

Filed subject to approval

REGION 9 BOARD OF EDUCATION
Special Pension Committee Meeting
April 24, 2017

MINUTES

Attendees: Wally King, Paul Coppinger, and Ira Kaplan (members of the Pension Committee), Michael Lagas (Interim Director of Finance and Operations), Joe DeRosa (USI Advisor).

1. Mr. King called the meeting to order at 5:30 p.m. in the Career Center at Joel Barlow High School.

Motion: move to approve the minutes from the February 6, 2017 meeting by Ira Kaplan, seconded by Paul Coppinger. Vote: All in favor, Michael Lagas abstained.

Mr. J. Sanders arrived at 5:36 p.m.

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

A. Quarterly Portfolio Review

Mr. DeRosa reviewed USI's fiduciary protocols and practices. He then presented an Economic Review, summarizing the first quarter of 2017.

The US economy grew 2.1% during the fourth quarter 2016, down from the previous quarter's rate of 3.5%. For 2016, the economy grew at 1.6%, the slowest rate since 2011. Unemployment fell to 4.5%; however, the labor force participation rate remained near its lowest level in decades, i.e. 63.0%. Home appreciation has been steady for the past few months, with February's rate at 5.7%, which is a 31-month high. Corporate profits increased by 2.3%. The stronger US dollar has continued to have an impact on earnings and revenues.

B. Committee Decisions and Actions for Possible Re-Allocation of Investments

Mr. DeRosa referred to pages 35-37 in the investment report noting the asset allocations. USI's due diligence updates were then discussed. Time weighted returns for the entire portfolio (6.46%) compared closely with the target rate of return (6.75%). Discussion of consolidated analysis, organized by individual asset followed.

As was requested at the February 6, 2017 meeting, Mr. DeRosa reviewed the rate structures: USI's flat rate, Charles Schwab's annual fees, and individual rates by Fund.

Mr. Kaplan then presented an alternative asset allocation approach, utilizing “index” funds as investments. He considered both expenses and rates of return. The sense of the committee was that this approach was worth considering further, but no action was taken. Mr. DeRosa indicated that he would investigate indexed-funds relating to real estate, and he would report his findings at the next meeting.

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

Motion: move to adjourn was made by Paul Coppinger, seconded by Ira Kaplan, and approved unanimously.

Meeting adjourned at 7:45 p.m.

Submitted by,

Michael Lagas,
Interim Director of Finance & Operations