

*City of Gulfport General Employees' Pension Fund*

**Minutes: Meeting of January 23, 2014**

**1. CALL TO ORDER**

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:08 PM.

**2. ROLL CALL**

Those persons present included:

TRUSTEES

Blake Boyer, Chairman  
Margaret Palmisano, Secretary  
Marjorie Milford  
Bob Williams

OTHERS

Pam Nolan, Resource Centers, LLC  
Scott Christiansen, Christiansen & Dehner  
Nathalie Luke, Hewitt Ennis Knupp Consulting (1:11PM)  
Lynn Skinner, Salem Trust  
Patrick Donlan, Foster & Foster

TRUSTEES NOT PRESENT

John Lapham  
Paul Rousseau

**3. PUBLIC COMMENT - None.**

**4. APPROVAL OF MINUTES**

**Margaret Palmisano made a motion to approve the minutes of the October 24, 2013 and December 16, 2013 meetings as submitted. Blake Boyer seconded the motion. The motion passed 4-0.**

**5. ACTUARIAL VALUATION (Patrick Donlan, Foster & Foster)**

Mr. Donlan opened with the positive news that the four year-smoothed average rate of return for the plan was 8.8%, exceeding the plan's 7.75% target rate of return by 1.3%. The plan's actual rate of return this year was 12.44%. While not as high as last year's 18.3%, these two good consecutive years will help if there should be a correction in the next few years. The market value of the plans assets were determined to be \$10.9M; the actuarial value was \$11.9M. Some of the more significant factors contributing to this years' valuation were turnover, and a reduction in the plans un-accrued actuarial liability (UAAL) from \$941,771 last year to \$279,698 this year. The 10 year amortization rate is at \$229,346. The City's over-contribution is now at \$233,476. Mr. Donlan attributed the overpayment to a possible calculation based on a percentage of payroll that subsequently decreased. Margaret Palmisano thought that the positive valuation would please the City Council. Mr. Donlan agreed that the 98% funded ratio is indeed a fortunate position for the plan to be in. He offered to prepare a letter that recapped how the plan compared to other plans they are the actuary for, so that the Board can advise the City of the good health of the pension plan.

**Blake Boyer made a motion to approve the 2013 Actuarial Valuation as submitted. Bob Williams seconded the motion. The motion passed 4-0.**

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

Ms. Luke reported that the first quarter of the new fiscal year saw US equities soar after the resolution of the government shut down. Economic news was positive in housing and manufacturing. The initiation of the Fed tapering their bond purchase program also contributed to the good market performance in the fourth quarter of 2014. US equities outperformed international equities and the fixed market ended the quarter with a slight loss. It was a good quarter, and a very good year. The fund ended the quarter at \$13M with a 5.11% return, outperforming the benchmark, which ended the quarter at 4.27%. Going forward, Ms. Luke advised that a move out of bond to other fixed investments would be warranted, perhaps core real estate or convertible bonds. Staying overweighted in equities would be warranted, as the outlook is for a positive global market. It will be important to keep a strategic, three to five year view, and avoid making decisions on a quarter by quarter basis.

Ms. Luke advised the Board that the retirement of PIMCO's CEO was generating some news in the financial community and will send an update on the impact to the PIMCO Total Return fund management to the Board next week.

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

Mr. Christiansen advised the Board that the Summary Plan Description is due to be updated as it has been two years since the last update.

**Blake Boyer made a motion to direct Mr. Christiansen to update the Summary Plan Description. Margaret Palmisano seconded the motion. The motion passed 4-0.**

Mr. Christiansen noted that the meeting Agendas should reflect an item for Public Comment. Ms. Nolan will ensure future Agendas include the public comment item.

Mr. Christiansen brought the need for the Board to make a declaration of the expected annual rate of return and submit it to the State.

**Margaret Palmisano made a motion that, based on the advice of their investment consultant, the Board determined that the expected annual rate of return for the fund for the next year, the next several years, and the long-term thereafter, shall be 7.50% net of investment related expenses. Bob Williams seconded the motion. The motion passed 4-0.**

Mr. Christiansen facilitated a discussion of the Investment Consultant presentations. The Board agreed that any of the three firms would be good selections for the plan and ultimately selected The Bogdahn Group. The Board authorized the Chair and Secretary to execute a contract prior to the next meeting.

**Blake Boyer made a motion to select The Bogdahn Group as the plan's Investment Consultant, with direction to Scott Christiansen to negotiate a lower fee, not to exceed \$25,000. Margaret Palmisano seconded the motion. The motion passed 4-0.**

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

a. FPPTA Calendar – the Board reviewed the upcoming FPPTA activities for 2014.

b. Trustee Seats – Margaret Palmisano's term has expired; Bob Williams is retiring and will be vacating his term early. Ms. Palmisano will assist Ms. Nolan in soliciting nominations and conducting an election for the two open seats on the Board.

## **7. PLAN FINANCIALS**

The Trustees reviewed the Warrant dated January 24, 2014 for payment of invoices.

**Blake Boyer made a motion to authorize the Warrant as presented. Bob Williams seconded the motion. The motion passed 4-0.**

The Trustees reviewed the Benefit Approvals dated January 24, 2014.

**Marjorie Milford made a motion to approve the Benefit Approvals as presented. Bob Williams seconded the motion. The motion passed 4-0.**

## **8. OLD BUSINESS**

The Trustees had no old business for discussion.

## **9. NEW BUSINESS**

Patrick Donlan advised the board that the 2012 plan one year performance put the plan at #50 of the 190 plans Foster & Foster handles. For five year performance, the plan was 25 out of 107 plans. In 2012 the average sponsor (City) contribution to plans was 37.4% of payroll; in 2012 Gulfport's contribution was 20.9% of payroll. The average funded ratio of the Foster & Foster plans was 75.9%; this plan's funded ration is 92.3%, 24<sup>th</sup> of 191 plans.

Margaret Palmisano inquired about the status of the effort to ensure that Beneficiary Forms are on file for all active members of the plan. Ms. Nolan advised that Mercedes Perez is setting up a City-wide email and paper distribution to disperse the forms and ensure completed forms are on file for all members of the plan.

Marjorie Milford extended thanks on behalf of the Board to Nathalie Luke for her many years of excellent service to the Board. She will be missed by all and has the best wishes of the Board and staff for continued success.

Lynn Skinner advised the Board that due to the two systems in place last year, retirees will be issued two 1099R's for 2013.

## **10. NEXT REGULAR MEETING**

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, April 24, 2014 at 1:00 pm.

## **11. ADJOURNMENT**

**There being no further business, a motion was made by Blake Boyer and seconded by Bob Williams to adjourn the meeting at 2:12 PM. The motion passed 4-0.**

Respectfully submitted

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Blake Boyer, Chairman