Meeting called to order 6:05pm

Members Present: Robert Fulton, Jeremy Renninghoff, Kerrie Flanagan

Staff Members Present: Kathryn Veronesi

Also Present: Tom Forma, Kevin Nichols

1. **Public Comment:** There was no public comment.

2. **Approval of Agenda:** On a motion by Mrs. Flanagan, seconded by Mr. Renninghoff the agenda was unanimously approved.

3. **Approval of Minutes:** On a motion by Mrs. Flanagan, seconded by Mr. Renninghoff the minutes to the August 25, 2015 ERC meeting were unanimously approved.

4. **Bond Fund Management:** Dr. Onofreo sent an email to the committee after the last ERC meeting regarding index funds. He stated that while Mr. Forma did in fact describe the Dow's >1100 intra-day point drop on Monday the 24th as the "biggest ever", the point was that, in percentage terms, the decline was nowhere near historic relative to past declines, and certainly no cause for panic. Dr. Onofreo stated despite tremendous research and effort, the time weighted return since inception with Mr. Forma as manager demonstrated a performance that lags comparable index benchmarks by about 1% (coincidentally about the same as the management fee). The rationale for not capturing all of the market upside has been that the strategy was designed to also not capture all of the downside and thereby limit volatility within the Plan. Unfortunately, as Mr. Forma admitted, several of the managers have not performed as expected with regard to mitigating downside risk. Given the difficulty in predicting both the market and the managers, up or down, and given the importance of fees (the only thing we can truly control) on total return, Dr. Onofreo questioned the added value of the current arrangement relative to a low-cost manager, such as Vanguard, where fees can be 1/2 to 2/3 less.

The committee's conclusion is to be more conservative to protect the district on the downside. The committee will recommend changing from Pimco to Boyd Watterson Asset Manager Int Term. Pimco has done well but Tom Forma thinks the district should go with something with less risk. Pimco is core plus which is not protective in this type of market. Boyd Watterson is higher quantity lower volatility. Wasmer, Schroeder has extra flexibility – two different high quantity bonds.
On a motion by Mrs. Flanagan, seconded Mr. Renninghoff, the committee unanimously approved to move $439,109.66 (7% of portfolio) from Pimco to Boyd Watterson an intermediate fixed portfolio management service.

5. **Public Comment:** Chuck Stengel stated this doesn’t seem like a lot of money for a pension plan. Mr. Renninghoff stated the pension plan is for non-certified staff only and is approximately 18% funded.

6. **Adjournment:** On a motion by Mrs. Flanagan, seconded Mr. Renninghoff the meeting was unanimously adjourned.