

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

1. CALL TO ORDER

Jason Motte called a meeting of the Board of Trustees for the Gulfport Municipal Officers' Trust Fund to order at 4:01 PM.

Those persons present included:

TRUSTEES

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

OTHERS

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

2. APPROVAL MINUTES: Meeting July 15, 2021

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

Thomas Woodman made a motion to approve the minutes of the July 15, 2021 meeting. Michael Vandenberg seconded the motion, approved by the Trustees 4-0

3. REPORTS

A. Investment Report

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

Jennifer Gainfort indicated that growth slowed in the 3rd quarter as the recovery continued to mature. The annual rate of inflation dropped to 5.3% in August, from 5.4% in July. The demand for labor remains strong, with unemployment at 4.8% in September, down from 5.2% in August. Wage growth remains strong.

In equities, volatility increased in the 3rd quarter as US markets rose to new all-time highs in early September, and then pulled back toward the end of September. There were concerns related to the Delta variant, supply chain shortages, higher US interest rates, rising inflation, and fiscal policies. Developed international equity markets outperformed their domestic counterpart, while emerging markets dropped. In fixed income, US interest rates were relatively unchanged for the quarter.

US equity markets experienced 0.6% return for large cap companies, -0.9% for mid-cap companies and -4.4% for small company stocks. The MSCI EAFE Index posted a -0.4% return and the MSCI Emerging Markets Index returned -8.1%.

Returns over the past fiscal year showed a 47.7% return in domestic small cap stocks, and 30% for US large cap stocks. The MSCI EAFE Index returned 25.7% and the MSCI Emerging Markets Index returned 18.2%. Finally, the Bloomberg US Aggregate Bond Index returned -0.9% for the past year.

The market value of the Fund was \$14,087,499 as of September 30, 2021. No rebalancing of asset classes is needed. Income and depreciation for the quarter totaled \$-88,076. Total fund gross return for the quarter was -0.61% vs the total fund gross policy return of -0.43%. Fiscal year to date return was 19.32% compared to a policy return of 17.57%

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

1) Investment Rate of Return Assumption

Sara Carlson reported that the current investment rate of return assumption was 7.5%. She indicated that the Florida Retirement System is currently using 7%, with a tentative reduction to 6.8%. The State, in a recent communication to the pension plan, recommended a lower rate of return assumption. In that there are forthcoming significant actuarial gains to the plan, these would aid in offsetting the effect of an investment rate of return (ROR) assumption decrease. Ms. Carlson indicated that a lowering of the ROR assumption by 0.10% would increase the required contribution rate by approximately 1%.

Thomas Woodman made a motion to lower the investment rate of return assumption from 7.5% to 7.15% effective with the October 1, 2021 actuarial valuation. Biff Lagan seconded the motion, approved by the Trustees 4-0.

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

Scott Christiansen stated that the election of Board officers should be scheduled for the January 20, 2022 Board meeting. Dale Everhart indicated that the officer election will be placed on the agenda.

Mr. Christiansen indicated that the letter informing the City Council of the Plan's investments for the Plan year ending on 9/30/21, needs signed by the Board Chair, and submitted to City Council via the City Manager.

Mr. Christiansen presented a tentative Board meeting schedule for 2022 as follows:

January 20, 2022 @ 4:00PM

April 21, 2022 @ 4:00PM

July 21, 2022 @ 4:00PM

October 20, 2022 @ 4:00PM

Michael Vandenberg made a motion to approve the proposed 2022 Board meeting schedule. Thomas Woodman seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen stated that City Council approved the ordinance change increasing the minimum distribution age from 70 ½ to 72. Ordinance No. 2021-12 was adopted September 7, 2021.

Mr. Christiansen informed the Board that the fee increase for AndCo, which was approved at the July 15, 2021 meeting, was fully executed.

Mr. Christiansen informed the Board that in the service connected disability retirement matter concerning Mr. Rossi, a deposition is scheduled with Dr. Tolli and Mr. Rossi's counsel on October 22, 2021. Mr. Christiansen also stated that he may schedule a deposition of Dr. Hall.

Mr. Christiansen indicated that he is downsizing his law practice, but intends to continue to serve as legal counsel for the Gulfport Municipal Police Officers' Trust Fund.

D. Administrator Report (Dale Everhart, Resource Centers)

Dale Everhart informed the Board that Resource Centers engaged an outside auditor to review its internal controls and procedures. Each year, these auditors review the actual workflow to identify any instances where the firm had deviated internally from its stated procedures. The auditor identified no exceptions, meaning it is a completely clean audit report. This audit is called a SOC 1 audit, or Service Organization Control Report #1. Resource Centers is the only public plan administrator in Florida to complete an annual SOC 1 audit.

Mr. Everhart informed the Board that the 2020 Premium Tax Distribution Amount is \$102,117.04. The 2019 amount was \$102,009.35.

4. PLAN FINANCIALS

A. Disbursements: Warrant dated October 21, 2021

Michael Vandenberg made a motion to approve the warrant dated October 21, 2021. Biff Lagan seconded the motion, approved by the Trustees 4-0.

B. Benefit Approval Dated October 21, 2021

The Board reviewed the Benefit Approval document.

Biff Lagan made a motion to approve the Benefit Approval dated October 21, 2021. Michael Vandenberg seconded the motion, approved by the Trustees 4-0.

5. OTHER BUSINESS

Jason Motte indicated that the City Manager has asked the union to make a presentation to City Council concerning retirement benefit enhancements. Proposed benefit enhancements include a normal retirement benefit at 25 years of service with no age requirement, and an increase in the benefit accrual rate to 3%. A presentation to City Council is tentatively on November 16, 2021, the next available time in the council's schedule.

Michael Vandenberg made a motion to have Plan counsel draft an ordinance for consideration by City Council. Biff Lagan seconded the motion, approved by the Trustees 4-0.

Further discussion ensued concerning the presentation of benefit enhancements to City Council.

Thomas Woodman made a motion to call a special meeting of the Board, coincident with the 11/16/21 City Council meeting, such that the full Board would be present for the discussion of the 25 & out, and 3% benefit accrual rate benefit enhancements. Michael Vandenberg seconded the motion, approved by the Trustees 4-0.

6. PUBLIC COMMENT

There was no public comment.

7. SCHEDULED NEXT REGULAR MEETING

Thursday, January 20, 2022 at 4:00PM

8. ADJOURNMENT

The meeting adjourned at 4:57pm.

Respectfully submitted,

 For Thomas Woodman.

Thomas Woodman, Secretary