MINUTES
PENSION TRUST COMMISSION
2ND FLOOR CONFERENCE ROOM
NEW CITY HALL
OCTOBER 25, 2012 – 9:00 A.M.

Jerry Ihler, Chair, called the meeting to order at 9:00 a.m. in the New City Hall 2nd Floor Conference Room. Notice of meeting and agenda was posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Bayones, Teri; Ellwanger, Paul; Ihler, Jerry; Hill, Andy; Livingston, Steve.

ABSENT: Kindt, Bill; Mercado, Joe.

ALSO PRESENT: Tanya Riley, Human Resources; Denise Ezell, City Clerk's Office; Tim Wilson, City Attorneys Office.

III. Approval of Minutes from July 26, 2012.

MOVED by Hill, **SECOND** by Ellwanger, to approve minutes of July 26, 2012 as written. **AYE**: Ellwanger; Ihler; Hill; Livingston; Bayones. **NAY**: None. **MOTION CARRIED**.

IV. New Business

A. Receive quarterly financial report from Morgan Stanley and take action if necessary.

Armstrong stated we have asked to do a review of the big picture for two reasons. First it has been about five years since we have done a big picture of how we are doing, what we are doing and why we are doing what we do. Second we have several new board member who weren't involved in the original decision five years ago. I appreciate the Board allowing us to do this.

Armstrong stated we have two goals we want to accomplish today. First review our investment policy and second consider changing the asset allocation of the policy. For the last five years we have been at 65% bonds and 35% stocks. We would like for you to consider going to 50/50. We will talk about the reasons for that. Let's look at where we are with interest rates/bonds. What I have done is put the peaks in green and the troughs in red. These are the national averages for one year t-bills. It gives a feel on how interest rates have bounced up and down. You can see the wild fluctuation. The trend has basically been down and right now on one year stock we are at .5%. It is very low. When we started in 2007 we started at 4 ½%. That is a huge difference. CD's are paying close to zero. The average over time has been about 5.6%. We are using primarily government agencies bonds issued by Jenny Mae, Fanny Mae and Freddie Mac. When we started they were paying 6%. They have come down but not as much as CD's. Bonds are paying 2.5% right now with us working hard. The portfolio on bonds is averaging 4.25% because we still have the 6 and 5's we bought several years ago. It is becoming very difficult to get decent bonds.

Armstrong stated what about the stock market where the 35% is. We are going to talk about prime and risk. We have gone back sixty years over five year periods. From 1935 to the end of 2011. The best five years was 22% and the worse was -8%. We would like to have the best again but the worst is pretty bad. The average is between 11 and 12% per year. If you go ten years the best was 18% and the worse was 1%. We actually made a little bit of money. What is interesting is the average is 12%. Fifteen years the best is 18%, the worst is 6% and the average is 12%. As we continue the best gets lower, the worst gets higher and peaks out at 10% per year. If we buy S & P 500 and hold on to it for twenty-five years and make the worst twenty-five year period market has ever made it will be about 10% a year. With the pension plan we are looking at twenty-five to thirty years. The average is 12% for all of them. Ask yourself "why don't we put it all there". If you leave it in the market and hang on to it eventually the market will come back and you will get back to these averages. We believe this because that is typically what happens. I'll come back to that question. When looking at this we want to see what we think we will make over the next fifteen to thirty years. The actuary does this also to be certain we have enough money there for all these years. We are going to use 10% as the future project because that is the worst period we typically would get.

Hill asked if I lose 20% in the market and over the next ten years I'm going to average 10% how do I catch up?

Armstrong stated the 10% average includes the minus 20%. That is taken into account.

Livingston asked when you say stock market what are you referring to.

