

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of July 28, 2011

1. CALL TO ORDER

Margaret Palmisano called a meeting of the Board of Trustees for the General Employees' Pension Fund to order at 1:00 PM.

2. ROLL CALL:

Mr. Baur took a roll call of the Trustees present. The Board had a quorum for the quarterly meeting. Those persons present included:

TRUSTEES

Margaret Palmisano
Marjorie Milford
Cher Johnson
Bob Williams

OTHERS

Scott Baur, Pension Resource Center
JC Louissaint, Pension Resource Center
Nathalie Luke, Aon Hewitt Consulting
Scott Christiansen, Christiansen & Dehner
Mercedes Perez, City of Gulfport

TRUSTEES ABSENT

Blake Boyer, Chair
Frank Wheelehan
Stanley Solomons

3. APPROVAL MINUTES

Scott Baur noted that there are three sets of minutes in the packet to be approved; September 2, 2009, March 3, 2010 and April 28, 2011. Nathalie Luke has asked for the Investment Consulting Company name on the April 28, 2011 minutes to be changed from AON Consulting to **AON Hewitt Consulting**. The Trustees reviewed the minutes for the meetings held on September 2, 2009, March 3, 2010 and April 28, 2011.

Margaret Palmisano made a motion to approve the minutes for the meetings of September 2, 2009, March 3, 2010 and April 28, 2011 with the Investment Consultant's name change to AON Hewitt Consulting. Bob Williams seconded the motion, approved by the Trustees 4-0.

4. INVESTMENT REPORT: AON Hewitt (Nathalie Luke)

Nathalie Luke presented the Investment Report for the quarter ending June 30, 2011. Ms. Luke started by giving an overview of the market and noted that the capital markets were volatile on news of disappointing economic data, the attempt to deal with the debt limit, the potential downgrade of the Treasury and the continuing European debt crisis during the second quarter of 2011. She also noted that the volatility is expected to continue even if Congress increases the debt ceiling, there might still be a risk that the U.S. might lose its AAA rating due to the large deficit being accumulated by the government. As for the U.S rating quality, Ms. Luke does not think this would create any

problem for the Gulfport General fund if the U.S. would lose its AAA credit rating because the Plan Investment Policy states that it should maintain a minimum average credit portfolio of A or better for the Fixed Income portfolio so it does not have a AAA rating mandate. Ms. Luke stated that she will monitor the situation and if things get worse then she would recommend that we change the Investment Policy. She stated that in any case, the plan would not buy anything rated less than A.

Ms. Luke reported that despite the bad economic data, the portfolio for the most part has a positive return even on the equity side except for Small Caps. Large Cap and Bonds did well and the Foreign Equity did better than Domestic Equity because of the weak U.S. dollar. The portfolio returned 0.58% for the quarter compared to 1.30% for the benchmark. The plan had \$10,838,545 of assets as of June 30, 2011. For the fiscal year-to-date, the portfolio returned 10.16% compared to 10.05% for the benchmark. On the plan review, Ms. Luke stated that the plan lagged the Policy Index by 72 basis points although still ahead on a fiscal Year-to-Date barely by 11 basis points. Ms. Luke explained that the allocations by Segment and by Manager as of July 20th are pretty much in line with the plan's investment target policy and should the asset allocation is getting close to getting out of policy range then we will consider rebalancing but as of now the plan is well in line with the policy target. The Board thanked Ms. Luke for the 2nd quarter Investment Report

Marjorie Milford made a motion to approve the Investment Report. Bob Williams seconded the motion, approved by the Trustees 4-0.

Ms. Luke offered to send articles released periodically by her research department to Scott Baur who will save them online on the plan website for the Trustees to review.

5. ATTORNEY REPORT: SCOTT CHRISTIANSEN

Scott Christiansen reminded the Board that the Trustees' terms for Blake Boyer and Bob Williams expired October 1, 2011 and they need to post for new election. Scott Baur said that he will handle the paperwork.

Mr. Christiansen reported that he checked online to make sure that all the trustees filed the annual Form 1 Financial Disclosure. All the trustees have filed the form except for Frank Wheelehan. Scott Baur stated that he had sent a reminder to Frank Wheelehan on July 26th via email with the form attached but he has not heard from him yet. Margaret Palmisano promised to call Frank to remind him.

Mr. Christiansen asked the Board to authorize him to update the Summary Plan Description which should be done every two years, and this is coming due in September, 2011.

Margaret Palmisano made a motion to authorize Mr. Christiansen to update the Summary Plan Description. Bob Williams seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen reviewed the SB1128 legislation that was signed into law noting that the changes regarding the definition of salary for overtime, accumulated vacation and accumulated sick leave will have an impact on the Plan effective July 1, 2011. Mr. Christiansen wants the City to provide a list of accrued vacation and accrued sick time up to July 1st which Mercedes Perez, the City's Human Resource officer, already did in order to keep track of these accruals. There were some discussions regarding the calculation and Mr. Christiansen gave a few examples and made it clear that an employee will get credit for anything he/she has accrued on the book as of July 1st but cannot get credit for any time accrued after July 1st. He also said that the new rule is only for existing employees as new hires will not be able to use any time. With regard to the limitation on overtime, the benefit calculation can include up to 300 hours per year in overtime compensation but the plan needs to determine whether the 300 hour annual limitation will be applied on a fiscal or calendar year basis.

Mr. Christiansen told the Board that the Ordinance will need to be revised to include the changes from the new legislation so he asked the Board to authorize him to do a proposed Ordinance to make the changes in the salary definition and I also come up with a policy on reemployment after retirement.

