

City of Gulfport Municipal Police Officers' Trust Fund
Minutes: Meeting of October 17, 2019

1. CALL TO ORDER

Chair Josh Stone called a meeting of the Board of Trustees for the Gulfport Police Pension Fund to order at 4:01 PM. Those persons present included:

TRUSTEES

Josh Stone, Chair
Jason Motte
Larry Tosi

OTHERS

Scott Baur, Resource Centers (Administrator)
Dale Everhart, Resource Centers (Administrator)
Jennifer Gainfort, AndCo. Consulting (Consultant)
Scott Christiansen, Christiansen & Dehner (Attorney)

2. PUBLIC COMMENT

No members of the public had any comment.

3. BOARD SEAT UPDATE

The Trustees were advised that Jason Motte has replaced Rob Burkhardt for the remainder of Mr. Burkhardt's term, which expires on December 31, 2019

Two seats will expire prior to the next scheduled Board meeting in January, 2020. These seats are currently filled by Joshua Stone and Jason Motte. Nomination and election materials will be prepared for distribution and provided to active plan members for the 2 available seats, with the election process scheduled to conclude prior to December 31, 2019. Resource Centers will prepare the necessary documentation and assist in the completion of the election process.

4. MINUTES APPROVAL

The Trustees reviewed the minutes of the July 18, 2019 meeting.

Jason Motte made a motion to approve the minutes of the April 18, 2019 meeting. Larry Tosi seconded the motion, approved by the Trustees 3-0.

5. REPORTS

a. Investment Report(Jennifer Gainfort, AndCo Consulting)

Jennifer Gainfort distributed a history of the S&P 500 Total Return Index from 10/9/07 – 9/30/2019. The materials displayed the drawdowns in the index of more than 5% over the period of time. The drawdown beginning on 10/9/07 lasted for 1.41 years, with the recovery back to the 10/9/07 level taking 3.1 years. The last high in the Index was 7/26/19. The key takeaway from the data was to stay committed to the long term plan, and do not try to market time. Total annualized return in the index over the period studied was 7.78%.

The 3rd quarter of this year was both eventful and volatile. US Large Cap equity and fixed income indices continued their year to date increases, while US Small Cap and international indices lost

ground. US markets experienced signs of a slowing US economy, additional tariffs involving China, and political uncertainty due to an impeachment inquiry. Positive developments included monetary easing, consumer spending, a tight labor market, and rising wage growth. The S&P 500 was up 1.7%, while the Russell 200 decreased(-2.4%). International markets were negative, with developed markets outperforming emerging markets. Fixed income outperformed equities for the quarter and trailing year, up 2.3% and 10.3% respectively. Lastly, value stocks outperformed growth stocks for the quarter, as investors moved to the relative safety of value over growth.

The market value of the Fund was \$10,850,192 at 9/30/19. Actual assets were within target allocation ranges, with no rebalancing needed. Income and appreciation for the fiscal year totaled \$469,655. Total fund gross return for the quarter was 1.3% vs the total fund gross policy of 1.13%. Fiscal year to date return was 4.62% vs the total fund policy of 5.51%. The last 4 year moving return average exceeded the 7.5% rate of return assumption.

Ms. Gainfort discussed a proposed update to the Investment Policy Statement amending the Fixed Income Benchmark indices to Bloomberg Barclays US Aggregate and Bloomberg Barclays Global Aggregate. Further, the statement referencing the actuarial earnings assumption was revised to delete the actual number(7.5%), and only reference the term "actuarial earnings assumption" to prevent the need to revise the Investment Policy Statement if the actual number is revised.

Jason Motte made a motion to approve the proposed Investment Policy Statement, as amended to delete the actual 7.5% earnings assumption language. Larry Tosi seconded the motion, approved by the trustees 3-0.

b. Attorney (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen presented the proposed 2020 Meeting Schedule

Jason Motte made a motion to approve the proposed Meeting Schedule for 2020. Larry Tosi seconded the motion, approved by the trustees 3-0.

The meeting dates for 2020 are as follows:

January 16, 2020
April 16, 2020
July 16, 2020
October 15, 2020.

Mr. Christiansen advised that the fiscal year end investment report should be supplied to the City of Gulfport.

Mr. Christiansen advised that the new trustee, Jason Motte, be provided with plan documents for his review.

Mr. Christiansen discussed a document provided to the trustees dealing with cyber liability insurance, warning of the potential risks of cyber attacks. He indicated the largest area of exposure to be with the plan administrator, the actuary, and the custodian. A question also arose as to the possible cyber liability coverage by the City of Gulfport of the pension plan.

c. Administrator Report(Scott Baur & Dale Everhart, Resource Centers)

Mr. Baur discussed the recently issued Standards and Organization Controls(SOC 1) Audit Report. The issuers of the report are external auditors, reviewing the internal controls and procedures at Resource Centers. The procedures are also tested. The auditors noted no exceptions or findings.

Mr. Baur discussed in detail the types of cyber intrusion, and the extent to which Resource Centers mitigates against that risk. Primary areas of concern are network attacks, and website directed attacks. Resource Centers, in addition to internally preparing for attacks, has done outside intrusion testing. As to insurance policies carried by Resource Centers, there are currently 3 different insurance policies totaling \$3 million, with additional coverage options under review.

Mr. Christiansen stated that we need to follow-up with the Plan's actuary and custodian to determine their level of cyber insurance. He also indicated that the City of Gulfport should be queried as to the extent to which any policies they have may insure the pension plan.

6. PLAN FINANCIALS

a. Warrant dated October 17, 2019

The Board reviewed the warrant dated October 17, 2019.

Jason Motte made a motion to approve the warrant dated October 17, 2019. Larry Tosi seconded the motion, approved by the Trustees 3-0.

b. Benefit Approvals

1) Refund of Contributions

Jason Motte made a motion to approve an Application for Refund of Contributions. Larry Tosi seconded the motion, approved by the Trustees 3-0.

7. OTHER BUSINESS

There was no other business

8. SCHEDULED NEXT REGULAR MEETING

Thursday, January 16, 2020 at 4:00PM

9. ADJOURNMENT

Jason Motte made a motion to adjourn the meeting. Larry Tosi seconded the motion, which was approved by the Board -0.

The meeting adjourned at 4:56pm.

Respectfully submitted,



Alex Falconeri, Secretary