

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of October 20, 2016

1. CALL TO ORDER

Deanna Doss called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:12 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Deanna Doss, Secretary
Dena Lebowitz
Carmen Soto-Torres
Dwayne Stefanski (arrived 1:15pm)
Paul Rousseau

OTHERS

Scott Baur, Resource Centers
Jack Evatt, Bogdahn Group
Scott Christiansen, Christiansen & Dehner
Patrick Donlan, Actuary

3. PUBLIC COMMENT

N/A

4. APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of July 21, 2016.

Paul Rousseau made a motion to approve the minutes for the meeting of July 21, 2016. Dena Lebowitz seconded the motion, approved by the Trustees 4-0.

5. REPORTS

Patrick Donlan, Foster & Foster

9/30/2016 Actuarial Valuation Report

Mr. Donlan reported that the City's required contribution rate will drop from 5.1% to 5% for the fiscal year ending September 30, 2018. He commented that the rates would have gone from 4.5% to 3%, but the State law requires the City to contribute at least the normal cost. Mr. Donlan reviewed the smoothing of investment returns. He stated that the Plan's current 4 year average of 7.57% exceeded their 7.25% assumption rate of return. The FRS mortality table assumption change also helped the Plan, leaving it overfunded by \$987K. The Plan has a funded ratio of 121.2%. Mr. Donlan stated that overall this Plan is doing very well.

Dena Lebowitz made a motion to approve the September 30, 2016 Actuarial Valuation Report as presented. Dwayne Stefanski seconded the motion, approved by the Trustees 5-0.

Mr. Christiansen explained that the Board needs to set their assumed rate of assumption for next year, the next several years, and the long term thereafter. Mr. Evatt recommended that the Board maintain the current assumption that the plan assets should earn a long term net investment return of 7.25% on plan assets for the next year, the next several years, and the long term thereafter.

Dwayne Stefanski made a motion, based on the advice of the Investment Consultant, that the Board expected the plan assets to return 7.25% net of investment expenses for the next year,

the next several years, and for the long term thereafter. Deanna Doss seconded the motion, approved by the Trustees 5-0.

Jack Evatt, Bogdahn Consulting

Mr. Evatt briefly stated that his firm's name will change as of January 1, 2017, but he does not know the new name as of yet.

Quarterly Performance Report-9/30/2016:

Mr. Evatt presented the Board with the September 30, 2016 performance report. He briefly reviewed the market environment during the quarter and noted that the equities, foreign, and domestic all had strong gains. Mr. Evatt commented that they started the quarter with \$13.9M and ended above at \$14.5M. All allocations are in line with their targets. Mr. Evatt reviewed the Plan's performance for the quarter and noted that the total fund net of fees outperformed the index at 4.37% versus 2.67%. For the fiscal year to date the total fund is behind the index at 9.95% versus 10.75%, but still above the Plans assumed rate of return of 7.25%. He reviewed each manager's performance during the quarter and stated that Templeton continues to struggle due to their currency positions. American Realty does not have their final numbers in yet for the quarter but when they do it will increase the return. Mr. Evatt discussed the beginning of inflation (primarily wages) and interest rate expectations. Lastly he stated that overall the portfolio is doing well despite the market environment and he does not have any recommendations at this time for changes.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen notified the Board that Ms. Doss and Ms. Soto-Torres' terms expires this month. Mr. Baur stated that they are in the process of holding the elections.

Mr. Christiansen reminded Mr. Baur to send out all the fiscal year end letters and reports to all the appropriate parties, as we do every year after the Actuarial Valuation report is presented approved. Mr. Baur concurred.

Mr. Christiansen presented the Board with the 2017 meeting dates.

Deanna Doss made a motion to approve the 2017 meeting dates as presented. Dena Lebowitz seconded the motion, approved by the Trustees 5-0.

Mr. Christiansen notified the Board that the Investment Policy Statement was executed following the last meeting and was filed with the Division of Retirement and the City.

Mr. Christiansen noted that he recently drafted an Ordinance regarding the required IRS changes, although he did not see it on today's agenda so this item will be tabled until the next meeting.

The Trustees had a very lengthy discussion on the non-pensionable pay on bonuses. Mr. Christiansen stated that he could add in language to the current pending IRS Ordinance to correct the situation. Instead the Board directed Mr. Christiansen to send a letter to the City Manager notifying him and the City that they must correct the pension contributions from the October 15, 2015 payroll file as pension contributions were never deducted. Mr. Christiansen concurred.

Administrator Report (Scott Baur, Resource Centers)

No report.

6. PLAN FINANCIALS

The Trustees reviewed the Warrant dated October 20, 2016 for payment of invoices.

Deanna Doss made a motion to authorize the Warrant dated October 20, 2016. Paul Rousseau seconded the motion, approved by the Trustees 5-0.

The Trustees reviewed the application for retirement for Lawrence Gorman. The Trustees questions his length of service and Mr. Donlan confirmed that his original hire date was in 1987, although he had 7 month break in 1991 and then later retired in 1995.

Dena Lebowitz made a motion to approve the application for retirement for Lawrence Gorman as amended. Paul Rousseau seconded the motion, approved by the Trustees 5-0.

7. OTHER BUSINESS

Mr. Baur briefly reviewed the Salem Trust letter notifying their clients that their SSAE 16 Audit was released early this year and their where no findings.

8. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, January 19, 2017 at 1:00 pm.

9. ADJOURNMENT

There being no further business, Deanna Doss made a motion to adjourn the meeting at 2:17 PM. Paul Rousseau seconded the motion, approved by the Trustees 5-0.

Respectfully submitted,

Deanna Doss, Secretary