Armstrong stated S & P 500. Now let's look at the bonds and bond price fluctuation. This is real important because 65% of our money is there. When we buy a government agency bond they are backed by the government. The price we pay for the bond the guarantee covers the maturity value. We are going to put this in, get this back and get interest checks along the way. That is a pretty save investment and that is what we like. Along the way bond prices fluctuate. When interest rates go down the market value of bonds on your statement goes up. If interest rates go up the market value on your bonds goes down. It is a seesaw. If we had a portfolio of all bonds it would still fluctuate up and down as interest rates move. How much would they move? Here is a sample of bond price changes. If interest rates change your bond price will change and the price will stay the same on your statement. The maturity value will always stay the value. If interest rates go up 1% bonds will drop about 10%. The price would drop to $900 but the guarantee stays at a $1000. You statement will show it priced at $900. When we add up your account value we are not adding up these we are adding up these. The reason for that is because you might say "sell it and send me a check". The check we would mail ought to be close to what the statement says. This also works in the opposite direction. The reason I did interest rates going up is because rates are so low more than likely they will go up rather than down. When interest rates go down it will actually go up and help set off the volatility in the stocks. They tend to go in opposite directions. If interest rates go up 2% the bonds fall by 20% to $800 a bond. If we have $42,000,000 invested with 65% in bonds and it falls by 20% your portfolio falls $5.5 million. The guarantee stays the same. This means the $42,000,000 would fall to $27,000,000 million. The guarantee stays the same but the market value falls. Interest rates are at the bottom and will probably stay the same for a couple of years.

At some point we hope they go up because that means the economy is finally picking up. Our bonds will fall but the guarantee is still there which is what we look at.

Armstrong stated go back to the question of why don't we put it all in the stock market. These are the worse downturns since 1935. Four of them have been in our lifetime. 1937 to 1941 lead up to World War II, this was OPEX where oil prices went from $5.00 barrel to $3.00 a barrel, this was Watergate and the President resigned, 1987 the market fell 20% in one day and in 2002 the .com bubble burst. That is the reason we don't put it all in the stock market. We are going to take a look at the possible downside to the risk of a portfolio because that is what we have to look at. We may say let's change our asset allocation from 65/35 to 50/50 to try and make more money. What does that do to your monthly downside on the monthly statement. Again let's worse case it and get -50. Let's look at how much we might put in each of them. Looking at the Efficient Frontier chart it is a plot of stock, bonds, returns and risk. If I asked you to plat a chart of risk and reward most of us would plot a 45º angle through here. The reason you would do this is because you were always taught if you want great returns you have to take greater risk. If you want lower risks you have to accept lower returns. This is not the shape of that curve. This is the risk and reward here. Risk is measured by standard deviation. That is the measure of movement around meaning or average. That is why you see statements bouncing up and down. This is also what your actuary uses when he figures how highly funded we are. We do have a little help in that regard because Dean told us the law had changed and now when they figure how funded we are they don't go by the current value. They use the three year average which smoothes out the ups and downs. If the market goes down it help but if the market sky rockets it hurts. It takes longer to catch up and longer for it to go down. It is not as critical in the funding ratio when you can use an average. It doesn't change the fact when you meet every quarter and see the statement bouncing around it is still scary. Here are the ten year treasuries. This much reward and this much risk. The risk we are talking about is the market fluctuation I showed you earlier. If rates go up bonds go down and vice versa. Here is the stock market. In the S & P 500 there is a lot of risk and a lot of reward. What blends in between? One is 10% stocks and 90% bonds. Two is 20% stocks and 80% bonds and so forth. As you go from all bonds and add stocks the line actually goes backwards and goes up. If it goes left we are lowering risk and increasing return. We increase return from stocks because they tend to make more money over time. Risk goes down which is counter intuitive but risk go down because stock and bonds prices go in opposite directions. Lower volatility on your monthly statement. As you go from 20 to 30% the line goes straight up. We are increasing return and not increasing risk much. Going from 30 to 40% the lines goes to about a 45º angle. If you keep going like that this would be the line you would draw. Higher risk/higher return and lower risk/lower returns. That is why we use 35% for the asset allocation. As we go from 40 to 50% it starts to flatten out. It still goes up but to go from half stock to all stocks the line is not flat but almost flat. We don't want to be out there. We are talking about the possibility of increasing from here to here.

Armstrong stated now let's go over the packet. First look at the periodic chart of the element. It points out the different sectors within the stock market. Sometimes one sector does well while another does poorly. Take your pen and go to the lower left hand corner at foreign stocks and connect all the tan dots. 1992 is at the bottom and 93 and 94 are at the top. Draw a line up there and then it comes back down to the bottom in 95. It bounces around in 96 and 97. You see it is all over the place. Some years it is the best and others it is the worst. If at the end of 92 I said foreign stocks are terrible lets sell them look what happens the next two years. So I came back and said it is doing great lets buy. We buy just in time to go back to the bottom. Do the same thing for Small Value Stocks. They tend to be out of cycle. When foreign is doing well small value does poorly. Now connect Large Growth Stocks. Now you see all the different sectors go up and down. We would be inclined to buy the good ones when they are high and sell the bad when they are low. That is human nature but what we do is buy low and sell high. That is hard to do because sometimes the high stay high for several years and the low stay low. What we do is rebalance. We have stuff in all those sectors. When one gets to high we sell part of it and buy a low one. Every six months to a year we rebalance. That does two things. First it lowers the volatility of the portfolio because of the stock market and buying low and selling high makes a little more money. That is why you have everything.

