

October Pension Committee Meeting - October 29, 2015, 9 AM, Room 903-Civic Center

Roll Call:

Meeting was called to order. Roll call was taken. All present except for Mrs. Buche, Mr. Allan and Mr. Foxall.

Minutes:

August 27 meeting minutes were reviewed and approved. First by Mr. Goeser second by Mr. Bloomingdale. All in favor.

Quarterly Investment report:

Jason Pulos with Asset Consulting provided his quarterly update. On Page 7 of the Investment Performance Review packet, Jason pointed out the large gap between growth and value. He indicated that this does have an effect on the plan but overall everything is OK.

On page 8, US Markets Performance Breakdown, he pointed out that both energy and materials, in both small and large cap, we're down significantly.

Conversation regarding the S&P is going up 9% in the last month.

On page 18 Total Portfolio Dollar Reconciliation, he pointed out that YTD we are negative in both operations and portfolio. However then on page 19, Douglas County Employees Retirement Plan he did point out that we are within the 5% target for allocations and that there's no need to rebalance at this point.

Joe mentioned that in December we will see the second part of the employee's contributions and that we may need to look at rebalancing at that time.

Discussion related to the relative statistics since January 1999 from page 20 regarding the beta, up capture and down capture. According to Jason being within the 95th percentile for the upside and in the 90th percentile for the downside is actually where we would rather be so we don't have to earn that much more to get back to where we started.

Jason then pointed out on page 25 that International Developed Markets are outperforming the benchmark and on page 26 that at one year Core Real Estate specifically J.P. Morgan Strategic Property is doing very well.

Jason then presented the group with a handout entitled Herndon Capital Management, LLC. Because of their large involvement with energies they have not done very well. Jason pointed out, on the back page of the first page that they are staying on top of the current issues by meeting frequently. He indicated that nothing has changed with them fundamentally and that they are comfortable at this time with keeping them in the portfolio. He also pointed out on the last page under Large Cap US Value that even though there is a large gap for 2014 between the benchmark and the large-cap value overall since we've hired Herndon they've had a 9.4 percentage increase. Jason recommends that we hold steady and continue to monitor their progress. Joe did express his concerns however ultimately he agreed that we were comfortable holding onto them and continuing to monitor.

Pension plan update:

Bill Ouren reviewed the Douglas County Employees Retirement Plan changes indicating that the consultant reviewed all of the changes and verified that everything looked appropriate.

A motion was made to present the changes made to the plan to the Board of Commissioners, Mr. Gosier so moved the motion and Mr. Bloomingdale seconded the motion followed by an all in favor vote.

Disability report:

Joe reviewed the disability report indicating that the pension committee will begin to see fewer and fewer of these since contracting disability went into effect October 1, 2015 with CIGNA.

Summary of activities:

Joe reviewed the September and October summaries of activities pointing out that in January we have 13 planned retirements.

Other business:

Mr. Morgan question Jason regarding the 7.5% return, wondering if that was in line with other organizations. Jason indicated that yes we are within line and that he has seen some organizations drop from 8 to 7.5% but this is based entirely on their funding status. Pointing out that one company is actually 150% funded therefore they're looking to decrease their return to 7% to offset requests for raises etc. Mr. Bloomingdale then discussed his feelings about the 7.5% being a matter of perception and that in the long term he didn't feel as if it had that big of a bearing on our pension since our pension plan is an infinite plan. He also discussed the possibility of a merger between Douglas County and the City and what overall affect this would have on the pension plan.

Adjournment: The next meeting is November 19, 2015 at 9 AM in room 903 at the Civic Center. Motion was made to adjourn, Mr. Goeser so move the motion and Mr. Bloomingdale seconded the motion.

Respectfully submitted,

Jennifer Beisheim, Secretary