MISSION

The mission of the Retirement Board as defined by the Ordinance is to be trustees of the funds of the retirement system. The Board has the authority to invest funds, determine asset allocation within guidelines, develop the guidelines, and hire such managers and consultants as may be needed. The Board also sets policy and oversees the general administration of, and has the responsibility for, the proper operation of the retirement system. The Board makes decisions on disability applications and follow-ups.

HIGHLIGHTS

The market value of assets as of June 30, 2017 was $175,690,863 compared to a market value as of June 30, 2016 of $155,435,217. Investment performance, gross of fees, for the fiscal year was approximately 14.1% putting us in the 15th percentile of public funds for the year. On a net basis our percentile ranking would be even better.

As part of the portfolio restructuring process (refer to the 2016 Annual Report) the Board decided to place $15 million of the amount allocated to the Fixed Income in a real estate investment. This was done in recognition of the current low interest rate environment that persists and reflected the Board’s desire to increase, on a net basis, those returns. The Board reviewed several potential managers and ultimately decided to interview three of them: Principal Real Estate, UBS and Bailard Real Estate. The Board ultimately decided to go with the safest strategy (Core Real Estate) since we are using it as a bond substitute and selected UBS as the manager.

Our actuarial assumed rate of return (currently 8%) continued to be a topic of discussion. The Board seems to have consensus of thought that the rate should be further analyzed with the understanding of the plus’s and minus’ of lowering the rate. We are waiting to see the effects of
recent changes in some of our methodologies and what the financial outcomes have been. The Board is sensitive to the fact that reductions in this rate can produce substantial increases in costs. More on this to come.

Significantly, the Board approved the City’s sending out an RFP for pension software. This RFP resulted in the selection of Pension Technology Group (PTG) and as a result of another RFP for project management services, LRWL, Inc. was chosen to oversee the conversion process. The implementation of this software will bring our pension administration from 3 x 5 cards into the modern world. Special thanks and acknowledgement are given to Rich Goodwin for his diligence and hard work in bringing this about.

The Board adopted a procedure to be followed for any requests from an outside source for any asset divestiture. This is posted on our website.

It is anticipated that an RFP for actuarial services will be put out soon and that, if our current actuary is not selected, we will experience a significant data conversion prior to year end.

At the time of this writing there are 925 active members of the Retirement System, 703 retirees and beneficiaries, and 372 members who have left service with vested benefits. Pension benefits average about 1,215,517 per month.

The FY 2017 members of the Board are James Strouse, Robert Hooper and Jeffrey Wick (now resigned), who are appointed by the City Council with Mayor presiding, Robert Rusten, Chief Administrative Officer, who is the Ex-Officio member, Lt. Benjamin O’Brien, Fire and Cpl. Daniel Gilligan, Police who are elected by the Class “A” employees and Munir Kasti and Matthew Dow, who are elected by the Class “B” members.