Marjorie Milford made a motion to authorize Mr. Christiansen to prepare a proposed Ordinance to make the changes on salary definition based on the new legislation and also a new policy on reemployment after retirement. Bob Williams seconded the motion, approved by the Trustees 4-0.

6. ADMINISTRATOR REPORT (Scott Baur)

Mr. Baur stated that he will have more discussion later with Mercedes regarding the accrued vacation and accrued sick time. Scott Baur discussed the vested deferred members of the plan and how he is tracking down people but has not come across any members from this plan yet. Mr. Baur clarified the questions that the Board had at the last meeting related to a \$75.00 charge to calculate a refund of contributions for a former member Chris Seefeldt and also a benefit calculation for Mr. Damico that might have been done twice by Foster & Foster. Mr. Baur explained that Patrick Donlan of Foster & Foster confirmed to him that he was asked to do the refund for Chris Seefeldt and the calculation for Mr. Damico by Margaret. Mr. Baur does not believe that Mr. Damico is due any further benefit because the record shows that he was paid out. Mercedes will be checking Mr. Damico's record from a microfiche and will check with Margaret to see if her machine can print records from the microfiche. Foster & Foster agreed to give credit to the plan in the next invoice for \$38.00.

Scott Baur introduced JC Louissaint as an additional contact in his office to the Board. He told the Board that JC will be able to assist the trustees and members with their needs as he is getting familiar with the Gulfport plans.

7. PLAN FINANCIALS

The Trustees reviewed the warrant list of disbursements. Mr. Baur explained that the credit of \$38.00 by Foster & Foster will show on the next invoice and also the charges

for the conversion that occurred in March and April are now being shown on the current warrant to be paid. Cher Johnson questioned why AON Hewitt Consulting is not being paid. Mr. Baur indicated that he did not receive any invoice after the May 31st communication and cannot explain why he didn't get the email that AON Hewitt claimed was forwarded to him, but the invoice that was received recently from AON Hewitt will be included in the next warrant to be paid.

Bob Williams and the Board would like to see how the members benefit calculation is done so Mr. Baur agreed to prepare the calculation and email it to the Board. Cher Johnson questioned the \$500.00 charge from Ellen Schaffer labeled "Source Code License Fee" on the invoice. Mr. Baur explained that this charge is an hourly fee and is part of the programming charges. He also told the Board that the program source code belongs to the plan and should Gulfport terminate their service with Resource Center, then Gulfport will be able to retain the program code.

The Trustees reviewed the benefit approvals for members of the plan and also questioned why Foster & Foster did a benefit calculation twice for Lesley Demuth. Mr. Baur explained that her calculation had to be revised and he will go back through his emails to get the details and report back to the Board why it was done twice.

Margaret Palmisano made a motion to approve the Warrant dated July 28, 2011 for payment of invoices. Marjorie Milford seconded the motion, passed by the Trustees 4-0.

Bob Williams made a motion to approve the benefits for Edward Jemison, Brenda Hensley, Darrel Hill, Allen Smith, Ann Lynch and Lesley Demuth. Cher Johnson seconded the motion, passed by the Trustees 4-0.

8. OTHER BUSINESS

Scott Baur reminded the Board of a discussion from the last meeting relating to the cost of rejoining the FPPTA organization and the opportunities for continuing education and attending local pension conferences. A motion was made to include the FPPTA topic on the this agenda because the matter was not resolved at the last meeting. Mr. Baur explained that the Board should join the FPPTA first before a member can attend their conferences and school programs to be certified and the cost to join is \$600.00 annually and \$450.00 per trustee for the upcoming event program being held in Tampa from October 2 – 5, 2011. Cher Johnson thinks that the Board should move forward to attend trainings and she is interested in attending the event being held in Tampa in October and would also like to attend future school programs in order to be certified.

Bob Williams made a motion for the Board to approve joining FPPTA. Margaret Palmisano seconded the motion, approved by the Trustees 4-0.

Margaret Palmisano made a motion for the Board to authorize anyone who wants to go to the FPPTA school event being held in Tampa from October 2- 5, 2011 to be able to attend. Cher Johnson seconded the motion, passed by the Trustees 4-0.

Bob Williams would like to bring the education issue before the full Board next time they meet.

Mr. Baur asked the Board for a motion to authorize him to pay the Fiduciary Liability Insurance renewal. The premium for 2011-2012 is \$3,789.19 which is about \$30.00 less than the previous year.

Margaret Palmisano made a motion to authorize Mr. Baur to pay the Fiduciary Liability Insurance renewal premium in the amount of \$3,789.19. Cher Johnson seconded the motion, passed by the Trustees 4-0.

Marjorie Milford had to leave the meeting at 2:51 PM.

The Board discussed the fee increase letter from Foster & Foster. Mr. Christiansen explained that the proposed 10% fee increase is due to the fact that the State requires additional work to be done to the actuarial valuation and administrative work in order to comply with the new statutory requirements. The increase would come up to about \$950.00. Mr. Baur will ask Foster & Foster to provide an explanation of the proposed fee increase for the Retirement Benefit calculations.

Cher Johnson asked Scott Baur to sign her up for the FPPTA upcoming classes in October. Mr. Baur promised to email the FPPTA information to all the Trustees.

9. NEXT MEETING DATE

The Trustees previously scheduled their next meeting for October 27, 2011

10. NEXT MEETING DATE / ADJOURNMENT

There being no further business, a motion was made to adjourn the meeting at 2:55 PM.

Respectfully submitted,

Margaret Palmisano, Secretary