

*City of Gulfport Municipal Police Officers' Trust Fund*  
**Minutes: Meeting of January 21, 2021**

**1. CALL TO ORDER**

Jason Motte called a meeting of the Board of Trustees for the Gulfport Municipal Officers' Police Trust Fund to order at 4:02 PM.

The Board declared extenuating circumstances to permit a Board member to participate remotely. The declaration was moved by Michael Vandenberg, seconded by Larry Tosi, and approved by the Trustees who were present 4-0.

Trustee Biff Lagan participated remotely.

Those persons present included:

TRUSTEES

Jason Motte, Chair  
Thomas Woodman, Secretary  
Biff Lagan  
Larry Tosi  
Michael Vandenberg

OTHERS

Sara Carlson, Foster & Foster (Actuary)  
Scott Christiansen, Christiansen & Dehner (Attorney)  
Dale Everhart, Resource Centers (Administrator)  
Jennifer Gainfort, AndCo. Consulting (Consultant)

**2. BOARD SEAT UPDATE**

Mr. Everhart informed the Board that City Council ratified the appointment of Michael Vandenberg as the Fifth Trustee on November 17, 2020. The term will run through October 2023

**3. APPROVAL MINUTES: Meeting October 15, 2020**

The Trustees reviewed the minutes of the October 15, 2021 meeting.

A discussion ensued concerning the Board's authorization to engage the Fund's actuary to perform a study on the fiscal impact of a Cost of Living Allowance (COLA) for Fund retirees. Fund counsel indicated that the Board could authorize an actuarial impact study for a retiree COLA, and approve payment for that study..

Michael Vandenberg made a motion to approve the minutes of the October 15, 2020 meeting. Larry Tosi seconded the motion, approved by the Trustees 5-0.

**4. REPORTS**

**A. Investment Report**

**1) Quarterly Performance Report (Jennifer Gainfort, AndCo Consulting)**

Jennifer Gainfort indicated returns were broadly positive for the 4<sup>th</sup> quarter of 2020. Performance for the quarter was driven largely by expectations concerning the distribution of COVID vaccines, the election resolution, and the possibility of additional government stimulus legislation.

In domestic equities, small cap stocks outperformed large cap stocks. The Russell 2000 Index was up 31.4% compared to the S&P 500 return of 12.1%. This was the Russell 2000's strongest quarterly return since its inception in 1979. Value stocks outperformed growth, with the value indices benefitting from larger exposures to energy and financials. These performed well due to positive news concerning the release of vaccines. Over the past year, growth stocks outperformed value stocks, with the greatest difference being where 1000 growth exceeded the 1000 value by over 35%.

International index returns were strong, with emerging markets up 19.7% and developed markets up 16%.

Fixed income returns were soft with the Aggregate up 0.7%, due largely to corporates, which returned 3%. The US Government Bond Index was down -0.8%, due to rising interest rates. The Fed continued to hold short rates near zero, with 10 year rates increasing to above 0.9%.

The market value of the Fund was \$13,199,165 as of December 31, 2020. Rebalancing of assets was recommended due to domestic equities being at the upper end of the target range. Ms. Gainfort recommended moving 3 ½ % of the fund from domestic equities to fixed income.

**Michael Vandenberg made a motion to sell \$470,000 from Vanguard Extended Market Index, and to move the proceeds to Agincourt. Thomas Woodman seconded the motion, approved by the Board 5-0.**

Income and appreciation for the quarter totaled \$1,286,037. Total fund gross return for the quarter was 10.79% vs the total fund gross policy return of 9.47%.

Total equities returned 12.23% for the quarter, with the total fund policy return being 12.06%. Total fixed income return was 8.00% for the quarter compared to 6.98% for the total fixed income policy. Finally, total real estate return was 1.62% vs the total real estate policy return of 1.74%.

In conclusion, Ms. Gainfort stated that results were great for the quarter, and a great start to the year.

#### **B. Actuary Report Sara Carlson, (Foster & Foster)**

Sara Carlson discussed the 2020 Actuarial Valuation. She stated that the Minimum Required Contribution decreased as a percentage of projected payroll from 24.2% to 22.7%. Taking into account the member contribution rate of 8.0% and the estimated State contribution of 4.0%, the City's Required Contribution decreased from 12.2% to 10.7%. The Share Plan will receive \$8,861.68..

The Normal Cost decreased from 16.6% to 16.1% due to younger new hires replacing older retiring members. Normal Cost is defined as the annual cost attributed for the current year of service, such that at retirement, there are adequate reserves to pay the earned pension. The plan's rate of return

on assets compared favorably to the actuarial assumption, with the actuarial rate of return being 7.97% vs the assumption of 7.5%.

As required by State Law, assumed mortality rates were changed using those adopted by the Florida Retirement System for special risk employees. Another change made for this valuation involved a “fresh-start” for the actuarial asset value. As a result, actuarial investment gains and losses will now be recognized over a five-year period vs the prior method of four-year periods. To make this change, the actuarial value of assets was reset to the market value of assets for this valuation. This change now aligns the investment gain-loss recognition with that required by the Governmental Accounting Standards Board (GASB).

