

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of July 23, 2015

1. CALL TO ORDER

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:06 PM.

2. ROLL CALL

Scott Baur call roll on behalf of the Board. Those persons present included:

TRUSTEES

Blake Boyer, Chairman
Deanna Doss, Secretary
John Lapham
Dena Lebowitz
Paul Rousseau
Damon Weisz

OTHERS

Scott Baur, Resource Centers
Scott Christiansen, Christiansen & Dehner
Mindy Johnson & Lynn Skinner, Salem Trust
Jack Evatt, Bogdahn Group
Patrick Donlan, Foster & Foster

TRUSTEES NOT PRESENT

Marjorie Milford

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of April 23, 2015.

Deanna Doss made a motion to approve the minutes for the meeting of April 23, 2015. Damon Weisz seconded the motion, approved by the Trustees 6-0.

5. REPORTS

Patrick Donlan, Foster & Foster

Patrick Donlan reviewed the results of the Experience Study completed by Foster and Foster, actuary for the Pension Fund. He explained that the Valuation results depend on the assumptions set by the Board. The Experience Study reviews those assumptions. Foster last completed an Experience Study for the Pension Fund in 2007.

Mr. Donlan reviewed the investment return assumption. He indicated that the 7.5% return assumption adopted by the Board was very typical. A reduction in the earnings assumption of 0.25% increased the required employer contribution by 1.9%. Mr. Donlan noted that the plan had actual returns of 7.37% over the past 12 years, while the expected return for the current investment allocation for the longer term is 8.13%. Patrick Donlan suggested the Board decrease the salary increase assumption from 6% to 4.4%, which also reduces the required contribution by the City by 2.1%. When the Board adopts the FRS mortality assumption mandated by the Florida legislature by 10/01/16, the City contribution will increase by 3.2%.

Mr. Donlan explained that the members were not retiring typically at age 62, which reduced costs by about 0.9%. The turnover for employees is also higher than expected, but the corresponding adjustments recommended by the actuary do not substantially change the contribution requirements. The Board considered the recommendations by the actuary for updating the assumptions. The combination of all recommendations by the actuary resulted in a net decrease to the contribution required by the City of 1.1%.

Deanna Doss made a motion to lower the return assumption to 7.25%, make changes to assumptions recommended by the actuary, and implement the HB-1309 mortality rates effective with the October 1, 2015 Valuation. Blake Boyer seconded the motion, approved by the Trustees 6-0.

Patrick Donlan briefly reviewed the 112.664 compliance report. The Gulfport General Employees' Pension Fund, even under the alternative scenarios.

Jack Evatt, Bogdahn Consulting

Mr. Evatt reported that the financial markets had a very mixed quarter. Greece again produced a flight to quality. Domestic equities mostly had narrow gains with profit taking in the market.

The Pension Fund had assets of \$14,229,016 as of June 30, 2015. Jack Evatt stated that the current allocation closely matched the target allocations set in the Investment Policy. The portfolio had a net return of -0.33% for the quarter compared to -0.73% return for the benchmark. For the fiscal year to date the portfolio gained 3.74% compared to 3.98% for the benchmark. Mr. Evatt then reviewed the performance for each individual manager allocation. The Trustees considered the Pimco All Asset Fund, which had losses since funding by the Board. Because the All Asset Fund provides a tactical alternative to the fixed income portfolio, Mr. Evatt believes the portfolio will provide better results going forward; however, he will continue to monitor the performance.

Lynn Skinner and Mindy Johnson, Salem Trust

Lynn Skinner introduced Mindy Johnson, a new relationship manager with Salem Trust. Ms. Skinner reported that Salem Trust began the next SSAE-16 Audit as well. She provided a June newsletter distributed by Salem Trust. She will continue to provide similar updates to the Board.

Ms. Skinner then reviewed the current distribution list for statements. She noted that the Pension Fund has sufficient cash available for distributions provided that the City continues to deposit quarterly contributions in a timely manner. Ms. Skinner updated the signature authorizations on file for the Board.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Scot Christiansen explained the updates to the ordinance required to maintain compliance with provisions of the Internal Revenue Code. The Trustees also considered a standalone ordinance to revise the election procedures, requiring a member Trustee to receive only a majority of votes from those members voting in a particular election. The current ordinance requires a member Trustee to receive a majority vote of all the active members of the plan. Under the proposed election procedure, the Board would hold a runoff election if no candidate failed to get a majority of the votes cast.

Dianna Doss made a motion to direct counsel to draft an ordinance for a candidate should get a majority of the vote. The attorney should then forward the proposed ordinance to the City Clerk for consideration by the City. Blake Boyer seconded the motion, approved by the Trustees 6-0.

Administrator Report (Scott Baur, Resource Centers)

Mr. Baur reviewed the renewal for the Fiduciary Liability Insurance Policy maintained by the Board.

Blake Boyer made a motion to approve the renewal of the Fiduciary Liability Insurance Policy. Deanna Doss seconded the motion, approved by the Trustees 6-0.

6. PLAN FINANCIALS

The Board reviewed the benefit approvals.

Blake Boyer made a motion to approve the benefit to Frank Wheelehan. Paul Rousseau seconded the motion, approved by the Trustees 6-0.

The Trustees reviewed the Warrant dated July 22, 2015 for payment of invoices.

Blake Boyer made a motion to approve the Warrant dated July 22, 2015. Damon Weisz seconded the motion, approved by the Trustees 6-0.

7. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, October 22, 2015 at 1:00 pm.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 2:30 PM.

Respectfully submitted,

Deanna Doss, Secretary