

City of Gulfport Firefighters' Retirement Pension Fund
2401-53rd Street South, Gulfport, Florida, 33707
Phone: 727-893-1059 Fax: 727-893-1060

Minutes: Meeting of January 27, 2011

1. CALL TO ORDER

Michael O'Toole called a meeting of the Board of Trustees for the Firefighters' Retirement Pension Fund to order at 5:34 PM. Those persons present included:

TRUSTEES

Michael O'Toole, Chair
Brian Campbell
Lesley Jordan
Don Howard (5:45 PM)

OTHERS

Scott Baur, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, Bogdahn Group
Patrick Donlan, Foster & Foster
Lynn Skinner, Salem Trust

2. APPROVAL MINUTES

The Trustees reviewed the minutes for the meeting of October 28, 2010.

Brian Campbell made a motion to approve the minutes for the meeting of October 28, 2010. Lesley Jordan seconded the motion, passed by the Trustees 3-0.

3. INVESTMENT REPORTS: JACK EVATT, BOGDAHN GROUP

Jack Evatt stated that the equity markets had strong gains for the quarter ending December 31, 2010. Investors began to show increasing comfort with the economy by returning to stocks. Fixed income investments, meanwhile, had negative returns for the quarter. Growth outperformed value for the quarter, consistent with both an economic recovery and cyclic type issues in the market.

Mr. Evatt reported that the plan had \$2,030,924 of assets as of December 31, 2010. The portfolio returned 5.58% for the quarter compared to 6.37% for the benchmark, and 11.79% for the calendar year compared to 13.3% for the benchmark. He then reviewed the compliance checklist.

Don Howard joined the meeting.

Mr. Evatt noted that the Pension Fund ranked in the 46th percentile for the trailing 3 years primarily due to underperformance of the fixed income portfolio. Scott Christiansen discussed how the prohibited investments by Florida affected holdings in mutual fund portfolios. With the Federal Reserve having to purchase more bonds behind the scenes, Michael O'Toole questioned whether the market had really reached a turning point. Jack Evatt explained that the risk of deflation posed a bigger concern, with the economy continuing to recover at an anemic rate of growth. Mr. Evatt further discussed the attempts by the Federal Reserve to fix the housing market through low

interest rates. As money begins to flow out of bonds, however, the market might return to a more normal interest rate environment.

The Board also discussed the possible causes for the “flash crash” in May 2010, and speculated on the likelihood of a reoccurrence.

4. FOSTER & FOSTER (Patrick Donlan)

The Board discussed the expected rate of return for the Pension Fund. The Board currently assumes that the investment assets will return 8% for the next year, the next several years, and for the long-term thereafter.

Patrick Donlan reported that the cost to fund the Pension Fund increased by about 2% of payroll from 2009 to 2010 due primarily to investment performance. The Board adopted a 4-year smoothing, so the valuation recognized losses incurred during prior years as well. Mr. Donlan noted that the investments currently had a 4-year average return of 1.56%. The Pension Fund also had 14 firefighters in 2010, the same number as 2009. Changes to the plan assumptions adopted by the Board had virtually no impact on the funding requirement. For 2010, the multiplier dropped to 3.17% from 3.34%.

Don Howard made a motion to approve the Actuarial Valuation. Brian Campbell seconded the motion, passed by the Trustees 4-0.

Patrick Donlan proposed to the Board to draft a policy clarifying the procedures used to calculate benefits for members of the plan. The Trustees approved Foster to prepare the document.

5. ADMINISTRATOR REPORT

Scott Baur provided the Board with a brief update on the transition of payroll data from the City of Gulfport. He believed that he was making progress with the City, although he had some remaining questions requiring clarification. He continued to work with Mercedes Perez and Dan Carpenter to complete the process. Once complete, the members of the plan will have access to benefit calculations online through the Resource Centers website. His firm will still need the actuary to provide the factors for the optional forms of benefit payment, which Foster typically provides a one-time cost of about \$1,200. Patrick Donlan indicated that he would determine the exact rate to produce the requested factors.

