

**JOINT GENERAL EMPLOYEE PENSION PLAN BOARD, POLICE
PENSION PLAN RETIREMENT COMMITTEE, AND OTHER
POST-EMPLOYMENT BENEFITS (OPEB) BOARD**

A Joint Meeting of the General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and Other Post-Employment Benefits (OPEB) Board was held on August 10, 2017, at 9:02 a.m. with Mrs. Mitchell, Chair of the OPEB Board, presiding. Members present were Mr. Cole, Mr. Lindell, Mr. Gray, Mr. Mullaney, Mr. Rogers, Mr. Gedney, Mr. Swaggard, and Mrs. Hawkins. Mr. Anderson, Mr. Lewis, Mrs. Mullaney, and Chief Mailey were absent.

AGENDA ADDITIONS/DELETIONS

Mr. Mullaney moved for approval of the agenda, seconded by Mr. Rogers and unanimously carried.

**ADOPTION OF MINUTES - JOINT GENERAL EMPLOYEE PENSION PLAN BOARD,
POLICE PENSION PLAN RETIREMENT COMMITTEE, AND OPEB BOARD MEETING
OF FEBRUARY 9, 2017 (GENERAL EMPLOYEE PENSION PLAN BOARD)**

During the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of April 27, 2017, adoption of the minutes of the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of February 9, 2017 by the General Employee Pension Plan Board was deferred due to the lack of a quorum of members.

Due to the lack of a quorum of members of the General Employee Pension Plan Board during the August 10, 2017 Joint Meeting, adoption of these minutes by the General Employee Pension Plan Board was again deferred.

**ADOPTION OF MINUTES - JOINT GENERAL EMPLOYEE PENSION PLAN BOARD,
POLICE PENSION PLAN RETIREMENT COMMITTEE, AND OPEB BOARD MEETING
OF APRIL 27, 2017**

Mr. Mullaney moved for approval of the minutes of the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of April 27, 2017 by the Police Pension Retirement Committee, seconded by Mr. Gray and unanimously carried.

Responding to Mrs. Mitchell, Mrs. Jody Stein, Administrative Assistant, City Clerk's Office, stated that neither of the City Council members present were serving on the General Employee Pension Plan Board or Police Pension Plan Retirement Committee; however, both were both serving on the OPEB Board.

Mrs. Hawkins moved for approval of the minutes of the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of April 27, 2017 by the OPEB Board, seconded by Mrs. Mitchell and unanimously carried.

Due to the lack of a quorum of members of the General Employee Pension Plan Board, adoption of the Minutes of the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of April 27, 2017 by the General Employee Pension Plan Board was deferred.

Extension of Term - Chair, Police Pension Plan Retirement Committee (Mullaney)

Mr. Mullaney stated that he had asked for this item to be placed on the agenda because it seemed that members were electing Chairs every other meeting, noting that they only have four (4) meetings per year. He advised that approximately 30 years ago, when he was still in uniform, Chairs were elected for a term of two (2) to three (3) years. He suggested that the Chair serve a two-year term. Responding to Mrs. Mitchell, Mr. Mullaney stated that he had looked at the ordinance, which stated only that the Board would elect a chair, and the term was left up to the Board.

Mr. Mullaney moved that there be a two-year term for the Chair of the Police Pension Plan Retirement Committee, seconded by Mr. Gray and unanimously carried.

Organizational Issues - Election of Chairs

General Employee Pension Plan Board

Due to the lack of a quorum of members of the General Employee Pension Plan Board, the Election of Chair was deferred.

Police Pension Plan Retirement Committee

Mrs. Mitchell opened the floor for nominations for Chair of the Police Pension Plan Retirement Committee.

Mr. Gray nominated Mr. Mullaney to serve as Chair of the Police Pension Plan Retirement Committee, seconded by Mr. Rogers.

There being no further nominations, the floor was closed for nominations.

By unanimous consent, Mr. Mullaney was elected to serve as Chair of the Police Pension Plan Retirement Committee.

OPEB Board

Responding to Mrs. Hawkins, Mrs. Mitchell advised that she had been elected to serve as Chair of the OPEB Board during the April 27, 2017 meeting and that the Code does not state how long the Chair serves. Mrs. Hawkins asked why the Board continuously elects a Chair if there is no definition in the Code. In response, Mrs. Mitchell explained that Chairs are typically elected in August; however, an election was held during the last meeting because the former Chair, Mr. Scott Koenig, former City Manager, was no longer with the City.