The Share Plan will receive \$8,861.68.

The funded ratio of the plan increased from 88.8% to 91.3%.

There was a discussion of the salary growth assumption of 5.50%. The last time the salary growth assumption was changed was as part of the 2017 Experience Study, at which time all assumptions were reviewed. A 10 year history was requested of employee and employer contribution rates, with Ms. Carlson stating she would provide an historical overview.

**Thomas Woodman made a motion to approve the October 1, 2020 Actuarial Valuation. Larry Tosi seconded the motion, approved by the Trustees 5-0.**

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

Mr. Christiansen informed the Board of the requirement to approve a Declaration of Returns pursuant to Section 112.661(9), Florida Statutes. Jennifer Gainfort stated that the rate of return of 7.50% was appropriate.

**Michael Vandenberg made a motion to declare that the Board of Trustees, based on the advice of its investment professionals and/or actuary, determined that the total expected annual rate of investment return for the fund for next year, the next several years and the long-term thereafter, shall be 7.5%, net of investment related expenses. Larry Tosi seconded the motion, approved by the Trustees 5-0.**

Mr. Christiansen inquired as to the status of the Board seat occupied by Biff Lagan, which is scheduled to expire in April, 2021. Mr. Everhart advised that Mr. Lagan has agreed to serve another term, and that City Council is scheduled to consider the matter at an April, 2021 meeting.

Mr. Christiansen stated that the Summary Plan Description needs redone every 2 years. It was last done in April of 2019.

**Thomas Woodman made a motion to have legal counsel review and update the Summary Plan Description effective April, 2021. Michael Vandenberg seconded the motion, approved by the Trustees 5-0.**

Mr. Christiansen referenced a State Law requiring employers to use an E-Verify system to identify individuals not able to legally work in the State of Florida. The Board needs to register in the E-Verify

system and all Board consultants also need to be notified that they are to register. This registration of the Board and the notification to all consultants will be done by Resource Centers. Resource Centers will obtain a statement from all Board consultants of compliance with the requirement

#### **D. Administrator Report (Dale Everhart, Resource Centers)**

Mr. Everhart presented a Salem Signature Authorization document for signature by all Board members. He informed the Board that this document will permit any 2 Board members or 1 of 3 designated Resource Centers administrators, to execute and direct Salem Trust Company in the conduct of Trust Fund business. All physically present members then signed the document.

Mr. Everhart discussed the successful completion of a System and Organization Control audit, known as a SOC 1 Type 2 audit. This audit is performed on the Resource Centers operations, by an outside auditor, to review and test internal controls and procedures. The audit identified no exceptions, meaning it was a completely clean audit report.

Mr. Everhart reviewed the benefits of membership in the Florida Public Pension Trustees Association (FPPTA), an organization dedicated to providing education and information for and about public pension systems. The Board has belonged in the past, and he requested that the Board consider again joining in 2021.

Michael Vandenberg made a motion to approve joining the FPPTA, to include authorizing payment of membership dues. Thomas Woodman seconded the motion, approved by the Trustees 5-0.

### **5. PLAN FINANCIALS**

#### **A. Disbursements: Warrant dated January 21, 2021**

The Board reviewed the warrant dated January 21, 2021.

Michael Vandenberg made a motion to approve the warrant dated January 21, 2021. Larry Tosi seconded the motion, approved by the Trustees 5-0.

#### **B. Benefit Approval Dated January 21, 2021**

Michael Vandenberg made a motion to approve the Benefit Approval dated January 21, 2021. Larry Tosi seconded the motion, approved by the Trustees 5-0.

### **6. OTHER BUSINESS**

#### **A. Annuitant COLA**

The Board discussed a Cost of Living Adjustment (COLA) for retirees. Prior COLA's occurred in 1991(15%), 2004 (0.7% for each year retired with a maximum of 7%), and 2018 (3%). The consensus of the Board was to wait on obtaining an actuarial note for a future COLA.

**B. Active member benefit changes**

There was a discussion on initiating an actuarial impact study for benefit enhancements for active members. At this point, the Board was informed that the Union President indicated willingness to fund an actuarial study, while the City Manager has not indicated willingness to fund such a study. Board consensus was to wait until contract negotiations begin before proceeding to initiate the actuarial impact study. Plan counsel reminded the Board that it had decided to authorize a study at the October 15, 2020 meeting. At that meeting, the Board authorized "the services of the Board's actuary to conduct a study of the effect of changes to the benefit provisions of the Plan, with the union and/or City to pay for the study."

**7. PUBLIC COMMENT**

There was no public comment.

**8. SCHEDULED NEXT REGULAR MEETING**

Thursday, April 15, 2021 at 4:00PM

**9. ADJOURNMENT**

The meeting adjourned at 5:50pm.

Respectfully submitted,

  
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Thomas Woodman, Secretary