

City of Gulfport General Employees' Pension Plan
Minutes: Meeting April 20, 2023

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 1:00 PM

2. ROLL CALL

Those persons present included:

TRUSTEES

Larry Cooper, Chair
John McEwen, Secretary
Theresa Carrico
Marjorie Milford
Chris Muth
Dwayne Stefanski
Heather Wyble

OTHERS

Scott Christiansen, Christiansen & Dehner (Attorney)
Dale Everhart, Resource Centers (Administrator)
Jennifer Gainfort, AndCo Consulting (Consultant)
Lynn Skinner, Salem Trust (Custodian)

3. Board Seat Update

Theresa Carrico was elected to the Board seat that was open due to the resignation of Mark Ottervanger. That seat expires on October 1, 2023.

John McEwen was appointed by City Council on April 18, 2023 to a new 3-year term.

4. Approval Minutes: January 19, 2023

The Trustees reviewed the Minutes from the Quarterly Meeting of January 19, 2022.

John McEwen made a motion to approve the January 19, 2023 minutes. Heather Wyble seconded the motion, approved by the Trustees 7-0.

5. REPORTS

A. Investment Consultant (Jennifer Gainfort, AndCo Consulting)

1. Quarterly Performance Report

Jennifer Gainfort stated that US GDP growth is expected to slow down due to higher interest rates. The Federal Reserve Bank increased interest rates during the first calendar quarter with 2 successive 0.25% increases. Unemployment fell to 3.5% in March, as the labor market is showing signs of declining growth. Concerns still exist that a recession is likely this year. The existence of a US Treasury inverted yield curve (2 year rates are greater than 10 year rates) usually leads to a recession.

Domestic equity markets began 2023 with good results, led by large cap companies. International equity markets also delivered positive returns for the 1st quarter. Large, mid, and small cap growth stocks outperformed their value counterparts by a large margin. The bond market was broadly positive due to lower inflation and lowering yields on maturities greater than 1 year.

The market value of the Fund was \$18,244,290 as of March 31, 2023. There is no need to rebalance from an asset allocation standpoint. Asset income and appreciation for the quarter totaled \$738,041. Total fund gross return for the quarter was 4.19% vs the total fund gross policy return of 4.87%. Fiscal year to date, the total fund gross return was 11.79%, compared to the gross policy return of 10.33%. For the last quarter, total equities returned 6.09% vs the gross policy return of 7.15%. Fixed income returned 3.05% for the quarter, compared to the gross policy return of 2.97%. Total real estate returns were -0.86% for the quarter, compared to the gross policy return of -0.74%. Alternative investments totaled 3.21% for the quarter, compared to the gross policy return of 2.18%. As of April 19, 2023 the market value of the total fund was \$18,303,000.

B. Custodian Report (Lynn Skinner, Salem Trust)

1. Pension Portal

Lynn Skinner described a new benefit payment service that would permit retirees to access their pension accounts and make select changes to the payment information, to include address, direct deposit, and withholding tax changes. Retirees could also access information on their monthly payments and annual tax statements. The program is at no additional cost to the plan or to participants using the service. Access to this pension portal would be secure and use of the portal is contingent upon Board agreement.

Larry Cooper made a motion to allow retirees optional access to the portal to make changes to their federal withholding tax, and to view their account information and annual tax statements. The motion was seconded by John McEwen, and approved by the Trustees 7-0.

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

Mr. Christiansen reminded the Board of the need to complete Form 1 from the State, which is an annual requirement, with the filing due by July 1.

Mr. Christiansen informed the Board of pending Senate Bill 302, before the State legislature, which would prohibit ESG (environmental, social, and corporate governance) type investments.

Mr. Christiansen also detailed items contained in the Secure Act 2.0, which was passed by Congress on December 23, 2022 and signed into law December 29, 2022.