Mrs. Jody Stein, Administrative Assistant, City Clerk's Office, explained that Chairs are elected in August because it is the first joint meeting following the Annual City Council Meeting, when Council members are appointed to the Boards, and there are elections each year for the civilian members, who serve staggered terms. She noted that the August meeting is the first meeting when all members are in place.

**JOINT GENERAL EMPLOYEE PENSION PLAN BOARD,
POLICE PENSION PLAN RETIREMENT COMMITTEE, AND
OTHER POST-EMPLOYMENT BENEFITS (OPEB) BOARD
MEETING OF AUGUST 10, 2017**

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Responding to Mrs. Hawkins, Mrs. Mitchell stated that Councilmen Cole and Lindell were serving on the OPEB Board, and Councilmen Anderson and Lewis were serving on the Police Pension Plan Retirement Committee and the General Employee Pension Plan Board.

In response to Mrs. Hawkins, Mrs. Mitchell stated that the OPEB Board consists of Mr. Cole, Mr. Lindell, Mrs. Hawkins, Mrs. Mitchell, and the City Manager. She explained that she serves on the OPEB Board as the Controller/Treasurer. In response to Mrs. Hawkins, Mrs. Mitchell stated that Mr. Gedney and Mr. Swaggard were serving on the General Employee Pension Plan Board.

Mrs. Hawkins nominated Mrs. Mitchell to serve as Chair of the OPEB Board, seconded by Mr. Cole.

There being no further nominations, the floor was closed for nominations.

By unanimous consent, Mrs. Mitchell was elected to serve as Chair of the OPEB Board.

Quarterly Performance Review (Quarter Ending March 31, 2017) (General Employee Pension Plan Board)

During the Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and OPEB Board Meeting of April 27, 2017, acceptance of the Quarterly Performance Review (Quarter Ending March 31, 2017) for the General Employee Pension Plan was deferred due to the lack of a quorum of members of the General Employee Pension Plan Board.

Due to the lack of a quorum of members of the General Employee Pension Plan Board during the August 10, 2017 Joint Meeting, acceptance of the Quarterly Performance Review (Quarter Ending March 31, 2017) for the General Employee Pension Plan was again deferred.

Quarterly Performance Reviews (Quarter Ending June 30, 2017) (Milliman, Inc.)

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed the Market Commentary related to the investments held in the General Employee Pension Plan, Police Pension Plan, and Other Post-Employment Benefits (OPEB) Plan.

General Employee Pension Plan

Responding to Mr. Marzinsky, Mrs. Mitchell advised that Mr. Marzinsky could review the Quarterly Performance Review for the General Employee Pension Plan for the Quarter Ending June 30, 2017; however, the review could not be accepted because there was not a quorum of members of the General Employee Pension Plan Board present.

Referring to the Board Meeting Notes for the City of Dover, Delaware Employees' Pension Plan Board, Mr. Marzinsky stated that Milliman conducts an asset allocation study each August. He advised that Milliman did not recommend any changes to the asset allocation for the plan; however, if anyone felt strongly that they would like a higher level of return, Milliman could make changes.

Referring to the Quarterly Investment Monitor Summary Report for the Quarter Ending June 30, 2017 for the City of Dover, Delaware General Employee Pension Plan, page 10, Investment Policy Review - Active Management, Mr. Marzinsky indicated that there were some qualitative issues. He noted that it had been announced a couple of weeks ago that Vanguard's Chief Executive Officer (CEO) would retire at the end of the year. Mr. Marzinsky advised that Milliman had a call with Vanguard after the announcement came out and Vanguard has a succession plan in place. He stated that a new CEO would be coming on board and would be ramping up over the next couple of months. Mr. Marzinsky advised that Vanguard had clearly indicated that they would not be making any changes to the investment strategy for any of the plan investments at this point. He noted that this was important because if Vanguard was to change a Vanguard equity and income fund to a cash fund, it would be a bad move to keep this investment in the plan. Mr. Marzinsky stated that both performance and qualitative issues are considered by Milliman when reviewing investments.

In reference to page 11, Investment Policy Review - Passive Management, Mr. Marzinsky stated that Vanguard had changed the underlying index in the Emerging Market Stock Index Fund; therefore, anomalies would be seen going forward; however, there were no major issues with any of the statistics for the passive funds within the plan.

Referring to page 12, Investment Option Return Summary, Mr. Marzinsky indicated that performance exceeded the benchmarks over the various time periods and all of the managers were doing very well. He noted that returns were close to the benchmark over the three-month period, 7.8% for the first six (6) months of the year, and 12.81% gross and 12.5% net over a 12-month period.

Due to the lack of a quorum of members of the General Employee Pension Plan Board, acceptance of the Quarterly Performance Review (Quarter Ending June 30, 2017) was deferred.

