

AGENDA

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

Meeting to be called to order at 8:30 a.m. at Main Library, 200 North Dakota Ave., Meeting Room A

1. Call to order
2. Approval of Meeting Minutes November 6, 2013
3. Client consent for the assignment of the Becker Burke agreement to The Bogdahn Group
4. Quarterly Investment Performance Report – Howard Pohl, The Bogdahn Group
5. Investment Allocation & Manager Structure – Tom Huber & Howard Pohl
6. Adjournment

Relevant Handouts

- Agenda
- November 6, 2013 meeting minutes
- 2013 Fourth Quarter Investment Report (The Bogdahn Group)
- Asset Allocation and Manager Structure

2014 Quarterly Meeting Schedule

All meetings scheduled to be held in Main Library, Meeting Room A, 8:30 a.m.

February 5, 2014
May 7, 2014
August 13, 2014
November 12, 2014

Minutes
Employee's Retirement System Board of Trustees
November 6, 2013
Quarterly Meeting

Call to Order: Chair Peggy Dant 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
Peggy Dant
Shawna Goldammer
Donn Hill

Board Members Absent: Angeline Lavin
Dave Nadolski

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Thomas Huber, Assistant Director of Finance
Gail Eiesland, Deputy City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Payroll/Benefits Specialist
Ann Boden, Financial Analyst

Others present: Firefighters' Pension Fund Board of Trustees members: Randy Farland, Paul Livermore, Matt McAreavey & Mark Sivertson
Howard Pohl & Mary Nye, Becker, Burke & Associates

The Employee's Retirement System Board of Trustees and the Firefighter's Pension Fund Board of Trustees met in joint session.

A motion was made by Bianchi, seconded by Hill, to approve the August 14, 2013 meeting minutes. Motion passed unanimously.

Howard Pohl presented the Board with the 2013 third quarter performance report. The market value of the Plan increased from \$327.6 million to \$346.6 million. The funds had a rate of return of 5.9% in the third quarter compared to the 4.5% median of the Becker, Burke Plan universe. The annual return was 15.6% compared to the median of 13.9%. Results for the past five years of 10.4% were above the 9.0% 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 6% in real estate. The total plan had near 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 September 30, 2013, illustrating the following results:

Total Fund	9.1%
Domestic Equity	9.8%
S&P 500	8.6%
International Equity	8.1%
EAFE	5.3%
Fixed Income	8.0%
Barclays Aggregate	6.7%

Interviews for an Emerging Market Fund Manager were conducted with the following firms: The Vanguard Group, Inc., Vontobel Asset Management, Inc., Wells Capital Management, Inc.

A motion was made by Burns, seconded by Goldammer to select The Vanguard Group, Inc as the Emerging Market Fund Manager. Motion passed.

The 2014 quarterly meeting schedule was approved as follows: February 5, May 7, August 13 and November 12.

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

The Board adjourned at 12:20 p.m.

Respectfully submitted,

Angie Uthe
Recording Officer

Employees' Retirement System
Asset Allocation and Manager Structure
Net Assets and Accruals
31-Dec-13

	Actual Allocation	Actual %	Target %	Target Allocation	Target Range	Over/(Under) Funding
U.S. Equity Large Cap	\$ 137,419,714	37.2%	35.0%		31.5%-38.5%	\$ 8,097,864
Cooke & Bieler (value)	48,389,077	13.1%	12.0%	44,338,920		4,050,157
Sawgrass (growth)	47,823,984	12.9%	12.0%	44,338,920		3,485,064
NTGI S&P 500 Index	41,206,653	11.2%	11.0%	40,644,010		562,643
U.S. Equity Small Cap	57,341,049	15.5%	15.0%		13.5%-16.5%	1,917,399
Columbia Acorn (growth)	19,646,164	5.3%	5.0%	18,474,550		1,171,614
T Rowe Price Small Cap (value)	19,055,791	5.2%	5.0%	18,474,550		581,241
NTGI S&P 400 Index	18,639,094	5.0%	5.0%	18,474,550		164,544
U.S. Bonds	81,597,472	22.1%	25.0%		22.5%-27.5%	(10,775,278)
STW Long Duration	29,055,085	7.9%	10.0%	36,949,100		(7,894,015)
STW Intermediate Bond	29,250,948	7.9%	7.5%	27,711,825		1,539,123
NTGI G/C Bond Index	23,291,439	6.3%	7.5%	27,711,825		(4,420,386)
International Equities	73,347,125	19.9%	20.0%		18.0%-22.0%	(551,075)
Vanguard	9,706,161	2.6%	3.3%	12,193,203		(2,487,042)
MFS International Equity (growth)	31,424,132	8.5%	8.35%	30,852,498		571,634
Templeton Institutional (value)	32,216,832	8.7%	8.35%	30,852,498		1,364,333
Real Estate	19,784,746	5.4%	5.0%		4.5%-5.5%	1,310,196
Prudential Real Estate	19,784,746	5.4%	5.0%	18,474,550		1,310,196
Cash	895	0.0%	0.0%	-	-	895
TOTAL	\$ 369,490,999.92	100.0%	100.0%			\$ 0

Total Overall Allocations and Ranges:

Equity	\$ 287,892,633	77.9%	75.0%	67.5%-77.5%
Fixed Income	81,598,367	22.1%	25.0%	22.5%-32.5%
Total	<u>\$ 369,491,000</u>	<u>100%</u>	<u>100%</u>	

Transactions:

November

NTGI Emerging to Vanguard Emerging

December

NTGI S&P 500	(3,000,000)
T Rowe Price Small Cap	(2,000,000)
STW Intermediate Bond	2,500,000
NTGI G/C Bond Index	2,500,000