

City of Gulfport General Employees' Pension Fund

Minutes of Meeting held

September 2, 2009

CALL TO ORDER

Margaret Palmisano called a meeting of the Board of Trustees for the General Employees' Pension Fund to order at 9:00 AM.

Mr. Blake Boyer took a roll call of the Trustees and others present. The Board had a quorum for the meeting. Those persons present included:

TRUSTEES

Blake Boyer
John Lapham
Margaret Palmisano
David Hastings
Bob Williams
Dan Carpenter
Marjorie Milford (9:02 AM)

OTHERS

Nathalie Luke, AON
Lynn Skinner, Salem Trust
Scott Christiansen, Christiansen & Dehner

1. APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting held on June 3, 2009.

A motion was made to approve the minutes for the meeting held on June 3, 2009. The motion was seconded and approved by the Trustees 6-0.

Ms. Marjorie Milford joined the meeting.

With regards to minutes, Mr. Boyer stated that according to his notes, the Board has these two sets of minutes outstanding (January 30, 2009 and March 4, 2009). Ms. Palmisano noted that she spoke with Jerryanne Hindman of the City Clerk's office and she agreed to do the minutes for the Board.

2. DISBURSEMENTS

The Trustees reviewed the list of invoices to be paid:

- Salem Trust \$1,095.98
- Plan's attorney, Scott Christiansen \$676.17

It was also reported that Nathalie Luke of Aon mentioned that a March, 2007 invoice was still outstanding but the Trust showed that it was paid. Nathalie will go back and look into it.

Ms. Marjorie Milford made a motion to approve the payments. Ms. Palmisano seconded the motion and was approved unanimously by the Trustees 7-0.

3. HOW EARLY RETIREMENT WORKS

Ms. Palmisano wants to know the rule about Early Retirement so that she can respond to a participant who was inquiring about penalty for Early Retirement. Ms. Palmisano stated that the plan member has 25 years of service but not quite 55 years old yet. Mr. Christiansen confirmed that there is a 7% penalty per year between age 62 and 55.

4. BALLOTS COUNTING

Ms. Palmisano stated that the following two people ran in the last election:

- Frank Wheelham
- Brian Stees

A total of 31 votes were counted. Mr. Frank Wheelham got 22 votes and Mr. Brian Stees received 9 votes. Mr. Wheelham won and has become the new Trustee member. Mr. Wheelham has been with the city of Gulfport for 15 years and is one of the Police dispatchers.

5. QUARTERLY REPORT REVIEW FROM AON CONSULTING

Ms. Nathalie Luke appeared before the Board to review the investment performance of the portfolio for the quarter ending June 30, 2009. Ms. Luke started with a quick market overview of what happened with the quarter and stated that the plan had a pretty good quarter with positive returns across the board which is a welcome change from how these numbers looked in prior reports. All the sectors within the Index posted positive gains and the top performing sectors were financials which fell pretty considerably in prior quarters. Ms. Luke stated that although we had a very solid quarter all the way but she is a little concerned about unemployment which will probably rise throughout the rest of the year so she will wait to see what happens during the last quarter of the year.

Ms. Luke reported that the fund returns a little over 11.5% for the quarter outperforming the Policy Index by almost 100 basis point. She said that the plan is pretty close to the target allocation for equities at 54% and she'll recommend that we stay at that target. Ms. Luke feels that the fund will probably be real close to target even after what happened earlier in the week. As far as rebalancing, Ms. Luke promised to take another look at the numbers as of yesterday and if we are not close to the target allocation, then a revised rebalancing will be prepared and sent to the Board.

No one had any questions for Nathalie Luke in regards of the Investment report. The Board thanked Ms. Luke for the Investment Performance review.

