

City of Gulfport Police Pension Fund

Minutes: Meeting of October 20, 2016

1. CALL TO ORDER

Chair Rob Burkhardt called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 3:00 PM. Those persons present included:

TRUSTEES

Rob Burkhardt, Chairman
Wesley Whittaker, Secretary
Alex Falconeri
Josh Stone (arrived 3:08pm)
Larry Tosi

OTHERS

Scott Baur, Resource Centers
Jack Evatt, The Bogdahn Group
Scott Christiansen, Christiansen & Dehner
Patrick Donlan, Actuary
Greg Peters, Investment Manager

2. PUBLIC COMMENT

N/A

3. APPROVAL OF MINUTES

The Trustees reviewed the Minutes for the meeting of July 21, 2016

Alex Falconeri made a motion to approve the Minutes of July 21, 2016 as amended. Rob Burkhardt seconded the motion, approved by the Trustees 4-0.

4. REPORTS

9/30/2016 Actuarial Valuation Report (Patrick Donlan, Foster & Foster)

Mr. Donlan reviewed the Actuarial Valuation report which sets forth the contribution rates for the fiscal year ending September 30, 2018. He commented that the total required contribution rate will increase from 23.3% to 25.6%. The increase in contributions is primarily due to the mortality table change that was mandated by the State. In addition the Plan had an actuarial loss of \$86K which was due to investment losses. Mr. Donlan commented that during the fiscal year there were fewer turnovers than expected and no one died. He reviewed the State money and commented that they have \$5,929.88 in excess State money that can be allocated to member's share accounts. Lastly he commented that the Plan's funded ratio even after all the assumption changes still remains high at 87.32%.

Wes Whittaker made a motion to approve the September 30, 2016 Actuarial Valuation Report as presented. Josh Stone seconded the motion, approved by the Trustees 5-0.

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.

Josh Stone 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. Wes Whittaker seconded the motion, approved by the Trustees 5-0.

Lastly Mr. Donlan stated that the last time this Plan did an experience study was back in 2008. He is recommending for the Plan to do another study as they should be completed every 4-5 years to make sure that their assumptions are still inline.

Wes Whittaker made a motion to approve Foster and Foster to complete an experience study, with the fees not to exceed \$6K. Josh Stone seconded the motion, approved by the Trustees 5-0.

Investment Manager Report (Greg Peters, Dana Investment Advisors)

Mr. Peters introduced himself and stated that he is the new Florida rep with Dana Advisors. He updated the Board on the portfolio and stated that for the quarter the fund was up 1.92% but it was lagging the benchmark at 3.85%. For the one year the fund is in the same position at 7.61% versus 15.43%. Mr. Peters explained that the underperformance was due to the higher quality holdings in the portfolio that did not perform as well as the lower quality holdings in the recent market place. He reminded the Board that Dana manages a sector neutral portfolio and he reviewed the attributions for the individual holdings that impacted the performance of the portfolio, as well as sales and purchases in the portfolio. Lastly Mr. Peters stated that Dana expects corporate earnings to improve within the next couple of quarters which will help their portfolio.

Quarterly Investment Report (Jack Evatt, Bogdahn Consulting)

Mr. Evatt briefly stated that his firm's name will change as of January 1, 2017, but he does not know the new name as of yet.

Mr. Evatt presented the Board with the September 30, 2016 performance report. He briefly reviewed the market environment during the quarter and noted that international and domestic had strong gains. Mr. Evatt commented that they started the quarter with \$8.6M and ended slightly above at \$8.8M. All allocations are in line with their targets. Mr. Evatt reviewed the Plan's performance for the quarter and noted that the total fund net of fees underperformed the index at 2.76% versus 3.20%. For the fiscal year to date the total fund is behind the index at 7.44% versus 10.43%. He reviewed each manager's performance during the quarter and stated that over the last 10 years Dana has had very similar performance to the benchmark. With that being said Mr. Evatt is recommending transferring half (about \$1.4M) from the Dana portfolio to purchase the Vanguard S&P500 Index fund. The Trustees discussed the recommendation and Mr. Whittaker discussed the International allocation, which has a 25% maximum total allocation.

Josh Stone made a motion to authorize and approve the transfer of \$1.4M from the Dana large cap equity portfolio and purchase the Vanguard S&P500 index fund. Alex Falconeri seconded the motion, approved by the Trustees 5-0.

Mr. Evatt notified the Board that Transamerica has a new less expensive R6 share class that he recommends the Board move over into.

Wes Whittaker made a motion to authorize and approve the exchange of the current Transamerica share class to the new R6 share class.. Alex Falconeri seconded the motion, approved by the Trustees 5-0.

Lastly Mr. Evatt presented the Board with a letter regarding his firm's summary of proposed fee revisions. He explained that his firm has not increased their fees since 2008 and this Board is still paying a flat dollar annual fee of \$15K and the Plan's assets have since doubled. Mr. Evatt presented

the Board with 2 proposed fee increase options; a one-time increase of \$2K for a total of \$17K for the next 3 years, or increase yearly of \$1K for the next 3 years. Mr. Christiansen stated that he liked the first option of a flat \$2K increase for the next 3 years effective January 1, 2017.

Josh Stone made a motion to authorize and approve the proposed Bogdahn Group fee increase of \$2K per year (for a total of \$17K annually) for the next 3 years effective January 1, 2017. Alex Falconeri seconded the motion, approved by the Trustees 5-0.

Attorney (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen commented that all the Trustees have finally filed their Annual Form 1 Disclosures.

Mr. Christiansen reminded Mr. Baur 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. Mr. Baur concurred.

Mr. Christiansen stated that we will have the admin expense report reflecting the actual expenses for the fiscal year 2015/2016 at a near future meeting.

Mr. Christiansen confirmed that the Plan received its 2015 State money.

Mr. Christiansen presented the Board with the 2017 meeting dates.

Alex Falconeri made a motion to approve the 2017 meeting dates as presented. Josh Stone seconded the motion, approved by the Trustees 5-0.

Mr. Christiansen notified the Board that his office received a disability application for a member and they have started working on the process.

Administrator Report (Audrey Ross, Resource Centers)

No report

5. PLAN FINANCIALS

The Trustees reviewed the Warrant for payment of invoices.

Josh Stone made a motion to approve the Warrant dated October 20, 2016. Wes Whittaker seconded the motion, approved by the Trustees 5-0.

6. OTHER BUSINESS

The Trustees had a discussion regarding "banking service consolidation". The other two Gulfport pension Plans use Salem Trust as their Custodian and the Board would like some more information on them. This item will be placed on the next meeting agenda for further discussion as well.

7. NEXT MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, January 19, 2017 at 3:00 PM.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:34PM.

Respectfully submitted,

Wes Whittaker, Secretary