

MINUTES

CITY OF DELANO PENSION COMMITTEE – SPECIAL MEETING August 9, 2016

CALL TO ORDER

Chairman Carlton Lennon called the meeting to order at 8:03 a.m. in the City Hall Council Chambers, 1015 – 11th Avenue.

ROLL CALL

Committee Members present: Gerald Gruver, Don Campbell, Carlton Lennon and Abel Moreno.
Committee Member absent: Gregory Funk.

OFFICIALS PRESENT

Finance Director Ms. Rosa Lara Rios, Recording Secretary Villarreal.

By phone: Marilyn Jones from Nyhart, George Sands from Lazard, and Kevin Eichinger from Wells Fargo.

CONSENT AGENDA ITEM

- 1) Minutes of regular Pension Committee meeting of May 9, 2016, and minutes of special Pension Committee meeting of June 24, 2016

Committee member Gerald Gruver stated that on the minutes of the May 9, 2016 meeting on the Agenda item #4, it should read as follows:

Moved by Committee Member Funk, seconded by Committee Member Moreno and approve item #4 with the correction as noted, by the following vote:

AYES: Committee members Gregory Funk, Carlton Lennon, and Abel Moreno.

NOES: Committee member Gerald Gruver

Moved by Chairman Carlton Lennon, seconded by Committee Member Abel Moreno and unanimously carried by all those present to approve item #1 (minutes of regular Pension Committee meeting of May 9, 2016, and minutes of special Pension Committee meeting of June 24, 2016, with the correction as noted).

SPECIAL AGENDA

- 2) Status on the transition of actuary and Investment advisors services.

Ms. Rosa Lara Rios explained the status of the actuary services transition to Nyhart. She mentioned that staff provided all the information that staff have, but Prien Associates, Inc. didn't provided information that have been requested. Committee Member Moreno asked what exactly missing and Marilyn Jones from Nyhart explained that when there is an actuary transition, the first step should be matching prior actuary calculations, because the starting point should be with the prior actuary valuations.

Nyhart representative also said that they are taking the data from Prien and also from Bartel, and from there they will make the calculations in order to suggest any changes.

Ms. Rosa Lara Rios asked if the board can send a letter to Prien Associates asking to comply with what has been asking. Mr. Carlton Lennon said that is fine. Staff will draft the letter.

Referring to the Investment advisors, Ms. Rosa Lara Rios mentioned that they didn't make any transfer and the assets are still holding by Stifel and MorganStanley. The main reason is because the Investment Policy needs to be revised and with the three advisors involvement it has been drafted a revised Investment Policy, so with the changes they will feel more comfortable to take over the assets.

At this point joined the meeting, by phone, Kevin Eichinger from Wells Fargo and he said that the original Investment Policy didn't allow for a discretionary management and that is something that need to be include to the Investment Policy. The revised policy will keep the document consistent with the original approved Investment Policy, essentially they are looking to create a bridge investment policy which allows for a discretionary management and also updated the role of each advisor.

Committee member Moreno asked if they will be able to take the assets in-kind. George Sands from Lazard said that they are not be able to take assets in-kind, but maybe the others can do it. The main concern for the Committee is the cost that will take to liquefy the assets.

Kevin Eichinger from Wells Fargo mentioned about the Annuities and Chairman Lennon clarified that those annuities are not going to be transferred at this point.

The Committee is asking if there is an efficient way to reduce the cost at the time to liquefy the assets, so at this point the Committee is addressing to go with the transition with the less expensive way and take the most prudent thing to do the transition.

The advisors will check with Stifel and compare at their end and see which way will be the best.

3) Status on pension distributions.

Ms. Rosa Lara Rios mentioned that the City took over the issuance of checks for the pensioners and in the process it has been found one retiree that passed away and it has been over paid.

There is a service that can be use in order to avoid this issue, so when it happens we will be notify. Staff will work with Nyhart in order to be able to use it.

She also mentioned that an account for the Pension Plan has been opened at Wells Fargo and the Chase bank account will be close.

4) Report of portfolio performance by Mr. Bob Abraham of Stifel Nicolaus; and report of total investment performance.

There were some comments and no action has been taken.

5) Review, Discussion and any action on the revised Investment Policy.

Kevin Eichinger from Wells Fargo mentioned that the original Investment Policy didn't include discretionary management and other language to have a master Investment Policy that allows the discretionary management, the hiring of investment advisors and hiring managers, and also include addendum for each investment advisor.

Chairman Lennon stated that there is a manager that is covering the international and global allocation and Wells Fargo and PFM also has the ability to invest on international and that is his big concern,

Committee member Moreno said that he knows that each advisor has their model that includes international, so he doesn't think they will be changing their model for us.

Kevin Eichinger said that they have to look into those numbers and lowered their international allocations in order to be consistent with the master allocation. The investment advisors need to provide a new addendum showing a lower allocation at the international portion.

After a brief discussion, moved by Committee member Abel Moreno, seconded by Committee member Carlton Lennon, to approve the revised Investment Police without the addendums, by the following vote:

AYES: Committee members Carlton Lennon, Abel Moreno and Gerald Gruver.

NOES: Committee member Don Campbell.

6) Approval of Agreement for Investment Advisory with PFM ASSET MANAGEMENT LLC.

Ms. Rosa Lara Rios said that at this point we have only PFM agreement.

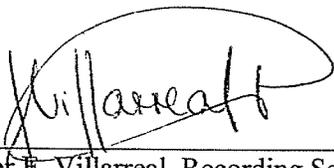
After a brief discussion about the cost of the advisors and see if the custodial statements can generate a detail charges, Committee member Gerald Gruver motion to pull item #6 and tabled for the next meeting, seconded by Committee member Don Campbell, in order to approve the three agreements together (PFM, Wells Fargo and Lazard), and unanimously carried by all those present.

7) Reimburse of \$101,299.08 to the City of Delano (see June 30, 2016 G/L Trial Balance report).

There were some questions about the budget and expenses, which were answered by Ms. Rosa Lara Rios. Moved by Committee member Lennon, seconded by Committee member Moreno, and unanimously carried by all those present, to approve reimburse of \$101,299.08 to the City of Delano.

ADJOURNMENT

Chairman Lennon moved to adjourn the meeting at 9:31 a.m. *Motion passed unanimously.*



Javier E. Villarreal, Recording Secretary