

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS - ITEM – E-1

PREPARED BY: Mark Murchison Director of Finance January 30, 2017

SUBJECT: DISCUSS AND CONSIDER PORTFOLIO PERFORMANCE ANALYSIS REPORT, SUMMARY OF INVESTMENT PERFORMANCE REPORT AND INVESTMENT DETAIL OF THE GALVESTON WHARVES PENSION PLAN FOR PERIOD ENDING December 31, 2017 AND DISCUSS AND CONSIDER ANY PERCENTAGE CHANGES IN FUND MIX THAT MAY BE NECESSARY TO INCREASE INVESTMENT RESULTS

BACKGROUND: At the January 24, 2000 Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves, Port staff was instructed to have the Trustee of the Galveston Wharves Pension Plan present quarterly reports on the financial status of the Pension Trust. The Board modified these instructions at the November 19, 2012 Board meeting to include only a written report for review at the end of the first and third quarters with both a written report and a presentation at the end of the second and fourth quarters. The Performance & Investment Review of the Pension Trust for the period ending December 31, 2017 was prepared by the Frost Bank Trust Department for Board review. Current Fund Mix instructions are to invest 80% in growth and 20% in value investments. A copy of the report is included in the front of this Board book.

RECOMMENDATIONS: The Board of Trustees is respectfully requested to review the report on Plan Assets as of December 31, 2017 furnished by Frost Bank and instruct Port staff to make changes in the investment mix if necessary.

Respectfully Submitted By:



Rodger Rees, Port Director

DATE ACTION TAKEN: _____
Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____

PORT OF GALVESTON
Briefing

DISCUSS AND CONSIDER PORTFOLIO PERFORMANCE ANALYSIS REPORT, SUMMARY OF INVESTMENT PERFORMANCE REPORT AND INVESTMENT DETAIL OF THE GALVESTON WHARVES PENSION PLAN FOR PERIOD ENDING December 31, 2017 AND DISCUSS AND CONSIDER ANY PERCENTAGE CHANGES IN FUND MIX THAT MAY BE NECESSARY TO INCREASE INVESTMENT RESULTS

Background

At the January 24, 2000 Regular Monthly Meeting of the Board of Trustees of the Galveston Wharves, Port staff was instructed to have the Trustee of the Galveston Wharves Pension Plan present quarterly reports on the financial status of the Pension Trust. The Board modified these instructions at the November 19, 2012 Board meeting to include only a written report for review at the end of the first and third quarters with a presentation and written report at the end of the second and fourth quarters. The Performance & Investment Review of the Trust for the period ending December 31, 2017 were prepared by the Frost Bank Trust Department for Board review. Current fund mix instructions are to invest 80% of the funds in growth and 20% in value investments.

Current Situation

Ms. Terry Frank of Frost Bank provided the attached Performance & Investment Review of the Capital Appreciation and Value Accounts of the Galveston Wharves Pension Plan for the period ended December 31, 2017. As previously instructed by the Board of Trustees Ms. Frank attends the January and July Board meetings to present the annual and mid-year results.

Fiscal Impact

The fiscal impact of the investment results of the Galveston Wharves Pension Plant Trust is determined upon the completion of the Actuarial Valuation prepared after the end of each calendar year. The current accrual is based on year end December 31, 2015 valuation and 2016 cumulative activities as presented in the Actuarial Valuation presented to the Board at the April 24, 2017 regular Board meeting. The required annual contribution for 2017 is \$562,160.00.

Staff Recommendation

The Board of Trustees is respectfully requested to review the report on Plan Assets as of December 31, 2017 furnished by Frost Bank and instruct Port staff to make changes in the investment mix if necessary and direct staff to continue developing a Pension Plan Investment Policy and a recommendation on asset allocation of pension funds.