

**Board Meeting  
Minutes  
Telephone Conference 1-408-418-9388 ID 1321827129  
Friday February 19, 2021**

PRESENT: John Rodgers, Chairperson; Beryl Feinberg, Councilmember, Greg Satterfield, Union Representative, Paula Perez, AAME. Also, on the call were Tim Peifer, Finance; Daisy Harley, Human Resources; Gavin Cohen, Executive Secretary to the Board; Tatiana Hersh and Megan Jurassic from Lincoln Financial Services; Ryen Sherman, Christian Sevier and Maureen "O" Brien from Segal Marco Advisors.

ABSENT: Sgt. Chris Peck, FOP Representative  
Rob DiSpirito, City Manager  
Mikhael Sukhenko, Citizen Representative

The meeting commenced at 10:00AM.

**I. Approval of Minutes from November 20, 2020**

Councilmember Feinberg made a motion to approve the minutes as presented. The motion was seconded by Ms. Perez. The motion passed unanimously 4-0.

**II. Lincoln Financial 2021 Communication and Education Strategy**

Ms. Hersh from Lincoln presented this item. She summarized all communication between Lincoln and participants since the implementation began. She reviewed some early statistical data and spoke to educational campaigns that Lincoln will be engaging in throughout the calendar year to engage with participants. Ms. Hersh addressed questions from Board Members. The Board thanked Ms. Hersh for her presentation. No Board action resulted.

**III. Investment Performance Review quarter end December 31, 2020**

Mr. Sevier discussed the market environment through December, reflecting on the overall disconnect between economic data and the financial markets for the year 2020. He also pointed out that in the fourth quarter - and so far in 2021 - there was a rotation into value stocks over growth stocks and large cap stocks over small cap stocks, primarily due to the emergence of COVID vaccines and optimism over future growth and inflation prospects.

Mr. Sherman then reviewed asset allocation and performance for the Pension Fund, noting that the Fund returned +12.3% for the fourth quarter and +13.0% for the year, versus +10.1% and +9.3% respectively for the Policy Index. He reviewed returns for the Fund's individual investments and asset class composites, noting strong absolute and improved performance for the Invesco Balanced Risk Allocation investment and Principal Diversified Real Assets investment. Mr. Sherman also noted the resilient performance for real estate overall, thanks to the income derived from these investments, and that many real estate managers have indicated improved performance expectations for 2021.

Mr. Sevier reviewed the values, cash flows and investment fund performance of the Thrift/457(b) Plans, noting that the investments were transferred from the MassMutual/Empower platform to Lincoln in December. He also noted that the crediting rate for the new Lincoln Stable Value fund is guaranteed at 2.9% through June 2026. Finally, Mr. Sevier noted the continued strong performance of the American Target Date funds.

Mr. Sherman reviewed the Retiree Benefit Trust, which returned +20.9% in 2020, outperforming the Policy Index return of +14.1%. He noted that the strong performance of the Trust's fixed income manager, Western, helped drive the relative outperformance.

#### **IV. ESG Investing**

Mrs. O'Brien of Segal Marco Advisors provided the Board with an introductory overview of Environmental, Social and Governance (ESG) Investing. The presentation included a brief history of ESG, relevant definitions pertaining to ESG, the Department of Labor Rule on ESG and various approaches to implementing ESG in Plans. After several questions from the Board, Mr. Cohen suggested, and the Board agreed to continue the discussion at the following Board Meeting. The Board requested that staff provide some options for the Board to consider

The call ended at 12:10pm.

**THE NEXT REGULAR MEETING IS FRIDAY MAY 14**