Dwayne Stefanski made a motion to authorize counsel to update the pension plan provisions to be compliant with the Secure Act 2.0. The motion was seconded by Marjorie Milford, and approved by the Trustees 7-0.

Mr. Christiansen reviewed the current plan provisions that provide for a buy-back of credited service for government and military service. Presently, the plan allows only a lump sum payment for the service.

However, the plan could be amended to allow for a series of payments via payroll deductions, rather than just a lump sum. The deductions would be after-tax, and for a period of 5 years. The calculation of the amount due for the service would be such that there is no cost to the pension plan, and would include an interest charge at the plan's actuarial assumed rate of return. If a member terminates service prior to completion of the payroll deductions, that member would receive a pro-rated share of the service credit based upon the amount of deductions that were collected. If a member terminates service prior to becoming a vested member of the plan, the member would be able to withdraw the total amount of the deductions collected prior to termination.

John McEwen made a motion to authorize plan counsel to draft provisions to allow for payroll deductions for the purchase of prior government and military service. Larry Cooper seconded the motion, approved by the trustees 7-0.

Mr. Christiansen discussed a memorandum addressed to the Board covering the avoidance of benefit overpayments. He recommended that an internal audit be performed of all benefits currently being paid, and that the audit is performed in coordination with the Plan's custodian (Salem Trust). Attention to "stop date" and "change date" accounts is necessary. He requested that the custodian confirm in writing the list of stop date and change date accounts. The Board was then provided with the results of the recommended audit, signed by both the plan administrator and Salem Trust. There is one account scheduled to terminate in January, 2024. Both the plan administrator and custodian will monitor that account to prevent any overpayment. Further, a reminder notice was provided to the retiree of the termination of benefits in January of 2024.

Mr. Everhart indicated that Resource Centers, as plan administrator, is requiring direct contact with any retiree or beneficiary wanting to change their direct deposit, address, or other information. Further the direct deposit form and address/information forms have been amended to require a notary.

D. Administrator (Dale Everhart, Resource Centers).

Mr. Everhart noted the Special Actuarial Analysis contained in the Board's materials, detailing the cost of increasing the benefit multiplier for members of the plan.

Mr. Everhart distributed authorized signature documents to obtain all Board member signatures, which are used in obtaining authorized signatures on items such as benefit approvals, invoice payments, and consultant and investment agreements.

Mr. Everhart provided details of an overpayment to a plan beneficiary. Salem Trust indicated the overpayment was their responsibility and that they would make restitution to the pension fund. Further, Salem's attorneys will make contact with the recipient of the overpayment concerning payment recovery.

Larry Cooper made a motion to approve Salem Trust's proposed resolution of the overpayment, to include making the pension plan whole, and working with the recipient of the overpayment concerning a repayment plan. John McEwen seconded the motion, approved by the Trustees 7-0.

Mr. Everhart discussed the upcoming 39th Florida Public Pension Trustees Association Annual Conference in June, and informed any interested Board members of the process to attend.

Chris Muth indicated an interest in attending the Annual Conference. Dale Everhart stated he would provide him with conference reservation and registration information.

6. PLAN FINANCIALS

A. Disbursements: Warrant Dated April 20, 2023

The Board reviewed the Warrant for payment of expenses dated April 20, 2023.

Dwayne Stefanski made a motion to approve the Warrant dated April 20, 2023. Larry Cooper seconded the motion, approved by the Trustees 7-0.

B. Benefit Approval: Dated April 20, 2023

Larry Cooper made a motion to approve the Benefit Approval document dated April 20, 2023. Dwayne Stefanski seconded the motion, approved by the Trustees 7-0.

7. OTHER BUSINESS

There was no further business discussed.

8. PUBLIC COMMENT

There was no public comment.

9. NEXT REGULAR MEETING

The Trustees scheduled the next regular quarterly meeting for Thursday, July 19, 2023 at 1:00 pm.

The meeting adjourned at 2:37 pm.

Respectfully submitted,



John McEwen, Secretary