

City of Gulfport Police Pension Fund
Minutes: Meeting of January 17, 2019

1. CALL TO ORDER

Secretary Josh Stone called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 4:06 PM. Those persons present included:

TRUSTEES

Josh Stone, Secretary
Alex Falconeri
Biff Lagan
Larry Tosi (4:15 PM)

OTHERS

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

Josh Stone reported that Chair Rob Burkhart was out of town. He welcomed Biff Lagan to the Board.

2. PUBLIC COMMENT

No members of the public had any comment.

3. PLAN FINANCIALS

The Trustees reviewed the minutes of the October 18, 2018 meeting.

Alex Falconeri made a motion to approve the minutes of the October 18, 2018 meeting. Biff Lagan seconded the motion, approved by the Trustees 3-0.

4. REPORTS

Actuary (Sara Carlson, Foster & Foster)

Sara Carlson explained the role of the actuary. She reported that the Pension Fund had positive experience for the fiscal year ending September 30, 2018, lowering the overall required contribution from 27.4% of covered payroll to 25.2% as of October 1, 2019. She attributed the positive results to lower than expected salary increases and deaths of retired members, partially offset by investment performance below expectations and lower employee turnover. The City contribution also decreases from 15.3% to 13.1% on October 1, 2019, while the funded ratio increases from 83.4% to 86.1%. Ms. Carlson reviewed the components of the annual required contribution, as well as the experience gains and losses. She reported the assets had a market value return of 7.72% smoothed to 6.16% over 4-years, compared to the assumed rate of 7.5% by the Board.

Ms. Carlson then reviewed the historical experience components making up the Unfunded Accrued Actuarial Liability (UAAL) payment. Next year the plan will have gains to still recognize so long as the assets return more than 4.5% for the current fiscal year. The Share Plan has total assets of \$20,764.42, and the City has a \$26,353.40 prepaid contribution balance in the plan.

Larry Tosi made a motion to approve the October 18, 2018 minutes as presented. Alex Falconeri seconded the motion, approved by the Trustees 4-0.

Investment Consultant (Jack Evatt and Jennifer Gainfort, AndCo Consulting)

Jennifer Gainfort also explained the role of the investment consultant. She provided an overview of the market for the quarter ending September 30, 2018, with market losses resulting trade concerns, monetary policy, concerns over declining earnings, and the government shutdown. She expects continued volatility for the near term.

For the quarter year ending December 31, 2018, the assets decreased from \$10,523,779 at the beginning of the quarter to \$9,615,456. Ms. Gainfort reviewed the asset allocation compared to the target allocations in the Investment Policy, reporting that the current allocation falls within the guideline ranges. She therefore did not recommend any rebalancing of assets at this time. The portfolio returned -8.64% net for the quarter compared to -7.68% for the benchmark. For the calendar year the assets returned -5.01% gross and -5.08% net compared to -4.18% for the benchmark.

Ms. Gainfort reviewed the individual manager performance. Dana performed under the benchmark for that manager for the third consecutive quarter, since the manager does not own the most expensive names in the index with the best recent performance. The consultant will continue to monitor the results for Dana. Ms. Gainfort reviewed the performance for the other managers as well.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Scott Christiansen stated that the City must reappoint Larry Tosi to a new Board term. Biff Lagan reported that he already completed his required financial disclosure. Mr. Christiansen indicated that the election of Board officers should go on the next meeting agenda.

Scott Christiansen will forward the proposed ordinance for compliance updates and DROP provisions to the City for consideration. The ordinance now allows the Chief to only opt out of the plan at hire, but not thereafter. The proposed ordinance has no cost impact to the plan. Mr. Christiansen already sent the proposed ordinance for a one-time 3% ad hoc COLA for all retired members to the City, which has a 0.5% of payroll or \$10,785 cost impact. The City has agreed to pass the COLA ordinance.

Mr. Christiansen advised that the annual fiscal report must properly be addressed to City Council, rather than to the City Clerk. Mr. Christiansen reminded the Trustees to review the 2018 administrative expense report and 2020 budget at the next meeting. He requested a motion to authorize his office to update the Summary Plan Description, required every other year, with the updates for the pending ordinance changes.

Larry Tosi made a motion to authorize Scott Christiansen to update the Summary Plan Description to include the changes in the pending ordinance. Alex Falconeri seconded the motion, approved by the Trustees 4-0.

He then advised the Board must affirm the expected return on plan assets for the Division of Retirement.

Alex Falconeri made a motion on the advice of the Investment Consultant that the Board expected to achieve a 7.5% return on Pension Fund assets for the next year, for the next several years, and for the long term thereafter. Larry Tosi seconded the motion, approved by the Trustees 4-0.

The Trustees discussed possible benefit enhancements for active members of the plan. The actuary indicated that benefit cost estimates would typically cost between \$1,250 to \$1,500. Josh Stone will further discuss possible benefit improvements with the members and assess their willingness to pay for changes to the plan.

Administrator Report (Scott Baur, Resource Centers)

Scott Baur provided a signature authorization update to the Board for Salem Trust.

He will provide an updated list of educational conferences to the Trustees.

5. PLAN FINANCIALS

The Trustees then reviewed the disbursements for payment of invoices contained on the Warrant dated January 17, 2019

Alex Falconeri made a motion to approve the Warrant dated January 17, 2019 for payment of invoices. Biff Lagan seconded the motion, approved by the Trustees 4-0.

The Trustees reviewed the retirement benefit for Robert McLaughlin.

Larry Tosi made a motion to approve the benefit for Robert McLaughlin, seconded by Larry Tosi, and approved by the Trustees 4-0.

6. OTHER BUSINESS

The Board had no other business for discussion.

7. NEXT MEETING

The Trustees previously scheduled their next regular quarterly meeting for Thursday, April 18, 2019 at 4:00 PM.

8. ADJOURNMENT

There being no further business, Larry Tosi made a motion to adjourn the meeting at 4:59 PM, seconded by Alex Falconeri, and approved by the Trustees 4-0.

Respectfully submitted,



Josh Stone, Secretary