

City of Gulfport General Employees' Pension Plan
Minutes: Meeting of January 20, 2022

1. CALL TO ORDER

Chair Larry Cooper called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Plan to order at 1:01 PM

2. ROLL CALL

Those persons present included:

TRUSTEES

Larry Cooper, Chair
John McEwen
Chris Muth
Mark Ottervanger
Dwayne Stefanski

OTHERS

Sara Carlson, Foster & Foster (Actuary)
Scott Christiansen, Christiansen & Dehner (Attorney)
Dale Everhart, Resource Centers (Administrator)
Jennifer Gainfort, AndCo Consulting(Consultant)
James O'Reilly (City Manager)
Cheryl Hannafin (Finance Director)

3. BOARD MEMBER UPDATE

Dale Everhart provided an update on the filling of the Board Seat previously occupied by Gail Biron. Chris Muth was nominated to fill the seat. No election was necessary as Chris Muth was the only person nominated.

4. APPROVAL MINUTES: October 21, 2021

The Trustees reviewed the Minutes from the Quarterly Meeting of October 21, 2021.

Dwayne Stefanski made a motion to approve the October 21, 2021 minutes. John McEwen seconded the motion, approved by the Trustees 5-0.

5. REPORTS

A. Investment Consultant (Jennifer Gainfort, AndCo Consulting)

Jennifer Gainfort stated that the quarter ending 12/31/21 was volatile, and that large cap stocks dominated the market. Positive signs were strong consumer spending, lower unemployment, and an increase in gross domestic product of 4-7%. In domestic equities, the Russell 1000 Growth Index was the best performing index at 11.64%, while the Russell 2000 Index was the worst performing at 2.14%. Four sectors outperformed the S&P 500 Index, those being energy, real estate, financials, and information technology. The strong dollar negatively impacted international stocks, with emerging markets showing the worst performance at -1.31%. In fixed income, the yield curve flattened.

The market will continue to be affected by COVID, falling unemployment, and a trend of workers leaving employers, with jobs available being greater than employees available in the work force. A shortage of employees in the market place is driving up wage growth. Further, supply chain issues remain, inflation is

at a multi-decade high, and the fed has indicated that they are going to scale back bond purchases, and begin to raise interest rates.

The market value of the Fund was \$21,336,815 as of December 31, 2021. Asset income and appreciation for the quarter totaled \$889,312. Total fund gross return for the quarter was 4.34% vs the total fund gross policy return of 4.74%. Over the past year, the total fund gross return was 15.64%, compared to the total fund gross policy return of 13.21%. For the last quarter, domestic equities returned 7.60% vs the gross policy return of 9.28%. International equities return was -0.54% vs 1.88% for the gross policy return with the difference in large part due to emerging markets. Fixed income returned -0.43% compared to the gross policy return of 0.01%. Real estate returns totaled 12.16% compared to the gross policy return of 7.39%

B. Attorney Report (Scott Christiansen, Christiansen & Dehner)

Scott Christiansen reported that City Council is required to consider an ad hoc increase in benefits to retirees every 3 years, and that the pension Board makes a recommendation to the City. There are actuarial requirements that need to be met to consider such an increase, to include net actuarial gains being sufficient since the most recent adjustment to purchase the value of the increase in benefits. The last retiree adjustment was a 3% increase in 2017. Sara Carlson from Foster & Foster indicated that a 3% COLA meets the actuarial requirements.

Dwayne Stefanski made a motion to recommend a 3% cost of living adjustment, effective October 1, 2021, for those retired prior to October 1, 2020, and that plan counsel has the authority to draft an ordinance and submit it to the City. Mark Ottervanger seconded the motion, approved by the Trustees 5-0.

C. Actuary Report (Sara Carlson, Foster & Foster)

Sara Carlson presented the October 1, 2021 Actuarial Valuation. The minimum State required contribution was calculated as a percentage of the projected annual payroll, to be 8.4%, an increase from 7.9% in the previous valuation. This increase in the minimum required contribution is due to a lowering of the rate of return assumption from 7.25% to 7.00%, which is in line with the Florida Retirement System. The member contribution rate continues to be 2.7%, and the City required contribution rate is 5.7%. The funded ratio of the plan is 107.2%, with the unfunded actuarial accrued liability being \$-1,253,671. The largest items contained in the actuarial gain/loss analysis, were the gain due to investment returns exceeding the assumption, and the loss in lowering the rate of return assumption.

John McEwen made a motion to approve the October 1, 2021 Actuarial Valuation. Dwayne Stefanski seconded the motion, approved by the Trustees 5-0.

At least every 5 years, an Experience Study should be done to review the Plan's assumptions. Experience over the last 10 years is reviewed, with any recommendations for change being proposed to the Board. The last Experience Study was done in 2015.

John McEwen made a motion for Foster & Foster to perform an actuarial experience study for an amount not to exceed \$8,000, with the results to be presented at the July 21, 2022 Board meeting. Larry Cooper seconded the motion, approved by the Trustees 5-0.

D. Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen indicated a need for the Board to declare an expected rate of return.

John McEwen made a motion that based on the advice of the Plan's investment consultant, the expected annual rate of investment return for the fund for next year, the next several years, and the long-term thereafter, shall be 7.0%, net of investment related expenses. Larry Cooper seconded the motion, approved by the Trustees 5-0.

Mr. Christiansen indicated that when he drafts the 3% COLA ordinance, approved earlier this meeting by the Board, he will copy the Board on the draft ordinance and his communication to the City.

E. Administrator (Dale Everhart, Resource Centers).

Mr. Everhart presented an invoice for 2022 membership in the Florida Public Pension Trustees Association (FPPTA).

Chris Muth made a motion to approve membership and associated costs in the FPPTA for 2022. John McEwen seconded the motion, approved by the Trustees 5-0.

6. PLAN FINANCIALS

A. Disbursements: Warrant Dated January 20, 2022

The Board reviewed the Warrant for payment of expenses dated January 20, 2022.

Larry Cooper made a motion to approve the Warrant dated January 20, 2022. John McEwen seconded the motion, approved by the Trustees 5-0.

B. Benefit Approval: Dated January 20, 2022

John McEwen made a motion to approve the Benefit Approval dated January 20, 2022. Dwayne Stefanski seconded the motion, approved by the Trustees 5-0.

7. OTHER BUSINESS

There was no further business discussed.

8. PUBLIC COMMENT

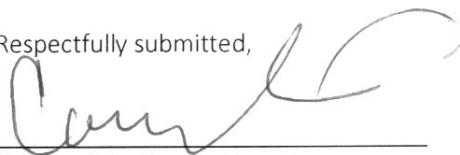
There was no public comment.

9. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting for Thursday, April 21, 2022 at 1:00 pm.

The meeting adjourned at 2:15 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carmen', with a large, stylized flourish extending to the right.

Carmen Soto Torres, Secretary