

REGION 9 BOARD OF EDUCATION

Regular Pension Committee Meeting

Minutes

April 25, 2016

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CARLENE HALLORAN

CLERK

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Filed subject to approval

Attendees: Wally King, Paul Coppinger, Jim Sanders, and Peggy Sullivan (members of the Pension Committee); and Joe DeRosa – USI Advisor, Heide Kruck and Bill Beck, USI Actuaries

1. Mr. King called the meeting to order at 5:34 p.m. in the Career Center at Joel Barlow High School.
2. **MOTION:** To approve the minutes from the March 14, 2016 meeting; by Jim Sanders, seconded by Paul Coppinger. Vote: All in favor, Wally King Abstained.

3. Public Comment: None.

4. Discussion and Possible Action Items:

A. Committee Decisions and Actions for Possible Re-allocation of Investments

Mr. DeRosa gave a brief overview of the general economic conditions. The US economy grew 1.4% during the fourth quarter 2015, with slower growth expected for the first quarter 2016, primarily due to a decline in consumer spending. However consumer savings and paydown of debt have improved.

There has been little growth in the wages on the labor side, partially due to low inflation and the continued expectation of low inflation. Unemployment ticked up slightly to 5%, the participation rate has increased, and job creation has increased. Corporate profits showed a decline, mostly due to a strong dollar and low energy prices. Inflation remains low, the Fed is meeting tomorrow and there is no expectation of rising interest rates. Internationally, China's growth is slowing. Mr. DeRosa noted that emerging markets were one of the best performing market segments this quarter with a return of 7%. Many corporations are buying back shares to improve performance, however that trend appears to be slowing down. Mr. King requested more information on corporate buybacks at the next meeting.

Mr. DeRosa referred to page 27 of the quarterly report noting that total assets of the portfolio are down \$12,000 for the quarter, as a result of an investment gain of \$52,000, offset by benefit payments and expenses of \$64,000. Mr. DeRosa pointed out the funds that USI or the committee have placed on hold or watch, listed on pages 36 and 37 of the report. The committee will continue to hold and watch these funds but will discuss further at the next meeting the possible move to an Indexed fund to replace the 3 large cap funds.

B. IPS statement - tabled.

C. Fee Structure – tabled

D. Review of Plan Actuarial Assumptions – Ms. Heidi Kruck and Mr. Bill Beck introduced themselves, as Mr. Beck will be replacing Ms. Kruck as the plan actuary.

They discussed with the committee the summary of funding results report with the different actuarial assumptions. The committee asked for an expanded report showing lower interest rates for plan liabilities and lower salary scale percentage changes. The committee agreed to stay with the current mortality table "IRS 2015 Combined Static Mortality".

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 7:45 p.m.

Next regular meeting will be on July 25, 2016 at 5:30PM.

Submitted by,

Peggy Sullivan
Director of Finance & Operations