

March 25, 2015

POLICE PENSION COMMITTEE MEETING MINUTES
March 25, 2015

The Committee meeting was called to order at 3:00 p.m. Committee members present were: John Owens, Brian Peters, Mike Hecker, Alan Roth. Absent: Interim City Administrator Jack Vavra. Other officials present: Bonnie Otte, Assistant/Administrator/Clerk-Treasurer/Budget & Human Resource Director recording the proceedings. Presentations and meeting information was presented by Scott Holechek of Ameritas.

1. ANNUAL RETIREMENT PLAN INVESTMENT REVIEW AND FUND RECOMMENDATIONS AND ANY ACTION NECESSARY

- A. 2014 Market Overview
- B. 2014 Annual Plan Review
- C. Fiduciary 3(32) or 3(38) Services - Mesirow Financial
- D. 2015 Initiative
 - 1. Participant Meetings
 - 2. Plan Document Reinstatement

Scott Holechek provided the 2014 Market Overview for the City's Police Officer Pension Plan highlighting the areas of total employee/employer contributions, investment by Asset Class, plan demographics, withdrawals, distribution, and asset allocation. (Copies of all reports are attached to the original minutes).

Mr. Holechek indicated it was a strong year and overall yielded a YTD Rate of Return of 3.8%, with real estate being the largest performer. He stated the floor rate is 3%. He stated the Plan saw a 10% growth in assets, with part of this due to an increase in contribution rate from 6% to 6.5%. He stated the Target Date funds have the greatest amount of assets.

Mr. Holechek stated individual meetings were made available to all plan participants in December 2014, including the General Employees and added that, generally, all participants are happy with the plan(s). He reviewed the performance results and pointed out a few funds that were either under-performing or on the "watch list" for management changes.

At this time, Mr. Holechek provided information on the Fiduciary 3(21) or 3(38) Services offered through Mesirow Financial. Mesirow would act as Co-Fiduciary for 3(21) Services by making Fund recommendations. If the Committee chooses to have different funds than what is included on the Mesirow Premier List, the Co-Fiduciary services would not be covered for the unlisted funds. Mesirow would make the Investment Fund Selections for the Plan under the 3(38) Services. The Committee could not select different funds. He stated the cost is waived for 3(21) Services and the cost is three basis points for 3(38) Services. There was a brief discussion of the fiduciary responsibility for the Committee and the City and the benefits of having a co-fiduciary for the plan. The discussion included the clarification that this Committee only has fiduciary responsibility for the Police Retirement Plan and not for the General employee's plan. Mr. Holechek stated it would be advised for the City to consider establishing a committee for the General Employee Plan as well.

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Mr. Holechek reviewed individual fund performance and made recommendations for fund changes, including those offered on the Premier List as provided by Mesirow Financial, of which the Committee agreed with the changes. Changes listed were:

- Delete Third Avenue Real Estate Value; replace with Vanguard REIT Index
- Delete American Century Short Duration Infl; replace with PIMCO Real Return Admin
- Delete American Century Equity Income; replace with Vanguard Value Index
- Delete Perkins Mid Cap Value; replace with American Century Mid Cap Value
- Delete Fidelity Advisor Small Cap; replace with Vanguard Small Cap Index
- Delete Perkins Small Cap Value T; replace with Vanguard Small Cap Index
- Consolidate the Neuberger Berman Guardian Trust with Ameritas Growth
- Consolidate the MFS Total Return with Vanguard Wellington Inv
- Add T. Rowe Price Retirement 2060 Target Fund

Motion by Owens, second by Peters, to sign an agreement for Mesirow Financial for Fiduciary 3(21) Services. Aye: Peters, Owens, Roth, Hecker. Nay: None. Absent: Vavra. Motion carried.

Motion by Hecker, second by Roth, to remove and replace the funding lineup, per the recommendations based on the Mesirow Financial Premier Listing. Aye: Peters, Owens, Roth, Hecker. Nay: None. Absent: Vavra. Motion carried.

Motion by Owens, second by Hecker, to consolidate the Neuberger Berman Guardian Trust with the Ameritas Growth Fund; consolidate the MFS Total Return with the Vanguard Wellington Fund; and, add the T. Rowe Price Retirement 2060 Target Funds. Aye: Peters, Owens, Roth, Hecker. Nay: None. Absent: Vavra. Motion carried.

Motion by Owens, seconded by Roth to adjourn the meeting at 4:10 p.m. Aye: Owens, Roth, Hecker, Peters. Nay: None. Absent: Vavra. Motion carried.

Bonnie Otte
Assistant Administrator/
Clerk-Treasurer/
Budget & Human Resources Director