

*City of Gulfport General Employees' Pension Fund*

**Minutes: Meeting of August 27, 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 10:31 AM.

**2. ROLL CALL**

Those persons present included:

TRUSTEES

Blake Boyer, Chair  
Margaret Palmisano, Secretary  
Bob Williams  
Marjorie Milford  
Paul Rousseau

OTHERS

Pam Nolan, Pension Resource Center  
Scott Christiansen, Christiansen & Dehner  
Nathalie Luke, Hewitt EnnisKnupp Consulting  
Eugene Novak - citizen

TRUSTEES NOT PRESENT

Jan Lowe

**3. APPROVAL OF MINUTES**

**Margaret Palmisano made a motion to approve the minutes of the August 24, 2013 meeting as submitted. Marjorie Milford seconded the motion. The motion passed 5-0.**

**4. INVESTMENT REPORT (Nathalie Luke, Hewitt EnnisKnupp Consulting)**

Ms. Luke reported that, in the second quarter, Chairman Bernanke commented that the Federal Reserve Board may begin to gradually reduce bond purchases. Ms Luke explained that the announcement caused markets to lose most of their YTD gains. Ms. Luke noted that bond yields for the second quarter were negative, while equities showed modest gains.

The fund performance for the quarter was at -.34% overall, performing under the benchmark which was at 0.17%. Ms. Luke reviewed the performance of each investment for the quarter, noting that both PIMCO funds' underperformance is unusual and expressed confidence in the longer term prospects of each PIMCO fund. The domestic equity investments exceeded their benchmarks with the exception of Nuveen Winslow, which was slightly under. Each of the international investments exceeded their benchmarks for the quarter. The poor second quarter result can be attributed to the performance in the fixed sector of the portfolio.

For the fiscal year to date however, the fund is at 7.61%, beating the benchmark of 6.49%.

Ms. Luke reported that negative bond trends have continued into the third quarter, but so far the quarter is showing a positive return overall. Asset allocation is on par with the Investment Policy Statement, and no rebalancing is called for at this time.

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

Mr. Christiansen noted that all Trustees on record for 2012 have submitted their Form 1 to the State's Commission on Ethics by July 1, 2013. Bob Williams suggested that any Trustees mailing their form in next year use certified mail. Board members may also turn the forms in directly to the County Supervisor of Elections.

Mr. Christiansen updated the Board regarding two pieces of legislation that impact the plan. He advised the Trustees of a new requirement for the addition of an agenda item for public comment for all future meetings. Legislation also passed that requires all plans to submit two additional versions of the Actuarial Valuation. One additional report, utilizing a -2% reduction in the assumed rate of return for the plan as well as a more conservative mortality table will be required for the 2014 Actuarial Valuation. A second report, showing how long the plan assets would last if there were no more contributions to the plan and no more investment earnings returned to the plan will also be required for the 2014 Actuarial Valuation. Chairman Boyer inquired if these reports would be any use to the Board in evaluating the plan. Mr. Christiansen replied that there would be no effect on the true actuarial valuation or funding requirements. He noted that the League of Cities, unions, actuarial firms all were against the passing of this legislation. Attempts to lobby the Governor failed. Mr. Christiansen also advised that there was a possibility the legislation would be challenged as an unfunded mandate. Ms. Nolan noted that this reporting would mean a cost increase for the actuarial reporting from the Actuary.

Mr. Christiansen noted that the ordinance update to ensure language compliant with IRS regulations was adopted by the City and are to be submitted to the State. Ms. Nolan will confirm this is done at the next meeting.

**6. ADMINISTRATOR REPORT: Pam Nolan (Pension Resource Center)**

Ms. Nolan reviewed the renewal of the Fiduciary Liability Insurance policy with the Board. Last year's premium was \$3,749.68 and this year's premium is \$3,811.92.

**Blake Boyer made a motion to approve the renewal of the Fiduciary Liability Insurance. Marjorie Milford seconded the motion. The motion passed 5-0.**

Margaret Palmisano reported that the nomination period for the open Trustee position yielded one nominee, John Lapham. The single nomination eliminated the need for an election. Ms. Nolan will contact Mr. Lapham to welcome him to his position on the Board effective October 1, 2013 and inform him of the next meeting.

**7. PLAN FINANCIALS**

The Trustees reviewed the Warrant dated August 28, 2013 for payment of invoices. The Board questioned the Foster & Foster invoice, regarding the following charges:

Wamhoff and Gorman - were they already paid on the 9/12/2012 invoice. Ms. Nolan advised the Board that a few of the initial vested deferred calculations had to be

requested a second time from the Actuary due to additional information, such as joint annuitant, becoming available when the vested deferred person applied for their benefit. She will investigate the processing of these two applications and advise the Board of the circumstances at the next meeting.

Landers - Mr. Landers is still working- he has not retired. Ms. Nolan advised that his application for retirement at the end of 2013 is in process.

McEligot - Why were two calculations charged? Ms. Nolan confirmed that Mr. McEligot supplied joint annuitant information requiring a second final calculation.

Bob Williams inquired about why the initial vested deferred calculations were not complete. Ms. Nolan replied that the calculations were made based on the available records received from the City when PRC started administration of the plan and some details were unavailable at that time.

**Blake Boyer made a motion to approve the Warrant for accounts payable dated July 25, 2013 and August 27, 2013. Margaret Palmisano seconded the motion. The motion passed 5-0.**

Bob Williams advised the Board that an effort should be made to inform the active members of the plan that they can obtain very close estimates of retirement benefits from PRC by calling or emailing Ms. Nolan or using the online calculator. Though these estimates do not include sick or vacation balances and do not provide any lump sum payments they are fairly accurate on the retirement benefit and very easily available.

The Trustees reviewed the Benefit Approvals dated August 27, 2013. The Board questioned the Social Security option for Richard Citta. Ms. Nolan will bring the calculation for review at the next Board meeting.

**Margaret Palmisano made a motion to approve the Benefit Approvals dated August 27, 2013. Blake Boyer seconded the motion. The motion passed 5-0.**

## **8. OTHER BUSINESS**

The Board reviewed a memo from Foster & Foster regarding the option to declare the City's contribution amount in actual dollars or as a percentage of payroll in the actuarial valuation. Ms. Palmisano commented that multiple years of an actual dollar amount would help eliminate surprises. This year's valuation showed an increase in the percentage and City Council members were concerned, but since the payroll amount went down for the year, the actual dollar amount had not changed greatly. The Trustees opted to continue with the percentage of payroll in order to maintain continuity with past valuations.

**Blake Boyer made a motion to continue the use of the percentage of payroll method for the Actuarial Valuation. Margaret Palmisano seconded the motion. The motion passed 5-0.**

The Board reviewed a request from Vested Deferred member Patrick Curley to receive his benefit in a lump sum payout of \$743.60 rather than the monthly benefit of \$6.61.

**Bob Williams made a motion to authorize a single lump sum benefit payout to Patrick Curley in the amount of \$743.60. Blake Boyer seconded the motion. The motion passed 5-0.**

#### **9. NEXT REGULAR MEETING**

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

#### **10. ADJOURNMENT**

**There being no further business, a motion was made by Blake Boyer, and seconded by Margaret Palmisano, to adjourn the meeting at 11:32 AM. The motion passed 5-0.**

Respectfully submitted,

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Margaret Palmisano, Secretary