

Minutes of the October 4, 2018 meeting of the Board of Trustees

Meeting was called to order at the offices of the Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, West Des Moines, IA at 10:01 a.m. by Marty Pottebaum.

Attendees at the meeting were:

Board Members:

Frank Guihan
Bob Fagen
Marty Pottebaum
Eric Hartman

June Anne Gaeta
Michelle Weidner
Duane Pitcher
P. Kay Cmelik

Contractual Consultants:

Phineas Troy – Summit Strategies
Alice Helle - BrownWinick

Doug Gross – BrownWinick
Cynthia Boyle Lande – BrownWinick

Administration:

Terry Slattery – Executive Director
BriAnna Nystrom – Executive Administrator
Cody Jans – Investment/Communications Officer

Dan Cassady – Deputy Director
Blake Jeffrey – Accountant/Investment Officer
James Bybee – Accountant/Investment Officer

Guests:

Bridget Godes – Iowa Senate Democrats
Mallory Merritt – City of Davenport – HR Director
Brian Guillaume – House Democrats
Erin Mullenix – Iowa League of Cities

Bob Bird – Iowa Senate Republican Caucus Staff
Jennifer Acton – Legislative Services Agency
Ed Cook – Legislative Services Agency

Investment Manager Reports:

John Gray, CFA, Partner, and Matt Autrey, Principal, from the firm of **Adams Street Partners** provided a periodic report to the Board concerning the firm's management of several of the System's private equity portfolios. The Board queried the representatives on issues pertaining to the portfolios and sector performance. The representatives indicated that there are no current legal or organizational issues affecting the firm when queried by the Executive Director.

Fran Peters, Principal, Investor Relations, and Chris Row, Vice President, at **HarbourVest Partners LLC** provided a periodic report to the Board concerning the firm's management of several of the System's private equity portfolios. The Board queried the representatives on issues pertaining to the portfolios, ESG investing (Environmental, Social, and Governance criteria), and private equity performance fee structure. The representatives indicated that there are no current legal or organizational issues affecting the firm when queried by the Executive Director.

Andreas Katsaros, Director, from **InfraRed Capital Partners** provided a periodic report to the Board concerning the firm's management of an international real estate portfolio on behalf of the System. The firm's representative discussed with the Board the performance of the fund, the current market outlook, and the investments held in the fund. The representative indicated that there are no legal or organizational issues affecting the portfolio. The firm responded to questions from the Board and administration.

Consent Agenda and Informational Topics

The Board reviewed the following Consent Agenda topics:

Minutes and Schedules:

1. Review & Approval of Minutes of Previous Meeting(s)
2. Schedules – Calendars – Contract Summary

Benefit Activity Reports:

1. Communication Program Activity
2. DROP Program Activity Update

Development Program Reports:

1. Legislative Report

The Executive Director discussed several items in the Consent Agenda.

P. Kay Cmelik moved to adopt the consent agenda with the exception of the 2019 calendar.

Motion was seconded by Michelle Weidner.

Motion was unanimously carried.

Financial Reports: The Deputy Director provided an update to the Board on the final FY 2018 budget and reported on the hiring of a new employee.

Board Inquiries & any Misc. Discussion Items: The Executive Administrator discussed the FY 2019 goals including the Annual Report, Fall Newsletter, the legislative guide, pension officer communication training, member online access, succession planning, and risk/return strategic planning. The Executive Director discussed the NASRA conference he attended with the Deputy Director in August.

Audit Report & Actuarial Report for FY18: Lealan Miller, Partner, from Eide Bailly presented and reviewed for the Board the results of its annual audit of MFPRSI for the period ending June 30, 2018.

Michelle Weidner moved to accept the fiscal year 2018 audit report.

Motion was seconded by Frank Guihan.

Motion was unanimously carried.

Glen Gahan, Principal, and Mike Ehmke, Principal, from SilverStone Group, MFPRSI's actuary, presented to the Board the results of the July 1, 2018 actuarial valuation of the retirement system. The Board and actuary discussed the information provided in the report.

Eric Hartman moved to accept the fiscal year 2018 actuary report.

Motion was seconded by Duane Pitcher.

Motion was unanimously carried.

Duane Pitcher moved to approve the city contribution rate at 24.41% effective July 1, 2019.

