



**Board Meeting  
June 1, 2018**

PRESENT: PRESENT: John Rodgers, Chairperson; Mark Pierzchala, Councilmember; Stan Seemann, Citizen Representative; Susan Straus, AAME Representative; Karen Marshall, Human Resources representing the City Manager; Sgt. Chris Peck, FOP Representative, and Derrick Pierson, Union Representative. Also in attendance were Gavin Cohen, Executive Secretary to the Board; Daisy Harley, Human Resources; Tim Peifer, Finance; Anita McCombs, Ex- Board Member, as well as Craig Chaikin, Segal Marco Advisors (by conference call).

ABSENT: None

The meeting commenced at 9:00AM.

I. Approval of minutes March 2, 2018:

Mr. Rodgers asked the Board if they had any changes or comments to the minutes. Ms. Straus and Councilmember Pierzchala suggested changes. Mr. Pierson made a motion to approve the minutes from the March 2, 2018 Board meeting with changes as suggested at the meeting. Ms. Marshall seconded the motion. The Board voted unanimously in favor of the motion.

II. Certificates of Recognition:

Chairman Rodgers presented a certificate of recognition to long standing Board Member Anita McCombs by reading the certificate and thanking her for her service. Ms. Jablonski could not attend the meeting and her certificate will be forwarded to her.

III. RFP for Combined Defined Benefit and Deferred Compensation Plans:

Mr. Cohen introduced this item. He mentioned that at the previous meeting that the Board had directed staff to bring back the RFP once it had been completed and reviewed by the City's Purchasing and Legal Departments.

Mr. Cohen noted that staff plans to do four things differently with this RFP. First, they plan to have a pre-proposal conference to allow firms to clarify any items in the RFP. Second, sections of the responses will be separated to distinguish information that will be core to the evaluation from supplemental questions. Third, the fee section will be clearer and include options to transfer assets to the provider's platform. Fourth, the evaluation criteria will be simplified.

The Board discussed each of these items in detail. The Board requested the following changes:

- Remove the ability to make multiple awards.
- Emphasize one vendor and holistic approach to providing comprehensive services.
- Remove section IV, additional information, in its entirety.
- Clarify the evaluation of the interviews by removing specific criteria.
- Further clarify the base fees versus additional fees.



- Enhance the minimum requirements section to encompass most valuable information from the additional information section.
- Reevaluate the RFP schedule once changes have been made.

The Board requested that when the revised RFP is ready, redlined version reflecting the changes, and after a further review by procurement and legal, that it be emailed out to the Board for any additional comments prior to posting.

IV. Investment Policy Review DB Pension Plan:

Mr. Cohen presented the Board with the updates to the Board's Statement of Investment Objectives and Policies. He mentioned that changes were needed due to the addition of a new fund that the Board voted upon at its previous meeting. He mentioned that the Board's Asset Deployment Policy needed to be changed accordingly along with updating the document to reflect the current Plan's managers. Mr. Cohen mentioned that minor technical corrections were made throughout the document. The Board reviewed the document page by page. After all Board Member questions had been clarified, Mr. Pierson made a motion to adopt the Board's Statement of Investment Objectives and Policies as presented. Ms. Straus seconded the motion. The Board voted unanimously in favor of the motion.

V. Investment Performance Review quarter ended March 31, 2018:

Mr. Chaikin from Segal Marco Advisors presented this report. He began with a general overview of economic conditions. He then reviewed the Pension Fund performance report. The Pension Fund at the end of the quarter had a balance of \$97.9 million and returned -0.36% for the quarter against the benchmark return of -0.26%. The Fund has returned 7.6% over the five-year period, which amounted to approximately \$32 million in investment gains. The asset allocation is underweight target to fixed income but in compliance with the Board guidelines. The fund managers are performing in line with expectations.

Mr. Chaikin then reviewed the Thrift Plan performance report. The total assets ended the quarter were at \$35.1 million. The American Funds target date series is the most utilized investment option at 35.4% of assets. The stable value fund has the second highest allocation accounting for 15.3 % of the assets. Mr. Chaikin reported that all the Thrift Plan investments are performing in line with expectations. There were no recommendations for the Board to make any changes.

Mr. Chaikin then reviewed the City's 457 Plan performance report. The total assets with Mass Mutual ended the quarter at \$27.2 million. The American Funds target date series are the most utilized investment options with 25.2% of assets followed by the stable value fund with 23.8% of assets. There were no recommendations for the Board to make any changes.

Mr. Chaikin ended his presentation with the Retiree Benefit Trust performance report. The fund assets remained stable at \$8.0 million and returned -0.01% for the quarter period against the benchmark return of -1.02%. The since inception return is 9.00%, which is in line with the benchmark.



VII. Plan Amendments:

Mr. Cohen summarized the Plan amendments for the Board. He noted that the Board's funding policy was adhered to by the Mayor and Council that approved and funded a retiree COLA. Mr. Cohen explained that the majority of amendments were administrative in nature and that no action was needed by the Board. The Amendments are going to the Mayor and Council for approval at their meeting on June 18, 2018 and will become effective in the new Plan Year beginning July 2018. A brief discussion ensued by the Board members on the new article being added to the Plan. Mr. Cohen explained that this is the most preferable method to provide a retirement benefit to an employee group.

VI. Fiduciary Training:

Mr. Chaikin from Segal Marco Advisors did a presentation to the Board on what it means to be a Plan Fiduciary. He emphasized the Board's standard that is incorporated within the City Code, and the statement that each Board Member signs when being appointed to the Board. He emphasized that the Board can outsource the implementation but can't outsource their duty and the importance of documenting Board actions.

At the end of the training all Board Members signed the Statement of City of Rockville Retirement Board Member Regarding Fiduciary Standards in Accordance with Section 15-83 of the Rockville City Code.

VIII. Future Agendas:

The Board requested that an item on Access and Privacy/Security be provided.

Mr. Pierzchala made a motion to adjourn the meeting at 12:30 PM. Mr. Pierson seconded the motion. All Board Members voted in favor of the motion.

**THE NEXT REGULAR MEETING IS FRIDAY SEPTEMBER 7, 2018**