Armstrong stated turn to the asset scan and look at the pie chart in the upper left hand corner. That is what the plan has right now. We have 4.4% cash, 35% US Stocks, 4% Foreign Stock, and 4% other. Our target is 35% and we are at 43%. Other isn't stocks but they have risks like stocks. Remember we have the discretion to go as high as 45%. We can go 10% either way and we are at the upper range. Looking at the bond in the tic tax toe box in the upper right. The left box is stock and 21% of the 40% is in large value companies. The lower right box we have 4% in small growth. Our target is to be 25% across the top three and we are at 64%. In medium our target is to be 5/6/5 up to 16% and we are at 23%. Across the bottom our target is 3/3/3 or 9% and we are at 13%. We are a tad heavy in medium and small and a tad light in large. The reason is more recently the medium and small companies have run faster and we made more money. We haven't rebalanced them yet. Vertically we like them to be 33/34/33 and now we are at 34/32/34. Almost on target with value/growth/core. In the lower left hand corner where it shows Cyclical/Sensitive/Defensive those are all industries. That is how the stocks are scattered in all those companies. We are nicely diversified. How do we pick mutual funds? We try to keep them in the top 1/3 of the large growth for the past 1/3/5 years and continue to stay in the top 1/3.

Armstrong stated next is the investment policy. This is what guides us on how we invest. If you haven't read it you need to and if you haven't read it in a long time you need to read it again. Starting on page four looking at roman numeral I there are a couple of things I want to point out. On the second line it says "provide for a prudent and systematic investment process". Prudent is reasonable care. Looking at the fourth line it says "orderly means whereby employees may be retired from active services with all pension benefits specified by the Plan". We have been through all that with the actuary trying to fix it. Third line from the bottom says "to exercise the judgment, care skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting…would do". I want you to circle "under the circumstances". Circumstances have changed. CD's went from 4.5% to .5% and mortgage bond rates went from 6% to 3%. The next paragraph says "The Board of Pension Commissioners diversified investments to minimize risk." We have seen how we are doing that. "The investment objectives of the Boards, as fiduciaries, are long-term rather than short-term." This means looking at 20/25/30 years from now to make certain the plan has enough money to pay everybody's pension forever and not worry about the daily fluctuation as they go up and down. These are good guidelines and I don't think we should change the. Turn to page 6. This page gives us the asset allocation targets of 65/35 based on our recommendation. This was the place to be due to the circumstances at the time. Now the circumstances have changed and you have seen where they have. Due to those circumstances we are looking at taking the target to 50/50 with the minimum being 40% and the maximum being 70%. This gives us a little more discretion to move back and forth. If we go up with stocks over all we would want the percentage of foreign stocks to be 10% and then from 5% to 15%. Everything else would stay the same. We would recommend the ability to go heaver in some stocks and still be able to pull back like we use to.

Hill stated okay 50/50 cash and bonds minimum.

