

City of Gulfport Police Pension Fund

Minutes: Meeting of April 23, 2015

1. CALL TO ORDER

Alex Falconeri called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 3:30 PM. Those persons present included:

TRUSTEES

Rob Burkhart
Alex Falconeri
Wes Whitaker

OTHERS

Scott Baur, Resource Centers
Jack Evatt, The Bogdahn Group
Scott Christiansen, Christiansen & Dehner
John Hamlin, Dana Investment Advisors

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF MINUTES

The Trustees reviewed the Minutes for the meeting of January 22, 2015.

Wes Whitaker made a motion to approve the Minutes of January 22, 2015 as submitted. Rob Burkhardt seconded the motion, approved by the Trustees 3-0.

4. REPORTS

Quarterly Investment Report (Jack Evatt, Bogdahn Consulting)

Jack Evatt reported that both stocks and bonds had gains for the quarter ending March 31, 2015. He reviewed the performance of world markets, noting that in spite of the strong quarterly results, foreign equities still had losses for the 1 year period. Smaller companies also performed well, and bonds had further gains as interest rates declined once again.

The plan assets increased from \$8,769,877 as of December 31, 2014 to \$8,988,049 as of March 31, 2015. Mr. Evatt stated that current allocations for assets fell within the target ranges in the Investment Policy, so the Board did not need to authorize rebalancing of assets. The assets gained 2.33% for the quarter ending March 31, 2015, compared to 2.07% for the benchmark. For the fiscal year to date, the portfolio gained 5.85% compared to a return of 4.6% for the benchmark. Mr. Evatt reviewed the performance for the individual managers. He stated that he continues to review options for a global fixed income allocation for the portfolio, but so far he does not have options due to investment minimums for the planned allocation.

Mr. Evatt then addressed alternatives to a global bond allocation. He reviewed various classes of fixed income or bond securities. He indicated that his firm is now reviewing options for possible allocations to domestic high yield bonds or unconstrained bond funds. He further explained classes of foreign government bonds, foreign corporate bonds, and management of domestic and global unconstrained bond funds. He reviewed examples of assets for these various classes, as well as the investment risks for each class of bonds.

Dana Investment Advisors (John Hamlin)

John Hamlin reported that while the market continues to perform, the portfolio managed by Dana for the Pension Fund delivers strong performance relative to the benchmark. Dana keeps the portfolio sector neutral. Mr. Hamlin reviewed the characteristics for the current portfolio holdings, which maintain a value tilt with strong or high earnings growth relative to the market.

Mr. Hamlin also reviewed the current market environment, with a strong stronger economy and a stronger dollar. He noted that strength in the dollar does not correlate well either for or against continued gains in the market. Private sector employment reached new highs, while government employment remains weak. The low interest rates, meanwhile, support the higher market valuations. Mr. Hamlin showed that historically the market continued to have gains even during periods of rising interest rates. Dana also believes that lower energy prices, while bad for some earnings in the short term, provides an additional source of economic stimulus over time.

Attorney (Scott Christiansen, Christiansen & Dehner)

Scott Christiansen reported that the City signed the confidentiality request for the Pension Fund. Without the signed request, public records law exemptions do not extend to a separate records custodian such as the Board. Mr. Christiansen then reminded the Trustees to file the annual Form 1 financial disclosure by July 1 with the supervisor of elections in the County where each Trustee resides.

Mr. Christiansen reviewed details of pending legislation in the current session. The Pension Fund must provide an annual budget to the City and the members of the plan, along with an administrative expense report following the close of the fiscal year. Each plan must also have a Share Plan, with accounts to fund when the bargaining unit and the City cannot agree on the use of the Chapter 185 premium tax receipts. The plan will require an ordinance by October 1 to establish the Share Plan.

Mr. Christiansen updated the Summary Plan Description. He reviewed the changes for the Board, including an explanation of the exemption for \$3,000 of pension from income taxes used for health insurance premiums.

Wes Whittaker made a motion to approve the updated Summary Plan Description. Rob Burkhardt seconded the motion, approved by the Trustees 3-0.

Mr. Christiansen advised that the Board should update the Operating Rules and Procedures. He requested authorization to make the necessary updates.

Rob Burkhardt made a motion to authorize counsel to update the current Operating Rules and Procedures. Wes Whittaker seconded the motion, approved by the Trustees 3-0.

The Trustees addressed the selection of the Chair and the Secretary.

Alex Falconeri made a motion to nominate Rob Burkhardt as Chair of the Board for the Gulfport Police Officers Pension Fund. Wes Whittaker seconded the motion, approved by the Trustees 3-0.

Alex Falconeri made a motion to nominate Wes Whittaker as Secretary of the Board of Trustees for the Gulfport Police Officers Pension Fund. Rob Burkhardt seconded the motion, approved by the Trustees 3-0.

Administrator Report (Scott Baur, Resource Centers)

Mr. Baur had no separate report for the Board.

5. PLAN FINANCIALS

Mr. Baur stated that Jonathan Kensel, formerly a member of the plan, applied for a Refund of Contributions. The Refund, still in process, will appear on a subsequent benefit approval.

The Trustees reviewed the Warrant for payment of invoices.

Alex Falconeri made a motion to approve the Warrant dated April 23, 2015. Wes Whittaker seconded the motion, approved by the Trustees 3-0.

6. OTHER BUSINESS

Wes Whittaker reported on items and information he received at the Winter FPPTA Trustee School. While pension costs generally continue to rise due to low interest rates, investment earnings on plan assets cover the majority of all such costs. Mr. Whittaker noted that only the Police Pension Fund cost the City only 1.3% of the entire City budget.

The Trustees reviewed the Annual Report to the Division of Retirement.

Alex Falconeri made a motion to approve the Annual Report. Wes Whittaker seconded the motion, passed by the Trustees 3-0.

7. NEXT MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, July 23, 2015 at 3:00 PM.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:19 PM.

Respectfully submitted,

Josh Stone, Secretary