

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

A Joint Meeting of the General Employee Pension Plan Board, Police Pension Retirement Committee, and Other Post-Employment Benefits (OPEB) Board was held on February 15, 2018, at 9:00 a.m. with Mr. Gedney, Chair of the General Employee Pension Plan Board, presiding. Members present were Mr. Anderson, Mrs. Mullaney, Mr. Gray, Mr. Rogers, Mrs. Hawkins, Police Chief Mailey, Mrs. Mitchell, and Ms. Peddicord. Mr. Cole, Mr. Lewis, Mr. Lindell, Mr. Swaggard, and Mr. Mullaney were absent.

**AGENDA ADDITIONS/DELETIONS**

**Mr. Anderson moved for approval of the agenda, seconded by Ms. Peddicord and unanimously carried.**

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

**Mrs. Hawkins moved for adoption of the minutes of the Joint General Employee Pension Plan Board, Police Pension Retirement Committee, and OPEB Board Meeting of November 9, 2017. The motion was seconded by Chief Mailey and unanimously carried.**

**QUARTERLY PERFORMANCE REVIEWS (QUARTER ENDING DECEMBER 31, 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**

Mr. Marzinsky, referring to the Board Meeting Notes for the City of Dover Delaware Employee Pension Plan, advised that performance last year was very good and the one-year return was nearly 16%. He stated that even though there had been market volatility, the value of the plan did not change substantially and the plan weathered the market dip in February pretty well.

Referring to the Quarterly Investment Monitor - Summary Report for the Quarter Ending December 31, 2017, page 12 - Investment Option Return Summary, Mr. Marzinsky stated that the one-year return of 15.83% exceeded the benchmark of approximately 15.5%.

**Mrs. Mullaney moved for acceptance of the Quarterly Performance Review for the General Employee Pension Plan, seconded by Mrs. Mitchell and unanimously carried.**

**Police Pension Plan**

Referring to the Board Meeting Notes for the Police Pension Plan, Mr. Marzinsky stated that the return on the plan for the year was 15.82%, which was very good and exceeded the benchmark of 15.46%. Referring to the Quarterly Investment Monitor Summary Report for the Quarter Ending December 31, 2017, page 9 - Asset Allocation, Mr. Marzinsky advised that the value of the plan at

the end of the year was approximately \$13.6M. He noted that he had reviewed the assets a couple of days ago and even though there had been a dip in the market, there was no substantial loss of value in the total assets of the plan.

In reviewing page 12 - Investment Option Return Summary, he noted that performance for the last year had been good and the return over a three-year period had been 8.14%, versus a 7.77% return for the index.

**Chief Mailey moved for acceptance of the Quarterly Performance Review for the General Employee Pension Plan, seconded by Mr. Gray and unanimously carried.**

#### OPEB Plan

Referring to the Board Meeting Notes for the OPEB Plan, Mr. Marzinsky advised that the plan's performance for the year was very good compared to its benchmark. Referring to the Quarterly Investment Monitor Report for the OPEB Plan for the Quarter Ending December 31, 2017, page 9 - Asset Allocation, he indicated that when he checked the assets of the plan a couple of days ago the value was a little over \$32.3M. He noted that, like the other plans, even though there was a dip in the market in February, there was no significant loss of value in the total plan assets. Referring to page 12 - Investment Option Return Summary, Mr. Marzinsky stated that the return on the plan was 15.57% versus its benchmark of 15.23% over a one-year period; 8% versus the benchmark of 7.91% over a three-year period; and 8.49% versus the benchmark of 8.27% over a five-year period.

**Mrs. Hawkins moved to accept the Quarterly Performance Review for the OPEB Plan, seconded by Mrs. Mitchell and unanimously carried.**

#### PROPOSED PLAN SHARE CLASS CHANGES (MILLIMAN, INC.)

Referring to the Current Plan Share Classes by Fund and Proposed Share Class Changes for the General Employee, Police, and OPEB Plans, Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., advised members that Milliman occasionally looks at the assets across all three (3) plans and aggregates them. He noted that when certain dollar values are hit, investment management expenses can be reduced. Mr. Marzinsky stated, for example, that if the Prudential High Yield Z assets in the General Employee Pension Plan, Police Pension Plan, and OPEB Plan are added together, a threshold is reached which allows movement from a Z share class to a Q share class, and instead of paying Prudential 0.53%, the City could pay 0.41%. He noted that paying less money would help the Plans' returns.

Mr. Marzinsky noted that the General Employee and Police Pension Plans had the ability to go to an institutional share class with four (4) investments. He noted that no funds would be changed and the investment style and investment policy would remain exactly the same. Mr. Marzinsky estimated that nearly \$10,000 per year could be saved in investment management expenses by making this change in the General Employee Pension Plan and \$3,000 per year in the Police Pension Plan, which has a lower level of assets.

Mr. Marzinsky advised members that investment management expenses could be reduced for three (3) of the funds in the OPEB Plan and estimated a savings of approximately \$7,000 per year in investment management expenses.

Referring to the Board Meeting notes for the General Employee Pension Plan and Police Pension Plan, Mr. Marzinsky stated that, in order to reduce plan expenses, Milliman, Inc., recommended the following share class changes:

- 1) Vanguard Growth Index – Move assets from the Adm class (VIGAX) with an expense of 0.06% into the Instl class (VIGIX) with an expense of 0.05%.
- 2) Prudential QMA Small-Cap Value: Move assets from the Z class (TASVX) with an expense of 0.70% into the Q class (TSVQX) with an expense of 0.64%.
- 3) Oppenheimer International Growth: Move assets from the Y class (OIGYX) with an expense of 0.89% into the I class (OIGIX) with an expense of 0.70%.
- 4) Prudential High Yield: Move assets from Z class (PHYZX) with an expense of 0.53% to Q class (PHYQX) with an expense of 0.41%.

**Mr. Anderson moved for approval of the share class changes for the General Employee Pension Plan, as recommended by Milliman, Inc. The motion was seconded by Mrs. Mitchell and unanimously carried.**

**Mr. Gray moved for approval of the share class changes for the Police Pension Plan, as recommended by Milliman, Inc. The motion was seconded by Mr. Anderson and unanimously carried.**

Referring to the Board Meeting notes for the OPEB Plan, Mr. Marzinsky stated that, in order to reduce plan expenses, Milliman, Inc., recommended the following share class changes:

- 1) Prudential QMA Small-Cap Value: Move assets from the Z class (TASVX) with an expense of 0.70% into the Q class (TSVQX) with an expense of 0.64%.
- 2) Oppenheimer International Growth: Move assets from the Y class (OIGYX) with an expense of 0.89% into the I class (OIGIX) with an expense of 0.70%.
- 3) Prudential High Yield: Move assets from Z class (PHYZX) with an expense of 0.53% to Q class (PHYQX) with an expense of 0.41%.

**Mrs. Mitchell moved for approval of the share class changes for the OPEB Plan, as recommended by Milliman, Inc. The motion was seconded by Mrs. Hawkins and unanimously carried.**

**Mrs. Mullaney moved for adjournment, seconded by Mr. Anderson and unanimously carried.**

**GENERAL EMPLOYEE PENSION PLAN BOARD, POLICE PENSION  
RETIREMENT COMMITTEE, AND OPEB BOARD  
MEETING OF FEBRUARY 15, 2018**

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Meeting adjourned at 9:26 a.m.

Robert A. Gedney  
Chair, General Employee Pension Plan Board

RAG/JS/dd

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