

*City of Gulfport Firefighters' Retirement Pension Fund*  
**Minutes: Meeting of January 19, 2023**

**1. CALL TO ORDER**

Brian Campbell called a meeting of the Board of Trustees for the Gulfport Firefighters' Retirement Pension Fund to order at 2:31 PM.

Those persons present included:

**TRUSTEES**

Brian Campbell, Chair  
David Kanter, Secretary  
Mitchell Carney  
Rene Fernandez  
Don Howard

**OTHERS**

Sara Carlson, Foster & Foster (Actuary)  
Scott Christiansen, Christiansen & Dehner (Attorney)  
Richelle Cook, American Realty Advisors ( Senior Vice President)  
Dale Everhart, Resource Centers (Administrator)  
Shannon Farrell, City of Gulfport (Director, Risk Management and Human Resources)  
Jennifer Gainfort, AndCo Consulting( Consultant)  
Chris Mathis, Active Member  
James O'Reilly, City of Gulfport (City Manager)  
John Tricarico, Active Member

Don Howard left the meeting at 2:31pm

**2. APPROVAL MINUTES: October 20, 2022**

The Trustees reviewed the minutes of the October 20, 2022 meeting.

**Mitchell Carney made a motion to approve the October 20, 2022 minutes. David Kanter seconded the motion, approved by the Trustees 4-0.**

Don Howard returned to the meeting at 2:31pm

**3. REPORTS**

**A. Investment Report (Jennifer Gainfort, AndCo. Consulting)**

**1) Quarterly Performance Report**

Ms. Gainfort indicated that the quarter ending December 31, 2022 was positive. US GDP growth is expected to have remained strong in the 4<sup>th</sup> quarter. Globally, higher energy prices continue to be a deterrent in Europe. China is beginning to reopen its economy which should be a boost to emerging markets. The US Federal Reserve Bank increased interest rates 0.75% in November and 0.50% in December, and may do additional rate hikes as it deems necessary. In the US labor market, unemployment decreased to 3.5% in December, however, announced layoffs increased during the quarter.

US and international equity markets rebounded on expectations that inflation would continue to moderate. Large cap value stocks were the best performing domestic stock segment. The S&P 500 large cap benchmark returned 7.6% for the quarter, compared to 9.2% for the mid-cap and 6.2% for the small cap. International stocks also had strong returns. The MSCI EAFE Index

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returned 17.3% and the MSCI Emerging Markets increased by 9.7%. In fixed income, long-term interest rates remained relatively stable. Bond performance was aided by lower investor concerns about rising inflation. US high yield and corporate investment grade bonds led positive performance.

The market value of the Fund was \$5,935,503 as of December 31, 2022. No rebalancing of asset allocation is needed. The Fund's income and appreciation for the quarter totaled \$374,698. Total fund gross return for the quarter ending December 31, 2022 was 6.74% vs the total fund gross policy return of 6.36%. For the 1 year period ending December 31, 2022, the fund gross return was -16.99%, and the fund policy return was -16.06%. For the quarter, total equities returned 9.57% vs the policy return of 9.03%. The gross fixed income return for the quarter was 2.98% compared to the policy return of 2.21%.

### **2) American Realty advisors (Richelle Cook, Senior Vice President**

Ms. Cook stated that American Realty Advisors is a diverse and targeted real estate fund, which started in 1987. It is 100% employee owned. It manages \$13 billion in assets. The Core Property Fund focuses in industrial, residential, office, retail, and specialty sectors such as self-storage. The Fund has no exposure to regional malls, outlets, or stand-alone retailers. Anticipated gross annual return is 7-9%. The Core Fund has provided positive net returns in 16 of the past 18 years. There is presently a que to get in and out of the fund.

The pension plan has committed \$500,000 to this manager, with actual funding scheduled to occur in April, 2023.

