

**Board Meeting
September 7, 2018**

PRESENT: PRESENT: John Rodgers, Chairperson; Mark Pierzchala, Councilmember; Stan Seemann, Citizen Representative; Susan Straus, AAME Representative; Karen Marshall, Human Resources representing the City Manager; Sgt. Chris Peck, FOP Representative, and Derrick Pierson, Union Representative. Also, in attendance were Gavin Cohen, Executive Secretary to the Board; Daisy Harley, Human Resources; Tim Peifer, Finance; Anita McCombs, Ex- Board Member, as well as Ryen Sherman, Segal Marco Advisors (by conference call).

ABSENT: None

The meeting commenced at 9:00AM.

I. Approval of minutes June 1, 2018:

Mr. Rodgers asked the Board if they had any changes or comments to the minutes. Seeing none Mr. Pierzchala made a motion to approve the minutes from the June 1, 2018 Board. Mr. Pierson seconded the motion. The Board voted unanimously in favor of the motion.

II. RFP for Combined Defined Benefit and Deferred Compensation Plans:

Mr. Cohen introduced this item. He mentioned that staff had tried to incorporate all the Board's suggested changes and where changes were not incorporated an explanation was provided why not.

Mr. Rodgers asked each Board member if they had any changes and the following changes were recommended:

- Updating the City's standard purchasing language template from IFB to RFP to ensure that language specified refers to best value and not lowest responsive and responsible under "13 BID AWARD", and an updated professional services agreement.
- Making sure all page numbering and letter numbering is updated for the final RFP.
- Updating the Projected Timetable of Events.
- Other miscellaneous wording clarifications and consistent use of words.

Mr. Sherman apprised the Board that they have been working with vendors that they feel are a good fit and expect to see between 3-5 responses

At the end of the discussion Mr. Seeman made a motion to direct staff to post the RFP incorporating the changes to be included from the meeting. Motion was seconded by Mr. Pierson. The Board voted unanimously in favor of the motion.

III. Investment Performance Review quarter ended June 30, 2018:

Mr. Sherman from Segal Marco Advisors presented this report. He began with a general overview of economic conditions. He then reviewed the Pension Fund performance report. The Pension Fund returned 8.4% for the fiscal year and outperformed the benchmark return of 7.6%. The fund returned 8% over the five-year period, which amounted to approximately \$34 million in investment gains. The asset allocation is in compliance with the Board guidelines, and the fund managers are performing in line with expectations. In addition, the Plan's overall risk profile was less than its peers over the three and five-year periods. The fund was rebalanced in August with the City's annual contribution.

Mr. Sherman noted that investment grade fixed income has produced negative returns this year as interest rates have increased. He noted that diversifying the fund's fixed income exposure into unconstrained bonds and Global Tactical Asset Allocation has helped protect the fund in the current rising rate environment.

The new real asset fund was funded in April. The fund was up 2.4% for the quarter, while TIPs were flat.

This is the first quarter that the plan is above \$100M in assets.

Mr. Sherman then reviewed the Thrift Plan performance report. The total assets ended the quarter were at \$35.9 million. The American Funds target date series is the most utilized investment option at 36.3% of assets. The stable value fund has the second highest allocation accounting for 15.4 % of the assets. Mr. Sherman reported that all the Thrift Plan investments are performing in line with expectations. There were no recommendations for the Board to make any changes.

Mr. Sherman then reviewed the City's 457 Plan performance report. The total assets with Mass Mutual ended the quarter at \$27.7 million. The American Funds target date series are the most utilized investment options with 25.6% of assets followed by the stable value fund with 24.2% of assets. There were no recommendations for the Board to make any changes.

Mr. Sherman then reviewed the Retiree Benefit Trust performance report. The fund returned 7.8% for the calendar year which outperformed the benchmark return of 6.7%. Since inception the return is 9% which is in line with the benchmark.

Mr. Sherman went on to describe the recent due diligence performed by Segal Marco and the recent Manager Alert that was issued. The Manager Alert on Manning & Napier reviewed team departures, decline in assets under management, failed acquisitions, decreased stock price, and lack of succession planning. Mr. Sherman recommended to the Board that based on their due diligence findings that the Board consider doing a search for alternative managers. Mr. Cohen asked if the search would be for one or two managers and what would the mandate for each manager be? Mr. Sherman suggested splitting the mandates in proportion to the current equity fixed income split, and that the Board look at a global equity manager and a core fixed income manager. The Board gave direction to Mr. Sherman to bring back the results of the two managers searches at the next board meeting

IV. Plan Access:

Mr. Cohen presented the Board with information of which employees have access to both Plan level data and Participant level data with Mass Mutual. Staff provided the Board with examples of why participant level data was needed. Mr. Cohen mentioned that only confidential City employees from Finance and Human Resources have needed access. Ms. Straus presented her concern about which staff person has a need to have participant level data.

The Board requested that Ms. Marshall from Human Resources will review the City's Personnel Manual to see if it contains information regarding employee confidentiality and privacy issues.

The Board tabled further discussion on the topic.

V. Future Agendas:

Mr. Cohen reviewed several agenda items for the Board meeting in November as listed below:

- Status Update on the Board RFP
- Pension Plan Amendments to section 4.5 and section 4.6
- The FY 2020 Pension Valuation Report from the Plan Actuary
- The 2019 Participant Education Calendar
- The 2019 Board Meeting Calendar
- The Retirement Benefit Trust manager search for Equity and Fixed Income

Mr. Pierzchala made a motion to adjourn the meeting at 12:30 PM. Mr. Pierson seconded the motion.

All Board Members voted in favor of the motion.

THE NEXT REGULAR MEETING IS FRIDAY NOVEMBER 30, 2018