

# ***City of Gulfport Firefighters' Retirement Pension Fund***

## **Minutes: Meeting of January 22, 2015**

### **1. CALL TO ORDER**

Michael Hays called a meeting of the Board of Trustees for the Firefighters' Retirement Pension Fund to order at 4:39 PM. Those persons present included:

#### **TRUSTEES**

Michael O'Toole  
Brian Campbell  
Guadalupe Gagnon  
Don Howard  
Michael Hays

#### **OTHERS**

Scott Baur and Tracie Waight, Resource Centers  
Scott Christiansen, Christiansen & Dehner  
Jack Evatt, The Bogdahn Group  
Patrick Donlan, Foster & Foster

### **2. PUBLIC COMMENT**

There were no public comments.

### **3. APPROVAL MINUTES**

The Trustees reviewed the Minutes for the meeting of October 23, 2014.

**Michael Hays made a motion to approve the Minutes for the meeting of October 23, 2014. Don Howard seconded the motion, approved by the Trustees 5-0.**

### **4. ANNUAL VALUATION (Patrick Donlan, Foster & Foster)**

Mr. Donlan reviewed the annual actuarial valuation for October 1, 2014. He reported that the total contribution requirement drops from 30.3% in 2014 to 29.7% of covered payroll in 2015. The net City contribution, meanwhile, decreases from 16.4% to 15.8% after the Board reduced the earnings assumption from 8% to 7.75%. The reduction in the earnings assumption would otherwise increase the net City contribution requirement by 1.7%. Mr. Donlan explained that the 4 year smoothed investment return of 9.87% also exceeds the 7.75% return assumption, adding an additional cushion of unrecognized gains in the plan to offset any future losses over the next several years. The Trustees discussed asset smoothing techniques and time frames for the various methods, as well as the collar on the actuarial value of assets between 80% and 120% of the funding requirement.

Mr. Donlan noted that GASB 68 will require the City to include a \$638,970 liability for the plan on the 2015 balance sheet for the City. The plan has a current funded ratio of 83.84%, slightly above average for Florida. The Chapter 175 premium tax receipts also increased nominally from the prior year. Mr. Donlan provided an impact statement to increase the benefit multiplier from 3.14% to 3.16% and the cost of living adjustment from 0.76% to 0.84%.

**Don Howard made a motion to approve the annual actuarial valuation dated October 1, 2014. Brian Campbell seconded the motion, approved by the Trustees 5-0.**

The Trustees discussed whether the Board approved the actuary to illustrate performance of the plan at a return of 2% above assumptions along with the studies required by SB 534. Patrick Donlan explained the requirements of SB 534 in greater detail. The Board decided to fund the additional study, previously approved at the prior meeting.

The Consultant recommended that the Board maintain an investment return assumption of 7.75%. He indicated that the plan assets should achieve a return of 7.75% for the next year, the next several years, and the long-term thereafter.

**Michael Hays made a motion, based on the advice of the Investment Consultant, that the Board expected a 7.75% return on assets for the next year, the next several years, and the long-term thereafter. Guadalupe Gagnon seconded the motion, approved by the Trustees 5-0.**

## **5. QUARTERLY INVESTMENT REPORT**

Jack Evatt reported that the international markets were weak for the quarter while the domestic markets were strong. Currency gains by the dollar also affected returns for foreign securities. Mr. Evatt stated that the bond market had strong gains for the quarter as well.

The Pension Fund assets increased to \$3,412,057 as of December 31, 2014 from \$3,278,969 on September 30, 2014 as the result of a combination of income and investment gains. The assets returned 2.69% for the quarter compared to a gain of 2.38% for the benchmark. The assets also gained 8.08% for the calendar year compared to a gain of 7.36% for the benchmark. Mr. Evatt reviewed the performance for each individual investment manager. Mr. Evatt then provided updated instructions for the custodian to raise cash for disbursements or invest contributions.

**Brian Campbell made a motion to amend the Receipt & Disbursement Account instructions provided by the Bogdahn Group for Salem Trust. Guadalupe Gagnon seconded the motion, approved by the Trustees 5-0.**

Mr. Evatt reviewed the Consent to Change of Internal Control. He explained that Joe Bogdahn, founder of the company, transferred his majority ownership to Mike Welker as part of a broader initiative to ultimately expand employee ownership of the firm. Mr. Evatt provided some of the background leading to the change as well. Scott Christiansen stated that he reviewed the Consent, required by the SEC. He recommended that the Board authorize the consent.

