

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of April 24, 2013

1. CALL TO ORDER

Chairman Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:03 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Blake Boyer, Chair
Margaret Palmisano, Secretary
Bob Williams
Marjorie Milford (1:10 PM)

OTHERS

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

TRUSTEES NOT PRESENT

Cher Johnson

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

Ms. Luke reported that the S & P 500 return 10.61% at close of the first quarter 2013. Positive notes during the quarter were the fiscal cliff compromise, fourth quarter 2012 earnings for many US companies that were higher than expected, and positive consumer sentiment reflected in the housing sector. Expected drags on the economy due to the expiration of the payroll tax deduction and sequester cuts did not have as deleterious an effect as expected. In domestic equities, large and medium value stocks outperformed growth stocks. In reviewing US market performance by sectors, Ms. Luke noted that IT and the materials sectors performed just over 5% and the telecomm sector at 8.6%; all other sectors returned well into the double digits. In the international equities market, Ms. Luke reported that the global economy was still soft, but the US dollar appreciated. The bond market experienced small losses to tiny gains; investors looking for yields which increased demand for high-yield bonds. Investments in intermediate and long term bonds fared the best for the quarter. The outlook for the coming quarter was still looking to have positive growth, though not as strong as the first quarter. Unemployment, housing and consumer spending are areas expected to show positive growth this coming quarter. Between the domestic and the foreign markets, the US is currently faring better than the rest of the world; the European economy continues to contract.

The plan's quarterly return was 5.65%, 40 basis points over the benchmark return of 5.25%. The fiscal year to date return of 7.98% exceeds the benchmark by 167 basis points. Looking at performance of the individual investment managers, most were in line or slightly below their respective benchmarks. PIMCO Total Return fund did very well; 71 basis points over its benchmark. They are expected to be a solid, long term investment. Vanguard Capital Opportunity fund was another high performer for the quarter, up 16.22% for the quarter, 4.71% over its benchmark. The plan's investments are now in the Admiral class of this fund, which costs less than the prior class in which the fund was invested.

Ms. Luke then reviewed the Asset Allocation and Suggested Rebalancing report dated April 24, 2013. The recommendation to the Board was to move a total of 2% from the US Stock portion to the Fixed Income portion, specifically increasing the allocation to the PIMCO Total Return Fund by 2%.

Bob Williams made a motion to approve the recommended rebalancing of the fund per Ms. Luke's recommendation. Blake Boyer seconded the motion. The motion passed 4-0.

Scott Christiansen inquired if the plan's Investment Policy Statement had been sent to the City, State and Actuary. Ms. Nolan will confirm all three receive the current Investment Policy Statement.

4. APPROVAL OF MINUTES

Margaret Palmisano made a motion to approve the minutes of the January 24, 2013 meeting as submitted. Marjorie Milford seconded the motion. The motion passed 4-0.

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

Mr. Christiansen noted that the 'citizen at large' position on the Board remains open and the City Clerk is working on filling it. He requested that since the vacancy was for a term that expired 9/2012, that the City Clerk should be requested to make the new term effective 7/1/13 for three years.

Mr. Christiansen inquired if the 2012 update of the Summary Plan Description reviewed by the Board at the January 24, 2013 meeting had been sent to the active members of the plan. Ms. Nolan confirmed the update had been sent to Mercedes Perez for distribution to the plan participants.

Mr. Christiansen reminded the Trustees that they needed to submit their Form 1 to the State's Commission on Ethics by July 1, 2013.

Mr. Christiansen updated the Board regarding legislation impacting the plan, specifically, additional reporting requirements to the State and dropping the FRS calculation, replacing it with a new, more complicated one.

Mr. Christiansen reviewed the ordinance updates previously authorized by the Board to ensure language compliant with IRS regulations.

Marjorie Milford made a motion to approve the ordinance update as submitted. Bob Williams seconded the motion. The motion passed 4-0.

Mr. Christiansen reviewed the benefit claim, made by vested deferred member Douglas Ganly, who submitted an application for benefits prior to his death January 25, 2013. This was also prior to both his early and normal retirement date under the rules of the

plan in effect when he left the City on September 1, 1989. The plan rules in effect when Mr. Ganly terminated state that a vested member forfeits their benefit if they should die prior to their early or normal retirement date. At that time the City made contributions to the plan on the employee's behalf, so Mr. Ganly also had no contributions to be refunded.

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

Scott Baur noted that PRC's project to review vested deferred members that may not have been advised of their future benefit at the time of their termination was ongoing. PRC is now getting updated information from the Actuary, since Foster & Foster has historical plan rules which PRC did not have on hand when making initial calculations for the vested deferred members. Margaret Palmisano inquired if the plan's vested members currently terminating with the City are getting their final calculations based upon their termination date. Mr. Baur advised that any vested deferred members receive final calculations at the end of the fiscal year in which they terminated. Mr. Christiansen advised that the plan should obtain an acknowledgement of receipt for the calculation. Ms. Nolan will ensure final calculations are obtained, disbursed and acknowledged.

7. PLAN FINANCIALS

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

Bob Williams made a motion to approve the Warrant for accounts payable dated April 24, 2013. Blake Boyer seconded the motion. The motion passed 4-0.

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

Blake Boyer made a motion to approve the Benefit Approvals dated April 24, 2013. Bob Williams seconded the motion. The motion passed 4-0.

8. OLD BUSINESS

Lynn Skinner updated the Board on SalemTrust's change to Sungard's benefit and investment processing system. The Benefit Payment portion has been changed over to the new system and online access is currently available. The new system is paying benefits only by direct deposit or issuing debit cards. Initially two retirees chose debit cards but they are in the process of moving to direct deposit.

The trust accounting portion is slated to be available June 1, 2013. The legacy system will be changed over in two parts; one as of May 31, 2013 and the second part to be completed at the end of the fiscal year September 30, 2013. The legacy system will continue to be available online until the end of August. Ms. Luke inquired regarding access based on her old login, Ms. Skinner stated that Salem is working on providing access to the new system to all existing users. Mr. Christiansen inquired about access to historical data regarding old trades, etc. for the companies who research class action

suits on behalf of the fund. Ms. Skinner reported that Salem plans to have all records available.

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, July 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 1:55 PM. The motion passed 4-0.

Respectfully submitted,

Margaret Palmisano, Secretary