

POLICE PENSION COMMITTEE MEETING MINUTES
March 12, 2020

The Committee meeting was called to order at 3:00 p.m. Committee members present were: Mike Hecker, Brian Peters, Bryce Johnson, John Owens. Absent: None. Other officials present: Bonnie Otte, Assistant/Administrator/Clerk-Treasurer/Budget & Human Resource Director recording the proceedings and Greg Butcher, City Administrator. Presentations and meeting information was presented by Josh Ruhnke of Ameritas.

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

Josh Ruhnke provided the 2019 Market Overview for the City's Police Officer Pension Plan hi-lighting 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).

A. 2019 Market Overview

Josh Ruhnke provided several handouts showing the annual fund performances. Mr. Ruhnke provided the following narrative. 2019 Was a fantastic year for stocks, with all Morningstar Style Box categories posting returns at or above 20%. International stocks enjoyed robust returns as well despite ongoing U.S.-China trade tensions and Brexit developments. The Federal Reserve lowered interest rates three times last year, offsetting most of the rate increases from 2018 and boosting 2019 bond returns. Technology stocks remained on fire in 2019, bouncing back from lows at the beginning of the year. Most international markets posted impressive returns in 2019, but still trailed behind the U.S. Most international markets posted impressive returns in 2019, but still trailed behind the U.S. Emerging markets, which derive a lot of their revenue from commodity exports, benefited from rising commodity prices. All asset classes and the portfolio rebounded in 2019, with large-cap stocks posting the strongest return since 2013. Intermediate-term government bonds still experienced their best year since 2011.

B. 2019 Annual Plan Review

Individual plan participant meetings were held in May 2019 with 8 employees participating. T. Rowe Price Target Date Suite fund was added in March 2019. In July 2019, Invesco Developing Markets was removed and American Funds New World Fund was added.

The retirement plan has 1.61 million in assets with 15 participants with balances. The average account balance is \$107,566 with the average participant age of 41 years of average age of 9 years of service.

There were \$98,592 in total contributions and \$162,311 in distributions. The plan had an overall earnings rate of 14.63%.

Sixty percent of the investments are in the Target Date Funds and Balanced Funds and 39% is in the Guaranteed Account.

The 457 Plan has \$265,000 in assets with 12 participants. The average account balance is \$22,097, with the average participant at 54 years of age. The plan had an overall earnings rate of 13.08%.

Mr. Ruhnke further explained that the Roth 457 is also an option for plan participants and he could provide additional information if there was interest.

C. Investment Review: Mesirow Fiduciary Service Premier 3(21) Police Report & Ameritas Watchlist

On the Mesirow watch list: Loomis Sayles Investment Grade Bond (performance & consistent style), and Templeton Global Bond: (performance). Mr. Ruhnke stated Ameritas watch list includes: Fidelity Advisor Small Cap: (fund manager); PIMCO Real Return (fund manager); and Vanguard Wellington: (fund manager). There were no recommendations for changes at this time. No recommendation for change was made at this time.

D. 2020 Initiative: Participant Meetings

Brian will work directly with Josh in setting up individual meeting times for police department participants.

Moved by Owens, seconded by Peters to adjourn the meeting.

Aye: Johnson, Peters, Hecker, Owens.

Nay: None

Absent: None. Motion carried.

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