

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of January 27, 2011

1. CALL TO ORDER

Margaret Palmisano called a meeting of the Board of Trustees for the General Employees' Pension Fund to order at 1:05 PM.

2. Mr. Baur took a roll call of the Trustees present. The Board had a quorum for the quarterly meeting. Those persons present included:

<u>TRUSTEES</u>	<u>OTHERS</u>
Margaret Palmisano, Chair	Scott Baur, Pension Resource Center
Blake Boyer	Nathalie Luke, Aon
Cher Johnson	Scott Christiansen, Christiansen & Dehner
Marjorie Milford	Lynn Skinner, Salem Trust
Stanley Solomons	Patrick Donlan, Foster & Foster
Frank Wheelehan	

3. APPROVAL MINUTES

The Board reviewed the minutes for the meetings of March 3, 2010 and December 1, 2010. The Trustees noted corrections for the names of two members serving on the Board, "David Hastings" and "Stanley Solomons".

Blake Boyer made a motion to approve the minutes for the meetings of March 3, 2010, and December 1, 2010, as corrected. Marjorie Milford seconded the motion, approved by the Trustees 6-0.

4. INVESTEMENT REPORT: AON CONSULTING (Nathalie Luke)

Nathalie Luke explained that the quarterly report had less comparative information available due to the earlier meeting date. She also noted that Aon created a new performance snapshot page for the report. She indicated that much of her verbal report would follow the Executive Summary. The other sections of the report include more detailed information on the various mutual funds used by the Board for investment of the plan assets.

Nathalie reported that equities had a strong quarter for December 31, 2010. Unemployment remains relatively static, so she believes that equities should continue to perform well in the short-term as the economy continues to show signs of improvement. The public sector, meanwhile, faces many challenges due to decreasing budgets. Bond interest rates increased during the quarter, leaving bonds with a loss for the period. Small cap stocks also performed large cap stocks, and growth stocks outperformed value stocks, as cyclical issues made a comeback during the quarter.

Ms. Luke reported that the portfolio returned 5.61% for the quarter compared to 4.91% for the benchmark. For the calendar year, the Pension Fund had returns of 10.82%

compared to 11.93% for the benchmark. Stock selection in the Brandywine Fund and the Vanguard Opportunities Fund, as well as cash in the Growth Fund of America portfolio, detracted most from the overall performance. Ms. Luke discussed the management style for the Brandywine Fund relative to the market. The management style for the Brandywine Fund, which looks for growth stocks at a reasonable price, does seem to show some signs of improvement in the current market.

Ms. Luke stated that the Pimco Total Return Fund changed the investment mandate to include 10% holdings in equity related securities. Ms. Luke then reviewed the individual performance for the other mutual fund managers, noting that Dodge & Cox continues to improve while Growth Fund of America still holds a substantial cash position. The Brandywine Fund had strong performance for the quarter despite performing under the related benchmark for the calendar year. Ms. Luke did not yet have a specific summary for the Goldman Sachs fund since the Pension Fund had not yet held the fund in the portfolio for a full quarter.

Nathalie Luke recommended that the Board consider diversifying some of the plan assets in the fixed income portfolio to alternative asset classes such as commodities. She indicated that she would provide updated recommendations to the Board for the next quarterly meeting. Ms. Luke also recommended that the Board rebalance the assets of the plan during the quarter if necessary, although she indicated that the portfolio should maintain a smaller allocation to fixed income within the guidelines for the Investment Policy.

Margaret Palmisano made a motion to rebalance the plan assets during the quarter back to the target range in the Investment Policy, if the allocation goes outside that range. Blake Boyer seconded the motion, approved by the Trustees 6-0.

5. ATTORNEY REPORT: SCOTT CHRISTIANSEN

Scott Christiansen stated that each public agency must appoint a Records Management Liaison Officer (RMLLO). The Board must designate the RMLLO 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.

Blake Boyer made a motion to approve Resolution 11-01, naming Mr. Scott Baur as the RMLLO for the Pension Fund and adopting the records retention schedule. Frank Wheelehan seconded the motion, approved by the Trustees 6-0.

Mr. Christiansen then provided the Board with changes to the Operating Rules and Procedures, allowing the plan administrator to give direction to the custodian on behalf of the Board. The changes to the Operating Rules and Procedures also contained a change to the definition for an Actuarial Equivalent.

Mr. Christiansen reviewed the provisions of HB303, proposed in the current legislative session. HB303 would place many restrictions on local pension plans, including changes

to eligibility, the multiplier used to determine benefits, and required contributions by the members of the plan. Mr. Christiansen also discussed proposed changes to the Florida Retirement System, which include changes to the member contribution rates. Mr. Baur discussed an overpayment to a Rudolph Stengel, a deceased member of the plan. Mr. Baur noted that the plan did not seem to have recovered the overpayment, based on his review of correspondence with the City. Mr. Christiansen indicated that the \$202 overpayment amount was too small to justify the fees to his office to pursue the matter. He recommended that the administrator review the matter and file a claim with the estate for Mr. Stengel, if an estate exists.

Marjorie Milford made a motion to approve the revisions to the Operating Rules and Procedures. Frank Wheelehan seconded the motion, approved by the Trustees 6-0.

Patrick Donlan from Foster & Foster joined the meeting; Margaret Palmisano departed early at 2:25 PM due to a scheduling conflict.

6. ADMINISTRATOR REPORT (Scott Baur)

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. The Board therefore instructed the administrator to instruct Foster to discontinue the online calculator provided by the actuary.

Margaret Palmisano returned to the meeting.

Mr. Baur then reviewed details of benefits due to vested members who previously departed the City prior to becoming eligible to receive a benefit from the plan. He believed that the plan could possibly have several members now due a benefit, but not yet receiving payments. He continued to research the status of the vested deferred members based on the information transferred from the City to date. Patrick Donlan indicated that the actuary may have some additional information regarding the status of pending benefit calculations for vested deferred members of the plan.

7. PLAN FINANCIALS

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated January 27, 2011.

Blake Boyer made a motion to approve the Warrant dated January 27, 2011 for payment of invoices. Margaret Palmisano seconded the motion, passed by the Trustees 6-0.

The Board briefly discussed the policy to charge members for more than one calculation by the actuary, even at retirement. The new administrator will provide members with an unlimited number of calculations or benefit estimates at no charge, so the policy will not likely raise any further issues in the future.

Margaret Palmisano made a motion to \$450 for benefit calculations included on the invoice from Foster for a member of the plan. Frank Wheelehan seconded the motion, passed by the Trustees 5-0.

The Board had not other benefits for members pending approval for the meeting.

8. OTHER BUSINESS

Nathalie Luke briefly explained the impact of the merger between Aon and Hewitt. She indicated that the change to Aon did not affect the consulting unit. She also did not believe that an assignment of the agreement with the Board would be necessary, since Hewitt would assume the Aon contract by negative election. She agreed to provide Scott Christiansen with additional details regarding the merger, along with the negative election automatically assigning the consulting agreement to Hewitt if the Board took no action regarding the matter.

9. ADJOURNMENT

There being no further business and the next meeting having been previously scheduled and approved for April 28, 2011, a motion was made to adjourn the meeting at 3:01 PM.

Respectfully submitted,

Margaret Palmisano, Secretary