

City of Gulfport General Employees' Pension Fund

Minutes: Meeting of January 28, 2016

1. CALL TO ORDER

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:05 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Blake Boyer, Chairman
Deanna Doss, Secretary
Carmen Soto-Torres
Dena Lebowitz
Dwayne Stefanski
Paul Rousseau

OTHERS

Audrey Ross, Resource Centers
Scott Baur, Resource Centers
Scott Christiansen, Christiansen & Dehner
Jack Evatt, Bogdahn Group
Patricia Randazzo, Retiree

3. PUBLIC COMMENT

N/A

4. SELECTION OF CHAIR & SECRETARY

Paul Rousseau made a motion to nominate Blake Boyer as Chairman and Deanna Doss as Secretary. Deanna Doss seconded the motion, approved by the Trustees 6-0.

5. APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of December 18, 2015.

Deanna Doss made a motion to approve the minutes for the meeting of December 18, 2015 as amended. Dwayne Sefanski seconded the motion, approved by the Trustees 6-0.

6. REPORTS

Jack Evatt, Bogdahn Consulting

Quarterly Performance Report-12/31/2015:

Mr. Evatt reviewed the market environment during the quarter ending December 31, 2015 and noted that the bonds remain a safe haven. Growth outperformed value, equities remain flat, and October was the best performing month during the quarter. He reviewed the Plan's asset allocation by sector and manager and noted that they are in line with the benchmarks. For the quarter the total fund was up 3.46% net of fees versus in the index at 3.10%. Mr. Evatt briefly reviewed each manager's performance during the quarter and noted that the Goldman Sachs and the Dodge & Cox funds are still lagging. Fixed income had a better quarter than last, but there is still some rebalancing needed there. Real Estate and REITS continue to do well too, but the PIMCO fund is still negative and really trailing the index. Mr. Evatt explained that the PIMCO fund should be performing better and as a concern his firm reached out to PIMCO to see what was going on. This fund invests in a lot of assets that have gotten beat up recently and just have not recovered yet. Also this fund has a large exposure to foreign

currency which is hurting them as well. This fund will remain on watch but there are no recommendations at this time for any action. Mr. Evatt commented that overall the Plan is doing very well despite the market environment.

GOLDMAN SACHS/MID CAP EQUITY REVIEW:

Mr. Evatt reviewed the Goldman Sachs fund and explained why they are looking at alternatives to this investment. The Goldman Sachs fund has been underperforming as a whole for quite some time now and therefore he thinks it is best to look at some alternatives for a better fit. He presented the Board with some other mid cap equity managers and reviewed the differences between them. He explained that this asset class is not the cheapest class due to the active management so the fees are a little higher compared to the Goldman Sachs fund which is currently at 74 basis points. He compared the different managers and their investment styles and noted that his recommendation to the Board would be Wells because they would be the best fit for this Board and their fees are comparable. His second recommendation would be Vanguard. Wells is owned by Wells Fargo but they operate completely on their own. The Trustees had a very lengthy discussion on the managers and concurred that moving to active management would be better protection for the Fund.

Blake Boyer made a motion to terminate the Goldman Sachs fund and hire Wells Fargo. Dena Lebowitz seconded the motion, approved by the Trustees 6-0.

Mr. Evatt stated that the mid cap target is 5% and they are currently at 4.7% so he will just have the Custodian liquidate the Goldman Sachs fund 100% and transfer it to Wells..

REAL ESTATE OVERVIEW:

Mr. Evatt reviewed the Real Estate asset class and explained the difference between Core Real Estate and REITS, in which this Plan currently invests in. Core Real Estate is an active pooled real estate fund in which this Plan would own parts of a building. Volatility is higher but so is the return. There are 3 different classifications of real estate; core, value added, and opportunistic. The managers and funds he is reviewing today are in the core slot. The properties in the core funds consist of commercial only and do not invest in personal properties. Mr. Evatt stated that he would recommend pulling the funds from fixed income to fund real estate because the Plan would make a higher return. He briefly reviewed the different managers that offer this type of real estate product and noted that most of the managers have an entry queue and explained what that is. Mr. Christiansen discussed the current investment language in the Ordinance which states that the Plan cannot invest in direct real estate. Mr. Evatt explained that the Plan would be investing in a limited liability partnership so the current Ordinance language should be fine although they would need to revise the IPG language to add this core real estate fund in. Mr. Evatt recommended that the Trustees should interview a couple of different real estate managers prior to investing so that they can see the difference between the managers. The Trustees concurred to invite American Realty and ASB to their next meeting for presentations.

Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen presented the Board with the proposed COLA Ordinance and reviewed the impact statement that was prepared by the Plan's Actuary. The Ordinance is proposing a 3% increase per year (at a max of 10 years) effective January 1, 2016. This increase would only apply to members who have been retired for more than 1 year. According to the impact statement this COLA increase would cost the City an additional 2.2% of payroll, which is around \$61K. The Trustees had a lengthy discussion on the proposed Ordinance and the cost impact.

Dena Lebowitz made a motion to approve the proposed COLA Ordinance as presented and to authorize Mr. Christiansen to file the Ordinance with the City Council. Blake Boyer seconded the motion, approved by the Trustees 6-0.

Mr. Christiansen commented that either he or the Actuary can be present at the City Council meeting when the Ordinance is presented if needed or requested.

Mr. Christiansen stated that the Summary Plan Description needs to be updated every 2 years as required by State Law, and therefore he will have an updated draft to be reviewed at the next meeting.

Blake Boyer made a motion to authorize Mr. Christiansen to update the Plan's Summary Plan Description. Carman Soto-Torres seconded the motion, approved by the Trustees 6-0.

Administrator Report (Scott Baur & Audrey Ross, Resource Centers)

Mr. Baur updated the Board on the Trustee elections. He stated that 2 new Trustees were appointed and we still have one pending election.

Mr. Baur presented the Board with the updated Trustee list. Mr. Christiansen asked to confirm the Trustees' expiration date.

7. PLAN FINANCIALS

The Trustees reviewed the Warrant dated January 28, 2016 for payment of invoices.

Blake Boyer made a motion to authorize the Warrant dated January 28, 2016. Paul Rousseau seconded the motion, approved by the Trustees 6-0.

8. OTHER BUSINESS

N/A

9. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, April 21, 2016 at 1:00 pm.

10. ADJOURNMENT

There being no further business, Blake Boyer made a motion to adjourn the meeting at 2:53 PM. Deanna Doss seconded the motion, approved by the Trustees 6-0.

Respectfully submitted,

Deanna Doss, Secretary