

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of January 24, 2013

1. CALL TO ORDER

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:05 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Blake Boyer, Chairman
Cher Johnson
Marjorie Milford (1:11 PM)
Paul Rousseau
Margaret Palmisano, Secretary

OTHERS

Scott Baur & Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Nathalie Luke, Hewitt Ennis Knupp Consulting
Lynn Skinner, Salem Trust
Patrick Donlan, Foster & Foster

TRUSTEES NOT PRESENT

Bob Williams

Chairman Boyer congratulated Paul Rousseau on his recent election to the Board and welcomed him to his first meeting as a Trustee.

3. ELECTION OF OFFICERS

Cher Johnson made a motion to re-elect Blake Boyer as the Chairman and Margaret Palmisano as the Secretary. Paul Rousseau seconded the motion. The motion passed 4-0.

4. APPROVAL OF MINUTES

Margaret Palmisano made a motion to approve the minutes of the October 25, 2012 meeting as amended regarding Foster & Foster duplicate billing. Blake Boyer seconded the motion. The motion passed 4-0.

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

Ms. Luke provided a brief overview of the structure of the Hewitt Ennis Knupp quarterly report.

Mr. Christiansen confirmed that the revised Investment Policy Statement was signed by the Chair and distributed to the State, City and Actuary. Ms. Nolan confirmed sent to City; will follow up on State and Actuary.

Ms. Luke summarized the market performance for the first fiscal quarter. Given the US economic issues, foreign markets outperformed domestic markets for the quarter. Value strongly outperformed growth, driven by financials. Ms. Luke reported the fund returned 2.21% in the fourth quarter of 2012, compared to the benchmark performance of 1.01% for the same period. For calendar year 2012, the fund achieved a 14.6% rate of return versus the benchmark return of 10.9%. All managers performed well, with the exception of Columbia. Fund assets totaled \$11,243M as of December 31, 2012. A review of the asset allocation resulted in no changes recommended at this time.

6. ACTUARY REPORT (Patrick Donlan, Foster & Foster)

Actuarial Valuation

Mr. Donlan noted that the total contribution required, expressed as a percent of payroll, increased slightly; from 21.8% in 2011 to 23.6% in 2012. The City's portion went from 19.1% last year to 20.9% this year. The actual dollar amount of the City's contribution was flat, due to a decrease in payroll for the year. The number of employees dropped from 67 in 2011 to 61 in 2012. Mr. Donlan also explained that the fund has a \$28,125 credit balance due to an overpayment made by the City several years ago which is available to supplement to City's contribution requirement for the year.

This year's valuation showed an improvement in the funded status. Mr. Donlan addressed the effect of historical gains and losses on the current contribution rate. Mr. Donlan explained that the lower payroll caused the City's contribution rate to increase in proportion to the remaining payroll. Even with the four year smoothing, the plan's actuarial rate of return of 7.8% now exceeds the plan's 7.5% expected rate of return.

Margaret Palmisano made a motion to approve the Actuarial Valuation as presented. Blake Boyer seconded the motion. The motion passed 5-0.

Cost of Living Adjustment (COLA) Review

The plan must have cumulative net actuarial gains since the last adjustment in order for the Board to approve a COLA. The last adjustment was effective October 1, 2006. The plan has had a cumulative loss of about \$150,000.00 since then, so the Board found that the plan has not met the criteria to support authorizing a COLA at this time.

Invoice Review

A review of the 2012 invoices found that four of the vested deferred calculations had been for deceased or already retired members. IN addition, that Rose Domke and Rose Sopak are the same person. These were credited on the most recent invoice. Ms. Palmisano requested that Foster & Foster add first names to the invoices to help avoid confusion in the future.

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

Mr. Christiansen noted that the Board still has a vacant position for a City-appointed Trustee.

Blake Boyer made a motion that based upon the advice of the Board's investment consultant, the plan expected rate of return for the next year, the next several years and the long term thereafter be set at 7.5%. Margaret Palmisano seconded. Motion passed 5-0.

Legislative Update

Mr. Christiansen noted that proposed changes to the Florida State Retirement System could carry over to municipal defined benefit plans. The way in which the State Supreme Court ruled on the proposed FRS legislation set a precedent for reduction of benefits. The current bill includes reduction in the contribution rate and/or reducing COLA's. It also would make a defined contribution plan the default for new employees and provide for closing down the current employees' defined benefit plan by means of election.

Mr. Christiansen confirmed that the City had reimbursed the plan for the waiver of recourse portion of the Fiduciary Liability insurance premium.

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

Ms. Nolan noted that the Vested Deferred review was moving into the 'reach out' stage where PRC is researching contact information for vested deferred members in the order of when they are eligible to apply for a benefit from the plan.

7. PLAN FINANCIALS

The Trustees reviewed the Warrant dated January 24, 2013 for payment of invoices.

Marjorie Milford made a motion to approve the Warrant for accounts payable dated January 24, 2013. Cher Johnson seconded the motion. The motion passed 5-0.

The Trustees reviewed the Benefit Approvals dated January 24, 2013.

Cher Johnson made a motion to approve the Benefit Approvals dated January 24, 2013. Blake Boyer seconded the motion. The motion passed 5-0.

8. OLD BUSINESS

The Trustees had no old business for discussion.

9. NEW BUSINESS

Lynn Skinner advised the Board that Salem Trust would be undergoing a system conversion at the end of May, with benefit payment conversion effective April 1, 2013. Going forward, retirees must use direct deposit via ACH or received a debit card that will be reloaded on a monthly basis. No more checks will be issued for monthly benefit payments.

10. NEXT REGULAR MEETING

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

11. ADJOURNMENT

There being no further business, a motion was made by Margaret Palmisano and seconded by Blake Boyer to adjourn the meeting at 2:20 PM. The motion passed 5-0.

Respectfully submitted,

Margaret Palmisano, Secretary