Armstrong stated yes minimum 40 maximum 70. On stocks the 35 goes to 50 with the minimum 25 to 30 and the maximum goes from 45 to 60. Foreign minimum goes from 3 to 5 and maximum from 10 to 15. Everything else stays the same. The style box all stays the same. Let's look at the circumstances. I have four asset allocation scenarios and you can see how we got to these numbers. The stock market averaged 10%. Possible down turn is -50%. We have seen what we are going to get from that because it has happened twice in the past ten years. Typically we run about 4 to 5% cash, 60% bond and 35% stocks. Cash was paying 2%, bonds 6% and stocks we use the long term worse average of 10%. What that means if we take 5% x 2% we would make 0.1% from cash. If we have 60% in bonds making 6% we would yield 3.6% over the portfolio. Stock at 35% x 10% would contribute 3.5%. You add that together .1 + 3.6 + 3.5 = 7.2% a year. Now worse case is assume we get a -50% stock market downturn. We will still make our cash and bonds but the stocks are going to be 35% x 50% and we lose 17.5% over all the portfolio so we lose about 14%. What has changed? Cash is no longer paying 2% it is paying 0, bonds are no longer paying 6% they are paying 3%. We are still making 4 to 4.5% but the new ones are going to be 3% and will be that for a while. What does that do to our numbers? Stocks are still averaging 10%, your making nothing from cash and bond got whacked in half. Stocks are still contributing about the same so now instead of making 7.2% we will make 5.3% and the actuary says we need to make 6.5% to make it work. We changed from one year to three year high and employees and the City is putting in more money. My point is here mathematically it is almost impossible to do now. Back here it wasn't a problem here the arithmetic says we have troubles.

Ellwanger stated your assumption is basically interest rates have decreased.

Armstrong stated that is correct. That is what has changed. What it also does it gives us a little more downside risk. If the market falls 50% we have more downside risk because the bonds aren't kicking in as much therefore when you take away 17.5% you have to have more downside risk than you had before. Dean doesn't make recommendations on how we invest the money but he has told us what other plans are doing. Most of the plans he works with are 35% bonds and 65% stocks. The reason they do is because of the chart we should you. At 15.25 per year is 10% and it rides the ups and downs. If we went with 35/65 cash is still making nothing, bonds are 30% making 3% kicking in 0.9% and stocks are 65% making 6.5% and we are back at 7.4% a year. The problem is if we get a -50% downturn guess where we are. A third of our money is gone and $42,000,000 is now $28,000,000. That is probably more that most of us can stomach. That is why we haven't done that. If you remember when the market went down 50% Dean stated he didn't know how we were doing it but the plan help up fantastically well compared to most. The reason was because we were 65/35. The market crashed and they got hammered but when the market skyrockets we are going to lag behind. So circumstances have changed. If we go to 50/50 looking at current condition cash is still making nothing, bonds we will put at 45% making 3% and that is 1.4%, stocks at 50% x 10% that is 5% and there is our 6.4%. That put us very close to what the actuary says we need to make. The downside is if the market drops by 50% we are going to drop by 25% and so we are down about 24%. We won't like that because the portfolio will drop from $42,000,000 to $32,000,000 but maybe we can live with it if we have the potential to make what the actuary is using.

Ellwanger asked the downside risk on your bottom analysis is -23% and our current portfolio is -17%.

Armstrong stated yes. That assumes if the stock market crashes bonds stay stable. Normally if it crashes bond go up because people are selling stocks and buying bonds. Let's look at where we have been. The requirement is 6.5% when we started in November of 2007. When we changed everything the Dow Jones was at 13,900. Now the Dow Jones is at 13,100. We lost 800 points and that includes a 50% downturn along the way. We went down and came back up and when we try to figure out how much money we could have made we are assuming 10% a year for the last five we got 0 from stocks. So the 35% in stocks as far as the market helping us we have gotten nothing from the market. The portfolio has made 12% a year. For the last three years the market has gone up around 10% a year. Part of our bonds are averaging 5% and about a third is making 9 or 10% and there is your 6.5% per year for the past three years. Pension plans have hardly done that and we worked really hard to do so. The last year we were at 5%. Our net investment when you add it all up is $34.9 million. We gained over that time period from here to here $7.6 million. The current value is about $42.5 million. That is an overview of what has happened so far. It is going to be hard to do when we have bonds paying 3% instead of 6%.

Armstrong stated now we are back where we started from with two goals. We have done the investment policy and to get a big picture of where we are and then consider changing this over to that. We don't need a decision today. It maybe something you want to think about.

Ihler stated the longer we continue the less we see in returns.

Armstrong stated that is correct.

Ihler stated my question is do we really want to wait.

Bayones stated we probably shouldn't.

Hill asked once we make a decision how long does it take you to put it into effect.

Armstrong stated that is an excellent question. We are not going to sell bonds because we have good one that are still paying 5 and 6%. As they mature and cash comes in then we will slowly move them over. We are sitting roughly right at 38 to 40% in the stock market. There is 4 to 5% in things that are at risk but not in the stock market. Those are things that help protect us if interest rates go up and bonds fall. They are called inverse. They are bond funds with some risk. We categorize them as stocks because they trade on the stock exchange. If we go to 50/50 what we would do is bring us up to 45 to 50% stocks. Another 10 to 15% would be in hedges against the bonds in case interest rates go up. It is very unlikely we would have 60% in stocks but we could be 60% at risk due to the hedge bonds. We would do it over a period of time. It is a slow thing.

Hill asked if we give you the okay and the market makes a drastic change between November and January you will slow down. You're not going to buy a bunch of stocks.

Armstrong stated no. We are not going to dump a bunch of money into the market right before the election when there is always this instability.

Warren stated we are looking to take advantage of what you are talking about instead of being a part of it. We have to follow through now because of the election and fiscal cliff then you end up being prepared. That is an opportunity if market fell 10 to 15% cash coming from bonds and re-down size.

Armstrong stated when we add stocks we try to catch the bid down lays. If the market is down over a course of a week or two we try to rebalance them as opposed to waiting for it to go up.

Ellwanger asked what is the type of stock you look at.

Armstrong stated it will be a mutual fund. If you look over here they fall into these categories with these industries. These categories with that style box in the upper right hand corner. We are a little bit underweight in large because we like to be 25% across the board. The small and medium have grown some raising that percentage up. Instead of selling the small and medium and buying large to rebalance we would add to the large growth/value/core mutual funds. We try to keep those funds in the top 1/3 of their category. When they fall out for a while we sell and buy ones that has performed better. We don't trade mutual funds every day. We are not fund traders.

Ellwanger asked is our portfolio of 65/35 extremely conservative.

Armstrong stated yes. Morgan Stanley has an asset allocation model we use and if we put into the program the parameters that the plan has for income needs, growth needs, and long term needs the program would come up considerably more aggressive than what they are but it is more aggressive than what I'm comfortable with. I'm pretty conservative and Warren is a little more adventurous. I'm not comfortable with those real aggressive bonds.

Ellwanger asked if we were to go with your recommendation of 50/50 where would that put us on the hook graph.

Armstrong stated right here. It is about the same volatility as a portfolio with all bonds.

Ihler asked a typical pension plan goes to the opposite of what we are.

Armstrong stated they typically do 35/65. They are just the opposite. It hurt them when everything crashed. They should do better because of the long term 10% but in the short term they really got killed. You have to do the actuarial every year based on current value. They were down 30% then all of a sudden they were 30% underfunded. The market going down 50% in just a short time came back up. That is what happened here. It didn't happen to us but it could have. Longer term they should do better. The problem they hand was when it fell 30 to 35% they sold all their stocks and put them into bonds and that was the wrong thing. They sold them low and when the market came back up they weren't able to ride it back up again. It is hard to do. When our clients call and stated they are watching CNN and NBC my advise to them is to change the channel.

Warren stated looking at the chart you will notice from 1995 to 1999 you didn't have many reports about underfunded pension plans. Those years the market did real well. They were heavy in the market and probably didn't continue to put in the steady funding that needed to go in because they were fully funded. From 2000 to 2002 they didn't add as much money as what you would if you were trying to be more consistent with your return so it cuts both ways. A consistent 6.5 or 7% works a whole lot better than one that is up 100% over a three year period. You don't have to put the money in because you are fully funded and you get a false sense of security only to wake up in 2002 and your underfunded and have to catch up. By being more volatile it does affect your funding and it is hard to catch up when you didn't put in.

Armstrong stated that is correct. The guy that is getting that money somewhere else doesn't want to be cut to go back and fund the pension plan. That is human nature. That is the way it is and it is accurate because that is exactly what happened. The three year averaging on the actuarial study should help because it would smooth that out.

Ihler asked is anybody interested in moving forward with the 50/50.

Armstrong stated we would rather stay at 65/35. I just don't like going to 50/50 but the arithmetic says there it is.

Ihler stated the presentation clearly shows that the conditions have changed. With the 50/50 we will increase the range in the minimums. We are only talking a 5% difference in the minimum.

Moved by Ellwanger, **Second** by Ihler, that the asset allocation percentages to target markets and cash and bonds to 50% and stocks 50%. Range on the cash and bonds will be a minimum 40% and a maximum of 70%, stocks a minimum of 30% and as maximum of 60%, and foreign stocks a minimum of 5% and a maximum of 15%. **Aye**: Ihler; Hill; Livingston; Bayones; Ellwanger. **Motion Passed**.

B. Receive quarterly employees refunds made from retirement system and receive quarterly statement of receipts and disbursements and take action if necessary.

Ihler stated looking at the quarterly statement for the first quarter the revenue total is $2,257,151; expenditures $1,239,558; net increase just over a million. The funding balance at the beginning of the year was $44.9 million to $45.9 million. This appears to be a fairly positive first quarter. Next page shows the assets and liabilities addressing where the $45.9 is established. You have $3 million in cash; $21 million in bonds or government obligations; $17.3 million in mutual funds; $2 million stocks; $2 million judgment; and just under $200,000 in interest received for your total assets. The third page is the payouts to employees made from the retirement fund. First quarter payout was $315,182.27.

Ellwanger asked the realized loss on the first page of $68,000 is a result of what.

Armstrong stated buying bonds at a premium and them maturing at a lower value. Once in a while we sell a mutual fund at a loss as well.

Ellwanger asked are these maturities or sells.

Armstrong stated most of it will be maturities.

Ellwanger asked do we record everything at maturity or do we accrue any of the premiums of the discounts.

Armstrong stated I don't know how the City does it. I doubt very seriously they accrue it. I expect the City will do it on a cash basis because our statements accrue it on a realized and unrealized. I don't think she reports unrealized it is just all realized which is fine.

Hill asked what is it we pay the federal taxes on.

Ezell stated for the refunds to employees withdrawing their funds.

C. Receive Report on Number of Employees Enrolled in the Pension Prior to Career Averaging and the Number of Employees Enrolled in Career Averaging and take action if necessary.

Riley stated my numbers were pulled from the last pay period which started on October 1st and ended on October 14th. There are 563 full time general employees; 456 are under the old pension; and 107 are under the career averaging. That is an increase from the last time we met. We did add one new position from the start of the budget year and the position that were on hold we have opened them up to hiring. That is part of the reason for a large jump in a short period of time.

Ihler stated last time we had 77 new employees under career averaging and another 30 were added.

Riley stated about 19% of the employees on career averaging.

Ihler stated we were at 14% and we have increased by another 5%. We are almost at 20% the first 18 months of implementation. If we continue at this rate the recovery would be quicker than what was identified assuming all the assumptions made in the actuary are the same. That is great.

V. New Business

None

VI. Consent Agenda

FOR THE BENEFIT OF THE AUDIENCE, ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE BY THE PENSION COMMISSION AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS. IF DISCUSSION IS DESIRED, THAT ITEM WILL BE REMOVED FROM THE CONSENT AGENDA PRIOR TO ROLL CALL AND WILL BE CONSIDERED SEPARATELY.

Wilson stated I brought to Riley and Ezell's attention that on Chandler's retirement agenda it states he has 30 years of service and had met the requirement for early retirement. Thirty years would be normal retirement. After checking with Riley he actually had 28 years of service. He did have 2 years part time before becoming a full time employee. The agenda item should say 28 years of full time service and it is early retirement.

A. Consider Application for Early Retirement for Billy Chandler.
B. Consider Application for Normal Retirement for Reginal Bryant
C. Consider Memo of Information Regarding the Death of Active Employee Carolyn Sue Jefferies
D. Consider Memo of Information Regarding the Death of Norman Christophe
E. Consider Memo of Information Regarding the Death of Retiree Survivor of Billie Joan Howeth Strong
F. Consider Memo of Information Regarding the Benefits of Retiree Carl Mullins
G. Consider Application of Normal Retirement for Cheryl Richardson

MOVED by Ellwanger, **SECOND** by Hill, to approve the consent agenda. **AYE**: Hill; Livingston; Bayones; Ellwanger; Ihler. **NAY**: None. **MOTION CARRIED**.

V. Comments

Ihler stated the 2nd Amendment to the Pension Trust agreement was extended by Council for another 21 years or to the year 2033.

Endicott stated I just wanted to say our audit is ongoing and looks like we will be able to do it a little earlier this year. I think the retirement system is almost done.

VI. Audience Participation

VII. Adjournment

MOVED by Hill, **SECOND** by Livingston, to adjourn. **AYE**: Livingston; Bayones; Ellwanger; Ihler; Hill. **NAY**: None. **MOTION CARRIED**.