Motion was seconded by Eric Hartman.

Motion was unanimously carried.

Review of Service Provider: SilverStone Group: Representatives from SilverStone Group reviewed with the Board the core services and additional projects undertaken as MFPRSI's actuary.

Duane Pitcher moved to retain SilverStone Group as MFPRSI's Actuary for an additional three-year period subject to contractual negotiations.

Motion was seconded by Michelle Weidner.

Motion was unanimously carried.

Consideration of & Determination on Appeal Case: (Paulson)

June Anne Gaeta moved the Board go into closed session for discussion of the appeal subcommittee hearing concerning Daniel Paulson.

Motion was seconded by P. Kay Cmelik.

Roll call vote was taken as follows:

Eric Hartman	Aye	P. Kay Cmelik	Aye
Duane Pitcher	Aye	June Anne Gaeta	Aye
Bob Fagen	Aye	Frank Guihan	Aye
Marty Pottebaum	Aye	Michelle Weidner	Aye

The motion was unanimously carried.

Present during the closed session were:

Board Members

P. Kay Cmelik
Duane Pitcher
Bob Fagen
Marty Pottebaum

June Anne Gaeta
Frank Guihan
Eric Hartman
Michelle Weidner

Contractual Consultants

Doug Gross
Cynthia Boyle Lande

Alice Helle

Administration

Terry Slattery – Executive Director
BriAnna Nystrom – Executive Administrator
Cody Jans – Investment/Communications Officer

Dan Cassady – Deputy Director
Blake Jeffrey – Accountant/Investment Officer
James Bybee – Accountant/Investment Officer

At the conclusion of the discussion, **June Anne Gaeta moved the Board conclude the closed session.**

The motion was seconded by P. Kay Cmelik.

Roll call vote was taken as follows:

P. Kay Cmelik Aye
Duane Pitcher Aye
Bob Fagen Aye
Marty Pottebaum Aye

June Anne Gaeta Aye
Frank Guihan Aye
Eric Hartman Aye
Michelle Weidner Aye

The motion was unanimously carried.

Michelle Weidner moved to deny the appeal for accidental disability in the case of Daniel Paulson.

The motion was seconded by Duane Pitcher.

The motion was unanimously carried.

Board Inquiries & any Misc. Discussion Items (Continued): The Executive Administrator discussed business cards and MFPRSI email addresses for Board members. Additionally, board room wall designs were discussed.

P. Kay Cmelik moved to use brushed aluminum for the board room wall MFPRSI initials.

The motion was seconded by June Anne Gaeta.

The motion was unanimously carried.

Discussion of Legal Matters & Imminent & Pending Litigation Cases: Representatives from MFPRSI's legal counsel, BrownWinick, discussed the Tribune, Daimler, and Volkswagen cases. A few subrogation cases were also discussed where the retirement system is trying to pursue recovery.

Investment Performance Report: A representative of MFPRSI's investment consultant, Summit Strategies, reviewed with the Board the current investment market conditions as well as a report of performance for the investment markets as of September 30, 2018.

Investment Program Update: A representative of MFPRSI's investment consultant, Summit Strategies, discussed the retirement system's private equity portfolio and gave a private equity portfolio recommendation.

Bob Fagen moved to commit \$20 million to the Neuberger Berman Structured Account Solution for 2018.

The motion was seconded by Duane Pitcher.

The motion was unanimously carried.

Strategic Planning: Review of Risk/Return Measurement: The Deputy Director discussed Strategic Planning and measuring risk/return.

2019 Financial Evaluation Report to Legislature: The Executive Director discussed the history of the report and updates for this year.

Mercer Assignment Approval: Representatives from MFPRSI's legal counsel, BrownWinick, discussed the assignment of the Summit Strategies contract to Mercer. The recommendation from legal counsel was to assign the contract to Mercer through June 30, 2019.

P. Kay Cmelik moved to approve the Summit contract assignment to Mercer.

The motion was seconded by Duane Pitcher.

The motion was unanimously carried.

The Executive Director notified the Board of Trustees that one of MFPRSI's new investment managers has refused to comply with the State of Iowa's divestiture laws regarding Sudan, Iran, and anti-Israel.

Meeting was adjourned at 3:52 p.m.