

MINUTES

City of Murfreesboro Pension Committee March 17, 2021

The City of Murfreesboro Pension Committee met on Wednesday, March 17, 2021, at 8:00 a.m. in City Council Chambers at City Hall.

The following members were in attendance:

Melissa Wright, Chair
Earl Hull, Jr.
Charlie Myatt
Greg Sample
Valerie Smith
Erin Tucker, Vice Chair
Scott Uselton
Shawn Wright

The following members were unable to attend the meeting:

All members were present

Also present at this meeting were:

Natalka Bukalo, President, Chartwell Consulting via telephone conference
Michael Hislop, Chartwell Consulting via telephone conference
Randolph Wilkerson, Assistant Human Resources Director
Chris McFarlane, HR Benefits Administrator, Pension Committee Secretary

Chair Melissa Wright called the meeting to order at 8:00 a.m. and determined a quorum was present. Chair Wright announced the first item on the agenda.

Consideration of the Minutes:

Minutes of the December 16, 2020 meeting were presented for consideration. Mr. Myatt made a motion that the minutes be approved as presented. Mr. Sample seconded the motion. There being no further discussion, the motion passed by unanimous vote of the members present.

Review of Fourth Quarter 2020 and January and February 2021 Plan Performance, Flash Reports, Asset Allocation, and Rebalancing Recommendations for the Defined Benefit Pension Plan by Ms. Natalka Bukalo and Mr. Michael Hislop of Chartwell Consulting, via telephone conference:

Chair Wright welcomed Ms. Natalka Bukalo to the meeting.

Ms. Bukalo presented the attached *City of Murfreesboro Pension Trust - Performance Reports - Fourth Quarter 2020 (Chartwell Review, Executive Summary, and Pension Trust Composite Report)* dated February 2021, which documents are attached and incorporated as part of the Pension Committee Minutes of March 17, 2021.

Ms. Bukalo referred Committee members to the *Executive Summary* for the commentary of the Pension Trust Plan performance, specifically Pages 1 through 15, and reviewed how market conditions impacted plan assets in the fourth quarter of 2020 during the COVID-19 global pandemic. As of December 31, 2020, the Plan balance was \$161.6 Million.

Ms. Bukalo reviewed the performance of all Fund Managers in her report (Pages 16 through 18). Dodge & Cox International Stock, Harbor Mid Cap Value and Janus Enterprise fund managers are on *watchlist status*. Ms. Bukalo noted that the individual Fund Fact Sheets are available after Page 19 of the Executive Summary.

Ms. Bukalo opened the floor for questions on fund performance or managers. After a brief discussion regarding projected interest rates and market performance, Ms. Bukalo introduced Mr. Michael Hislop of Chartwell Consulting to report on asset allocation and rebalancing recommendations.

The January and February 2021 Flash Reports were included in the Agenda packet and incorporated as part of the Pension Committee Minutes of March 17, 2021. As of February 28, 2021, Plan assets rose to \$165.4 Million.

The Strategic Target Asset Allocation Policy calls for 48% of the portfolio to be invested in total equity, 12% of which will be private equity. Real assets will be 23% in the following categories, 6% natural resources, 7% into public REITs and 10% into private real estate. Broad fixed income will comprise 28% of Plan assets of which 24% will be U.S. Core Bonds and 4% in U.S. High Yield. Operational cash will equal 1% of the portfolio to pay benefits and expenses. Asset allocation is monitored on a monthly basis and rebalancing recommendations are implemented on a monthly basis as needed.

The rebalancing recommendations for 2020 and 2021 have focused on moving the Plan's asset allocation towards the new target mix, maintaining sufficient liquidity in the operational cash account, and trimming overweight funds on strength.

Mr. Hislop noted that the rebalancing recommendations through February 28, 2021 could be found on the February 2021 Flash Report and are consistent with the Plan's Strategic Target Asset Allocation Policy and were completed in March 2021.

Chair Wright thanked Chartwell Consulting for the presentation and expertise.

Elect new Chair for the Pension Committee due to the upcoming retirement of Chair Melissa Wright

Chair Wright stated that her date to stop working for retirement is July 13, 2021. Ms. Wright stated that she will still be classified as an active employee through November of 2023 and can remain on the Pension Committee as an Active Participant; however, the Chair of the Pension Committee should be available to City staff and the consultants on a daily basis. Ms. Wright recommended Ms. Erin Tucker, Budget Director, for the Pension Committee Chair position.

Mr. Myatt made a motion to elect Ms. Erin Tucker, Budget Director, as the Chair of the Pension Committee. Mr. Sample seconded the motion.

After a brief discussion regarding the timing of the transition, Mr. Myatt amended his motion to elect Ms. Erin Tucker, Budget Director, as the Chair of the Pension Committee effective July 13, 2021, upon the retirement of Chair Melissa Wright. Mr. Sample seconded the motion. There being no further discussion, the motion passed by unanimous vote of the members present, with Ms. Wright and Ms. Tucker abstaining from voting.

It was noted that the Vice Chair of the Pension Committee would be elected at the next meeting.

Other Business:

There being no other business to come before the Pension Committee, the meeting was adjourned at 8:45 a.m.