

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of July 24, 2014

1. CALL TO ORDER

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:04 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Blake Boyer, Chairman
Deanna Doss, Secretary
Dena Lebowitz
Paul Rousseau
Damon Weisz

OTHERS

Scott Baur, Resource Centers
Scott Christiansen, Christiansen & Dehner
Lynn Skinner, Salem Trust
Cheryl Channafin, Finance Director
Jack Evatt, Bogdahn Group

TRUSTEES NOT PRESENT

John Lapham
Marjorie Milford

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF MINUTES

Blake Boyer made a motion to approve the minutes for the meeting of April 24, 2014. Deanna Doss seconded the motion, approved by the Trustees 5-0.

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

The Board acknowledged that an election cycle would begin for Blake Boyer and Deanna Doss, since their terms on the Board expired. Scott Christiansen then reminded the Trustees that they must file an annual Form 1 Financial Disclosure with the local Supervisor of Elections. Finally, Mr. Christiansen discussed distribution of the updated Summary Plan Distribution once his office made further updates for recent changes to the Board.

6. ADMINISTRATOR REPORT (Scott Baur, Resource Centers)

Scott Baur answered questions for the Trustees about upcoming conferences, including the Fall Trustee School by the FPPTA (Florida Public Pension Trustee Association) scheduled for the beginning of October in Bonita Springs.

Mr. Baur provided with the Board with an updated Contact List, and the Trustees made additional revisions to their contact information. The Trustees also discussed plan documents

and information. Mr. Baur will forward current plan documents and policies to Dena Lebowitz, newly appointed to the Board by the City.

7. INVESTMENT REPORT (Jack Evatt, Bogdahn Group)

Jack Evatt explained his role as Investment Consultant to the Board. He reviewed the information and the format of the quarterly investment reports provided by the Bogdahn Group. He explained briefly the various asset classes that the Board uses to invest the plan assets, noting that stocks represent ownership in companies while bonds represent loans.

Mr. Evatt reviewed the performance of world markets, domestic equities, and fixed income markets for the quarter ending June 30, 2014. He reported that the plan assets increased to \$13,877,275 as of June 30, up from \$13,392,484 on March 31. He noted the current asset weights for holdings in the portfolio. He reviewed a chart comparing these weights to the target allocations in the Investment Policy. For the quarter, the portfolio returned 3.67% net of investment fees compared to 3.54% for the benchmark. For the fiscal year to date, the portfolio gained 1.11% compared to 10.39% for the benchmark. The return for the quarter ranked in the top 36th percentile for the peer comparison universe. He noted that the plan had an expected return of 7.5%. He explained the performance and returns of the plan over historical time periods.

Jack Evatt then explained growth and value styles of management. He reviewed the performance of the individual managers used to invest the plan assets. The international markets had a more difficult quarter than the domestic markets, reflected in the performance of the various manager portfolios. He also noted that managers had a difficult quarter to outperform the market benchmarks used to measure performance. Mr. Evatt addressed recent management changes at Pimco. He discussed the REIT Index holding and the alternative asset class holdings, such as the Pimco All Asset Fund.

Mr. Evatt proposed revisions to the existing Investment Policy. The revised Policy stated the investment objectives and established target allocations to different asset classes. Mr. Evatt reviewed the performance objectives for the different asset classes as well. The Investment Policy states what the Board can and cannot do to invest the assets. Finally, Mr. Evatt reviewed the guidelines used for selection and evaluation of managers. The Trustees discussed the asset classes and investment objectives of the plan at length, including how managers use and allocate portfolio assets to cash.

Blake Boyer made a motion to approve the revised Investment Policy Statement. Damon Weisz seconded the motion, passed 5-0 by the Trustees.

Mr. Evatt provided the Board with manager search alternatives to a portion of the fixed income portfolio managed by Pimco, to reduce the risk associated with manager concentration. He explained the difference between the total return fixed income funds and income type funds managed to have a yield component to the returns. Mr. Evatt expressed a preference for a fund managed by Dodge & Cox over Baird. He recommends moving 2/3 of the fixed income assets from the Pimco Total Return Fund, allocating 20% of the total plan assets to Dodge & Cox and 15% to Pimco. He provided definitions for the alpha and beta measures used to compare the various manager portfolios. He also recommended rebalancing the plan assets as the Board funded Dodge & Cox. The Board discussed the expense ratios for the various proposed options.

Blake Boyer made a motion to allocate 20% of the plan assets to Dodge & Cox, 15% to Pimco, and rebalance the portfolio to the target allocation. Damon Weisz seconded the motion, approved by the Trustees 5-0.

8. PLAN FINANCIALS

The Trustees reviewed the Warrant dated July 24, 2014 for payment of invoices.

Dena Lebowitz made a motion to authorize the Warrant dated July 24, 2014. Blake Boyer seconded the motion, approved by the Trustees 5-0.

Mr. Baur reviewed the benefit approvals for Landers, Rosario, & Walker.

Blake Boyer made a motion to approve the Benefit Approvals for July 24, 2014. Damon Weisz seconded the motion, passed 5-0 by the Trustees.

9. OTHER BUSINESS

Lynn Skinner from Salem Trust, custodian for the plan assets, introduced herself and explained the function of the custodian. These functions included holding the plan assets and paying the benefits and invoices. The Board briefly discussed Walter Goode, a retired member who recently passed away.

10. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, October 23, 2014 at 1:00 pm.

11. ADJOURNMENT

There being no further business, Blake Boyer made a motion to adjourn the meeting at 2:58 PM. Damon Weisz seconded the motion, approved by the Trustees 5-0.

Respectfully submitted,

Deanna Doss, Secretary