

POLICE PENSION COMMITTEE MEETING MINUTES  
March 23, 2021

The Committee meeting was called to order at 3:00 p.m. Committee members present were: Mike Hecker, Brian Peters, and Bryce Johnson. Absent: John Owens. Other officials present: Bonnie Otte, City Clerk/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 2020 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. 2020 Market Overview

Josh Ruhnke provided several handouts and fund performance information. Mr. Ruhnke provided the following narrative. He stated that overall, the funds performed well in 2020. In a year that saw so much devastation around the world, return numbers for most asset classes were not only positive, but in double-digit territory. U.S. stocks recovered quickly and especially saw significant increases in the 4<sup>th</sup> quarter when the COVID vaccination came out and businesses were allowed to reopen.

The Growth stocks outperformed the Value stocks for the year. Consumer Cyclical (appliances, autos, homes) saw the greatest gains - people were not vacationing but spending money on home improvements and large purchases; Energy was down due to no travel and people working from home; Technology saw large increases due to the companies relying on technology for work-from-home, video meetings, etc.; Real estate (commercial) and Utilities ended in the negative since offices and factories remained closed or running at limited capacity.

The international stock market also remained strong in the 4<sup>th</sup> quarter, although not enough to push all regions into positive return territory for the year. It is anticipated over the next 10 years the international funds will outperform the U.S. funds. While diversification is always encouraged, it may be the right time to consider investing some in the international markets.

As expected, an aggressive portfolio with larger allocation to stocks was able to deliver returns superior to its moderate and conservative counterparts over longer time horizons. Due to the low bond rates, the conservative portfolio saw the lowest returns. All three portfolios (Aggressive, Moderate, Conservative) not only recovered their losses from the COVID-19 crash in March 2020 but were able to surpass their pre-pandemic highs.

B. 2020 Annual Plan Review

Sixteen participants had a balance in 2020 totaling \$1.87 million in assets. The average account balance was \$116,713 with the average age of participant at 39.81 years of age and 8.8 years of service.

There were \$100,445 in contributions and \$50,049 in distributions.

Overall, the plan earned 12.26% for the plan year.

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

On the Mesirow watch list: FTVIPT Templeton Global Bond VIP (performance); Ivy High Income (performance); and, MFS International New Discovery (performance).

Mr. Ruhnke stated Mesirow has removed FTVIPT from their covered services and recommends the City also remove it from the lineup. Currently, there are no participants with investments in this fund. He stated this is categorized as a World Fund and does not have to be replaced in the lineup.

Hecker moved, seconded by Peters that the FTVIPT Templeton Global Bond VIP fund be removed from the City of Seward Police Pension plan lineup.

Aye: Johnson, Peters, Hecker.

Nay: None

Absent: Owens. Motion carried.

Mr. Ruhnke stated Mesirow has also removed Calvert Short Duration Income: ESG Fund from their covered services due to action taken by the Department of Labor indicating an "Environmental Social Government" fund should not be included as an investment fund, given the climate for renewable energy and sustainable funds. He stated with the election of a new president and change in administration, the Department of Labor is backing off on their statement. Ameritas is not recommending taking any action with this fund at this time.

Mr. Ruhnke stated the Ameritas watch list includes: Ivy High Income (performance); T. Rowe Price Retirement 2010 through 2060 (investment strategy change - moving more funds toward stocks and away from bonds); FTVIPT Templeton Global Bond VIP (performance); Vanguard Wellington (fund manager change); BNY Mellon Natural Resources (fund manager change); and MFS Value (fund manager change). There were no recommendations for changes at this time.

Mr. Ruhnke reported that 33% of the employee investments are in the Guaranteed Investment Account, which earned a blended rate of 3.33% (can never earn below 3.0%); and, 66% are in the Target Date and Balance Funds.

Mr. Ruhnke stated Ameritas has made some security enhancements within the past year including multi-level authentication for account access. He encouraged all employees to set up a user account and to check their account periodically. He is not aware of any fraudulent access to any of the City participant accounts.

D. 2021 Initiative: Participant Meetings

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

Hecker moved, seconded by Johnson to adjourn the meeting.

Aye: Johnson, Peters, Hecker.

Nay: None

Absent: Owens. Motion carried.

---

Bonnie Otte  
City Clerk/Human Resources Director