Mr. Baur then reviewed the status of vested deferred members of the plan. He received an application from Marilyn O'Connor, the vested deferred member originally eligible to receive her benefit in 2005. Scott Christiansen advised the Board that a member must file an application, in addition to meeting the eligibility guidelines for the plan, to receive benefits. Mr. Baur has Foster reviewing the calculation and the optional forms available to Ms. O'Connor due to the amount of time that had passed, so he will report on her final benefit at the next meeting.

6. ATTORNEY REPORT

Scott Christiansen reported that HB303, which included changes that could affect the operation of the Pension Fund, had been withdrawn.

He then noted that the Board would need to reappoint the fifth Trustee, currently Don Howard, at the next meeting. Christine Brown is a Trustee appointed by the City Commission, while elections would also be needed for Brian Campbell and Lesley Jordan.

Mr. Christiansen indicated that the Summary Plan Description would require an update with the change in the benefit multiplier to 3.12%.

Michael O'Toole made a motion to update the Summary Plan Description. Don Howard seconded the motion, approved by the Board 4-0.

Scott Christiansen reported that his firm had completed the application for the tax determination letter from the IRS. Michael O'Toole signed the application, which was subsequently submitted for consideration. The plan already included all of the necessary language, although some changes due to the normal operation of a public pension plan were not made in a timely fashion. The plan did meet the filing deadline for inclusion in the current cycle.

Scott Christiansen stated that the Board still needed a motion to set the expected rate of return for the plan assets, with the required letter going to the state.

Brian Campbell made a motion that the Board expects to earn 8% for the next year, the next several years, and for the long-term thereafter. Lesley Jordan seconded the motion, approved by the Trustees 4-0.

Scott Christiansen stated that each public agency must appoint a Records Management Liaison Officer (RMLO). The Board must designate the RMLO by name and adopt a records retention schedule. He indicated that the agreement for the Pension Resource Center, as the plan administrator, made the firm the records custodian on behalf of the plan. He also recommended that the Board adopt the default records retention schedule.

Michael O'Toole made a motion to approve Resolution 11-01, naming Mr. Scott Baur as the RMLO for the Pension Fund and adopting the State 951-SL records retention schedule. Brian Campbell seconded the motion, approved by the Trustees 4-0.

Lynn Skinner stated that the Board would need to make the Cola distribution to the retired members of the plan. The retired members receive an equal share of 10% of the annual premium tax receipts from the State of Florida.

Don Howard made a motion to distribute 10% of the premium tax receipts to the retired members of the plan on March 1, 2011. Michael O'Toole seconded the motion, approved by the Trustees 4-0.

7. PLAN FINANCIALS

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated January 28, 2011. A correction to the November amount stated on the Warrant for Christiansen & Dehner was noted.

Don Howard made a motion to approve the Warrant dated January 28, 2011 for payment of invoices as corrected. Lesley Jordan seconded the motion, passed by the Trustees 4-0.

The Trustees had no other pending benefits for approval as of the meeting.

8. OTHER BUSINESS

The Trustees discussed the meeting schedule for 2011. Scott Christiansen reported that the Board for the Police Officers' Pension Fund changed the meeting time to 3:30 for the next year; all three pension boards in Gulfport would now meet on the same day. He hoped to begin the meeting for the Firefighter Board of Trustees earlier as well. The Trustees agreed to move the starting time for the next meeting to 5:30 PM.

9. OTHER BUSINESS (Continued)

The Board had no other business for discussion.

10. NEXT MEETING DATES

The Trustees previously scheduled their next quarterly meeting for April 28 at 5:30 PM.

11. ADJOURNMENT

A motion was made to adjourn the meeting at 6:50 PM.

Respectfully submitted,

Christine Brown, Secretary