

City of Gulfport Police Pension Fund

Minutes: Meeting of July 25, 2013

1. CALL TO ORDER

Chairman Alex Falconeri called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 3:40 PM. Those persons present included:

TRUSTEES

Alex Falconeri, Chair
Robert Burkhart
Wes Whittaker

OTHERS

Pam Nolan, Pension Resource Center
Scott Christiansen, Christiansen & Dehner
Jack Evatt, The Bogdahn Group
Brad Coats, Agincourt Capital

Chairman Falconeri welcomed Wes Whittaker to the Board.

2. APPROVAL OF MINUTES

Robert Burkhart made a motion to approve the minutes of the April 24, 2013 meeting as submitted. Wes Whittaker seconded. The motion passed 3-0.

3. INVESTMENT REPORT

Portfolio Review – Brad Coats, Agincourt Capital

Mr. Coats addressed the organization of Agincourt, the performance of the fixed asset market in general, the investment strategy used by the Agincourt team and the performance of the plan's portfolio over the last two quarters. The portfolio value on December 31, 2012 was \$2,681,645; as of June 30, 2013 the value was \$2,616,308. In comparing the portfolio's return to the benchmark for the second quarter, the plan returned -2.37%, slightly under the benchmark return of -2.33%. For the year to date, however, the plan's return of -2.39% was slightly better than the benchmark of -2.44%. Mr. Coats observed that 2013 has been a tough year, but for the last two, three and five years the portfolio has consistently outperformed the benchmark.

Trustee Whittaker inquired if the plan's assets with Agincourt had any exposure to municipal bonds or the problems with municipalities like Detroit going broke. Mr. Coats responded that Agincourt does not buy municipal bonds for this plan since it does not need the tax advantage, but Agincourt also does not believe State bonds are a good investment. A discussion regarding problems with unfunded pension liabilities in the US ensued; Mr. Christiansen pointed out that Florida plans are faring better due to requirements for city funding. Mr. Evatt also noted that many of the US plans in trouble now are due to healthcare being included in some plans and the unpredictable costs are a potential runaway problem.

Plan Performance 2nd Quarter 2013 – Jack Evatt, The Bogdahn Group

Mr. Evatt noted that the only investment sector to have positive returns in the second quarter was domestic equities. The international equity market had negative returns as did the bond market. This quarter's market performance was the opposite of the second quarter in 2012.

City of Gulfport Police Pension Fund

Meeting July 25, 2013

Page 2 of 3

In reviewing the plan's performance for each sector, Mr. Evatt noted that in domestic equities, Dana performed in line with the benchmark at 2.9%, while Rockwood at 1.94% was behind their benchmark which was at 2.69% for the quarter. International equity performance at -3.24% was also behind its benchmark of -2.90%.

The plan's return in this difficult quarter was offset by the fiscal year and one year performance, which were each ahead of the benchmarks for the same time period. With one quarter to go for the fiscal year, the plan is positioned to hit the assumed 8% rate of return, even with the adjustment for the four year smoothing.

4. ATTORNEY REPORT – Scott Christiansen, Christiansen & Dehner

Mr. Christiansen reminded the Trustees that Form 1's should have been submitted to the Supervisor of Elections by July 1, 2013.

Mr. Christiansen advised the Board that the recent legislation adding date of birth to the information not to be disclosed for public safety officers will require an update to the Operating Rules and Procedures.

Robert Burkhart made a motion to request Rule 14.1 be amended accordingly in the Operating Rules and Procedures. Wes Whittaker seconded. The motion passed 3-0.

Mr. Christiansen inquired if the updated Summary Plan Description had been sent to the plan members. Ms. Nolan advised that Mercedes Perez had delivered them via email with an acknowledgement of receipt. Mr. Christiansen noted that a hardcopy would need to be supplied to any plan member requesting it.

Mr. Christiansen advised the Board that the pending legislation, which would have legalized the "Naples letter" actions across the State in the last year, did not pass. Any actions by municipalities to change the use of state monies for pension plans would need to continue to be approved by the State Division of Retirement on a city by city basis.

Mr. Christiansen updated the Board regarding two recently passed pieces of legislation. He advised the Trustees of a new requirement for the addition of an agenda item for public comment for all future meetings. Legislation also passed that requires all plans to submit two additional versions of the Actuarial Valuation. One additional report, utilizing a -2% reduction in the assumed rate of return for the plan as well as a more conservative mortality table will be required for the 2014 Actuarial Valuation. A second report, showing how long the plan assets would last if there were no more contributions to the plan, and no more investment earnings returned to the plan, will also be required for the 2014 Actuarial Valuation. Mr. Christiansen noted that the League of Cities, unions, and actuarial firms all were against the passing of this legislation. Attempts to lobby the Governor to veto the legislation failed. Ms. Nolan noted that this reporting would mean a cost increase to the plan for the actuarial reporting from the Actuary. Mr. Christiansen also advised that there was a possibility the legislation would be challenged as an unfunded mandate.

The final legislation that impacted pension plans was the addition of "Public Comment" to all agendas, ensuring specific time in the meeting to allow for public comment.

City of Gulfport Police Pension Fund

Meeting July 25, 2013

Page 3 of 3

5. ADMINISTRATOR REPORT

Ms. Nolan noted the Fiduciary Liability Insurance Policy was up for renewal as of August 1, 2013. Mr. Christiansen advised the Board that this would cover the plan if there was a breach in the fiduciary responsibility for the plan by the Trustees. The cost this year is \$2,526.42, an increase of \$161 over last years' cost of \$2365.54.

Robert Burkhart made a motion to authorize renewal of the Fiduciary Liability Insurance policy. Wes Whittaker seconded. The motion passed 3-0

6. PLAN FINANCIALS

Robert Burkhart made a motion to approve the Warrant dated July 25, 2013 as submitted. Wes Whittaker seconded. The motion passed 3-0.

Robert Burkhart made a motion to approve the Benefit Approvals dated July 25, 2013 as submitted. Wes Whittaker seconded. The motion passed 3-0.

7. OLD BUSINESS

8. NEW BUSINESS

The Board reviewed the Foster & Foster memo regarding declaring the City's contribution amount in percent of payroll or actual dollars in the Actuarial Valuation.

Robert Burkhart made a motion to continue the use of percent of payroll to define the City's contribution amount for the Actuarial Valuation. Wes Whittaker seconded. The motion passed 3-0.

9. NEXT MEETING

The Board has previously approved October 24, 2013 as the next meeting date.

10. ADJOURNMENT

There being no further business, Robert Burkhart made a motion to adjourn the meeting at 5:00 PM. Wes Whittaker seconded. The motion passed 3-0.

Respectfully submitted,

Josh Stone, Secretary