

City of Gulfport Police Pension Fund

Minutes: Meeting of October 22, 2015

1. CALL TO ORDER

Chair Rob Burkhardt called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 3:20 PM. Those persons present included:

TRUSTEES

Rob Burkhardt, Chairman
Wes Whitaker, Secretary
Alex Falconeri
Larry Tosi

OTHERS

Scott Baur & Audrey Ross, Resource Centers
Jack Evatt, The Bogdahn Group
Scott Christiansen, Christiansen & Dehner
Patrick Donlan, Foster & Foster
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 July 23, 2015.

Alex Falconeri made a motion to approve the Minutes of July 23, 2015. Wes Whitaker seconded the motion, approved by the Trustees 4-0.

4. REPORTS

Actuarial Valuation Report – 9/30/2015 (Patrick Donlan, Foster & Foster)

Mr. Donlan reported that he had positive news for the Board overall. The total required contribution for the plan will remain about the same at 23.2% of payroll for the year ending September 30, 2017 compared to 23.1% for 2016. The City portion of the contribution will also remain about the same at 10.8% of payroll versus 10.7% last year. The Plan had an actuarial gain this year of \$113,248.17. Mr. Donlan reviewed the Plan changes and noted that the Plan's multiplier was increased from 2.87% to 2.88% for each year of credited service and they also had an assumption method change regarding the payroll growth. Also he reviewed the new State requirements regarding the State money and the Trustees noted that the Police Plan just entered into a new Collective Bargaining Agreement effective October 1, 2015 and therefore they will revert to the default structure under the State guidelines, but the City and the Union can always come to an mutual agreement on how to use the excess State money themselves at a future date. Mr. Dozen commented that the Plan still remains very strong at 114.4% funded and lastly he reviewed the participant data and noted that there are 29 active employees and 27 retirees/vested deferred members.

Alex Falconeri made a motion to accept the annual Valuation dated October 1, 2015 as presented by the Plan's Actuary. Wes Whitaker seconded the motion, approved by the Trustees 4-0.

Quarterly Investment Report (John Hamlin, Dana Investment Advisors)

Mr. Hamlin reviewed the market environment during the quarter and noted that everything was down. For the quarter ending September 30, 2015 the fund was down -7.34% versus the index at -6.44%, and for the fiscal year to date they are in the position at -0.09% versus -0.61%. He discussed

the International market compare to the US and commented that both markets are still volatile but US is still outperforming International. Mr. Hamlin reviewed the market outlook and stated that he thinks things will remain as is through the end of the year and will have to see what happens next year as it is an election year.

Quarterly Investment Report (Jack Evatt, Bogdahn Consulting)

Mr. Evatt presented the Board with the September 30, 2015 quarterly performance report and reviewed the market environment during the quarter. Most sectors were negative and the equity markets posted their weakest return since the third quarter of 2011. Mr. Evatt stated that the Fed's slightly increased the rates recently but nothing significant and domestic is still lagging, but doing better than International. Mr. Evatt reviewed the Plan's return for the quarter and fiscal year ending September 30, 2015. The total fund net of fees for the quarter was down -5.20% versus the index at -4.66% and for the fiscal year the fund was also slightly down net of fees at -0.68% versus -0.74%. Although this fund has made back most of their value that they lost during the quarter within the first two weeks of the new quarter and their long terms numbers are still strong. He reviewed the Plan's sector allocations and discussed how dropping gas prices affected the market. Mr. Evatt reviewed each manager's performance for the quarter and fiscal year and noted that most asset classes were negative for the quarter with the exception of real estate. The Trustees discussed splitting the international real estate portfolio between active management and passive management, as they are currently all in index funds. The Trustees had a lengthy discussion on the difference between the two investment styles and Mr. Evatt noted that he will bring back some more information to the next meeting regarding active international real estate and some manager candidates as well to review.

Mr. Evatt explained that Mr. Christiansen will be drafting language for an ordinance change due to recent IRS changes, and he stated that he thinks this would also be a great opportunity to update the pension Plan's investment language as well. He reviewed the changes he would recommend in regards to the real estate investment language and also the cost to market language (adding in real estate limited partnership funds language, removing LPN Trust funds language, and revising the cost to market language at 65%). The Trustees discussed the recommended changes and directed Mr. Christiansen to add in the three discussed changes above to the ordinance he will be drafting to bring back to the Board for review. Mr. Christiansen concurred.

Attorney (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen stated that elections for the 2 elected Trustee seats are in the process, but in the meantime the Board needs to hold a selection of the Fifth Trustee seat which is currently held by Mr. Falconeri.

Wes Whitaker made a motion to reselect Alex Falconeri as Fifth Trustee. Larry Tosi seconded the motion, approved by the Trustees 4-0. Mr. Falconeri accepted the seat as Fifth Trustee.

Mr. Christiansen presented the Board with the 2016 meeting dates.

Wes Whitaker made a motion to approve the 2016 meeting dates as presented. Larry Tosi seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen explained that the Board needs to set their assumed rate of assumption for next year, the next several years, and the long term thereafter. Mr. Evatt recommended that the Board

maintain the current assumption that the plan assets should earn a long term net investment return of 7.75% on plan assets for the next year, the next several years, and the long term thereafter.

Wes Whitaker made a motion, based on the advice of the Investment Consultant, that the Board expected the plan assets to return 7.75% net of investment expenses for the next year, the next several years, and for the long term thereafter. Larry Tosi seconded the motion, approved by the Trustees 4-0.

Mr. Christiansen reminded Ms. Ross to send out all the fiscal year end letters and reports to all the appropriate parties, as we do every year after the Actuarial Valuation report is presented approved. Ms. Ross concurred.

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

Mr. Baur introduced Ms. Ross to the Board and stated that she will be working with him on the Gulfport Plans. She has worked with the Resource Centers since 2007.

Mr. Baur confirmed that the pension Plan received their 2014 premium tax money.

5. PLAN FINANCIALS

The Trustees reviewed the Benefit Approvals provided by the Administrator.

Larry Tosi made a motion to approve the refund of contributions to Raymond Marshall. Wes Whitaker seconded the motion, approved by the Trustees 4-0.

The Trustees reviewed the Warrant for payment of invoices.

Wes Whitaker made a motion to approve the Warrant dated October 22, 2015. Larry Tosi seconded the motion, approved by the Trustees 4-0.

6. OTHER BUSINESS

N/A

7. NEXT MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, January 28, 2016 at 3:00 PM.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:35 PM.

Respectfully submitted,

Wes Whittaker, Secretary