

REGION 9 BOARD OF EDUCATION
Special Pension Committee Meeting
February 6, 2017

MINUTES

Attendees: Wally King, Paul Coppinger, and Jeff Mondt (members of the Pension Committee); Michael Lagas, interim director of finance and operations; Ira Kaplan (new member of Pension Committee); and Joe DeRosa – USI Advisors.

1. Mr. King called the meeting to order at 5:34 P.M. in the Café Annex at Joel Barlow High School.

MOTION: Correction to the October 24, 2016 meeting minutes. The approval of minutes motion should read as follows: To approve the minutes from the August 1, 2016 meeting; by Paul Coppinger, seconded by Jeff Mondt. Vote: All in favor

MOTION: To approve the minutes from the October 24, 2016 meeting, as corrected above; by Paul Coppinger, seconded by Wally King. Vote: All in favor, Michael Lagas and Ira Kaplan abstained.

5:38 P.M. – Mr. J. Sanders arrived

3. Public Comment: None.
4. Discussion and Possible Action Items:

A. Quarterly Portfolio Review

Mr. DeRosa reviewed USI's fiduciary protocols and practices. He then reviewed "defined contribution" retirement plan trends, particularly investors' "Do It For Me" penchant. He followed by reviewing "defined benefit" retirement plans, emphasizing the growing overall increase in unfunded liabilities and the IRS' delay (until 2018) in implementing the Society of Actuaries new mortality tables.

The US economy grew 3.5% during the third quarter 2016, the highest quarterly rate in 2 years. Unemployment decreased slightly to 4.7%; however, the labor force participation rate remained near its lowest level in decades. Single family housing construction still remained strong with rising housing prices. Corporate profits increased by 6.7 %, led by technology, basic materials, financial and consumer discretionary sectors. Inflation remained low.



Mr. DeRosa referred to page 42 in the investment report noting that the asset allocation is in line with the strategic allocation. The detail breakdown of assets on pages 44 showed a slight decline in market value in the 4th quarter of 2016 when compared with the 3rd quarter of 2016 with a slightly different plan allocation (see Schwab funds). The quarterly reconciliation on page 45 shows that the fund had a net investment decrease of \$72,311 for the quarter, and the following pages show a \$462,351 gain year-to-year when compared with year-end 2015.

Mr. DeRosa reviewed the performance of the portfolio investments. The Board recommended that 2 funds (Columbia Acorn International and Invesco Developing Markets R6) that it had on its watch list remain there for at least the next quarter.

Mr. DeRosa indicated that he thought the plan was currently “positioned well”.

The Board requested that USI present a review of fees at the next quarterly meeting.

5. Public Comment: None
6. Committee Member Comment: None.

Motion: to adjourn was made by Jim Sanders, seconded by Paul Coppinger, and approved unanimously.

Meeting adjourned at 6:45 p.m.

Submitted by,

Michael Lagas,
Interim Director of Finance & Operations