

MINUTES OF A SPECIAL MEETING OF THE
RETIREMENT INVESTMENT COMMITTEE
JANUARY 18, 2022

The meeting was called to order at 7:43 A.M.

PRESENT: Mark Gerber, Finance Director/Treasurer
VIA ZOOM: Richard Aginian, Citizen Member; Sarasota, Florida
Christopher Conti, Retirement Board Trustee; Birmingham, MI

ALSO PRESENT
VIA ZOOM: Thelma Golden, Treasury Consultant; Frank Pisano, Library Board;
Jeremy Chambers and Brett Reardon, Captrust

The purpose of the special meeting was to meet with Captrust Financial Advisors to review the proposed changes to the Investment Policy Statements for the Retirement and Retiree Health Care Funds.

Jeremy Chambers stated that when developing the proposed Investment Policy Statement (IPS), Captrust used their template that complies with their reporting and the legal requirements of their compliance team. They typically review the IPS every couple of years. They design it to be detailed enough so that it is meaningful but still flexible so it does not have to be changed often. The term "prudent man" is a well-understood term in legal circles.

Captrust reviewed the comparison of the Captrust IPS with the current IPS.

Mark Gerber explained that board & committee members and consultants are required to comply with the city's ethic ordinance. He also stated that Captrust has latitude for rebalancing funds in order to meet the fund's disbursement requirements.

The Committee made the following suggestions:

On the cover page, the date should be updated.

On Page 3, the definitions should more clearly define "Committee" as the Retirement Investment Committee and include a definition for the Retirement Board. Under the Retiree Health Care Fund Investment Policy, the definitions should include a definition for the Retiree Health Care Fund Investment Committee as well as the Retirement Investment Committee.

On Page 4, under the Mission Statement, the phrase "in order to avoid future catastrophically burdensome capital needs" should be stricken from that section.

On Page 10, in the Asset Allocation Table, Private Real Estate and Private Equity should be replaced with "Alternative Funds (including managed futures, hedge funds, venture capital, and real estate & Private equity).

On Page 12, the heading that reads "Utilization of Mutual Funds" should be changed to "Selection of Mutual Funds".

On Page 13, under Quantitative criteria, the last item should read, "The product's assets decrease by greater than 20% of the assets under management of that investment manager". Under Qualitative criteria, "extraordinary" should be removed from the last bullet point.

On Page 14, the last paragraph should read, "The decision to retain or terminate an Investment Manager of fund cannot be made solely by a formula. It is the Committee's judgment in the strategy's ability to perform in the future that ultimately determines the retention of the Investment Manager or fund".

The Committee explained that the Retirement Investment Committee does not have the authority to approve the Investment Policy or investment decisions. The Investment Committee makes recommendations to the Retirement Board and Retiree Health Care Fund investment Committee. The Retirement Board approves the Investment Policy and investment decisions for the Retirement Fund. The City Commission approves the Investment Policy for the Retiree Health Care Fund Investment Committee as recommended by the Retirement Investment Committee. The Retiree Health Care Fund Investment Committee approves investment decisions. The appropriate changes should be made throughout both policy statements.

Mark Gerber stated that Captrust should stress the reason we are suggesting revisions to the investment policies is to make it less possible to be in violation of the investment policy. He also suggested that reference should be made to applicable state laws.

The Investment Committee scheduled a special meeting on February 23, 2022 from 7:00 A.M. to 7:30 A.M., just prior to the regular Investment Committee meeting scheduled on February 23, 2022 at 7:30 A.M.

Captrust will forward redline copies of the investment policies to the Investment Committee a week prior to the February 23 meetings.

Chris Conti requested that suggested changed be sent to Captrust.

Respectfully submitted,

Thelma Golden
Treasury Consultant