MINUTES

PENSION COMMITTEE FOR GENERAL EMPLOYEES
MINUTES: January 24, 2014

Meeting Agenda from 01/24/2014:

1. Disposition of Minutes
2. New Business
   - Discuss Results of Record keeper Search
   - Presentation by Strategies LLC
     - Investment Consulting Review
     - Plan Consulting Review
     - Participant Education/Advice
     - Appendix
   - Topics for Upcoming Meetings
3. Old Business
   - Update on Default to Target Date Today Fund
   - Fund Line-Up Discussion – Update on Transition
4. Other Business
   - Items Not Noted Above
5. Adjournment

Minutes from 01/24/2014

ATTENDANCE

Present: Councilmember Todd Schumacher, Employee Committee Members Dan Feller and Gary McGinn, Director of Finance Patricia Soderberg, and Director of Human Resources Suzanne Smith.

Absent: None.

Others in attendance: David Halseth and Larisa Knafelc from Strategies LLC. Krista Rhode from Human Resources.

DISPOSITION OF MINUTES

The minutes of the November 20, 2013 meeting were approved (Motion – Ms. Soderberg, second – Mr. McGinn, unanimous acceptance.

NEW BUSINESS

Discuss Results of Record Keeper Search/Committee Recommendation

Mr. Feller, Mr. McGinn and Ms. Smith provided information regarding the results of the record keeper search. The review committee was composed of Mr. Feller, Mr. McGinn, Ms. Smith, Ms. Soderberg, and other members of the Peace Officers Plan Committee. The review committee interviewed Great-West Financial and ICMA-RC. As the current record keeper, Wells Fargo IRT was not interviewed but it was considered a finalist in the process.

The review committee unanimously recommended Great-West Financial based on 1) competitiveness of fee structure for both plans; 2) robust website for plan sponsor and participants; 3) thorough and informative presentation; and 4) proximity of its administrative team (located in Colorado).

Motion to recommend Great-West Financial (Ms. Smith – motion; Mr. Feller – second; unanimous approval).

Great-West Financial has an on-line Reality Investing product with three tiers – 1) free on-line guidance, 2) fee for service of $25, and 3) a managed accounts option similar to Advice Track except the funds line-up is drawn from the Plan's core line-up.

Presentation by Strategies LLC

Mr. Halseth provided an update to the committee on the economy:

- GDP grew by 4.1% from 2nd quarter to 3rd quarter 2013.
  - Upward trend in the Consumer Confidence Index to 78.1.
  - Unemployment showed a downward trend.
  - Inflation – 12 months preceding November was at 1.2%

Market results:

- US Equities were up 33%.
- Small cap managers outperformed the index.
- Fixed Income – Barclays was down 2% for the year due to increased interest rates.
- Most foreign equities performed well although Japan continues to lag with a large debt and aging population.
- Alternative assets – TIPS and commodities are down. REITs are doing better.

Plan Observations:

- Watch List – no funds on the watch list.
- Fee Changes
  - Federated Prime Obligations – decreased its gross expense ratio to 0.28%; net expense ratio remained the same at 0.20%.
  - JP Morgan SmartRetirement decreased its average gross expense ratio from 1.09% to 1.07%.
- Manager/Organizational Change – JP Morgan SmartRetirement removed Patrik Jacobson, managing director and head of Balanced Strategies.

- Top Performers for the Quarter:
  - T Rowe Price Large Cap Growth – +12.59%
  - DFA US Large Cap Value – +12.33%
- Bottom performers for the quarter:
  - PIMCO Commodity Real Ret - -2.28%
  - Vanguard Inflation Protected Secs - -2.22%
- Top performers over last year:
  - DFA US Micro Cap – +45.06%
  - T Rowe Price Large Cap Growth – +44.44%
- Bottom performers over last year:
  - PIMCO Commodity Real Ret - -14.81%
  - Vanguard Inflation Protected Secs - -8.86%

Topics for Upcoming Discussions

- More information on hedged versus unhedged funds.

OLD BUSINESS

Update on Default to Today Target Date Fund

Ms. Knafelc advised the committee members that the money has been moved from the Today Fund to the appropriate fund. Wells Fargo is working on calculating what gains, if any, are owed to participants.

Fund line-up Discussion- Update on Transition

Ms. Smith advised the group that participant accounts will transition to the new fund line-up on 01/24/2014.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

The committee adjourned at 1:07 p.m.