

GENERAL EMPLOYEE'S PENSION COMMITTEE  
CITY OF SEWARD, NEBRASKA  
MINUTES  
March 21, 2018

The Committee meeting was called to order at 1:35 p.m. by Committee Chair Ed Gonzalez. The committee members present were: Julie Moody, Mel Aldrich (for Bob Miers), Jodie Niebrugge, Chlancey Dittmer, Bryan Duer, John O'Kief and Ed Gonzalez. Absent: Bob Miers. Other officials present: Bonnie Otte, Assistant Administrator/Clerk-Treasurer/Budget & Human Resource Director and Greg Butcher, City Administrator. Presentations and meeting information were presented by Josh Ruhnke of Ameritas.

1. APPROVE MARCH 22, 2017 GENERAL EMPLOYEE'S PENSION COMMITTEE MEETING MINUTES  
Moody moved, seconded by Duer, to approve the minutes as presented.

Aye: Moody, Aldrich, Dittmer, O'Kief, Niebrugge, Gonzalez and Duer  
Nay: none  
Absent and not voting: Miers. Motion carried.

2. ELECTION OF CHAIRPERSON  
Gonzalez nominated Bryan Duer for Committee Chair. Duer nominated Chlancey Dittmer for Committee Chair. Dittmer moved, seconded by O'Kief to accept the nomination of Bryan Duer for Committee Chair.

Aye: Moody, Aldrich, Niebrugge, Dittmer, O'Kief, Gonzalez  
Nay: Duer  
Absent: Miers. Motion carried.

3. ELECTION OF SECRETARY  
Aldrich nominated Julie Moody for secretary, seconded by Duer to accept the nomination of Julie Moody for secretary.

Aye: Moody, Aldrich, Niebrugge, Dittmer, O'Kief, Duer, Gonzalez  
Nay: None  
Absent: Miers. Motion carried.

4. 2017 MARKET OVERVIEW  
Josh Ruhnke provided a handout showing the annual fund performances. He said overall the market was good. All asset classes posted a positive (and, in most cases, double-digit) returns. Among equities, emerging-market stocks outperformed all others by a large margin, and small U.S. stocks were the weakest. The Federal Reserve raised short-term interest rates three times in 2017. However, all bond categories were still able to deliver healthy returns because the long end of the yield curve was relatively flat in the past year.

With very few exceptions (notably, Israel), all countries enjoyed impressive returns last year. The U.S. is showing no signs of slowing down after a nine-year bull market. Forecasts from the European Commission estimate that the euro area economy is on track to grow at its fastest pace in a decade in 2017, despite the ongoing Brexit process. Notable global challenges remain, however, with growth still weak in many countries and inflation below target in most advanced economies.

Emerging-markets stocks were up more than 35% in 2017, and developed-markets and U.S. stocks more than 20%. Despite similar performance, however, flows data indicates that investors strongly preferred international-equity funds, which suggests a growing tendency to diversify outside the U.S. After wandering in negative return territory for most of the year, commodities finally crossed over and ended 2017 on a positive note.

Broad-market returns have been driven by technology and financials, as they are the largest components in the index. Technology beat out all other sectors in 2017, propelled by solid earnings reports from tech giants Apple, Alphabet (Google), and Facebook. Cyclical sectors fared well, especially consumer cyclical, the sector that Amazon belongs to. Energy was the only sector to end the year with a negative return, despite bouncing back in the last two quarters.

Europe, ex U.K., was the best performer among developed economies in 2017, and investors took notice, channeling money into European stocks. Furthermore, experts are anticipating more sustained growth for this region going forward. Emerging markets, overall, had a momentous year. Emerging Asia delivered a 39.5% return, with Chinese and Indian stocks surging on continued growth in company profits and economic forecasts.

Some committee members questioned how President Trump's new tariffs would affect the market. Josh said it was too soon to tell right now.

5. 2017 ANNUAL PLAN REVIEW

The overall plan rate of return was 9.62%. The average balance is \$105,463.26 which is above the national average of \$92,000.00. The average age is 51.59 years and average years of service are 14.69 years. Plan demographics were shared. There were a total of 46 participants, with 40 participants showing contributions. The Plan had 4.8 million dollars in total assets.

On the watch list: Fidelity Advisor Small Cap A (performance), T. Rowe Price Retirement Balanced and Target Date Suite (investment policy). Ameritas and Mesirow Financial will continue to monitor these funds.

Mr. Ruhnke stated the plan pricing was lowered by .05% this past year, providing some savings to the plan.

6. MESIROW FIDUCIARY SERVICE PREMIER LIST REVIEW

Watch list - Fidelity Advisor Small Cap A - will monitor performance over 3 consecutive quarters.

Watch list - T. Rowe Price Retirement Balanced & T. Rowe Price Target Date Suite - continue to monitor for style consistency over 3 consecutive quarters.

The Committee felt comfortable leaving these two funds in the plan at this time.

7. 2018 INITIATIVE

A. Participant Meetings

One-on-one sessions were held in November 2017. Bonnie will work with Josh on getting a couple dates set up for individual meetings possibly in June and November, 2018.

8. INVESTMENT POLICY STATEMENT

Josh provided the committee an investment policy statement draft. He stated it is not required, but is good to have as a guideline of how a committee reviews and considers investment options.

Moody moved to accept this draft as our committee investment policy statement. Aldrich seconded.

Aye: Moody, Aldrich, Niebrugge, Dittmer, O'Kief, Duer, Gonzalez

Nay: None

Absent: Miers. Motion passed.

Mr. Ruhnke briefed the committee on their Fiduciary responsibilities. He stated the Committee does have the 321 Fiduciary (Mesirow Financial) to assist in that responsibility.

9. MOTION TO ADJOURN

With no other discussion, Gonzalez closed the meeting at 2:40 p.m.

*Julie Moody*

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Julie Moody  
Secretary