

MINUTES OF THE RETIREMENT BOARD
July 18, 2013

A regular meeting of the Retirement Board convened on Thursday, July 18, 2013 at 8:36 a.m. in the Large Training Resource Center (TRC) Room. The meeting was called to order by President Doug Higashi.

Roll Call – The following Retirement Board Members were present: Timothy McGowan, Doug Higashi, Frank Mellon, William Patterson, and Alexander Coate. Lloyd Sawchuck was absent

The following staff members were present: Lourdes Matthew, Eric Sandler, Wanda Hendrix, Delores Turner, Lisa Sorani, and Elizabeth Grassetti.

Others present were Eric White from PCA, and retiree Dick Ward.

PUBLIC COMMENT

Retiree Dick Ward commented that he felt that the assumed rate of return for the retirement system was too high.

- 1 - 4. **Consent Calendar** – A motion to approve the consent calendar was made by Frank Mellon, seconded by Alexander Coate and unanimously approved.

ACTION

5. **Declare the results of the Election of an Employee Member of the Retirement Board (R.B. Resolution 6782)** – Doug Higashi was re-elected to the retirement board for a two year term beginning on June 24, 2013. Frank Mellon moved the motion and Alex Coate seconded it. The motion carried with ayes from all except Doug Higashi who abstained.
6. **Authorize Recommendation to the Board of Directors of Further Amendments to the Retirement Ordinance Pursuant to the IRS Determination Letter** - The Retirement System received a favorable Letter of Determination from IRS four years after the initial application. The IRS requested that several amendments to the Ordinance be made. These amendments clarify that the retirement fund is for the exclusive benefit of the Members, that the benefit is non-forfeitable, and that the Health Insurance benefit is subordinate to the pension benefit. Frank Mellon moved the motion, William Patterson seconded the motion, and the motion carried with all ayes except Tim McGowan who opposed the motion.
7. **Declare the Rate of Interest Credited to Members (R.B. Resolution No. 6783)** – In accordance with the Retirement Ordinance, the Retirement Board approved the semi-annual interest rate of 2.6% to be credited to Member contributions. Tim McGowan moved the resolution, Doug Higashi seconded it, and it passed unanimously.

8. **Authorize Low Income Adjustments to Retired Members and Surviving Spouses** (R.B. Resolution No. 6784) – In accordance with section 35 of the Retirement Ordinance, retirees and surviving spouses who qualify may apply for a low income adjustment. Two retirees applied for and were found to be eligible for the low income adjustment this year. The total cost to the retirement system for the year is \$3,073.08. Frank Mellon moved the resolution, William Patterson seconded the motion, and it past unanimously.

INFORMATION

9. **Asset Liability Study Primer** – Eric White of PCA presented a primer on the Asset/Liability study in preparation for the Asset/Liability which will be presented at the September 19, 2013 meeting. The Asset Liability study is a tool which is used to build a portfolio which has the highest probability to achieve the plan’s overall goals with maintaining the lowest possible risk. The Asset/Liability study considers factors such as asset growth that meets cash flow needs, and the plan’s tolerance for plan risk. These factors help determine the asset allocation and fund selection/retention.

REPORTS FROM THE BOARD

- 10 Tim McGowan attended the Government Finance Officers Association (GFOA) annual meeting. He said that the SEC may implement a rule requiring Retirement Board Trustees to receive financial certification. He also attended a seminar titled debunking retirement myths presented by Segal.

Frank Mellon mentioned that he will be attending the international foundation Conference in Las Vegas.

ITEMS TO BE CALENDERED

- Staff to monitor SEC regulations regarding trustee training
- Staff to check into fiduciary liability insurance

ADJOURNMENT – Doug Higashi moved to adjourn the meeting at 10:41 a.m.; Frank Mellon seconded the motion and the motion was unanimously approved.

President

ATTEST: _____
Secretary

9/19/2013