Mrs. Hawkins asked, in regard to the General Employee Pension Plan, if the lump sum for the 2% increase that was given to retirees on July 1, 2017 was fully funded. Responding, Mrs. Mitchell advised that the increase was not fully funded and was being amortized, and the amortization was funded in the budget. She explained that full funding would have been more than \$400,000, whereas the amortization would be approximately \$40,000 over 10 or 15 years. Mrs. Mitchell advised that the increase was amortized and included in the budget as an appropriation to the pension plan from each of the individual funds.

Mrs. Hawkins asked if someone would see approximately \$47,000 for the next 10 to 15 years if they looked at the budget. In response, Mrs. Mitchell advised that they would see the increase this year when the next actuarial study comes in, since this is when the increase is folded in, and it would be included in the annual appropriation from the actuarial study. Mrs. Mitchell indicated that the 2% increase would be picked up in the actuarial study with the amortization of the liability.

In response to Mrs. Hawkins, Mrs. Mitchell stated that the increase may affect the contributions that are made by the City; however, with the returns being what they are, she indicated that she did not believe that it would.

Police Pension Plan

Mr. Marzinsky referred to the Board Meeting Notes for the City of Dover, Delaware Police Pension Plan, stating that, based on the asset allocation study that Milliman conducted, the new economic assumptions for the asset categories were in line with the actuarial assumption; therefore, no changes were recommended to the asset allocation at this time.

Referring to the Quarterly Investment Monitor - Summary Report for the Quarter Ending June 30, 2017, page 12, Investment Option Return Summary, Mr. Marzinsky advised that the return for the Police Pension Plan for the quarter was close to 3%, which was in line with the benchmark. He advised that the return was 7.77% for the year to date and 12.65% for a one-year period, which exceeded the actuarial assumption of 6.5%. Mr. Marzinsky indicated that there would be an improvement in the funds the next time the valuation is conducted for the plan.

Mr. Mullaney moved for acceptance of the report, seconded by Mr. Rogers and unanimously carried.

OPEB Plan

Mr. Marzinsky advised that the accounting for the OPEB plan is a little different from the General Employee Pension Plan and the Police Pension Plan because there are contributions going into the OPEB plan but no withdrawals from the plan for benefit payments at this time. Referring to the Board Meeting Notes for the City of Dover OPEB Plan Board, he indicated that the return for the quarter was approximately 2.7% and the one-year return was almost 13%. He stated that, in order to reach the 6.5% target for the plan, Milliman recommended the current asset allocation; therefore, no changes were recommended at this time for the OPEB plan.

In reviewing the Quarterly Investment Monitor Summary Report for the Quarter Ending June 30, 2017, page 10, Active Management, Mr. Marzinsky indicated that there were no major issues with any of the funds in the OPEB plan. Referring to page 11, Passive Management, he noted that Milliman would be monitoring Vanguard funds on a qualitative basis due to the retirement of Vanguard's CEO; however, Vanguard had indicated that they did not foresee any investment policy changes for any of the underlying portfolios in the mutual funds at this point. In reference to page 12, Investment Option Return Summary, Mr. Marzinsky stated that performance was close to 3% for the quarter, which was in line with the index, approximately 7.4% for the year to date, and close to 13% over the one-year period, which were very good returns for the plan. He advised that, as with each of plans, there had been positive returns for the five-year period of Milliman's tenure with the plan.

Mr. Lindell moved for acceptance of the report, seconded by Mr. Cole and unanimously carried.

Annual Review of Investment Policy (Milliman, Inc.)

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed the Investment Policy Statements for the Employees Pension Plan, Police Pension Plan, and OPEB Board. Referring to Appendix A, he explained that the Strategic Asset Allocation Policy listed the

target asset allocations by asset category, and allocations for each of the plans are slightly different since the plans have different liability structures. Mr. Marzinsky noted that Milliman uses the same type of asset allocation modeling to develop the allocations for each plan, targeting the 6.5% actuarial requirement while looking at the liability structure. He noted that there are slight differences among the plans.

General Employee Pension Plan

Due to the lack of a quorum of members of the General Employee Pension Plan Board, this item was deferred.

Police Pension Plan

Mr. Mullaney questioned why members would approve the Investment Policy again, stating that it had already been approved and would stay the same.

Mrs. Mitchell stated that the Investment Policy had not changed; therefore, members could accept it rather than approve it.

Mr. Mullaney asked if the Policy had to be re-signed. Responding, Mrs. Jody Stein, Administrative Assistant, City Clerk's Office, noted that a signature sheet was included in the Policy.

