

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of October 24, 2013

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 5:07 PM.

2. ROLL CALL

Roll call of the Trustees present resulted in a quorum for the quarterly meeting. Those persons present included:

TRUSTEES

Michael O'Toole, Chair
Brian Campbell
Don Howard

OTHERS

Scott Baur & Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, The Bogdahn Group
John Hamlin, Dana Investment Advisors
Lynn Skinner, Salem Trust

TRUSTEES ABSENT

Mike Hays
Guadalupe Gagnon

3. PUBLIC COMMENT - None

4. APPROVAL MINUTES

Michael O'Toole made a motion to approve the minutes of the July 25, 2013 meeting as amended. Don Howard seconded the motion. The motion passed 3-0.

4. INVESTMENT REPORTS

Dana Investment Advisors Portfolio Review, John Hamlin

Mr. Hamlin reviewed the market performance, noting the S&P was up 5.25% for the quarter, but returned 19.34% for the 2013 fiscal year. The portfolio returned 5.20% for the quarter, and was up 19.11% for fiscal year 2013. Mr. Hamlin reiterated Dana's strategy of being sector neutral and seeking cheap stocks with high dividends. They strive to not only perform well in an up market, but minimize loss in down markets. The economic outlook is still very strong, with continued strong GDP. Real estate is doing very well across the country, and especially in Florida. The auto industry is looking strong, and the consumer sector may also fare well if cash breaks loose and there is an increase in hiring. With housing on the rise, new construction will also mean more jobs. Employment is taking a long time to recover, partly due to technical and productivity gains, but also due to uncertainty about government/economic policies. Slow, steady growth will lower the threat of inflation. Overall, the market may experience some kind of correction, but the long term outlook is positive.

Total Portfolio Review – Jack Evatt, The Bogdahn Group

Mr. Evatt noted that the market did well in the third quarter of 2013, noting that there was a positive return in the fixed market after two negative quarters. Small and Mid-cap domestic equities did very well. The fund's return for the quarter was 4.78%. Domestic equities at 6.26% were close to their benchmark; international equities did very well at 9.55% and PIMCO Total Return closed the quarter at 1.17%, which exceeded the fixed benchmark return of 0.57%.

City of Gulfport Firefighters' Retirement Pension Fund

Meeting of October 24, 2013

Page 2 of 3

For the fiscal year, the fund achieved a return of 12.85%, in the 27th percentile of roughly 400 US pension funds; this was much higher than the targeted 40th percentile and far exceeded the plan's targeted 8% rate of return. The plan will still exceed the target after the four year smoothing is applied.

Mr. Evatt will be reviewing the Investment Policy Statement for the next meeting, as it was last reviewed in 2010.

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

Mr. Christiansen reviewed the proposed meeting dates for 2014, which met with the Board's approval. The Board moved the meeting start time to 4:30PM in 2014.

Mr. Christiansen advised that the City Council is to receive a copy of the Plan's fiscal year end report. Ms. Nolan will forward it to the City for submission to the City Council.

Mr. Christiansen noted that the Ordinance Revision to remove volunteer firefighter language and a few IRA changes still needed to be approved by the City Council. Chairman O'Toole will follow up with the City.

Mr. Christiansen advised the Board that the State Division of Retirement has made a ruling that allows Cities to move to the Florida Retirement system for all new employees and offer existing pension plan participants the option to either move to FRS or stay in the local plan. This ends the use of State money for the local plan however. Palm Beach Gardens moved to FRS, but has challenged the restriction on State money for their legacy pension plan, at least until the plan is fully funded. Mr. Christiansen will continue to monitor the situation.

Mr. Christiansen advised that the fiscal year end report would need to be submitted to the City with "Pension letter #2". Ms. Nolan will submit to the City

6. ADMINISTRATOR REPORT

Ms. Nolan provided the Board with information regarding the upcoming Financial Seminar in Punta Gorda on December 6, 2013. Mr. Evatt has some new Trustee material that he will provide for new Trustees as well. Ms. Nolan will post the material received from The Bogdahn Group and Christiansen & Dehner in the Trustee Resources section of the plan's website under Trustee Links.

7. PLAN FINANCIALS

There were no Benefit Approvals since the last meeting.

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated October 25, 2012

Don Howard made a motion to approve the Warrant for payment of invoices as submitted. Brian Campbell seconded the motion. The motion carried 3-0.

City of Gulfport Firefighters' Retirement Pension Fund

Meeting of October 24, 2013

Page 3 of 3

8. OTHER BUSINESS

Lynn Skinner of Salem Trust advised the Board that they had been experiencing more challenges from the system conversion than originally anticipated. They have brought in a specialized consulting team to address the situation. It is anticipated that the final statements for September will be produced in the coming week and the Annual statements for the close of the fiscal year after that. She passed on their President & CEO's apologies for the problems and reporting delays. Ms. Skinner advised that invoices for the third and fourth quarter of 2013 will reflect a fee discount for the delays. Mr. Evatt pointed out that the problems associated with bonds and mortgage backed securities would not affect this fund.

Patrick Donlan of Foster & Foster, joined the meeting by phone to address recommendations in a letter from the State accepting the Plan's 2011 Actuarial Valuations. The State made recommendations regarding the interest rate of return, mortality and early retirement assumptions used for future Actuarial Valuations, recommended inclusion of the balance of accumulated employee contributions with interest in future valuations and a request for noting the percentage of service-incurred disabilities.

Much discussion ensued regarding the plan rate of return. Mr. Donlan noted that the Board reviewed an experience study in 2010 and chose to leave the plan targeted rate of return at 8% at that time. Mr. Donlan advised that if the Board would like to lower the rate of return, the 2013 valuation would be a good time to do it since the very favorable actual return would probably offset any negative impact to the City

Trustee Brian Campbell was called out of the meeting at approximately 5:45pm to respond to a call and the quorum was lost.

Mr. Evatt pointed out that if the plan continued to actually yield 8% or higher, exceeding the 7.75% rate of return would have a favorable effect on the City's contribution. The Board discussed having a Special Meeting to review the impact of changing the rate of return and requested Patrick Donlan prepare the 2013 Actual Valuation with a 7.75% rate of return unless the change resulted in an increase of City's contribution. The Board will adopt the 7.75% rate of return when they review the Actual Valuation as long as the City's contribution is not increased as a result of this change.

9. NEXT MEETING

The Trustees previously scheduled their next quarterly meeting for January 24, 2013 at 4:30 PM.

10. ADJOURNMENT

The meeting ended at 6:10 PM.

Respectfully submitted,

Mike Hays, Secretary