded the Trustees that Form 1's should have been submitted to the Supervisor of Elections by July 1, 2013.

Mr. Christiansen advised the Board that the Summary Plan Description had been distributed to the Firefighters by the City.

Mr. Christiansen updated the Board on the disposition of the Ordinance change to remove all volunteer firefighter language from the ordinance governing the plan. The revisions have been submitted to the City Manager and City Clerk's office and are on schedule for a first reading by the City Council.

Mr. Christiansen advised the Board that a letter was sent to Rick Johnson in mid-May, stating the Board's position that benefits start at the time of application.

Mr. Christiansen advised the Board that the recent legislation adding date of birth to the information not to be disclosed for public safety officers will require an update to the Operating Rules and Procedures.

Don Howard made a motion to amend the Operating Rules and Procedures be amended to reflect that firefighters' date of birth not be disclosed. Brian Campbell seconded. The motion passed 5-0.

Mr. Christiansen advised the Board that the pending legislation, which would have legalized the "Naples letter" actions across the State in the last year, did not pass. Any actions by municipalities to change the use of state monies for pension plans would need to continue to be approved by the State Division of Retirement on a city by city basis.

Mr. Christiansen updated the Board regarding two recently passed pieces of legislation. He advised the Trustees of a new requirement for the addition of an agenda item for public comment for all future meetings. Legislation also passed that requires all plans to submit two additional versions of the Actuarial Valuation. One additional report, utilizing a -2% reduction in the assumed rate of return for the plan as well as a more conservative mortality table will be required for the 2014 Actuarial Valuation. A second report, showing how long the plan assets would last if there were no more contributions to the plan, and no more investment earnings returned to the plan, will also be required for the 2014 Actuarial Valuation. Mr. Christiansen noted that the League of Cities, unions, and actuarial firms all were against the passing of this legislation. Attempts to lobby the Governor to veto the legislation failed. Ms. Nolan noted that this reporting would mean a cost increase to the plan for the actuarial reporting from the Actuary. Mr. Christiansen also advised that there was a possibility the legislation would be challenged as an unfunded mandate.

The final legislation that impacted pension plans was the addition of "Public Comment" to all agendas, ensuring specific time in the meeting to allow for public comment.

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6. ADMINISTRATOR REPORT

Ms. Nolan noted the Fiduciary Liability Insurance Policy was up for renewal as of August 1, 2013. Mr. Christiansen advised the Board that this would cover the plan if there was a breach in the fiduciary responsibility for the plan by the Trustees. The cost this year is \$2,067.53, an increase of \$70.16 over last years' cost of \$1997.39.

Brian Campbell made a motion to authorize renewal of the Fiduciary Liability Insurance policy. Don Howard seconded. The motion passed 5-0

6. PLAN FINANCIALS

The Trustees reviewed the Benefit Approvals for July 25, 2013.

Brian Campbell made a motion to approve the Benefit Approvals as submitted. Michael Hays seconded the motion. The motion passed 5-0.

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated July 25, 2013.

Don Howard made a motion to approve the Warrant for payment of invoices as submitted. Michael Hays seconded the motion. The motion passed 5-0.

7. OTHER BUSINESS

The Board reviewed the Foster & Foster memo regarding declaring the City's contribution amount in percent of payroll or actual dollars in the Actuarial Valuation.

Guadalupe Gagnon made a motion to continue the use of percent of payroll to state the City's contribution amount for the Actuarial Valuation. Don Howard seconded. The motion passed 5-0.

8. NEXT MEETING

The Trustees previously scheduled their next quarterly meeting for October 24, 2013 at 5:00 PM.

9. ADJOURNMENT

There being no further business, a motion was made by Mike Hays to adjourn. Motion seconded by Don Howard. The motion passed 5-0.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,

Michael Hays, Secretary