

*City of Gulfport General Employees' Pension Fund*

**Minutes: Meeting of October 23, 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  
Damon Weisz  
Marjorie Milford (1:18 PM)

OTHERS

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

TRUSTEES NOT PRESENT

John Lapham  
Marjorie Milford  
Paul Rousseau

**3. PUBLIC COMMENT**

There was no public comment.

**4. APPROVAL OF MINUTES**

The Trustees reviewed the minutes for the meeting of July 24, 2014.

**Deanna Doss made a motion to approve the minutes for the meeting of July 24, 2014. Blake Boyer seconded the motion, approved by the Trustees 4-0.**

**5. Salem Trust Update: Lynn Skinner**

Lynn Skinner provided a signature form to update authorizations on file.

Ms. Skinner reported that Salem has charged the same 5.4 bp fee for services as custodian since 2004. The fee rate translates to charges for services about \$7,400 per year payable quarterly. She requested a fee increase to 5.75 bp, which would increase total invoiced charges to about \$7,875 per year. She noted that Salem has not previously requested such an increase. The Trustees discussed the request.

**Blake Boyer made a motion to approve the 5.75 bp fee request subject to a 2 year rate guarantee, authorizing Scott Christiansen to prepare an addendum to the agreement between the Board and Salem Trust. Damon Weisz seconded the motion, approved by the Trustees 4-0.**

**6. ATTORNEY REPORT (Scott Christiansen, Christiansen & Dehner)**

Scott Christiansen noted that the Board should have nominations for Chair and Secretary on the next Agenda. He also indicated that the Board needed to make an annual report to the City Council by form

of a standard letter. Scott Christiansen also explained the requirements for distribution of the Investment Policy.

**Damon Weisz made a motion to approve the meeting dates for 2015. Deanna Doss seconded the motion, approved by the Trustees 4-0.**

Scott Christiansen explained the new requirements for GASB 67, GASB 68, and Senate Bill 534. Foster provided a fee proposal letter for the additional reports. Mr. Baur noted that he had already communicated with the actuary and the City to coordinate work on GASB 67, which requires the City to add additional disclosures to the City Consolidated Annual Financial Report (CAFR) in 2014.

#### **7. ADMINISTRATOR REPORT (Scott Baur, Resource Centers)**

Mr. Baur provided the Board with the Fiduciary Liability Insurance renewal. He noted that the premium included a minimal increase from the prior year.

**Marjorie Milford made a motion to approve the fiduciary liability insurance renewal. Blake Boyer seconded the motion, approved by the Trustees 5-0.**

#### **8. PLAN FINANCIALS**

Mr. Baur reviewed the benefit approval for Lynn Roques, a vested deferred member.

**Blake Boyer made a motion to approve the Benefit Approvals for October 23, 2014. Damon Weisz seconded the motion, passed 5-0 by the Trustees.**

The Trustees reviewed the Warrant dated October 23, 2014 for payment of invoices.

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

The Board discussed opportunities for Trustee education, including the upcoming Trustee school by the Florida Public Pension Trustee Association from February 1-4, 2015.

#### **9. INVESTMENT REPORT (Jack Evatt, Bogdahn Group)**

Jack Evatt reported that the international markets and small caps declined for the quarter ending September 30, 2014. He noted that a small number of large companies drove the large cap indices to positive returns for the quarter, while much of the rest of the market declined. The plan had assets of \$13,698,778 as of September 30, 2014, down slightly from \$13,877,275 as of June 30, but up substantially from assets of \$12,474,066 as of September 30, 2013. Mr. Evatt noted that the current asset allocation very closely matched target allocations in the Investment Policy.

For the quarter ending September 30, 2014, the portfolio returned -0.53% matching the benchmark return. For the Fiscal year, the portfolio return of 10.52% exceeded the benchmark return of 9.79%. Mr. Evatt reviewed the performance of the individual investment managers.

The Pimco Total Return portfolio underperformed the market as interest rates declined during the quarter. The Pimco All Asset Fund also performed under its benchmark, although Mr. Evatt explained that performance for this portfolio is harder to measure for short periods of time. Mr. Evatt reported that

Bill Gross, the manager of the bond portfolio, left Pimco at the end of September. He expects Pimco to experience asset outflows as a result of the departure of Bill Gross. The change to management at Pimco, however, should not affect the Pimco All Asset Fund as much as the Pimco Total Return Fund. Mr. Evatt recommended that the Board move the assets from the Pimco Total Return Fund to another bond manager.

Mr. Evatt noted that the Board already diversified some of the bond portfolio assets away from Pimco to Dodge & Cox. Jack Evatt reviewed other alternatives for investment of the bond portfolio as well. He recommended the Board either add Baird as an alternative manager or consolidate the fixed income assets in Dodge & Cox. He further recommended that the Board add an allocation for a global fixed income manager with 5% of the plan assets, and he will review options for a global fixed income portfolio at the next quarterly meeting. The Trustees discussed the options, considering both diversification of assets and managers as well as fees. Baird managers a duration neutral portfolio, while Dodge & Cox manages the duration of the fixed income securities. Noting that Dodge & Cox historically managed fixed income more defensively, the Trustees concluded that they should consolidate all the fixed income assets to Dodge & Cox.

**Blake Boyer made a motion to move the remaining balance from the Pimco Total Return Fund to the Dodge & Cox Income Fund. Damon Weisz seconded the motion, approved by the Trustees 5-0.**

Jack provided the global bond manager search information to the Trustees. He addressed changes to the Investment Policy, removing language dealing with scrutinized companies.

**Blake Boyer made a motion to approve the revisions to the Investment Policy. Marjorie Milford seconded the motion, approved by the Trustees 5-0.**

Jack took the signed Investment Policy, which he will distribute to the City and the State. Scott Baur inquired if the management changes would require modifications to the cash policy in place at the custodian. Lynn Skinner reported that the changes would not affect her current authorizations for cash.

## **10. NEXT REGULAR MEETING**

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, January 22, 2015 at 1:00 pm.

## **11. ADJOURNMENT**

**There being no further business, Blake Boyer made a motion to adjourn the meeting at 2:28 PM. Damon Weisz seconded the motion, approved by the Trustees 5-0.**

Respectfully submitted,

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Deanna Doss, Secretary