6. UPDATE AND REPORT FROM PENSION ATTORNEY

Mr. Christiansen discussed the following items with the Board:

*** Financial Disclosure Form – Form 1:**

Mr. Christiansen reported that the Trustees need to make sure that Mr. Frank Wheelham, the new elected Trustee, fills the Form 1 Financial Disclosure during the first 30 days of his term. Mr. Christiansen stated that the form can be downloaded online from the Florida Commission on Ethics website or anyone can call them and they'll send a copy, but the completed form must be filed with the Supervisors of Elections. He also reminded the Trustees that every Board member must fill out Form 1.

Operating Rules and Procedures – two amendments

*** Expense Payments from the Fund:**

Mr. Christiansen sent a revised Operating Rules and Procedures which everybody got a copy from the package that was sent. This is in regards of expense payments from the fund. Paragraph C under this section now reads: “**Authorization for payments from the Fund shall be in writing and signed by the Administrative Services Director and one Trustee of the Board**”. The paragraph used to say before “**signed by at least two trustees of the Board**”.

*** Restatement of the Ordinance:**

Mr. Christiansen made a number of changes to the Ordinance to comply with the Internal Revenue Code and one of the changes was to take out the reference of “1983 Group Annuity Mortality Table and interest rate of 7.50% per annum”. Mr. Christiansen wanted to make it clear that the Board and not the City has the authority to determine the definition of actuarial Equivalence so he added it to the Operating Rules and Procedures which is the Board document.

Mr. Christiansen asked for a motion to approve these two amendments listed above to the Operating Rules.

A motion was made by Mr. David Hastings to approve the two amendments to the Operating Rules and procedures. The motion was seconded by Ms. Marjorie Milford and passed 7-0.

*** Summary Plan Description:**

Mr. Christiansen stated that the SPD is a document that is required to be updated and distribute to the members every two years but unfortunately since there were some significant changes pending for a while so he had to postpone the updated Summary Plan Description for a little over 2 years until he got everything in place. Listed below are the updates that were discussed:

Beneficiary Form – This reference was at the last page of the document before but was moved to the front page all in Caps in order to draw the members' attention whenever

he/she has a status change. It is very important that the member updates the beneficiary form to avoid problems in the future should he/she gets a divorce, the spouse dies or gets remarried.

Number of Trustees - Mr. Christiansen took out the reference to the Administrative Services Director in Section 15-93 and also changed the number of elected Trustees from four to five which is the number of Trustees that the Ordinance provides now.

Multiplier – The Normal Retirement Benefit is currently calculated to be equal to 2.00 percent from 1.75 percent of average final compensation for each year of credited service.

Reemployment after Retirement – Mr. Christiansen added a reference to make it clear that there are some restrictions on the ability to be rehired after retirement and continue to draw benefits.

Contribution and Funding – Mr. Christiansen indicates that the member contributes 2.7% of his/her salary and that these contributions are Pre-Tax.

Maximum Benefits – Mr. Christiansen added the maximum annual benefit amount that is allowed to pay to an individual is \$195,000 a year. This is an IRS rule.

Dissolution of Marriage - A sentence has been added to encourage Plan Members who are getting divorced to notify the Human Resources Officer of the Member's attorney's name, address and telephone number. The Human Resources Officer shall promptly provide that information to the General Counsel to the Fund.

New Trustee addition – Mr. Christiansen will also be adding Frank Wheelham as the new Trustee.

Mr. Christiansen asked for a motion to approve the new Summary of Plan Description. A motion was made and approved by the Trustees 7-0.

7. OTHER BUSINESS

A motion was made to approve a September 3, 2008 Insurance payment installment of \$3,817.00 to World Risk Management for Fiduciary Liability Insurance. The motion was approved by the Trustees 7-0.

The Board received a check from Bank of America payable to the City of Gulfport for \$19.74. The check represents a class action suit settlement over some investments the plan had.

Mr. Dan Carpenter was the only one set up to receive annual and monthly statements from Salem Trust for the plan. A decision was made for Ms. Margaret Palmisano to also receive copies of the Salem Trust statements in the future.

8. ADJOURNMENT

There being no further business, a motion was made to officially adjourn the meeting at 10:13 AM.

Respectfully submitted,

Margaret Palmisano, Secretary