

City of Gulfport General Employees' Pension Plan
Minutes: Meeting January 18, 2024

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, Secretary
Theresa Carrico
Dwayne Stefanski
Heather Wyble

OTHERS

Sara Carlson, Foster & Foster(Actuary)
Scott Christiansen, Christiansen & Dehner (Attorney)
Dale Everhart, Resource Centers (Administrator)
Jennifer Gainfort, AndCo Consulting (Consultant)
Chris Caddell, City of Gulfport Financial Director

3. Approval Minutes: October 19, 2023 Board Meeting

The Trustees reviewed the Minutes from the Quarterly Meeting of October 19, 2023.

Dwayne Stefanski made a motion to approve the October 19, 2023 minutes. Teresa Carrico seconded the motion, approved by the Trustees 5-0.

4. REPORTS

A. Actuary (Sara Carlson, Foster & Foster)

1. Actuarial Valuation

Sara Carlson provided an overview of the 2023 Actuarial Valuation results. These results are used to calculate the City's contribution rate for Fiscal Year 2024-25. The City's contribution rate will increase by 2.2% due to negative actuarial experience, both in the continued amortization of previous investment return losses, particularly in the fiscal year ending September 30, 2022, and in higher than expected salary increases. The benefit accrual rate was also increased from 2.0% to 2.3% in an ordinance adopted in October of 2023. The funded ratio of the plan decreased from 92.4% to 88.1%.

Participants in the pension plan totaled 284. Active participants increased from 87 to 88, retirees and beneficiaries increased from 81 to 86, and terminated vested members increased from 107 to 111.

The Minimum Required Contribution was calculated to be 15.5% of payroll for Fiscal Year 2024-25. This rate is composed of 8.8% Normal Cost, 1.7% Administrative Expenses, and 5.0% for payment required to amortize the Unfunded Actuarial Accrued Liability over 20 years. In that members contribute at 2.7% of payroll, the City contribution rate is 12.8% (15.5% - 2.7% = 12.8%).

John McEwen made a motion to approve the 2023 Actuarial Valuation. Heather Wyble seconded the motion, approved by the Trustees 5-0.

B. Investment Report (Jennifer Gainfort, AndCo)

Jennifer Gainfort stated that the S&P 500 was up 11.69% for the quarter ending December 31, 2023. Small and mid cap equities outpaced the large caps, with 12.8% quarterly gains. Growth stocks outpaced value by nearly 5%. For the previous year, sectors leading the market were information technology, communication services, and consumer discretionary. Fed increases in interest rates typically precede a recession 2 years out from the increases. Rates started going up in March of 2022. Finally, fixed income returns have been very good historically.

The market value of the Fund was \$19,641,113 as of December 31, 2023. Asset income and appreciation for the quarter totaled \$1,733,214. Total fund gross return for the quarter was 9.66% vs the total fund gross policy return of 9.21%. For the last quarter, total equities returned 12.07% vs the gross policy return of 11.62%. Fixed income returned 7.39% for the quarter, compared to the gross policy return of 7.01%. Total real estate returns were 5.90% for the quarter. Appraisals are down, particularly in office properties. Office properties are expected to remain weak. Alternative investments totaled 6.77% for the quarter, compared to the gross policy return of 1.68%.

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

Mr. Christiansen inquired as to the distribution of the recently updated and approved Summary Plan Description. Mr. Everhart indicated that Shannon Farrell of Gulfport verified the distribution to plan members.

Mr. Christiansen discussed the new electronic filing requirement for Form 1. He provided information to the Trustees on how to file online. He stated that Form 1 will no longer be filed with the Supervisor of Elections office.

Mr. Christiansen discussed the need for the Board to approve a Declaration of Returns. Jennifer Gainfort of AndCo stated that 6.8% was a reasonable return expectation.

Larry Cooper made a motion that based on the advice of its investment consultant, the Board declares that it expects the total expected annual rate of investment return for the fund next year, the next several years and the long-term thereafter, shall be 6.8%. John McEwen seconded the motion, approved by the Trustees 5-0.

Mr. Christiansen stated that in the current legislative session, there are no proposed changes to pension legislation.

Mr. Christiansen informed the board of the completion and use of a final version of the proposed reporting document to comply with legislation enacted last year prohibiting consideration of environmental, social, and governance factors in investing.

5. PLAN FINANCIALS

A. Disbursements: Warrant Dated January 18, 2024

The Board reviewed the Warrant for payment of expenses dated January 18, 2024.

Larry Cooper made a motion to approve the Warrant dated January 18, 2024. Theresa Carrico seconded the motion, approved by the Trustees 5-0.

6. OTHER BUSINESS

There was no other business.

7. PUBLIC COMMENT

There was no public comment.

8. NEXT REGULAR MEETING

The Trustees scheduled the next regular quarterly meeting for Thursday, April 18, 2024 at 1:00 pm.

The meeting adjourned at 1:39 pm.

Respectfully submitted,



John McEwen, Secretary