

# PENSION BOARD REPORT

NOVEMBER 16, 2018

Submitted by:

Wanda Messina, Retiree Trustee, Position # 10

E.A. (Skip) Platt, Retiree Trustee, Position # 6

Andrew Stephens, Active Trustee, Position # 8

Woody Woodall, Retiree Trustee, Position # 9

- Minutes from October 10, 2018 meeting were ratified.
- New pension applications (9) were approved. List of new retirees from October & November has been provided to FCREA to place in newsletter).
- The Board accepted a report from the Pension Administrator that the Bureau of Labor Statistics shows that the cost of living index is above zero for the 12-month period from November 1 – October 31, therefore, according to Plan language a 3% raise will be given to all retirees in Plans from 1982 forward.

In addition, a motion was made for the Pension Board to write a letter to the Board of County Commissioners in support of retirees in Plans prior to 1982 be considered for a raise in the 2019 budget, as they consider raises for active employees. The Chairman of the Pension Board will write a letter to the Commissioners requesting this consideration.

- Board adopted 2019 meeting calendar. It was noted that three meeting dates are not on the regular Wednesday meeting date. A copy has been provided to FCREA for publication on the website and in their newsletter.
- Reports from Committees. The Elections, Outsourcing and Vendor Contracts Committees did not meet. Wanda Messina gave a report from the Investment Committee since John McCarthy was not available to Chair the meeting.

Investment Committee accepted a report from Balentine and discussed recent performance We have just been with this company since June, 2016, so overall history was discussed as well as changes they see for the future which will improve performance.

NEPC presented a report on a SMID Cap Growth Equity Manager Search for the Committee to consider for discussion as we go into the new year. Report was briefly discussed but then held until the following month's meeting so more committee members will be present.

- NEPC reported that for the month of October, the system returned -6.7%, which was consistent with market returns for that period.

- Bryce Riddle reported there are currently **3,198** people retired under the defined benefit plan. Also there are **274** actively employed participants in the defined benefit plan.

Revenue, Expenses and Changes in fund balance was presented for the period ending September 30, 2018. Fund balance for that period **is \$1,391,475,756**. The market valuation report was presented which shows a year-to-date return of -1.69%, versus the positive 4.90% reported at our last meeting. This is due to the recent downturn in the market. The Investment Committee as noted earlier will be reviewing all managers as we proceed into the new year to determine whether manager searches are appropriate at this time, as asset allocations are reviewed.

- NEPC reported that for the trailing year, the Plan returned 9.9%, ranking in the 6<sup>th</sup> percentile for public funds.
- NEPC indicated the Federal Reserve hiked rates for the third time this year and is likely to hike rates again in December. As we move into 2019, there are pressing questions to consider. Where are US Equities headed. What is the path of the Fed monetary policy? And, do emerging markets offer an attractive total return opportunity
- Bryce Riddle presented the Outstanding Securities Litigation Report which shows a total of **\$8,913** YTD return from various litigations
- Angela Hobbs reported that Disability Certification letters have been mailed with a deadline for return of January 2, 2019.
- Chawanis Ash reported that the tablets, which will be used at DB and DC meetings instead of paper agendas, should be in during the month of December so that by January we should be using the tablets. Several other administrative reports were presented, including defined benefit retirees that have been rehired. All retirees that are close to the limit of 1040 hours for the year have been notified, as well as the payroll clerks, so that they do not exceed the number of allowable hours