**Don Howard made a motion to authorize the Consent. Michael Hays seconded the motion, approved by the Trustees 5-0.**

## **6. ATTORNEY REPORT (Scott Christiansen, Christiansen & Dehner)**

Scott Christiansen reported that the term for Michael Hays to serve on the Board expires on April 15, 2015, while the term for Brian Campbell expires in February 2015. The term for Don Howard, the fifth Trustee appointed by the other four Trustees, expires on April 15, 2015 as well. The Board therefore needs to hold elections for the seats currently held by Michael Hays and Brian Campbell, and the Board must also reappoint Don Howard as the fifth Trustee.

**Brian Campbell made a motion to reappoint Don Howard is the fifth Trustee to a term of four years on the Board, contingent on Brian Campbell and Michael Hays getting reelected as Trustees. Michael O'Toole seconded the motion, approved by the Trustees 5-0.**

Scott Christiansen stated that the Board must update the Summary Plan Description as required by Florida Statute.

**Don Howard made a motion to authorize Scott Christiansen to update the Summary Plan Description. Brian Campbell seconded the motion, approved by the Trustees 5-0.**

Scott Christiansen reported that Ice Miller was reviewing the ordinance for compliance with the Internal Revenue Code. He also indicated that the definition of a spouse contained in the plan would get updated during this process. He stated that SB 172 was prefiled for the current legislative session, the same bill that did not pass the session in 2014. Both the Florida League of Cities and the unions oppose the bill. The bill filed in 2014 mandated that plans establish member Share Accounts for deposit of excess premium tax receipts when the City and the bargaining unit cannot agree on the use of the money.

**7. ADMINISTRATOR REPORT** (Scott Baur, Resource Centers)

Mr. Baur reported that his firm established the nucleus of a call center in his office. Even though his firm has a strong technology orientation, he understands the pension as a very people-oriented process for the members of the plan. As such, he always wants members of plan calling his office to have a live person to talk to during normal business hours as opposed to voicemail. Administrative staff in his office try to respond or acknowledge all contact from members of plans within 24 hours.

Mr. Baur then provided the Salem fee addendum for execution.

Mr. Baur briefly addressed a memo to his office from Christiansen and Dehner regarding records retention. His office effectively has an indefinite records retention schedule. All administrative staff in his office attend records management seminars coordinated by the State of Florida, and he has had extensive discussions with staff in the state offices as well regarding records retention requirements for the pension plans. Mr. Baur explained that a member of a plan might start work at age 25, retire after 35 years, receive a benefit for another 20 years, and then have a survivor beneficiary for continuation of the benefit for another 10 or 15 years thereafter. As such, the lifecycle of a benefit to a member of the plan often exceeds 75 years or more, requiring maintenance of plan records far longer than the requirements dictated by Florida.

Scott Christiansen addressed public records laws. He stated that records law exemptions do not apply to records held by a records custodian unless the City makes a specific request to maintain the confidentiality of those records. He recommended that the administrator get a new letter request executed by the City if the administrator did not have a current such request on file.

**8. PLAN FINANCIALS**

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated January 22, 2015.

**Don Howard made a motion to approve the Warrant dated January 22, 2015 for payment of invoices. Guadelupe Gagnon seconded the motion, approved by the Trustees 5-0.**

Scott Baur provided the details for the 2015 Supplemental Distribution to the retired members of the plan.

**Don Howard made a motion to approve the 2015 Supplemental Distribution as presented. Mike Hayes seconded the motion, approved by the Trustees 5-0.**

There were no other benefits for approval.

**9. OTHER BUSINESS**

Scott Baur notified the Trustees that Christiansen and Dehner would hold a local mini-conference on March 10 in Indian Shores to provide continuing education free of charge. The Trustees briefly discussed upcoming conferences and educational opportunities.

The Trustees then discussed optional forms of benefit payment available to retiring members, including the Partial Lump Sum Option (PLOP). Scott Christiansen briefly explained the forms of benefit payment.

**10. NEXT MEETING**

The Trustees previously scheduled their next regular quarterly meeting for Thursday, April 24, 2015 at 4:30 PM.

**11. ADJOURNMENT**

**There being no further business, a motion was made and seconded to adjourn the meeting at 5:50 PM.**

Respectfully submitted,

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Michael Hays, Secretary