

**Minutes
Employee's Retirement System Board of Trustees
February 5, 2014
Quarterly Meeting**

Call to Order: Chair Pro-Tem Shawna Goldammer called the meeting of the Employee's Retirement System Board of Trustees to order at 8:30 a.m. at the Main Library.

Board Members Present: Cathy Bianchi
Matt Burns
Shawna Goldammer
Angeline Lavin

Board Members Absent: Peggy Dant
Donn Hill

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Thomas Huber, Assistant Director of Finance
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Payroll/Benefits Specialist

Others present: Firefighters' Pension Fund Board of Trustees member: Randy Farland
Howard Pohl, The Bogdahn Group

A motion was made by Lavin, seconded by Burns, to approve the November 6, 2013 meeting minutes. Motion passed unanimously.

A motion was made by Burns, seconded by Lavin, to approve the assignment of the Becker Burke agreement to The Bogdahn Group. Motion passed unanimously.

Howard Pohl presented the Board with the 2013 fourth quarter performance report. The market value of the Plan increased from \$346.6 million to \$369.5 million. The funds had a rate of return of 6.8% in the fourth quarter compared to the 4.8% median of the Becker, Burke Plan universe. The annual return was 20.6% compared to the median of 19.3%. Results for the past five years of 15.3% were above the 13.5% median. The Total Plan had 53% of its quarter end assets with domestic equity managers, 17% with international developed markets, 3% with international emerging markets, 22% in domestic bonds, and 5% in real estate. The total plan had top decile performance relative to all plans in the quarter and for the year. It was top decile for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was average.

Pohl also reviewed the board's annualized returns from December 31, 1994, through December 31, 2013, illustrating the following results:

Total Fund	9.6%
Domestic Equity	10.7%

S&P 500	9.7%
International Equity	7.9%
EAFE	5.6%
Fixed Income	7.7%
Barclays Aggregate	6.2%

Tom Huber discussed the current asset allocation of the portfolio. Discussion was held on the target percentages for the various allocations.

A motion was made by Lavin, seconded by Bianchi, to modify the target asset allocation percentages by reducing the policy target for long duration bonds from 10% to 7.5% and increasing the policy target for intermediate duration bonds from 7.5% to 10%. Motion passed unanimously.

Bill O'Toole informed the Board of Dave Nadolski's resignation from the Board and Gail Eiesland's resignation from the City. The City Attorney will identify Eiesland's replacement in the near future and the City will take applications for Nadolski's replacement.

A motion was made by Burns, seconded by Bianchi, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 9:45 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer