CITY OF PHOENIX
EMPLOYEES' RETIREMENT BOARD
200 W. Washington, 10th Floor
Phoenix, Arizona 85003

October 18, 2012

MEMBERS PRESENT:	Ms. Linda Reidenbach, Chairperson Ms. Elizabeth Bissa, Vice Chairperson Mr. Jeff DeWitt, Board Member Ms. Cathleen Gleason, Board Member Mr. David Hensley, Board Member Mr. Rick Naimark, Board Member Mr. Randy Piotrowski, Board Member Mr. Leslie Scott, Board Member
ABSENT:	Ms. Janet Smith, Board Member
ALSO PRESENT:	Ms. Donna Buelow, Retirement Program Administrator Ms. Paula Whisel, Recording Secretary Ms. Jackie Temple, City of Phoenix Employees' Retirement System (COPERS) Mr. Greg Fitchet, COPERS Ms. Anna Martinez, COPERS Ms. Lollita Cordova, COPERS Ms. Kim Grant, Finance Department Ms. Amber Williamson, Budget & Research Department Mr. Stu Casey, Administrative Supervisory Professional & Technical Employees Association (ASPTEA) Mr. Bill Hallmark, Cheiron, Inc. Mr. Michael Ford, R.V. Kuhns & Associates Mr. Spencer Hunter, R.V. Kuhns & Associates Mr. Warren Koontz, Loomis Sayles Mr. Neil McKenna, Loomis Sayles Ms. Karen Jordan, MFS Investment Management Ms. Kate Mead, MFS Investment Management Mr. Mark Donovan, Robeco Mr. Paul Healey, Robeco

The City of Phoenix Employees' Retirement Board met at 17 S. 2nd Avenue, 2nd Floor Subcommittee Room, Phoenix, Arizona on October 18, 2012, at 2:00 p.m., to conduct regular business.

1. **Call to Order**

   Chairperson Reidenbach called the meeting to order at 2:00 p.m. She stated Ms. Smith was unable to attend the meeting.

2. **<u>Approval of Meeting Minutes</u>**

Ms. Buelow stated a correction was required on page a.11, agenda item 20 to change the text to "…any of these managers."

Ms. Gleason moved approval of the revised August 16, 2012, the September 17, 2012, and the September 26, 2012 minutes. Ms. Bissa seconded the motion. The motion carried unanimously.

a) August 16, 2012 (Retirement Board)
b) September 17, 2012 (Legal Review Committee)
c) September 26, 2012 (Retirement Board)

3. **<u>Investment Committee Report</u>**

The Investment Committee met on October 18, 2012.

a) <u>Consideration of Excess Benefit Arrangement Trust Report</u>

Ms. Bissa stated included in the materials was a report, through September 30, 2012, regarding the Excess Benefit Arrangement (EBA) Trust. She stated the Committee and the Board review the quarterly report as trustees of the EBA Trust.

It had been the consensus of the Investment Committee no action was necessary regarding this agenda item. It was the consensus of the Board no action was necessary regarding this agenda item.

b) <u>Review of Correspondence From R.V. Kuhns & Associates Regarding Organizational Changes at Transition Managers:</u>

1) Russell Implementation Services
2) State Street

Ms. Bissa stated the Committee reviewed correspondence from R.V. Kuhns & Associates (Kuhns) regarding the organizational changes. She stated Kuhns did not have any immediate concerns with these changes, but will continue to monitor these firms.

It had been the consensus of the Investment Committee no action was necessary regarding this agenda item. It was the consensus of the Board no action was necessary regarding this agenda item.

c) <u>Consideration of Organizational Changes Regarding K2 Advisors – Presentation by R.V. Kuhns & Associates</u>

Ms. Bissa stated K2 will merge at the end of October 2012 with Franklin Templeton. She stated K2 will remain autonomous. She stated Kuhns was not concerned with the change, but will continue to monitor K2.

It had been the consensus of the Investment Committee no action was necessary regarding this agenda item. It was the consensus of the Board no action was necessary regarding this agenda item.

d) Consideration of Continuation of Contractual Agreement with Wrightwood

Ms. Bissa stated Wrightwood was a non-core real estate manager who has been contracted with COPERS since 2009. She stated COPERS currently has $3.7 million invested with Wrightwood. She stated Wrightwood's investment period ends on December 31, 2012. She stated the Committee had no concern with continuing the relationship with Wrightwood.

Ms. Gleason asked if Wrightwood's contract was open ended. Ms. Buelow stated the fund has a specific investment period. Mr. Fitchet stated the investment period was eight years from the final close in 2009. He stated in 2017, at the manager's discretion, there will be two one-year extension possibilities. He stated Wrightwood has started realizing some of the investments.

It had been the consensus of the Investment Committee no action was necessary regarding this agenda item. It was the consensus of the Board no action was necessary regarding this agenda item.

e) Future Agenda Items

Ms. Bissa stated no future agenda items were requested.

f) Call to the Public

There was no response to the call to the public.

Ms. Bissa moved approval of the Investment Committee report. Mr. DeWitt seconded the motion. The motion carried unanimously.

4. **Legal Review Committee Report**

The Legal Review Committee met on September 17, 2012.

a) Consideration of Portfolio Monitoring Reports

Ms. Buelow stated the Committee met in executive session to review confidential reports provided by the legal firms. She stated the Committee was not recommending any action at this time.

1) Cohen Milstein/Keller Rohrback
2) Kessler Topaz/Meltzer
3) Labaton Sucharow

b) Review of Class Action Filing Report (Prepared by State Street)

Ms. Buelow stated this report was informational.

c) Future Agenda Items

There were no future agenda items requested.

d) Call to the Public

There was no response to the call to the public.

It was the consensus of the Board no action was necessary regarding this agenda item.

5. **Charter Amendments/Policies & Procedures Committee Report**

The Charter Amendments/Policies & Procedures Committee met on October 18, 2012.

a) Consideration of Request From Clyde Baker

Ms. Buelow stated Mr. Baker had requested a change in his benefit payment. She stated the Committee was recommending the Board deny Mr. Baker's request due of the irrevocable nature of the option he chose when he retired.

b) Update Regarding Internal Revenue Service Filing

Ms. Buelow stated this item was postponed to a later date.

c) Consideration of Revision of Policy 3 – Board Election of Officers

Ms. Buelow stated there was an incorrect Charter reference in Policy 3. She stated the CAPP Committee recommends the Board approve the correction.

d) Consideration of Possible Policy Regarding Purchasing/Rebidding

Mr. Rick Naimark entered the room.

Ms. Buelow stated this agenda item was the result of an audit process. She stated there was a Committee discussion which staff will utilize to draft a policy for review at a future meeting.

e) Future Agenda Items

There were no future agenda items.

f) Call to the Public

There was no response to the call to the public.

Ms. Gleason moved to accept the Charter Amendment/Policies & Procedures report to include Board denial of Mr. Baker's request and approval the revision to Policy 3. Mr. Piotrowski seconded the motion. The motion carried with Mr. Naimark abstaining.

7. **Consideration of Preliminary Actuarial Valuation as of June 30, 2012 – Presentation by Cheiron, Inc.**

Mr. Hallmark stated Cheiron uses a graphic which came out in the Harvard Business Review many years ago to describe how pension funding and the actuarial valuation processes work. He stated the tank represents the liability for a pension plan. He stated the green in the tank is the level of assets. He stated Cheiron compares the size of the tank to the amount of assets in the fund. He stated there are things which go into and out of the tank. He stated the benefits and administrative expenses come out with the amount of the benefits controlled by the terms of the plan. He stated coming into the plan are employee and employer contributions and investment earnings. He stated part of the valuation process is to determine how much employer contributions are required because employee contributions are fixed by the terms of the Plan.

Mr. Hallmark stated the June 30, 2012, valuation is used to determine the City's contributions for the fiscal year ending 2014. He stated in the past it would have also determined the accounting requirements for the same fiscal year but there was a change in the accounting requirements. He stated under Governmental Accounting Standards Board (GASB) Statement 67 the accounting for the fiscal year ending 2014 could be based on a different valuation. He stated the Board will need to revisit this issue and select the timing. He stated it could probably be either the 2013 or 2014 valuation depending on how quickly the Board wants information available for the comprehensive annual financial report (CAFR). He stated the new GASB statements are effective for the fiscal year ending 2015. He stated the City also has some decisions to make on how they use the valuation and results for their CAFR. He stated this valuation could be used for those disclosures unless the City elects to implement GASB Statement 68 early.

Mr. Naimark asked Mr. Hallmark if the timing for the implementation of the two GASB Statements have to be coordinated. Mr. Hallmark stated they need to be somewhat coordinated, but they do not have to be identical. He stated the employer rules have more flexibility on timing than the Plan rules.

Mr. Hallmark stated the liabilities in 2003 were $1.5 billion and as of June 30, 2012, were approaching $3 billion. He stated the smoothed market value and the market value have been close for the last two years. He stated one of the things publicized about implementing the new GASB rules was the change from actuarial value to market value could have a big impact. He stated the most common smoothing method is a five-year period. He stated Arizona State Retirement System (ASRS) uses a ten-year smoothing period.

Mr. Hallmark stated the contribution rates have increased, which reflects the market losses in 2009. He stated the employer contribution rate for 2014 under this valuation would be 22.24%, an increase from 20.15%. He stated there were investment losses this year which were not expected. He stated the Segal projections regarding pension reform were very close to Cheiron's projections.

Chairperson Reidenbach asked Mr. Hallmark how the employee contribution rate would be calculated if the proposed changes are passed. Mr. Hallmark stated his preliminary understanding is Cheiron would calculate the total contribution rate, tier 1 employees would pay 5% and the City would pay the remainder and for the tier 2 employees the rate would be split between the employees and the employer.

Mr. Hallmark stated the gain and loss reported each year in the valuation differentiate from what was expected to happen. He stated an actuary wants to see a balance between gains and losses. He stated if everything was a loss it would indicate something was wrong with the assumptions.

Ms. Gleason asked Mr. Hallmark if this was the last year the smoothing would recognize the losses from 2009. Mr. Hallmark stated the June 30, 2012, valuation would complete the recognition of the losses from 2009.

Mr. Hallmark stated included in the materials was a table which summarizes the key results between the June 30, 2011, and the June 30, 2012 valuations. He stated the actuarial liability increased by about $200 million, the actuarial value of assets stayed about the same and the unfunded actuarial liability increased by about $200 million. He stated the funded ratio dropped from 67% to 62%.

Mr. Naimark asked at what funded ratio an actuary would indicate the employer needs to contribute more. Mr. Hallmark stated Cheiron adjusts the employer contribution in each valuation.

Mr. Hallmark stated the 22.2% employer contribution rate was an increase of about 2% of payroll. He stated the projected payroll was lower for fiscal year 2014 than it was a year ago. He stated the City's normal cost does not include employee contributions. He stated when Cheiron replicated the prior valuation they had offsetting differences. He stated Cheiron calculated a lower normal cost and a higher actuarial liability. He stated the effect on the total contribution rate was minimal. He stated the actuarial required contribution (ARC) was reported as $110 million instead of $115 million in the June 30, 2011, valuation because the valuation applied the 20.2% rate to the expected payroll for the 2011/2012 fiscal year. He stated Cheiron applied the contribution rate to the 2012/2013 fiscal year since it is the year it was to be paid.

Mr. Hallmark stated there was an approximate 3% drop in the number of active members between June 30, 2011, and June 30, 2012. He stated there was an increase in the number of retirees and terminated vested individuals, which offset the decrease in active members with the total membership in the System increasing. He stated the active member projected payroll decreased by 1.7%. He stated the average pay per active member increased about 1.5%, significantly less than what was assumed at 5%. He stated in the past what has been reported in the valuation was the actual pay for the year ending on the valuation date. He stated most of Cheiron's valuation is based on the projection for the upcoming year.

Mr. Hallmark stated salary increases were lower than expected during the fiscal year ended June 30, 2012, resulting in an approximate $60 million actuarial gain. He stated other demographic experience produced an approximate $39 million loss. He stated the change in methodology between the actuarial liability and the normal cost added approximately $73 million to the actuarial liability with an offset to the normal cost. He stated the investment losses were about $130 million, reflecting a return on the market value of -0.33%. He stated this statistic is calculated as dollar-weighted, which is different than the investment consultant.

Ms. Gleason asked Mr. Hallmark if this statistic reflected the smoothing effect of the investment returns. Mr. Hallmark stated the recognition of the prior gains and deferred recognition of investment losses resulted in a return on the valuation value of assets of 0.85%.

Mr. DeWitt asked Mr. Hallmark to review the change in the actuarial method. Mr. Hallmark stated the actuarial method change is the way Cheiron applied the entry age actuarial method compared to the prior actuary. He stated Cheiron has a higher actuarial liability and a lower normal cost compared to the previous actuary. He stated Cheiron was not able to determine all the details of the differences. He stated they were almost identical on what they expected the total future benefits to be. He stated the actuarial method allocates benefits attributable to the past and to the future. He stated the allocation of benefits to the past was where there was a difference. He stated this was an allocation issue, but it was well within accepted tolerances for differences.

Mr. Hallmark stated the change in method reduced the normal cost rate by 73 basis points and increased the unfunded actuarial liability (UAL) rate by 111 basis points which had a net effect of increasing the contribution rate by 0.38% of pay. He stated this increased the employer contribution by about $2.3 million.

Mr. Hallmark stated the reduction in total payroll has a couple of offsetting effects. He stated the cost of paying off the UAL is a dollar amount and the larger the payroll the smaller the rate. He stated reducing payroll increases the contribution rate but it does not change the dollar amount. He stated the net dollar impact is a reduction of approximately $3 million. He stated the change in the contribution rate is an increase of 0.79%.

Mr. Hallmark stated the investment experience added 1.62% or approximately $9 million to the employer contribution. He stated the net demographic experience reduced the employer contribution rate by 0.31%.

Mr. Hallmark stated Cheiron expected the employer contribution would increase from $115 million to $119 million if all the assumptions were met. He stated the calculated employer contribution increased to approximately $125 million.

Mr. Hallmark stated, utilizing the Cheiron stress testing, the current actuarial liability of approximately $3 billion is projected to increase to almost $7 billion in 20 years. He stated this scenario includes 8% investment returns every year for 20 years. He stated the member contribution rate was 5%, with the employer rate increasing from 20.2% for fiscal year 2012-2013 to 22.2% for fiscal year 2013-2014. He stated under this scenario the projected employer contribution rate would gradually decline over the 20-year period to 15%. He stated this estimated contribution rate was essentially the same as Segal included in their projections. He stated the total normal cost rate of approximately 14% is projected to stay about the same. He stated the proposed pension reform will impact the normal cost rate as tier 2 employees come into the Plan.

Mr. Hallmark stated GASB disclosures require the funded ratio based on the actuarial value of assets as of June 30, 2012, of 62.2% be presented in the annual financial reports. Mr. DeWitt stated within eight years the Plan will be back to 70% funded, if the investment earnings assumption is met.

6. **Review of Actuarial Valuation Assumptions and Methods – Presentation by Cheiron, Inc.**

Mr. Hallmark stated at the August 2012 meeting the Board reviewed the potential impact of the GASB and Moody's proposed adjustments. He stated under current methods the Plan will have a significant adjustment to the discount rate under GASB. He stated in order to use the expected return, 8%, as the discount rate the Board needs to make two key changes. He stated one is to include the value of the pension equalization reserve (PER) in the valuation. He stated Cheiron developed an assumption treating it as an average cost of living adjustment (COLA) of 1.5%. He stated also, the amortization period needed to be closed. He stated currently the Plan uses a 20-year rolling amortization period, which re-amortizes the unfunded liability each year.

Mr. Naimark asked if the Board made a change in the assumption of expected return would it also apply to the discount rate. Mr. DeWitt stated an oversimplified summary of the GASB rule is if, under the GASB methodology, a plan depletes assets, they must use a tax exempt bond rate of about 3% as the discount rate. He stated this would be significantly less than the 8% assumed earnings rate. He stated if the GASB model does not indicate a depletion of assets, the plans can use the assumed earnings rate as the discount rate. Mr. Hallmark stated the depletion of assets is under GASB's methodology, not that a plan would actually run out of assets.

Mr. Hallmark stated the current expected return of 8% may be higher than desired. He stated a concern is these changes may raise the contribution rate to a point it was unaffordable.

Mr. Hallmark stated the amount placed in the PER is based on any excess returns over 8% on a five-year average multiplied by the liability. He stated Cheiron's stochastic analysis using the expected return and standard deviation provided by Kuhns resulted in an average annual compounded COLA of 1.5%. He stated the average Pension Equalization Program (PEP) has been a 2.8% increase.

Mr. DeWitt asked Mr. Hallmark if a 1.5% assumption would be acceptable under GASB. Mr. Hallmark stated the acceptable methodology for GASB is a forward looking assumption, similar to the methodology for determining an assumed investment return.

Mr. Hallmark stated in calculating the COLA Cheiron assumed a median return of 6.6%, which ranked in the 50th percentile based on the 30-year average return. He stated the 95th percentile return was 10.1% and the 75th percentile return was 8%. Mr. Ford stated Kuhns' calculation of projected returns is typically for a 10 years plus time frame and would not necessarily equate to the actuarial calculation of projected returns.

Mr. DeWitt stated as fiduciaries of the Plan the Board is going to have tough decisions about the rate of return. Mr. Hallmark stated actuaries consider the asset allocation and the assumptions for the asset allocation to determine the recommended expected return.

Mr. Hallmark stated the inflation assumption was an underlying building block of other assumptions. He stated it most directly affects the projection of pay increases and the amortization schedule. He stated the payroll growth assumption is 5%, comprised of 4.5% for inflation plus 0.5% real wage growth. Mr. Naimark asked if merit increases were included in the 5% payroll growth assumption. Mr. Hallmark stated the merit increase assumption is in addition to the payroll growth assumption.

Mr. Hallmark stated the current inflation assumption of 4.5% would be considered high. He stated inflation was high during the 1970's and 1980's. He stated during other historical periods inflation was relatively low at 3.5% or less. He stated it was typical for the payroll growth assumption to be 50 to 150 basis points higher than the inflation assumption. He stated the inflation assumption does not have a direct impact on retirees because COPERS does not have a Consumer Price Index (CPI) COLA. He stated Cheiron suggests the Board consider reducing the inflation assumption and possibly retain the 50 basis points real wage growth assumption.

Mr. Piotrowski asked Mr. Hallmark how the City's compensation step system factors into Cheiron's calculations. Mr. Hallmark stated the compensation step system is included in the merit/longevity component of the assumption.

Chairperson Reidenbach asked Mr. Hallmark if COPERS was out of the norm from other plans. Mr. Hallmark stated COPERS was out of the norm regarding the inflation assumption. He stated COPERS was not out of the norm on the investment return assumption. He stated the most popular assumption was still 8%, but there had been significant movement toward 7.75% and 7.5%.

Mr. Hallmark stated a rolling 20-year amortization is an effective way of controlling contribution rate volatility. He stated there are two issues with a plan using a rolling amortization period. He stated there are issues with the GASB rules and the process of paying off the unfunded liability. Ms. Gleason stated previously the Board had a closed amortization period, which had been reduced to 11 years. Mr. Hallmark stated the Board may want to consider closing the amortization period. He stated amortization is about balancing the volatility and the cost of eventually paying off the unfunded liability. He stated the length of the amortization period can be changed up to 30 years under the GASB rules. He stated benefit changes can be amortized over a difference period than the unfunded liability. He stated amortization concerns controlling the cost volatility, paying down the unfunded liability and managing issues of generational equity.

Mr. Hallmark stated negative amortization was a period of time where plans pay less than the interest on the unfunded liability during which the unfunded is expected to increase. He stated closing the amortization period results in a slight negative amortization in the early years.

Mr. Hallmark stated there were different potential method changes for closed amortization methods. He reviewed the potential impact on the projected unfunded actuarial liability and the projected amortization payments for different open and closed periods ranging from 15 years to 30 years and level percentage and level dollar amount methods with 4% and 5% payroll growth.

Mr. Naimark asked Mr. Hallmark if amortization periods were commonly extended beyond 30 years. Mr. Hallmark stated GASB's current requirement is a limitation of 30 years for the ARC. He stated longer periods are more acceptable for amortizing changes in assumptions and methods.

Mr. Hallmark stated valuing the PER as a 1.5% COLA increases the normal cost by about 1.6% of pay and increases the UAL payments by about 4.5% of pay. He stated decreasing the inflation assumption by 100 basis points, the payroll growth assumption by 100 basis points and the interest assumption by 50 basis points, cancel each other out in terms of the normal cost but add an additional 2.5% in pay to the unfunded liability contribution. He stated amortizing the impact of valuing the PER over a 30-year period decreases the contribution rate by 1% of pay. He stated also changing to a closed 30-year amortization period of the UAL results in a 26.5% total employer contribution rate.

Mr. Hallmark demonstrated the estimated impact on the employer contribution rate and the actuarial funded ratio of potential assumption changes and methods, including the payroll growth assumption, open and closed amortization periods of various lengths for the unfunded actuarial liability, asset smoothing periods and the assumed investment return rate.

Mr. DeWitt stated long-term inflation was expected to be around 3%. Mr. Hallmark stated 3% to 3.5% was a common assumption in the public sector plans. Ms. Gleason stated she thought the long-term inflation assumption should not go below 3.5%.

Mr. Hallmark stated by closing the amortization period, the contribution rate stays level and the funded percent reaches 100% at the end of a 20-year period.

Mr. Hallmark stated lengthening the smoothing period would help stabilize the contribution rate in future volatile periods.

Ms. Gleason stated any changes could be done over two years. She stated the discount rate could be changed and the PER valued the next year. She stated the GASB requirement is effective after 2014.

A discussion ensued regarding the impact of potential method and assumption changes on the amount of the unfunded actuarial liability.

Mr. DeWitt stated asked what Kuhns' position was on the ability to achieve an 8% portfolio return. Mr. Ford stated it has gotten increasingly more difficult and one of the reasons was fixed income. He stated fixed income rates are currently at all time lows.

A discussion ensued regarding the timing of any potential actuarial method and assumption changes. A discussion ensued regarding the potential pension reform measures.

Mr. Hallmark stated there were two dynamics to keep in mind when considering the timing of any changes. He stated setting an assumption creates expectations for the cost of the pension plan. He stated constantly changing the basis for the cost requires constant changes in the expectations. He stated alternatively making a significant change all at once is difficult for any public budget process to absorb.

Mr. Naimark stated savings from the proposed benefit changes will be small in the earlier years.

Mr. DeWitt stated he feels the Board needs to take some time to think about these potential changes. He stated now or in the future the Board has to make some changes in regard to closing the amortization period. Mr. Naimark stated changes also need to be made to value the PER. He stated the City has fixed costs for payroll for the coming year. He stated the currently unknown future labor contracts will be in place for the following year.

A discussion ensued regarding the impact of potential method and assumption changes on the amount and percentage of employer contributions.

A discussion ensued regarding continuing this agenda item to the next meeting. Ms. Buelow reviewed the deadlines for the June 30, 2012, annual financial reports.

Mr. Naimark stated Cheiron could revise the valuation if the pension reform measures are passed.

It was the consensus of the Board for Cheiron to present the impact of potential actuarial assumptions and method changes for a 7.75% earnings/discount rate, either a 3.5% or 4% wage inflation rate, closing the amortization period, selecting a 30-year amortization period and valuing the PER.

Ms. Buelow stated the Board had also previously considered valuing the PER. Mr. Hallmark stated many plans are considering valuing similar provisions.

The Board took a break from 4:38 p.m. to 4:45 p.m.

9. **<u>Disability Assessment Committee (DAC) Report (Annual Report Reviewing the Activity Regarding Existing Retirees and New Applicants for Disability Retirement Benefits)</u>**

Chairperson Reidenbach stated the DAC report was informational.

10. **<u>Consideration of Possible 2012 Post Retirement Distribution (13th Check) – Preliminary Review</u>**

Ms. Buelow stated staff was not recommending a 13th check for 2012. She stated upon the Board's review, staff will forward this information to the City Auditor for review.

Ms. Gleason asked how much a 1% 13th check costs. Ms. Buelow stated a 1% increase would require a reserve amount of more than $1 million.

Mr. DeWitt moved to approve no 13th check payment for 2012. Mr. Hensley seconded the motion. The motion carried unanimously.

11. **<u>Update Regarding Potential Pension Reform and Charter Changes</u>**

Ms. Buelow stated the deadline to submit ballot arguments is in December. She stated there were fees associated with the submission on any arguments.

Mr. Naimark stated the most likely scenario is there would be two propositions. He stated one proposition would be the reform package and the other position would be the recommendations from the Board.

A discussion ensued regarding the possible submission of ballot arguments.

It was the consensus of the Board to continue this item to a future meeting.

12. **<u>Consideration of Requests for Transfer of Member Account From COPERS to Arizona State Retirement System (ASRS)</u>**

Ms. Gleason moved approval of the transfer requests. Mr. Naimark seconded the motion. The motion carried unanimously.

a) Adonis Deniz
b) Sheri Gibbons

13. **<u>Consideration of Requests for Service Credit (Buyback) Forfeited Due to Refund of Member Contributions</u>**

Ms. Gleason moved approval of the buyback request. Ms. Bissa seconded the motion. The motion carried unanimously.

a) Amy Harvel

14. **<u>Consideration of Requests for Purchase of Service Credits Pursuant to Board Policy 180</u>**

Ms. Gleason moved approval of the service purchase requests. Mr. DeWitt seconded the motion. The motion passed unanimously.

a) <u>In-State/Out-of-State/Military</u>

1) Alton Jones (2 requests)
2) David Najar

15. **<u>Bills to be Paid</u>**

Mr. DeWitt moved approval of the payment of the bills. Ms. Bissa seconded the motion. The motion carried unanimously.

<u>Plan Expenses</u>

a) Cheiron
GASB Study $ 7,500.00

b) Levi, Ray & Shoup, Inc.
Maintenance & Support $176,298.35
(11/17/2012 to 11/16/2013)

c) R.V. Kuhns & Associates
3rd Quarter 2012 Fees $ 46,712.50

d) State Street
June 2012 Fees $ 10,599.00
July 2012 Fees $ 10,495.02

e) Yoder & Langford, P.C.
Professional Fees $ 2,457.00

16. **Refunds through August 31, 2012 and September 30, 2012**

Chairperson Reidenbach stated this item was informational.

17. **Report of August Retirees and September Retirees and September 1, 2012 Payroll and October 1, 2012 Payroll**

Chairperson Reidenbach stated this item was informational.

18. **Treasurer's Report as of August 31, 2012 and September 30, 2012**

Chairperson Reidenbach stated this item was informational.

19. **Pending Legal Opinions**

Chairperson Reidenbach stated this item was informational.

20. **Administrator's Report**

a) Continuing Education Report

Ms. Buelow stated this item was informational.

b) Member Attendance Report for 3rd Quarter 2012

Ms. Buelow stated this item was informational.

c) Update Regarding Legal Staffing

This item was not discussed.

21. **Consideration and Possible Action Regarding Weisfelner v. Fund 1, et. al.**

No action was taken.

22. **Consideration and Possible Action Regarding Frank Piccioli, et al. v. City of Phoenix, et al., CV 2012-010330**

No action was taken.

