

City of Gulfport Police Pension Fund

Minutes: Meeting of April 19, 2018

1. CALL TO ORDER

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

TRUSTEES

Rob Burkhardt, Chairman
Josh Stone
Larry Tosi

OTHERS

Audrey Ross, Resource Centers
Jack Evatt & Jennifer Gainfort, AndCo. Consulting
Scott Christiansen, Christiansen & Dehner
Lynn Skinner, Salem Trust Company
Patrick Donlan, Foster & Foster

2. PUBLIC COMMENT

N/A

3. PLAN FINANCIALS

The Trustees reviewed the minutes of the January 19, 2018 meeting.

Josh Stone made a motion to approve the minutes of the January 19, 2018 meeting. Larry Tosi seconded the motion, approved by the Trustees 3-0.

4. REPORTS

3/31/2018 Quarterly Investment Report (Jack Evatt & Jennifer Gainfort, AndCo Consulting)

Mr. Evatt briefly reviewed the market environment during the quarter and noted that it was the first quarter since 2015 that the S&P500 was negative. Interest rates rose during the quarter as well. He reviewed the Plan's asset allocation and noted that they are in line with their policy targets and he does not have any recommendations right now in regards to rebalancing. As of March 31, 2018 the Plan had \$10M in assets with a net rate of return of -0.61% versus the index at -0.97%. For the fiscal year to date the Plan is ahead of the index net of fees at 3.33% versus 2.74%. He briefly reviewed each manager's performance and noted that all the managers outperformed their relative benchmarks and Dana did well protecting on the downside as well.

Mr. Evatt explained that their portfolio has grown to a size where he thinks they can start adding more diversification. He reviewed information on real estate as he thinks this is where they can get great diversification in an asset class that has been performing well. He reviewed real estate as an asset class and explained in great detail the open ended core fund that he would be recommending for this Plan. He also reviewed the different managers that would be available to this fund due to their minimum funding requirement limit as well. Mr. Evatt is recommending American Realty for this Plan due to their performance, fees and funding requirements; he thinks they would be a great fit. First the Plan would need to revise their investment policy guideline (IPG) to add in an asset class and allocation to real estate. The State of Florida allows up to a 10% allocation to real estate so he would first like the Board to review the policy and make that change as that needs to occur before they can fund the asset class. He would recommend taking the 10% from fixed income to add to real estate.

Josh Stone made a motion to adopt the revised investment policy guideline as presenting reflecting the reallocation of 10% from fixed income to real estate. Larry Tosi seconded the motion, approved by the Trustees 3-0.

The Trustee's directed Mr. Evatt to invite American Realty to the next meeting.

Actuary (Patrick Donlan, Foster & Foster)

Mr. Donlan reviewed the results of the September 30, 2017 Actuarial Valuation report. He stated that the City's contribution as a percentage of payroll increased from 13.3% to 15.1%, but that is still relatively low compared to a lot of other Plan's. He reviewed the breakdown of the State money that was received in and stated that since no mutual agreement was met the State's default plan is in place where the excess money is split 50/50 between the pension plan and the city. This year the members will get \$4,450.24 allocated and split between their individual share accounts. Mr. Donlan stated that the Plan had a net loss this year, but it will roll off with the 4 year smoothing. He stated that the overall administrative expenses increased this year and that was mostly due to the disability case. Mr. Donlan stated that overall the Plan is doing very well and remains high at 83.4%.

Josh Stone made a motion to approve the September 30, 2017 Actuarial Valuation Report as presented. Larry Tosi seconded the motion, approved by the Trustees 3-0.

Custodian Report (Lynn Skinner, Salem Trust Company)

Ms. Skinner stated that Kessler Topez has taken over the class action filing as of March 1, 2018 and that transition is now complete.

Ms. Skinner briefly reviewed the Salem Trust December 31, 2018 Custodial Report.

Ms. Skinner reviewed her handout regarding the security systems and controls they use at Salem Trust. In addition to these systems and controls, Salem has also added cyber liability insurance as well. She commented that they want their clients to be aware of the controls they have in place to reassure them that they are doing the best they can to keep all personal and plan information private.

Attorney (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen stated that since the Board approved the September 30, 2017 Actuarial Valuation Report, they now need to declare their expected rate of return for this year, next year, and the long term after. Mr. Evatt recommended 7.5%.

Josh Stone made a motion to declare the Plan's expected rate of return for this year, next year, and the long term after to be 7.5% per the recommendation of the Plan's Investment Consultant. Larry Tosi seconded the motion, approved by the Trustees 3-0.

Mr. Christiansen reminded the Trustees' that their annual form 1 disclosure forms are due July 1, 2018.

Mr. Christiansen stated that since Mr. Whittaker resigned from the Board and he was currently serving as Secretary, the Board will need to reappoint an new Secretary.

Larry Tosi made a motion to elect Josh Stone as Secretary. Robert Burkhart seconded the motion, approved by the Trustees 3-0.

Lastly Mr. Christiansen stated that there was not any Legislative Bills that were passed or adopted that directly impact defined benefit plans. He briefly discussed Senate Bill 376 which relates to workers comp.

Administrator Report (Audrey Ross, Resource Centers)

N/A

5. PLAN FINANCIALS

The Trustees reviewed the Warrant for payment of invoices.

Josh Stone made a motion to approve the Warrant dated April 19, 2018. Larry Tosi seconded the motion, approved by the Trustees 3-0.

The Trustees reviewed the applications for retirement for Robert McLaughlin and Eugene Novak.

Larry Tosi made a motion to approve the applications for retirement for Robert McLaughlin and Eugene Novak. Josh Stone seconded the motion, approved by the Trustees 3-0.

6. OTHER BUSINESS

N/A

7. NEXT MEETING

The Trustees previously set the schedule for the next regular quarterly meeting on Thursday, July 19, 2018 at 2:30 PM.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:01PM.

Respectfully submitted,



Josh Stone, Secretary