



PENSION COMMITTEE MINUTES - PEACE OFFICER MONEY PURCHASE PLAN

August 8, 2016 3:00 p.m.

City and County Building - Council Conference Room

One DesCombes Drive

Agenda:

1. Disposition of Minutes (Chairperson) - One minute
2. New Business
 - Quarterly Investment Report - 45 minutes (Strategies)
 - Empower Update - 10 Minutes (Tim Bock)
1. Old Business
2. Other Business
 - Items Not Noted Above
1. Adjournment

The chairperson presides over the meeting and signs the minutes. Individuals noted in parentheses next to each agenda item are responsible for leading the discussion of the item.

Minutes:

Attendance:

Present: Employee-elected committee members Bryan Lingo, Heidi Walts, Director of Finance Pat Soderberg and Director of Human Resources Suzanne Smith.

Others Present: Krista Rhode from Human Resources. David Halseth, Troy Jensen and Christine Kirk from Strategies. Tim Bock from Empower Retirement.

Disposition of Minutes:

The minutes of the May 18, 2016 meeting were approved. (Motion - Ms. Walts, Second - Ms. Smith, unanimous acceptance).

New Business:

Strategies Update:

Mr. Halseth provided an economic review and noted that the GDP was down the second quarter. He noted the unemployment rate continued to fall to 4.7% and was an all time low for the past 38 years. Inflation also continued to remain low. Stocks were up about 2% in the past quarter and the US market was up, while foreign markets were down. Commodities rose 12.8%, and real estate continued to do very well being at 7.4% for the second quarter and 13.7 year to date.

The plans investment observations were review by Mr. Halseth.

- JP Morgan Short Duration Bond R6 - fell into the 7th decile for the quarter. This trailed against its peers because it is more conservative. The committee selected this fund to offset some of the more riskier investment options in the plan.
- DFA US Micro Cap I - fell into the 7th decile for the quarter and fell below its benchmark by 1.99%.
- T. Rowe Price Emerging Markets Stock I - beat its benchmark by 3.96% and landed in the 1st decile for the quarter.

Ms. Kirk provided a summary of the overall performance of funds and noted that all of the investment options in the plan received either a good or adequate rating for the previous quarter and no funds are on the watchlist at this time.

Mr. Jensen presented statistics on retirement readiness of people reaching age 65. He noted that 50% of people depend on 50% of their income from social security. Mr. Halseth noted that as plan sponsors we should continue to provide education for participants through resources such as Kristi Sullivan.

Mr. Jensen provided a summary of the assets by fund and they remained consistent from the first to second quarter.

- Balanced - 35%
- US Equity - 32%
- US Fixed Income - 11%
- Cash/Stable Value - 9%

- International Equity - 8 %
- Alternatives 4 %
- International Fixed Income - 1%

Mr. Jensen provided an annual summary of the total plan cost of \$52,404. Ms. Smith noted that the revenue sharing noted in this projection was only for participants in the fund and that not all participants may have received the revenue sharing offset.

Empower Update:

Mr. Bock gave a recordkeeping updated and noted the following observations:

- Loan balances have decreased since the plan has been with Empower. The total amount of outstanding loan balances in 2014 was \$1,039,715. The total amount of outstanding loan balances as of June 30, 2016 was \$682,273.
- The amount of money taken from distributions in the plan has increased over the years resulting in a lower average participant balance.

Mr. Bock also noted that almost all new money into the plan is going to Target Date funds. Participants who are defaulted into this fund appear to be staying in the fund. He also noted that there is more diversification in the plan as people age. Individuationis vest in Target Date Funds is greatest amount people age 29 or less anage 30-39.

Old Business: None.

Other Business: None.

Adjourn - 3:59 p.m.