

City of Gulfport Police Pension Fund

Minutes: Meeting of January 24, 2013

1. CALL TO ORDER

Robert Burkhart called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order in workshop mode at 4:00 PM. Those persons present included:

TRUSTEES

Robert Burkhart

Larry Tosi

Alex Falconeri, Chair (4:15PM)

OTHERS

Scott Baur & Pam Nolan, Pension Resource Center

Andrew Holtgrieve, Rockwood Capital Advisors

David Canal, Contravisory Investment Management

Jack Evatt, The Bogdahn Group

Patrick Donlan, Foster & Foster

Scott Christiansen, Christiansen & Dehner

2. INVESTMENT REPORT

Domestic Equity Manager Review - Rockwood Capital , Andy Holtgrieve & David Canal

Mr. Holtgrieve reviewed the objective and strategy used to oversee the portfolio. He then introduced David Canal, from Contravisory Investment Management, a sub-advisor to Rockwood for their equity investments. Mr. Canal reported strong performance from the portfolio for the period ending December 31, 2012. The portfolio totaled \$1,072,000 as of December 31, 2012; an increase of \$16,000 for the quarter, compared to the S&P 500 reporting a loss for the same time period. He noted that active managers trailed the indexes for the past 18-24 months, but he believes the market has rotated to once again favor active management going forward. Mr. Canal noted that the election and "fiscal cliff" concerns curtailed activity somewhat during the 4th quarter. Mr. Canal commented that 2013 would keep them in a defensive position, but they are looking for a return in 2013 to be in line with 2012's return.

Alex Falconeri joined the meeting at 4:15pm, creating a quorum.

Total Portfolio Review – Jack Evatt, The Bogdahn Group

Mr. Evatt reviewed the fund performance for the quarter, noting a strong performance in international equities and the bond sector, with domestic equities lagging, particularly in the large cap stocks. The fund ended the quarter with an overall return of 1.5% and a return of 11.5% for the calendar year. Mr. Evatt noted that the fiscal cliff and election affected the market in the fourth quarter of 2012 and hoped for a quieter outlook in 2013. In reviewing the asset allocation, Mr. Evatt recommended no changes at this time. The fund ended the quarter with \$6.84M in assets, up from \$6.79M at the beginning of the quarter. Mr. Evatt called the Board's attention to the \$35,840 capital appreciation in Dana's domestic and Vanguard's international equity activity, as well as \$27,944 gained in Agincourt's fixed asset portfolio. In the near future, it will be harder to generate income in the bond sector. The equity sector, has a brighter outlook in 2013, since dividends should increase.

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3. APPROVAL OF MINUTES

Robert Burkhart made a motion to approve the minutes of the November 15, 2012 meeting as submitted. Larry Tosi seconded. The motion passed 3-0.

4. ACTUARIAL VALUATION – Patrick Donlan, Foster & Foster

Mr. Donlan reviewed the Actuarial Valuation of the fund for the 2012 Fiscal Year. He noted that due to the plan's assets and retirement benefits, the plan has a lower requirement from payroll than most other plans. The plan showed a favorable actuarial experience during the past year. This was due to lower than expected average increases in pensionable compensation, greater than expected retiree mortality, and a decrease in administrative expense. The gains were partially offset by a 6.99% investment return, which was less than the 8.0% expected return. This investment return reflects a four year smoothing, which reduced the actual plan return of 17.22% to 6.99% for this year's valuation. If the plan can make an actual return of 8% next year, the four year smoothed return will also be 8%. In conclusion, Mr. Donlan called the Board's attention to the City's prepaid contribution as of September 30, 2012 of \$98,831.47.

Robert Burkhart made a motion to approve the Actuarial Valuation as submitted. Larry Tosi seconded. The motion passed 3-0.

5. ATTORNEY REPORT – Scott Christiansen, Christiansen & Dehner

Mr. Christiansen reported that the tax consultant, Ice Miller provided updated compliance language that will need to be incorporated into an ordinance update passed by May 1 of 2013 in order for the determination letter to take effect. Additional changes, however, are required to comply with IRS requirements. Upon authorization from the Board, Mr. Christiansen will insert these changes into the current ordinance update in order to submit a single ordinance change to the City.

Robert Burkhart made a motion to approve an amendment to the ordinance addressing the Maximum Pension definition and additional language required by the IRS. Larry Tosi seconded. Motion passed 3-0.

Mr. Christiansen noted that the election of officers should be added to the agenda for the next meeting of the Board.

Mr. Christiansen noted the Summary Plan Description is due for revision by May 2013.

Robert Burkhart made a motion to authorize the Board's Attorney to update the Summary Plan Description. Larry Tosi seconded. The motion passed 3-0.

Larry Tosi made a motion that based upon the advice of the Board's investment consultant, the plan's expected rate of return for the next year, the next several years and the long term thereafter be set at 8%. Rob Burkhart seconded. Motion passed 3-0.

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Mr. Christiansen noted that proposed changes to the Florida State Retirement System could carry over to municipal defined benefit plans. The way in which the State Supreme Court ruled on the proposed FRS legislation set a precedent for reduction of benefits. The current bill includes reduction in the contribution rate and/or reducing COLA's. It also would make a defined contribution plan the default for new employees and provide for closing down the current employees' defined benefit plan by setting an election period to select an alternative defined contribution plan.

6. ADMINISTRATOR REPORT - Scott Bauer & Pam Nolan, Pension Resource Center

Ms. Nolan reported that the Board is now a member of the FPPTA and reviewed the upcoming training sessions and conferences available to the Trustees.

7. PLAN FINANCIALS

Rob Burkhart made a motion to approve the Warrant dated January 24, 2013 as submitted. Larry Tosi seconded. The motion passed 3-0.

Rob Burkhart made a motion to approve the Benefit Approvals dated January 24, 2013 as submitted. Larry Tosi seconded. The motion passed 3-0.

8. OLD BUSINESS

9. NEW BUSINESS

10. NEXT MEETING

The Board has previously approved April 25, 2013 as the next meeting date.

11. ADJOURNMENT

There being no further business, Rob Burkhart made a motion to adjourn the meeting at 4:59 PM. Larry Tosi seconded. The motion passed 3-0.

Respectfully submitted,

Josh Stone, Secretary