

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of July 26, 2012

1. CALL TO ORDER

Chairman Mike O'Toole called a meeting of the Board of Trustees for the Firefighters' Retirement Pension Fund to order at 5:00 PM.

2. ROLL CALL

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

TRUSTEES

Mike O'Toole, Chair
Don Howard
Christine Brown
Michael Hayes
Brian Campbell

OTHERS

Scott Baur, Pension Resource Center
Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, Bogdahn Group

NO TRUSTEES ABSENT

3. APPROVAL MINUTES

Christine Brown made a motion to approve the minutes of the January 26, 2012 and April 26, 2012 meetings as submitted. Don Howard seconded the motion. The motion passed 4-0.

4. INVESTMENT REPORT (Jack Evatt, The Bogdahn Group)

Mr. Evatt reported markets retracted some during the quarter, again over concerns about sovereign debt and slowing growth. He also mentioned expiring tax breaks, fiscal stimulus, and other factors that may affect the economy in the near term. The Federal Reserve has already considered additional stimulus, so Bogdahn expects at least some extension of expiring tax breaks after the election. The plan ended the second quarter on June 20, 2012 with \$2,243,215 in assets. Mr. Evatt reviewed the target allocations compared to the actual portfolio and reported that no rebalancing was needed. Mr. Evatt reported that the plan had a return of -0.98% for the second quarter, performing slightly better than the -1.08% for the benchmark; finishing in the top 15th percentile of the peer manager universe. For the fiscal year to date, the plan was at 14.5% return compared to 13.99% for the benchmark. He noted strong gains of 11.82% annually on average for the past three years, while the plan had gains of only 2.96% annually on average for the past five years. He then reviewed performance of individual managers, noting strong gains for Pimco Total Return since adding it to the portfolio in December of 2011. Finally, Mr. Evatt will bring some mutual fund options for diversification of the Dana equity portfolio in the small to mid-cap arena to the next meeting.

Chairman Michael O'Toole and Mr. Evatt discussed the allocation to Vanguard International Index. A discussion ensued on whether the Board should invest internationally in a fund with an active manager instead of an indexed fund. Thornburg was also discussed and Mr. Evatt mentioned American Funds EuroPacific Growth as

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another possible option. Mr. Evatt will bring suggestions for possible changes to the international investments to the next meeting for the Board's consideration.

Mr. O'Toole inquired about Salem's CIT platform; Mr. Evatt indicated the CIT platform does not have enough activity so far to be able to evaluate the value of trading on the platform. He recommended that the Board not adopt CIT at this time since not all platform and subscription issues have been resolved.

5. ATTORNEY REPORT (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen again reminded all board members of the state requirement for annual filing of disclosure forms; deadline is September 1, 2012.

No pension-specific legislation was adopted since the last meeting, but Mr. Christiansen indicated legislation (2012-148) did pass with an impact on beneficiary designations. If a member retires with their spouse designated as their beneficiary and then gets divorced, the new law considers the ex-spouse beneficiary to have 'pre-deceased' the member. Mr. Christiansen sees potential issues between the legislation and contract law, such as insurance policies.

Mr. Christiansen reported there is no further update on the process to obtain a tax determination letter; no response has been received from the IRS to date.

Mr. Christiansen mentioned a memo put out by the State Division of Retirement regarding required City contributions. The Division previously made a change to require cities to determine their contribution as a percentage of payroll instead of a flat dollar amount. With payrolls now declining, the Division changed their position and now allows the contribution to be either a designated flat dollar amount or a percentage of payroll.

Mr. Christiansen concluded by discussing the memo on avoidance of benefit overpayment sent to the Board. He reviewed possible overpayment issues due to problems with missed stop or change dates. Scott Baur advised the Board that a review of information on hand at both Salem Trust and Foster & Foster will be conducted. The overpayment to Dave Meares was discussed; Mr. Christiansen advised the Board that all due diligence should be applied to recover the one month overpayment after Mr. Meares' death.

6. ADMINISTRATOR REPORT

Scott Baur updated the Board on the vested deferred review he is conducting. The vested deferred members needing calculations have been identified and the calculations have been requested from Foster & Forster. When the calculations are complete PRC will notify the affected members of their benefit and the process to apply for it.

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7. PLAN FINANCIALS

Don Howard made a motion to approve the Benefit Approvals as submitted, Christine Brown seconded the motion. Motion carried 4-0.

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated July 26, 2012

Christine Brown made a motion to approve the Warrant dated July 26, 2012 for payment of invoices. Mike Hayes seconded the motion. Motion carried 4-0.

8. OTHER BUSINESS

Trustee Michael Hayes advised that the active firefighters were considering increasing member contributions from 5% to 7%. Scott Christiansen indicated that if it is applicable to all years of service, it might equate to a .2% increase in the multiplier by rule of thumb.

9. NEXT MEETING

The Trustees previously scheduled their next quarterly meeting for October 25, 2012 at 5:30 PM.

10. ADJOURNMENT

There being no further business, a motion was made by Michael O'Toole to adjourn. Motion seconded by Don Howard. Motion carried 4-0.

The meeting was adjourned at 6:28 PM.

Respectfully submitted,

Christine Brown, Secretary