

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of January 18, 2024

1. CALL TO ORDER

Acting Chair David Kanter 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

David Kanter, Secretary
Mitchell Carney(arrived 2:37pm)
Rene Fernandez
Don Howard

OTHERS

Sara Carlson, Foster & Foster (Actuary)
Scott Christiansen, Christiansen & Dehner (Attorney)
Dale Everhart, Resource Centers (Administrator)
Jennifer Gainfort, AndCo Consulting (Consultant)

2. APPROVAL MINUTES: October 19, 2023

The Trustees reviewed the minutes of the October 19, 2023 meeting.

Rene Fernandez made a motion to approve the October 19, 2023 minutes. Don Howard seconded the motion, approved by the Trustees 3-0.

3. REPORTS

A. Actuary Report (Sara Carlson, Foster & Foster)

Sara Carlson provided an overview of the 2023 Actuarial Valuation results. These results are used to calculate the City's contribution rate for Fiscal Year 2024-25.

Ms. Carlson reminded the Board of benefit changes to the plan last year, increasing the benefit accrual rate to a fixed amount of 3.37% per year of Credited Service, and increasing the automatic increases for retirees from age 55 through age 65 to a fixed amount of 2.0%. This was the last year for member Share Plan allocations. The City will prospectively be allowed to use 90% of State Monies to offset their annual funding requirement. 10% of the State Monies will continue to be allocated to current retirees each year.

The City's contribution rate will increase by 2.1% due to unfavorable actuarial experience, both in the continued amortization of previous investment return losses, particularly in the fiscal year ending September 30, 2022, and due to higher than expected salary increases.

Mitchell Carney joined the meeting at 2:37pm.

The funded ratio of the plan decreased from 79.8% to 76.7%, with actuarial losses being amortized over 20 year periods.

The Minimum Required Contribution was calculated to be 37.7% of payroll for Fiscal Year 2024-25. This rate is composed of 20.4% Normal Cost, 4.5% Administrative Expenses, and 12.8% for payment required to amortize the Unfunded Actuarial Accrued Liability over 20 years. In that members contribute at 5.0% of payroll, the City and State contribution rate is 32.7% (37.7% -

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5.0% = 32.7%). The State contribution is estimated to be 11.4%, hence the City Required Contribution rate is 21.3% of payroll.

Rene Fernandez left the meeting at 2:53pm.

Don Howard made a motion to approve the 2023 Actuarial Valuation. Mitchell Carney seconded the motion, approved by the Trustees 3-0.

Rene Fernandez returned to the meeting at 2:55pm.

Discussion then occurred concerning a previous actuarial cost analysis for a cost of living increase to retirees.

Mitchell Carney made a motion to authorize plan legal counsel to draft an ordinance, and to authorize the actuary to do an actuarial impact statement for a 3% ad hoc cost of living allowance to current retirees who retired prior to April, 2009, and who were receiving a retirement benefit on October 1, 2022, with the increase effective October 1, 2023. Don Howard seconded the motion, approved by the Trustees 4-0.

The Board directed that the draft ordinance and actuarial impact statement be presented to the Board at its April 18, 2024 meeting.

B. Investment Report (Jennifer Gainfort, AndCo)

Jennifer Gainfort stated that the S&P 500 was up 11.69% for the quarter ending December 31, 2023. Small and mid cap equities outpaced the large caps, with 12.8% quarterly gains. Growth stocks outpaced value stocks by almost 5%. For the previous year, sectors leading the market were information technology, communication services, and consumer discretionary. Fed increases in interest rates typically precede a recession 2 years out from the increases. Rates started going up in March of 2022. Finally, fixed income returns have been very good historically.

The market value of the Fund was \$6,962,289 as of December 31, 2023. The Fund's income and appreciation for the quarter totaled \$594,872. Total fund gross return for the quarter ending December 31, 2023 was 9.30% vs the total fund gross policy return of 9.02%. The total fund gross policy return excludes the real estate index, as it was not available at the time the report was compiled. For the quarter, total equities returned 12.43% vs the policy return of 11.51. The gross fixed income return for the quarter was 7.40% compared to the policy return of 7.03%. The real estate return for the quarter was -5.99% compared to the policy return of approximately -5.00%.

Overall fund returns provided a great start to the fiscal year.

A U.S. Large Cap Core Manager Analysis was presented, as previously scheduled.

Dana Investment Advisors has been a manager for the fund, whose strategy was protection on the down side of markets. That protection has not occurred lately.

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Ms. Gainfort presented an overview of 5 managers, those being AQR Large Cap Defensive Style, Atlanta High Quality Select Equity, Eagle Capital-Equity, JP Morgan US Research Enhanced Equity, and Dana Large Cap Equity. Portfolio characteristics, performance, risk, up and down market capture, and fees were reviewed for each of the managers.

Rene Fernandez made a motion to move the funds currently allocated to Dana, to JP Morgan US Research Enhanced Equity and AQR Large Cap Defensive Style, with each fund receiving 50% of the Dana allocation. Mitchell Carney seconded the motion, approved by the Trustees 4-0.

B. Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen discussed the need for the Board to approve a Declaration of Returns. Jennifer Gainfort of AndCo stated that 7.1% was a reasonable return expectation.

Don Howard made a motion that based on the advice of its investment 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 7.1%. Mitchell Carney seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen indicated that the term of current Board member David Kanter expires on March 1, 2024. Mr. Kanter indicated his interest in continuing to serve on the Board. Mr. Everhart was directed to inform the City of Mr. Kanter's interest in continuing to serve on the Board.

Mr. Christiansen stated that the Board Officer Election should be scheduled for the next Board meeting.

Mr. Christiansen discussed the new electronic filing requirement for Form 1. He provided information to the Trustees on how to file online. He stated that Form 1 will no longer be filed with the Supervisor of Elections office.

Mr. Christiansen stated that in the current legislative session, there are no proposed changes to 175 or 185 plans.

Mr. Christiansen informed the board of the completion and use of a final version of the proposed reporting document to comply with legislation enacted last year prohibiting consideration of environmental, social, and governance factors in investing.

Mr. Christiansen discussed the amended Operating Rules and Procedures. He stated that the presented draft will need to be changed to reflect the change in Form 1 filing.

Mitchell Carney made a motion to approve the revised Operating Rules and Procedures. Rene Fernandez seconded the motion, approved by the Trustees 4-0.

C. Administrator Report (Dale Everhart, Resource Centers)

Mr. Everhart presented the Fiscal Year 2022-23 Administrative Expense Report to the Board.

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Don Howard made a motion to approve the FY 2022-23 Administrative Expense Report. Rene Fernandez seconded the motion, approved by the Trustees 4-0.

4. Plan Financials

A. Warrant Dated January 18, 2024

The Trustees reviewed the disbursements for payment of invoices contained in the Warrant dated January 18, 2024.

Rene Fernandez made a motion to approve the Warrant dated January 18, 2024 for payment of invoices. David Kanter seconded the motion, approved by the Trustees 4-0.

B. Benefit Approval Dated January 18, 2024

Rene Fernandez made a motion to approve the Benefit Approval document dated January 18, 2024. Mitchell Carney seconded the motion, approved by the Trustees 4-0.

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 18, 2024 at 2:30 pm.

8. ADJOURNMENT

Mitchell Carney made a motion to adjourn the meeting. Don Howard seconded the motion, approved by the Trustees 4-0.

The meeting adjourned at 3:58pm.

Respectfully submitted,



David Kanter, Secretary