



## **PENSION PLAN FOR GENERAL EMPLOYEES COMMITTEE MEETING**

*Minutes  
May 10, 2013*

### **Meeting Summary**

The Committee met to 1) review and approve the minutes from the last meeting; 2) review and discuss New Business; 3) review and discuss Old Business; and 4) review and discuss Other Business.

### **Roll Call**

Present: Employee-elected committee members Dan Feller, Council Member Todd Schumacher, and Director of Human Resources Suzanne Smith.

Absent: Director of Finance Pat Soderberg and Employee committee member Gary McGinn.

Others in attendance: Brian Taylor and Darrell Quam from Wells Fargo. Annette Rauschenberger, Krista Rhode and Vickie Mauri from Human Resources.

### **Agenda**

Mr. Schumacher called the meeting to order at 12:00 pm.

Disposition of Minutes: Mr. Feller made a motion to approve the minutes which was seconded by Ms. Smith and approved unanimously by the committee members.

#### New Business:

*1<sup>st</sup> Q Update* – Mr. Taylor replaced Mr. Varga from Wells Fargo. Mr. Taylor provided a market and economic update to the board. Presentation can be accessed [here](#). Mr. Taylor indicated that the markets are doing well and sustainability is uncertain. The S&P 500 has experienced record profits and Mr. Taylor believes the stock market is not over-valued.

The investment line-up for the defined benefit plan had some changes as follows:

- Acadian Emerging replaced Janus Overseas.
- MFS Value replaced Wells Fargo Value.

There is a concern that bond funds could take a hit if interest rates rise. Equities within the defined benefit portfolio did not keep up with the benchmark. Some managers were removed and Janus Overseas was replaced. Fixed income outperformed the benchmark. Mr. Taylor will prepare a five, ten and fifteen year return assumption for the defined benefit plan.

Mr. Taylor does not see any gaps in the mutual fund line-up for the money purchase plan. He would not recommend replacing stable return with a short-term bond fund. The largest percentage of assets is in the target date funds followed by Stable Return, Janus 20, Advice Track and the S&P500 index fund. The plan experienced good gains in the first quarter.

Mr. Taylor addressed the performance of the following mutual funds:

- Janus 20 – Rating is a “D.” It is a volatile fund and it outperformed its benchmark in 2012. Apple is the largest holding and it has not performed well in 2013. The fund is also over-weighted in cyclicals. Ms. Smith asked Mr. Quam to provide her with a list of employees in the fund. Employees will be invited to meetings in which Mr. Quam

will explain what is happening with Janus 20. Employees will be offered one-on-one meetings too. The members will continue to monitor the fund.

- Morgan Stanley – Rating is a “C.” The fund has 23% in international companies and those markets are down compared to the United States. It was over-weighted in technologies which brought the fund down. The fund has a seasoned manager and has a good long-term track record. Mr. Taylor is not concerned about this fund.
- T Rowe Price - Rating is a “C.” This fund has exposure in China, Brazil and India and it is not taking too much risk. Mr. Taylor does not recommend any changes at this time.

*Administrative Fee* – The administrative fee assigned to the money purchase plan is 20 basis points for recordkeeping, trust services, education and investment advice. Mr. Quam estimated that the fee for education, investment advice and employee one-on-ones was five basis points.

**Old Business:**

*Update on Procurement Process for Financial Advisory Services* – Ms. Smith advised the members that three retirement/investment consulting firms had been selected to interview this month. The committee members involved in the interview process are Ms. Smith, Ms. Soderberg, and Mr. Feller. Mr. Deedon from the peace officer pension committee will also participate in the interview process.

*Discussion of Fees* – To increase transparency in fee reporting, the members asked Mr. Quam if Wells Fargo could separate fees on participant statements. Mr. Quam provided a sample report. This sample showed loan fees, recordkeeping fees and investment advisor fees on separate lines. Ms. Smith made a motion to direct Wells Fargo amend the participant statements to include the break-out of fees. The motion was seconded by Ms. Smith and approved unanimously by the committee members.

*Diversification Report* – Mr. Quam reviewed the content of the report which shows diversification of funds based on a number of categories (gender, age, service, etc.). The report can be accessed [here](#). Mr. Quam will conduct research to determine why the gender category has a third category of “unknown.”

**Other Business:** Mr. Quam advised the members that Wells Fargo was revising its website ([www.wellsfargo.com](http://www.wellsfargo.com)) to include all Wells Fargo accounts for easy access to participants. If a participant has a Wells Fargo bank account, it will show that account in addition to the retirement account. Mr. Quam will send information to Ms. Smith explaining the program.

**Adjournment**

The meeting was adjourned at 1:06 p.m.

**Approval**

Minutes Prepared by Suzanne Smith

\_\_\_\_\_, Todd Schumacher, Chair