

August 16, 2019

The Third Quarterly meeting of the Board of Trustees of the City of Danville's Employees' Retirement System (ERS) convened at 8:00 a.m. on the above date at the Danville Regional Airport, Eastern Conference Room, 424 Airport Drive, Danville, VA.

Board Members Present:

Norman Campbell
Gina Craig
Gus Dolianitis
Kenneth F. Larking

Joyce D. Obstler
E. Linwood Wright

Board Members Absent:

Michael L. Adkins
Lenard D. Lackey, Jr

Sherman Saunders

Others Present:

Steven Roth, Dahab Associates, Inc., Bay Shore, New York
Ryan Dodson, Asst. City Attorney, City of Danville
Sara Weller, Director of Human Resources, City of Danville
Henrietta Weaver, Secretary to the Board of Trustees
Joanne Hickey, Human Resources Consultant, City of Danville

Meeting Called to Order

Mr. Wright, Chairperson, called the meeting to order.

Roll Call

Henrietta Weaver, Secretary, conducted the roll call.

Additions/Deletions from Agenda

None

Approval of Minutes

A motion was made by Mr. Dolianitis, seconded by Ms. Craig, and carried to approve the minutes of the quarterly meeting of May 10, 2019, as presented.

Administrative Items

The payroll changes report for the three-month period ending July 31, 2019 was presented. Gross payroll was \$1,205,848.26, which included additions of \$12,603.44, deletions of \$2,615.25, and adjustments of \$360.87. The payrolls for June and July included a one-time bonus totaling \$259,890.26. The disbursements for the same three-month period were \$258,743.86. A motion was made by Ms. Obstler, seconded by Ms. Craig, and carried to approve administrative items as presented.

Investment Consultant's Report

Mr. Steve Roth of Dahab Associates, Inc. of Bay Shore, New York, presented the Investment Consultant's report for the Employees' Retirement System for the quarter ending June 30, 2019.

As of June 30, 2019, the fund was valued at \$262,490,566, an increase of \$5,190,028 from March 31, 2019. For the March quarter, the total portfolio gained 3.2%. For the past twelve-month period, the portfolio returned 7.4%.

Mr. Roth presented an update on the asset allocations as of June 30, 2019. He reviewed the methodology used and the results obtained. No changes to current allocations were recommended.

Mr. Roth shared an article published by MuniNet Guide on pension funding levels, highlighting that of the 1,271 pension funds reviewed in a survey conducted by Merritt Research Services, LLC, the Employees' Retirement System was ranked among the top well-funded plans at number 13. The success of the plan is attributed to the asset allocation strategy recommended by Dahab Associates, Inc.

An international equity manager, HGK Trinity Street, recently notified Mr. Roth that they made a purchase of the incorrect type of shares in a recent trade. They detected the error and immediately took corrective action. The mistake cost the commingled funds six basis points (0.06%), but HGK will reimburse this lost by discounting the management fees for the quarter by the same amount.

Review of Potential New Fixed Income Managers

Mr. Roth presented the responses to the request for proposal for a new core fixed income manager. The Board decided to hear presentations from all three managers recommended by Dahab: Johnson Asset Management, Richmond Capital Management and Sawgrass Asset Management.

Board and Staff Communications

Ms. Weaver informed the Board that the meeting room would not be available at the usual time at the next meeting. The Board was asked if they would like to meet at a different location at the usual time or change the time of the meeting to 9:30 am and

keep the location the same. There was consensus to hold the November meeting at the Municipal building at the usual time of 8:00 am.

Mr. Wright remarked on the importance of the investment advisor in conjunction with the Board and City Council in the effective management of the plan. He thanked the Board and staff for their efforts.

A motion was made by Mr. Larking, seconded by Ms. Craig, and carried to adjourn the meeting.

There being no further business, the meeting was adjourned at 8:39 a.m.

Next quarterly meeting will be November 15, 2019.

s/ E. Linwood Wright

Chairperson

s/ Henrietta Weaver

Secretary to the Board of Trustees