

City of Gulfport Firefighters' Retirement Pension Fund

Minutes: Meeting of April 24, 2014

1. CALL TO ORDER

Chairman Michael O'Toole called a meeting of the Board of Trustees for the Firefighters' Retirement Pension Fund to order at 4:43 PM.

2. ROLL CALL

Michael O'Toole called roll. Those persons present included:

TRUSTEES

Michael O'Toole, Chair
Guadalupe Gagnon
Michael Hays
Don Howard

OTHERS

Scott Baur & Pam Nolan, Resource Centers
Scott Christiansen, Christiansen & Dehner
Jack Evatt, The Bogdahn Group
Jack Hamilton, Dana Investment Advisors

3. PUBLIC COMMENT

There were no public comments.

4. APPROVAL MINUTES

The Trustees reviewed the Minutes for the meeting of January 23, 2014.

Don Howard made a motion to approve the Minutes for the meeting of January 23, 2014. Mike Hays seconded the motion, approved by the Trustees 4-0.

4. INVESTMENT REPORTS

Dana Investment Advisors (John Hamilton)

Mr. Hamilton reviewed the performance of the market for the quarter ending March 31. The portfolio managed by Dana for the Pension Fund outperformed the benchmark for the quarter. He attributed the strong performance to the strategy implemented by Dana, which looks for companies with strong earnings growth at discounted valuations. Mr. Hamilton sees a continuation of the current fiscal policy, low interest rates, and accelerating growth in the economy. Particularly the European economy, which has not seen real growth, finally seems to have reached an inflection point from the recession. The auto industry is nearing production at full capacity as well. Companies are still holding cash, but that may change as growth accelerates. New energy production, meanwhile, has reduced our consumption of foreign oil by half.

Quarterly Investment Report (Jack Evatt, Bogdahn Group)

Jack provided an overview of the markets for the quarter, which performed well with the exception of the emerging markets. The plan assets finished the quarter with assets of \$3,105,761, increasing mostly due to gains in the portfolio. The Pension Fund had a strong performance for the quarter with a net return of 2.39%, compared to a return of 1.77% for the benchmark. The returns finished in the top 14th percentile of the comparison manager universe. For the fiscal year to date, the investment portfolio gained 9.04% net compared to a return of 8.87% for the benchmark.

Jack Evatt addressed management changes at Pimco, which he characterized as more of an issue with succession planning for the company as opposed to issues with the management of the fixed income portfolio. The management at Pimco is very opportunistic, so Jack Evatt recommended adding a fixed income manager for diversification. He provided recommendations for additional fixed income managers, using mutual funds as the investment vehicles. He recommended Dodge & Cox over Baird, which runs a more traditional fixed income strategy. Mr. Evatt explained that Pimco trades the securities in the Total Return portfolio using synthetics. He contrasted the characteristics of the Dodge & Cox and Baird portfolios to Pimco. He noted the Dodge & Cox portfolio provides greater stability with a higher coupon yield.

Mr. Evatt recommended the Board allocate 1/3 of the fixed income assets to Pimco with the other 2/3 to Dodge & Cox. Michael O'Toole disclosed that he interviewed for a position at one time with Dodge & Cox.

Don Howard made a motion to allocate 2/3 of the fixed income assets to Dodge & Cox with the remaining 1/3 to Pimco. Mike Hayes seconded the motion, approved by the Trustees 4-0.

Jack Evatt provided the Board with updates to the Investment Policy, since the Policy has not changed since 2011. He adjusted the target allocations for the portfolio and added global fixed income as a potential asset class. He reviewed other updates and definitions in the Policy. Mr. Evatt addressed the recommended changes to the asset allocation in greater detail. Mr. O'Toole suggested that he would like to reduce the exposure that the plan has to equities. Mr. Evatt discussed some alternative asset classes, although the ordinance mandates an allocation of 40% of assets to fixed income securities.

Mike Hays made a motion to approve the updated Investment Policy as presented. Don Howard seconded the motion, approved by the Trustees 4-0.

Mr. Evatt advised that he would file and distribute the revised Investment Policy.

Mr. Evatt discussed the 8% earnings rate assumption. An assumption rate of 7.75% would match the Florida Retirement System more closely. Mr. Evatt noted that the majority of other plans have adopted a 7.75% earnings assumption as well. A lower assumption rate, however, would increase the required City contribution rate. The Board discussed the earnings assumption. A revised assumption rate would not affect the asset allocation or investment strategy adopted by the Board. The Trustees decided to take no action regarding the investment earnings assumption at this time.

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

Mr. Christiansen updated the Board regarding SB246, which included the requirement for plans to establish Share Accounts. A substitute bill provide that 50% of money above the frozen amount gets split between additional benefits and individual member Share Accounts, with a 2.75% multiplier requirement.

Scott Christiansen also addressed the requirement that Boards allow for public comment. He stated that SB718 would not allow Boards to discuss any other business except for items appearing on the Agenda.

Mr. Christiansen reminded the Trustees that the must file the annual financial disclosure forms by July 1. He noted that the Board has not confirmed the officers as well; Michael O'Toole currently serves as the Chair, while Mike Hayes serves as the Secretary.

Mike Hayes made a motion to affirm Michael O'Toole as the Chair and Mike Hayes as the Secretary. Don Howard seconded the motion, approved by the Trustees 4-0.

6. ADMINISTRATOR REPORT (Scott Baur & Pam Nolan, Resource Centers)

Pam Nolan noted that the members received the annual cola payment. Foster (the plan actuary) will provide future annual reports for the administrator to file on behalf of the plan.

Mr. Baur explained that Pam Nolan had decided to leave his team of plan administrators, but he would still attend future meetings himself.

7. PLAN FINANCIALS

The Trustees reviewed the disbursements for payment of invoices contained on the Warrant dated April 24, 2014.

Don Howard made a motion to approve the Warrant dated April 24, 2014 for payment of invoices as submitted. Michael Hays seconded the motion, approved by the Trustees 4-0.

There were no benefits for approval.

8. OTHER BUSINESS

The Trustees briefly discussed the distribution of the updated Summary Plan Description.

9. NEXT MEETING

The Trustees previously scheduled their next quarterly meeting for July 24, 2014 at 4:30 PM.

10. ADJOURNMENT

There being no further business, Don Howard mad a motion was made to adjourn the meeting at 5:47 PM, seconded by Mr. Gagnon, and approved by the Trustees 4-0.

Respectfully submitted,

Michael Hays, Secretary