

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of October 25, 2012

1. CALL TO ORDER

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

2. ROLL CALL

Those persons present included:

TRUSTEES

Margaret Palmisano, Secretary
Cher Johnson
Marjorie Milford (1:05 PM)
Bob Williams

OTHERS

Scott Baur & Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Nathalie Luke, Hewitt Ennis Knupp Consulting

TRUSTEES NOT PRESENT

Blake Boyer, Chair

Meeting moved out of Workshop mode upon Trustee Marjorie Milford's arrival at 1:05 pm.

3. APPROVAL OF MINUTES

Margaret Palmisano made a motion to approve the minutes of the July 26, 2012 meeting as submitted. Cher Johnson seconded the motion. The motion passed 4-0.

4. INVESTMENT REPORT (Nathalie Luke, Hewitt Ennis Knupp Consulting)

Ms. Luke inquired about the status of the revised investment policy statement that was approved by the Board at the last meeting. It needs the signature of the Board Chairman and then to be submitted to the City Council. Margaret Palmisano will print the electronic document, obtain Blake Boyer's signature and submit the signed document to the City Clerk. Ms. Luke and Ms. Nolan will collaborate to get the electronic copy of the document to Ms. Palmisano.

Ms. Luke then discussed the plan performance as of September 30, 2012. For the overall economic outlook, it was a good quarter; the S&P 500 was up 6.35% for the quarter. The outlook for the global economy remains uncertain. The US economy is still strong, however, showing positive growth. Uncertainty exists on the domestic side due to upcoming changes in tax and regulatory policy. US businesses appear to be holding cash, waiting to see the outcome of the election in November.

The plan had good equity performance and all sectors show a positive gain for the quarter. For the current quarter to date, the S&P was down 1.7% and foreign equities were up .57% as of October 24, 2012. Equity performance favored large cap over small in both US and foreign markets. Both value and growth stocks had good results for the quarter. This will have a positive impact on the three and five year performance

Bonds also performed well with increased yields this quarter. Interest rates were held low by the Fed due to uncertainty, and they played their part in the current asset allocation to give good balance to the portfolio.

For the quarter the fund was up 5.08%, this over the benchmark of 4.11%. For the fiscal year to date, the fund return of 18.08% was 1.65% over the benchmark of 16.43%. This should improve the three and five year performance. In the fixed income arena, the PIMCO Total Return investment yielded a 3.16% return. This was double the benchmark return of 1.58%, putting it in the 16th percentile of the fixed asset funds. Dodge & Cox also performed well, yielding an 8.04% return for the quarter, which was 1.53% over the benchmark. The rest of the investment sectors all performed in line with their respective benchmarks, except for Columbia International, which was the worst performer at 4.19%. They were -2.73% under the benchmark. Ms. Luke noted she would be keeping a close eye on this investment. They are value oriented, concentrated in the financial sector, which has been weak. The quarterly result was solid and contributed to a very good performance for the fiscal year.

Ms. Luke advised the asset allocation was close to the funds' targets and no action was called for at this time. The fund will be rebalanced thirty days after the signed investment policy statement is submitted to the City Council.

Ms. Luke reported the Vanguard REIT is available to the Gulfport General Fund at 80 basis points. The fund can now go from Investor to Admiral class. Ms. Luke will provide the Administrator with a letter of instruction to authorize the custodian to change the share class.

Scott Christiansen noted that the 18% performance this fiscal year now allows the four year averaging to drop the -13% from 2008 which had last year's 4 year performance at .38%; this year the four year average will be between 8.5 and 8%.

5. ATTORNEY REPORT (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen advised that the signed Investment Policy Statement will need to be submitted not only to the City, but to the State and the Actuary as well.

Mr. Christiansen discussed the vacancy created by James Beane leaving the Board. An election will need to be held for the vacant three year term starting 9/1/12. PRC will provide ballots to Margaret Palmisano. Mr. Christiansen also noted that there is still an open 'citizen at large' position which the City Clerk is working on filling.

Mr. Christiansen advised that officer elections need to be placed on the agenda for the next board meeting. Blake Boyer needs to be contacted regarding his availability for board duty and continuing in the chair position.

Mr. Christiansen noted that the fiscal year end report would need to be submitted to the City with "Pension letter #2". Ms. Nolan will submit to the City.

Fiduciary Liability Insurance - the premium will be paid in full; Ms. Nolan will need to submit a request for the city to reimburse the fund for the waiver of recourse portion of the premium.

Forms for rolling over payment for military or government service have been revised by Christiansen & Dehner. They replace the current forms They have been posted on PRC's website for the plan.

Mr. Christiansen participated in a conference call with the consulting tax attorney on October 24, 2012; the IRS rules that apply to the plan are being changed. Christiansen & Dehner is keeping apprised of the situation and will recommend necessary action when all changes are known.

Mr. Christiansen reviewed the "Ex-Spouse as Beneficiary" memo in the Board's meeting packet; the memo is to be distributed to all plan participants. Margaret Palmisano will arrange distribution to the active members, PRC will distribute to the Retirees that have an applicable post-death benefit and Terminated Vested members.

6. ADMINISTRATOR REPORT: Scott Baur/Pam Nolan (Pension Resource Center)

The Board reviewed the proposed calendar for 2013 and approved the following meeting dates for 2013:

January 24, 2013
April 25, 2013
July 25, 2013
October 24, 2013

Cher Johnson made a motion to approve the 2013 meeting dates as submitted. Margaret Palmisano seconded the motion. The motion passed 4-0.

Ms. Nolan noted that the Fiduciary Liability Insurance has been renewed for the period 9/2012 to 9/2013 and proper application to the City for reimbursement of the waiver of responsibility premium will be made.

Mr. Baur reviewed the status of the Vested Deferred calculations. Most calculations have been received back from Foster & Foster; there have been some questions regarding accurate start dates of some of the former employees; especially regarding part time to full time status. Cher Johnson and Bob Williams suggested contacting Bonnie Sherman for assistance as Mercedes Perez has not found city employment records for some of the vested deferred members that left the city quite some time ago.

Ms. Palmisano and Mr. Williams noted that some employees may have taken their contributions out of the plan when they left the City. Ms. Johnson will research any records received from John Hancock, who was the plan administrator/custodian prior to Salem Trust and Foster & Foster.

Mr. Baur noted that the Resource Center has just completed an SSAE-16 audit for 2012 which has been distributed to all Board members. Mr. Baur will forward to Terry Gould, the new City Administrator. .

7. PLAN FINANCIALS

The Trustees reviewed the Warrant dated October 25, 2012 for payment of invoices. The Board discussed the potential duplicate billing on the Foster & Foster invoice and requested PRC research and request a credit from Foster & Foster for duplicates found.

Margaret Palmisano made a motion to approve the Warrant for accounts payable dated October 25, 2012 with the exception of the Foster & Foster Invoice #2972 dated 9/12/2012. Bob Williams seconded the motion. The motion passed 4-0.

8. OLD BUSINESS

Cher Johnson was not able to attend the FPPTA Trustee School held October 7-10, 2012 in Bonita Springs and the Board extended the approval to the next Trustee School in January.

9. NEW BUSINESS

The Trustees had no new business for discussion.

10. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, January 24, 2013 at 1:00 pm.

11. ADJOURNMENT

There being no further business, a motion was made by Margaret Palmisano and seconded by Bob Williams to adjourn the meeting at 2:20 PM. The motion passed 4-0.

Respectfully submitted,

Margaret Palmisano, Secretary