

## **Minutes: Meeting of December 12, 2011**

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

Margaret Palmisano called a meeting of the Board of Trustees for the General Employees' Pension Fund to order at 1:44 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**

Blake Boyer, Chair  
Margaret Palmisano  
Marjorie Milford  
Cher Johnson  
Bob Williams  
Frank Wheelehan

#### **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

### **3. APPROVAL MINUTES**

The Trustees reviewed the minutes for the meeting held on July 28, 2011.

**Marjorie Milford made a motion to approve the minutes for the meeting held on July 28, 2011. Cher Johnson seconded the motion, passed by the Trustees 6-0.**

### **4. INVESTMENT REPORT: AON Hewitt (Nathalie Luke)**

Ms. Nathalie Luke presented the Investment Report for the quarter ending September 30, 2011. Ms. Luke stated that the third quarter proved very difficult for many managers with events driven by Europe and other larger macro issues. Even though treasuries were downgraded but U.S. Bonds were still the safe haven of choice for investors. Utilities were the only sector to post a gain for the quarter. Foreign securities also had a very difficult quarter with only Japan rebounding from earlier losses. Fixed Income funds were safe havens and performed best.

Ms. Luke reported that for the portfolio returned -11.04% versus -7.22% for the benchmark and -2.00% for the fiscal year compared to 1.84% for the benchmark with total assets of \$9,616,727.00 as of September 30, 2011. Ms. Luke believes that European reforms will be very difficult to implement and she expects volatility to continue. Ms. Luke also noted that besides the poor performance by Pimco Total Return her company continues to support Pimco as a Fixed Income manager. The Pimco All Assets fund lagged against a TIPS benchmark. Ms. Luke recommended replacement of Growth fund of America in the portfolio. Goldman Sachs and Brandywine lagged and Ms. Luke also recommended replacement of the Brandywine fund. She would

consolidate assets in Vanguard Capital Opportunity fund for the Mid-Cap allocation. The international funds held by the plan both currently underweight the allocation to Europe.

Ms. Luke provided alternatives to Growth Fund of America including TRowe Large Cap Growth. Both Harbor and Mainstay look for quality growth at a reasonable price. Ms. Luke also likes risk controls employed by Mainstay with Nuveen offering the lowest expense ratio access to Winslow as a Manager and noted that the majority of active managers have now underperformed the growth index. Ms. Luke reviewed additional characteristics of the respective portfolios and indicated that she has a preference for Winslow using the Mainstay history to gauge the historical performance of the manager. The Board discussed the recommendations and presented a motion.

**Margaret Palmisano made a motion to replace the Growth fund of America with Nuveen Winslow Large-Cap Growth and move Brandywine to Vanguard Capital Opportunity. Blake Boyer seconded the motion, passed by the Trustees 6-0.**

## **5. ATTORNEY REPORT: SCOTT CHRISTIANSEN**

Mr. Scott Christiansen reminded the Board that Trustees Blake Boyer and Bob Williams' terms expired and they need to post for new election. He also noted that the City has to appoint someone for Stanley Solomons' seat.

Mr. Christiansen reported that the legislative session starts in January and there is no Bill pending that would affect the General plan.

Mr. Christiansen asked if any action was taken on the Foster & Foster fee increase. The Board discussed the fee increase one more time and presented a motion to approve it.

**Margaret Palmisano made a motion to approve the Foster & Foster fee increase but not to include the increase on calculations of the vested deferred members list. Blake Boyer seconded the motion, passed by the Trustees 6-0.**

Mr. Christiansen discussed the draft of the proposed ordinance based on legislation that was signed into law effective July 1, 2011. Salary shall not include more than 300 hours of overtime per calendar year and will take effect January 1, 2012. Mr. Christiansen reviewed additional plan updates contained in the proposed ordinance as well as language fixes to comply with the tax requirements and other changes. He also added the definition of actuarial equivalence to the plan.

Mr. Christiansen discussed plan members rehired after retirement with various options. The trustees discussed different scenarios and directed Mr. Christiansen to have options to: a) Continue the benefits b) Stop the Benefit and participate in the plan c) Continue the benefits and not participate in the plan. It was agreed that Benefit must stop if an early retiree returns to work.

**Mr. Blake Boyer made a motion to direct Mr. Christiansen to modify the proposed ordinance to have the Benefit be discontinued when an early retiree returns to work. Bob Williams seconded the motion, passed by the Trustees 6-0.**

The proposed ordinance will be modified and be forwarded to the City for consideration.

Mr. Christiansen gave an update on the SPD and reported that the date was changed to January 2012 under definition of Salary.

**Ms. Margaret Palmisano made a motion to approve the Summary Plan description. Bob Williams seconded the motion, passed by the Trustees 6-0.**

Mr. Christiansen discussed the proposed 2012 meeting schedule and the Board agreed on the proposed dates: January 26, 2012; April 26, 2012; July 26, 2012 and October 25, 2012. Mr. Christiansen departed at 3:35 PM.

#### **6. ADMINISTRATOR REPORT (Scott Baur)**

Mr. Baur discussed the deferred benefits list and last known member's address. Ms. Marjorie Milford suggested that a standard letter be sent to the last known address and if there is no response we should not let Foster & Foster do the benefit calculations.

Mr. Baur informed the Board that the 2012 FPPTA membership renewal is due and if they approve then he will register the Board and pay the fee.

**Ms. Cher Johnson made a motion to approve the FPPTA renewal fee for 2012. Ms. Margaret Palmisano seconded the motion, passed by the Trustees 6-0.**

Mr. Baur explained the advantages to attend the FPPTA trustees school program and the types of programs they offer. He also informed the trustees that Scott Christiansen and his law firm partners offer some courses also and that the trustees should contact him for some details. The next FPPTA trustee school program will take place in Jacksonville, FL from February 5 through February 8, 2012. Ms. Cher Johnson is interested in attending. The Board discussed the expenses and the benefits of the knowledge acquired by the trustees who attended the seminars. The Board agreed to pay for Ms. Cher Johnson to attend the upcoming seminar.

Bob Williams departed at 4:06 PM.

**Ms. Margaret Palmisano made a motion for the Board to pay for Cher attendance to the next FPPTA Trustees school program in Jacksonville, FL from February 5 through February 8. Mr. Blake Boyer seconded the motion, passed by the Trustees 5-0.**

#### **7. PLAN FINANCIALS**

The Trustees reviewed the warrant list of disbursements.

**Ms. Margaret Palmisano made a motion to approve the warrants dated December 12, 2011 as listed. Ms. Cher Johnson seconded the motion, passed by the Trustees 5-0.**

**8. OTHER BUSINESS**

**9. NEXT MEETING DATE**

The Trustees previously scheduled their next meeting for January 26, 2012.

**Ms. Marjorie Milford made a motion to adjourn. Ms. Margaret Palmisano seconded the motion, passed by the Trustees 5-0.**

**10. NEXT MEETING DATE / ADJOURNMENT**

There being no further business, a motion was made to adjourn the meeting at 4:19 PM.

Respectfully submitted,

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Margaret Palmisano, Secretary