



## PENSION PLAN FOR GENERAL EMPLOYEES COMMITTEE MEETING

*Minutes*  
*October 4, 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 and Gary McGinn, Council Member Todd Schumacher, Director of Finance Patricia Soderberg and Director of Human Resources Suzanne Smith.

Absent: None.

Others in attendance: David Halseth, Larisa Knafelc, Eric Leavitt and Robin Collins (By telephone) from Strategies LLC. Amy Benallo, Krista Rhode and Vickie Mauri from Human Resources.

### Agenda

Mr. Schumacher called the meeting to order at 11:33 am.

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

New Business:

*Presentation by Strategies LLC* – The Strategies LLC team covered the following:

- Assessment of the Plan – Provided a summary of the plan provisions. The committee discussed opportunities for 1) providing education to participants who are defaulted to the Target Date Funds; 2) obtaining statistics from Wells Fargo relating to unique website log-ins; 3) transitioning to on-line beneficiary designation; and 4) creating on-demand reports through the plan sponsor website. One recurring issue involved inactive plan participants who have taken distributions but then have trailing distributions due to dividend or other income pay-outs by mutual funds. This issue will be included in the RFS for record keeper. Strategies will also request information from Wells Fargo regarding statistics relating to use of the voice response system.
- Benchmark results – Strategies compiled information from a January 2013 PlanSponsor Defined Contribution Survey to see how Broomfield's plan compared to other governmental agencies. The information does not appear to be an apples to apples comparison. The Committee members will think about other measurements to use to evaluate plan performance including: 1) participant satisfaction; 2) participants' level of understanding of plan components; 3) participants' level of understanding of investment techniques; 4) percentage of participants' on-track for retirement, and 5) turnover of mutual funds. More discussion will be held on this topic to help evaluate the plan. The average number of funds per participant is 5.
- Total Cost Analysis – Strategies provided information on the total cost associated with the administrative and consulting fees for the current investment line-up and the proposed investment line-up. Ms. Collins will correct a calculation on page 24. Mr. Halseth remarked that the current benchmark used relates to very large plans and may not be the best benchmark for a plan of Broomfield's size.

Old Business:

- Fund Line-up Discussion – Mr. Halseth led the discussion regarding the proposed fund line-up (Information from September 18, 2013 informational meeting). He outlined the current fund line-up and the proposed fund line-up. He observed that the fund line-up was heavily concentrated in US equities and might give participants the impression that they were diversified if they elected small, mid and large cap funds. A better diversified plan would have a combination of equities, cash and bonds. Equities should have a mix of US and foreign funds along with available sector funds.

The current investment line-up contains 17 investment options spanning five asset classes plus target date options and one balanced fund. The 17 investment options include:

- One stable return option
- One domestic fixed income option (bonds)
- 11 US equities options
- Three foreign equities options
- One US real estate option

Mr. Halseth noted that some of the current funds are not being offered in the lowest share class. Mr. Feller made a motion to move applicable funds to the lowest share class available. The motion was seconded by Ms. Smith and unanimously approved. Mr. Halseth will reach out to Wells Fargo and request that funds be changed to the lowest share class available.

The proposed investment line-up contains 13 investment options spanning seven asset classes plus target date options. The 13 investment options include:

- One stable return option (Money Market Fund is more transparent with overall maturity no more than 90 days)
- Three domestic fixed income options (bonds – added a short duration and inflation protected products))
- One foreign fixed income option (Bonds)
- Four US equities options (Reduced overlap)
- Two foreign equities options (Removed emerging market fund since core international equity fund includes emerging markets exposure)
- One global real estate option
- One commodities option (Provides more diversification – underlying investments follow the DOW. No one commodity is more than 20% of the fund)
- Change the target date series of funds from Wells Fargo to JP Morgan. The proposed funds provide better diversification and a more appropriate glide path for participants.

The proposed line-up average expense ratio is 26 bps lower than the current line-up.

Mr. Feller made a motion to move forward with the proposed line-up. The motion was seconded by Ms. Soderberg and unanimously approved.

Brokerage accounts are not being considered at this time but the committee members may address this topic in the future.

- Record Keeper Search – Broomfield intends to conduct a search for recordkeeping services. Ms. Collins provided advice to the committee members on how to conduct the process. Ms. Knafelc will notify Wells Fargo of the intent to replace the Stable Return Fund.
- Investment Policy Statement – The committee members did not have any changes to the proposed Investment Policy Statement. Ms. Smith will request review by Sherman and Howard.

- Update on Pension Amendment – Ms. Smith advised the other members that ordinances for both plans are scheduled for second reading on October 8, 2013.

Other Business: None.

Adjournment

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The meeting was adjourned at 1:25 p.m.

**Approval**

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Minutes Prepared by Suzanne Smith

Approved by Committee on 11/20/2013