

Minutes
Employee's Retirement System Board of Trustees
February 14, 2018
Quarterly Meeting

Call to Order: Chair Angeline Lavin called the meeting of the Employee's Retirement System Board of Trustees to order at 8:30 a.m. at the Main Library.

Board Members Present: Matthew Adamson
Cathy Bianchi
Donn Hill
James Larson
Angeline Lavin
Amy Richardson
Lon Tiggelaar, via phone

Board Members Absent: None

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Thomas Huber, Assistant Director of Finance
Diane Best, Assistant City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Payroll/Benefits Specialist
Angie Richmond, Paralegal

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland & Tyler Stewart
Howard Pohl & Peter Brown, AndCo Consulting

The Employee's Retirement System Board of Trustees and the Firefighter's Pension Fund Board of Trustees met in joint session.

A motion was made by Adamson, seconded by Richardson, to approve the November 8, 2017 meeting minutes. Motion carried unanimously.

Brian Monroe and Marty LaPrade from Sawgrass Asset Management, LLC provided an investment review of the U.S. equity markets and the Fund's large-cap growth portfolio.

Howard Pohl and Peter Brown presented the Board with the 2017 fourth quarter performance report. The performance in the quarter of 3.9% ranked near the top quartile versus all plans within the AndCo Consulting plan universe and was just below the policy benchmark. The annual 17.1% return was top quartile and above the policy bogey, while the five year 10.5% ranked in the top decile and beat the policy. The market value of the Fund increased from \$456.6 million to \$466.1 million in the quarter.

Tom Huber reviewed the current Investment Allocations and Manager Structure noting that as of the first of the year the Fund was able to invest ½ of the initial 2% commitment into the Principal Enhanced Property Fund.

As a follow-up to the asset/liability projection study presented by GRS in August and initial asset allocation analysis information presented by AndCo in November; Howard Pohl and Peter Brown presented additional asset allocation analysis and scenarios as requested by the Board.

A motion was made by Adamson, seconded by Larson, to modify the Investment Policy Asset Allocation Structure to the following allocations and target ranges:

- **25% U.S. Fixed Income \pm 10% (22% - 28% target range)**
- **30% U.S. Equity Large Cap \pm 10% (27% - 33% target range)**
- **16% U.S. Equity Mid-Small Cap \pm 10% (14% - 18% range)**
- **22% International Equity \pm 10% (19% - 25% target range)**
- **7% Real Estate (5% - 10% target range)**

Motion passed unanimously.

A motion was made by Larson, seconded by Bianchi, to move the assets from the Schroders long-duration bond portfolio to the Schroders intermediate duration portfolio and rebalance any remaining asset category allocations per the new target ranges. Motion passed unanimously.

As the initial term of the Fund's five-year consulting agreement ended, Howard Pohl and Peter Brown presented the Boards with an updated agreement for consulting services with a three-year rate guarantee.

A motion was made by Larson, seconded by Bianchi, to approve the new proposed agreement with AndCo Consulting at a rate of \$66,000 per year for full-retainer investment consulting services. Motion passed unanimously.

A motion was made by Bianchi, seconded by Hill, to nominate Angeline Lavin as Board Chairperson and Jim Larson as Board Chairperson Pro Tem. Motion passed unanimously.

A motion was made by Bianchi, seconded by Richardson, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 11:45 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer