

RETIREE BENEFIT TRUST OF ST. MARYS COUNTY
BOARD OF TRUSTEES MEETING
December 6, 2013

Members Present: Dr. Rebecca Bridgett, Chair
Susan Sabo, HR/Chief of Staff
Elaine M. Kramer, Chief Financial Officer
Larry Jarboe, Commissioner
Mary Ann Murray, Community Representative

Others Present: Jeannett Cudmore, Plan Administrator
Joe Chadwick, Asset Strategy Consultants
Ed Boyer, Asset Strategy Consultants

CALL TO ORDER

The meeting was called to order at approximately 9:35 a.m.

ACCEPTANCE OF AGENDA

Elaine Kramer asked that a discussion of the MACO request regarding the County's interest in an OPEB investment pool be added to the discussion; it was agreed it would follow the Plan Administrator report. The Agenda was accepted by all.

APPROVAL OF MINUTES

Sue Sabo made a motion, seconded by Elaine Kramer, to approve the minutes from August 30, 2013. Motion Carried.

ASSET STRATEGY

OVERVIEW and related actions

- Reviewed investments and performance using September 30, 2013 reports
 - noted the robust returns in the equity market and the red ink in the fixed income sector
 - commented that equity is expected to outperform the fixed, in the future, though negative results in fixed income is not expected to continue

There was brief discussion, in response to a question from Sue Sabo, about "targets", differentiating the rate of return target in the actuarial valuation from the asset allocation related investment performance targets for the various categories of investments in our portfolio

- Reviewed the watch list and responded to questions; subsequently there will be discussion of replacing Janus Overseas based on the Trust's watch list standards and its performance
- Discussed the level of cash – higher due to the transfer of the funds from the Trust's MLGIP account (\$2 million); and the fact that this occurs due to the MLGIP transition as well as our supplemental transfers, combined with the dollar cost averaging approach to investing. Asset Strategy recommended that the excess cash be invested in a fixed income fund of short duration.

Based on the recommendation from Asset Strategy, Elaine Kramer moved that we authorize the use of the Lord Abbott Short Duration Fund to invest cash in the Trust in excess of \$500,000. This was seconded by Commissioner Jarboe. The motion carried unanimously.

- Discussed investments and managers, with several recommendations for changes
 - Asset Strategy recommended an investment of \$1 million into US Government Properties Income & Growth Fund II; Mary Ann Murray moved and Elaine Kramer seconded that an investment of \$1 million be made into US Government Properties, as recommended by Asset Strategy. The motion carried unanimously.
 - Asset Strategy also recommended an investment of \$1 million in the Vanguard REIT; Sue Sabo moved and Commissioner Jarboe seconded that we continue with the Vanguard REIT. The motion carried unanimously.

- o Asset Strategy reviewed their information regarding replacements for what had been in Janus Overseas (international); recommending that we consider replacing Janus with WCM Focused International Growth and Thornburg International Growth. After review of the materials provided, Commissioner Jarboe moved and Elaine Kramer seconded that we implement Asset Strategy's recommendation to replace Janus with WCM and Thornburg. The motion carried unanimously.

As this discussion was wrapping up, Asset Strategy discussed some of the economic conditions and the likelihood that there would be a fairly persistent low growth, low rate environment. They advised that given that outlook, the focus at the start of the calendar year would be:

- To get closer to the allocation targets
- To comprehensively review the asset allocation and targets

PLAN ADMINISTRATOR

Reviewed payments, transfers and calls processed

Provided an overview of the GASB expense and how it correlates to the County's budget.

Discussed proposed dates for 2014: February 9, May 9, August 8, November 7; there was discussion about pushing the dates in February and May out a week. Plan Administrator to follow-up.

MACO Inquiry about an OPEB investment pool

Elaine Kramer then discussed the request from MACO about whether there is interest in joining a larger, multi-county/entity investment pool for OPEB trusts. Indicated that we would want to make sure that the Library, MetCom, and CSM could participate. After some discussion, and clarification that a response to the letter was not binding, but maintained our options - and more importantly, gave CSM and others some investment options that they might not otherwise have. Elaine indicated she would incorporate the concerns and respond to MACO, indicating our interest. Mary Ann Murray moved and Commissioner Jarboe seconded the motion that Elaine respond to the MACO inquiry indicating we would be interested in exploring the pooled trust concept. The motion carried unanimously.

ADJOURN

Elaine Kramer made a motion, seconded by Mary Ann Murray to adjourn the meeting at 11:10 am. Motion Carried.

Respectfully submitted,



Elaine Kramer
obo Plan Administrator

APPROVED



Dr. Rebecca Bridgett
Chair