

City of Gulfport Municipal Police Officers' Trust Fund
Minutes: Meeting of April 20, 2023

1. CALL TO ORDER

Jason Motte called a meeting of the Board of Trustees for the Gulfport Municipal Police Officers' Trust Fund to order at 4:03 PM.

Those persons present included:

TRUSTEES

Jason Motte, Chair
Thomas Woodman, Secretary
Daniel Liedtke
Michael Vandenberg

OTHERS

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

2. Board Seat Appointment

The Board was notified that Larry Tosi was appointed to a new trustee term by City Council on April 18, 2023.

3. APPROVAL MINUTES: Meeting January 19, 2023

The Trustees reviewed the minutes of the January 19, 2023 meeting.

Michael Vandenberg made a motion to approve the minutes of the January 19, 2023 meeting. Daniel Liedtke seconded the motion, approved by the Trustees 4-0

4. REPORTS

A. Investment Report

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

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 \$12,522,297 as of March 31, 2023. No rebalancing of asset classes is needed. Income and appreciation for the quarter totaled \$557,926. Total fund gross return for the quarter was 4.66% vs the total fund gross policy return of 4.84%. Fiscal year to date return was 10.56% compared to a policy return of 10.56%. For the quarter, total equities returned 6.85% compared to the policy index of 7.14%. Fixed income returned 2.99% vs the policy index of 2.96%. Total real estate returns were -3.28% for the quarter with the policy index return of -3.31%. The current market value of the fund as of April 20, 2023 was \$12,530,000.

B. Custodian Report, Lynn Skinner (Salem Trust)

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. The Board was informed that currently, Resource Centers requires direct contact with the retiree or beneficiary prior to authorizing a direct deposit or address/information change. The direct deposit forms and the address/information change forms must be notarized to be accepted.

Mike Vandenberg made a motion to allow retirees optional access to the portal to view their account information, tax withholding, and annual tax statements. The motion was seconded by Thomas Woodman, and approved by the Trustees 4-0.

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

Mr. Christiansen reported that the ordinance process is moving forward on the proposed benefit and funding changes.

Mr. Christiansen stated that the biennial update of the Summary Plan Description is scheduled to occur this month. He requested that a hold be placed on the update pending plan benefit changes.

Mike Vandenberg made a motion to authorize counsel to amend the Summary Plan Description pending approval by Council of the drafted plan provisions. Daniel Liedtke seconded the motion, approved by the Trustees 4-0.

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

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.

Thomas Woodman made a motion to authorize plan counsel to draft provisions to allow for payroll deductions for the purchase of prior government and military service, and to draft provisions to be compliant with the Secure Act 2.0. Mike Vandenberg seconded the motion, approved by the Trustees 4-0.

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 are currently no retirees or beneficiaries scheduled to have future benefits reduced or stopped.

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 that they be notarized.

D. Administrator Report (Dale Everhart, Resource Centers)

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 presented the proposed pension plan administrative budget for Fiscal Year 2023-24.

Mike Vandenberg made a motion to approve the presented Fiscal Year 2023-24 administrative budget. Daniel Liedtke seconded the motion, approved by the Trustees 4-0.

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 register and attend.

5. PLAN FINANCIALS

A. Disbursements: Warrant dated April 20, 2023

Thomas Woodman made a motion to approve the warrant dated April 20, 2023. Daniel Liedtke seconded the motion, approved by the Trustees 4-0.

B. Benefit Approval Dated April 20, 2023

The Board reviewed the Benefit Approval document.

Michael Vandenberg made a motion to approve the Benefit Approval document dated April 20, 2022. Daniel Liedtke seconded the motion, approved by the Trustees 4-0.

6. OTHER BUSINESS

Mike Vandenberg had a question concerning the DROP program. Plan counsel, Scott Christiansen provided the requested information.

7. PUBLIC COMMENT

There was no public comment.

8. SCHEDULED NEXT REGULAR MEETING

Thursday, July 20, 2023 at 4:00PM

9. ADJOURNMENT

Mike Vandenberg made a motion to adjourn the meeting. Daniel Liedtke seconded the motion, approved by the Trustees 4-0.

Respectfully submitted,



Thomas Woodman, Secretary