### **B. Actuary Report (Sara Carlson, Foster & Foster)**

#### **1) October 1, 2022 Actuarial Valuation**

Ms. Carlson presented the results of the October 1, 2022 Actuarial Valuation. The minimum required contribution as a percent of the projected annual payroll was calculated to be 33.4%, an increase from 31.6% in the previous valuation. The City Required Contribution rate is 20.6%, a 1.8% increase from the previous valuation. Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of the actuarial loss included an investment return of 3.98% (Actuarial Asset Basis) which is less than the 7.30% assumption, and unfavorable turnover experience.

Changes to benefits included an increase in the benefit accrual rate for all service, from 3.25% to 3.32% of Average Final Compensation per year of service. Further, the automatic cost of living increases for retirees from age 55 to age 65 increased from 1.38% to 1.72%.

The unfunded actuarial accrued liability is \$1,452,195, with the funded ratio of the plan being 82.3%. It was also noted that there is a current shortfall in City contributions of \$54,840.52.

Don Howard made a motion to approve the October 1, 2022 Actuarial Valuation. Rene Fernandez seconded the motion, approved by the Trustees 5-0.

#### **2) Special Actuarial Analysis**

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The Board then reviewed and discussed a requested special actuarial analysis dated January 18, 2023. The analysis presented the impact of changing the benefit accrual rate to a static 3.50% for all service. City Manager James O'Reilly was available to answer any questions on behalf of the City.

After discussion of the current benefit structure, as well as the possible changes to that structure, the following motion was made:

**Rene Fernandez made a motion to authorize an update to the presented actuarial study, for a static 3.37% benefit accrual rate for all service, a static 2% cost of living increase for retirees from age 55 to age 65, providing that all future Share Plan money can be used to fund the benefits. Don Howard seconded the motion, approved by the Trustees 5-0.**

### 3) Declaration of Returns

David Kanter made a motion that based on the advice of its consultant, the Board declares that it expects the total expected annual rate of investment return for the fund next year, the next several years and the long-term thereafter, shall be 7.10%. Don Howard seconded the motion, approved by the Trustees 5-0.

### C. Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen informed the Board that Ordinance 2022-09 had received final consideration on November 1, 2022 and was approved by City Council.

Mr. Christiansen informed the Board of the ability of active members of the Plan, who have attained normal retirement age, to pre-select a benefit option that would be in effect should they die prior to retirement. He stated that at retirement, members would then elect a benefit option to take effect in their retirement. He created a form (Form PF-29) entitled Member's Pre-Retirement Election of Benefit Option, which has been distributed to the Board.

### D. Administrator Report (Dale Everhart, Resource Centers)

Mr. Everhart presented the Fiscal Year 2021-2022 Administrative Expense Report.

**David Kanter made a motion to approve the Fiscal Year 2021-2022 Administrative Expense Report. Mitchell Carney seconded the motion, approved by the Trustees 5-0.**

Mr. Everhart informed the Board that Resource Centers retained an outside auditor to perform a System and Organization Control Audit, also known as a SOC 1 Type 2 Audit. The Audit provides reasonable assurance that controls at Resource Centers are operating effectively and appropriately protecting client data. These controls are tested in the course of the audit. The auditor identified no exceptions, meaning Resource Centers has a completely clean audit report.

## 4. Plan Financials

### A. Warrant Dated January 19, 2023

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The Trustees reviewed the disbursements for payment of invoices contained in the Warrant dated January 19, 2023.

Mitchell Carney made a motion to approve the Warrant dated January 19, 2023 for payment of invoices. Rene Fernandez seconded the motion, approved by the Trustees 5-0.

### B. Benefit Approval Dated January 19, 2023

Don Howard made a motion to approve the Benefit Approval document dated January 19, 2023. Rene Fernandez seconded the motion, approved by the Trustees 5-0.

### 5. OTHER BUSINESS

There was no other business.

### 6. PUBLIC COMMENT

There was no public comment.

### 7. SCHEDULED NEXT REGULAR MEETING

The Trustees scheduled their next regular quarterly meeting for Thursday April 20, 2023 at 2:30 PM.

### 8. ADJOURNMENT

Don Howard made a motion to adjourn the meeting. Mitchell Carney seconded the motion, approved by the Trustees 5-0.

The meeting adjourned at 4:00pm.

Respectfully submitted,

  
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David Kanter, Secretary