Mr. Mullaney stated that he did not understand why members would approve the Investment Policy, noting that it would make the Policy confusing historically. He explained that when people look back, they would see it being approved on August 10, 2017 when, in fact, it was approved a couple of years ago. He stated that, by nature of the fact that the review of the Policy was on the agenda, this would indicate that the Policy had been reviewed and there were no changes. Mr. Mullaney indicated that it seemed to him that as long as no changes were made, the earlier date when it was approved should stay in effect because no end date was put on it when the Policy was approved.

Mr. Marzinsky advised that the only thing that changed was the 2017 date on the cover of the Policy.

Mr. Mullaney moved for acceptance of the Annual Review of Investment Policy as provided. The motion was seconded by Mr. Gray and unanimously carried.

OPEB Plan

Mr. Lindell moved for acceptance of the Annual Review of Investment Policy. The motion was seconded by Mr. Cole and unanimously carried.

Evaluation of Request for Proposals - Consulting and Advisory Services for the City of Dover General Employee Pension Trust, Police Pension Trust and the Other Post-Employment Benefits Trust Assets (RFP #17-0036FN)

Ms. Lori Peddicord, Assistant Controller/Treasurer, referred to her memorandum dated August 3, 2017 regarding Request for Proposals 17-0036FN. She stated that the City had received proposals from seven (7) named vendors for Consulting and Advisory Services for the General

Employee Pension Trust, Police Pension Trust, and the Other Post-Employment Benefits (OPEB) Trust. She noted that the pricing worksheet included with her memorandum listed the proposed fee schedules for a three-year contract period with a two-year extension at the option of the Boards. Ms. Peddicord advised that she had also provided comments regarding each of the proposing vendors. She stated that she could make a suggestion; however, she had left this matter open to hear what the Board had to say about the information provided.

Mrs. Mitchell noted that staff had not given a direction because they wanted to make sure the Board had input and that the direction did not just come from staff.

Mr. Mullaney stated that he had read all the information and was very pleased. He indicated that the information was helpful to him and made it clear and easy where he thought the Board should go.

In response to Mr. Mullaney, Ms. Mitchell stated that Milliman had been the Boards' investment consultant for five (5) years.

Mr. Mullaney stated that Milliman seemed to perform well and was cheaper than the other proposals; therefore, absent some reason why the City should leave Milliman, it seemed a no-brainer to stay with Milliman, from his perspective.

Mrs. Hawkins stated that she had reached out to Ms. Peddicord and Mrs. Mitchell to see if they were having any problems with Milliman which should be taken into consideration. Mrs. Hawkins stated that, based on the cost, the reasons Mr. Mullaney had indicated, and the fact that Mrs. Mitchell and Ms. Peddicord had no concerns about working with Milliman, she thought that members should go forward with Milliman.

Mr. Mullaney moved to continue with Milliman for Consulting and Advisory Services for the Police Pension Trust assets for the next three (3) years. The motion was seconded by Mr. Gray and unanimously carried.

Mrs. Hawkins moved to continue with Milliman for Consulting and Advisory Services for the Other Post-Employment Benefits Trust assets. The motion was seconded by Mr. Cole and unanimously carried.

Due to the lack of a quorum of members of the General Employee Pension Plan Board, consideration of the Evaluation of Request for Proposals - Consulting and Advisory Services for the City of Dover General Employee Pension Trust assets was deferred.

Mr. Mullaney asked if the General Employee Pension Plan Board could be polled to get a motion or if an impromptu meeting could be held, rather than waiting another three (3) months to move forward with this matter, which he stated was in limbo. Mrs. Mitchell stated that she thought that this was a good idea and asked Mrs. Jody Stein, Administrative Assistant, City Clerk's Office, if this could be done. *(City Clerk's Office Note: A Special Meeting of the General Employee Pension Plan Board was scheduled for August 28, 2017.)*

**JOINT GENERAL EMPLOYEE PENSION PLAN BOARD,
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Future Meeting Dates

Staff recommended setting future meeting dates for November 9, 2017; February 8, 2018; April 26, 2018; and August 9, 2018.

By unanimous consent, members of the Police Pension Retirement Committee and the OPEB Board accepted staff's recommendation.

Due to the lack of a quorum of members of the General Employee Pension Plan Board, consideration of Future Meeting Dates by the General Employee Pension Board was deferred.

Mr. Mullaney moved for adjournment, seconded by Mr. Gray and unanimously carried.

Meeting adjourned at 10:00 a.m.

Donna S. Mitchell
Chair, OPEB Board

DSM/JS/dd

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