23. **Future Agenda Items**

No future agenda items were requested.

24. **Call to the Public**

There was no response to the call to the public.

25. **Next Board Meeting: Thursday, November 15, 2012 at 2:30 p.m.**

Chairperson Reidenbach stated this item was informational.

8. **Consideration of Potential Domestic Equity Managers**

Chairperson Reidenbach stated this item was to possibly consider a replacement for Dimensional Fund Advisor (DFA). She stated DFA was hired in 2006, funded in 2007 and currently invests approximately $100 million, about 5.5% of the portfolio.

Ms. Gleason asked why the Board was considering a replacement. Mr. Ford stated this process was due to the domestic equity structure study recently completed. He stated DFA invests in smaller capitalization (cap) companies, in addition to large cap companies. He stated Kuhns recommended a review of potential large cap value managers to improve the overall structure of the domestic equity portfolio.

a) Loomis Sayles

Mr. Warren Koontz and Mr. Neil McKenna entered the room.

Mr. McKenna stated Loomis Sayles was Boston based, had been in business since 1926 and currently manages $170 billion. He stated during the last five to ten years Loomis Sayles has reinvested heavily into the company and has a $70 million research budget for this year. He stated most research is conducted internally with very little utilization of outside research. He stated Loomis Sayles has had a very stable organization and lost very few key people in the last five to ten years.

Mr. McKenna stated Loomis Sayles manages stock and bond strategies. He stated of those strategies, which have at least five-year performance records, all but one strategy has beaten the benchmarks. He stated Loomis Sayles also ranked well recently in industry surveys covering servicing and overall satisfaction.

Mr. McKenna stated Mr. Warren Koontz was the lead portfolio manager for the large cap product. He stated Mr. Koontz has been with Loomis Sayles for 17 years and has been involved with the strategy the entire time.

Mr. McKenna stated Loomis Sayles manages about $5 billion in large cap value assets and has the capacity to grow these assets. He stated Loomis Sayles has a mix of clients in the fund with mutual fund assets, public funds and corporate accounts as well as endowment and foundation funds.

Mr. McKenna stated the portfolio management team, led by Mr. Koontz, is joined by Mr. James Carroll who has been with Loomis Sayles for 16 years. He stated Mr. Arthur Barry, also a member of the portfolio management team, joined Loomis Sayles seven years ago.

Mr. Piotrowski asked if there was a ceiling on the assets which would be accepted in the large cap value strategy. Mr. Koontz stated Loomis Sayles would accept up to $20 billion in assets before considering a ceiling.

Mr. Koontz stated Loomis Sayles has a hybrid research model with dedicated analysts positioned on the team as well as a large central research department. He stated there are three dedicated analysts and the central research department has 12 global senior analysts as well as product analysts, strategists and quantitative analysts. He stated Loomis Sayles uses a bottom-up process focused on security selection. He stated Loomis Sayles runs a diversified portfolio and thinks a lot about risk.

Mr. Koontz stated the analysts bring robust fundamental research with a broad and deep perspective. He stated Loomis Sayles focuses the research on valuing the company which drives the investment process. He stated the analysts have an average of 29 years of industry experience. He stated Loomis Sayles is benchmark aware and are aware of the risks. He stated Loomis Sayles runs a diversified portfolio with exposure to all sectors. He stated they will be overweight to the benchmark where they find a lot of good ideas. He stated they also think about individual security risk. He stated they have a long time horizon, which is an advantage.

Mr. Koontz stated in regards to high, security-specific, risk Loomis Sayles does take risk but it is measured. He stated the overall portfolio has a risk measure close to the benchmark. He stated they place more of the risk on security specific risk. He stated the higher securities specific risk is the way Loomis Sayles generates alpha through security selection. He stated Loomis Sayles' quantitative research department thinks about individual security specific risk.

Mr. Piotrowski asked what the average timeframe was for holding a security. Mr. Koontz stated Loomis Sayles' turnover rate was between 25% and 50%, equating to a two-year to four-year time horizon.

Mr. Koontz stated part of the investment process is idea generation, which includes analysts, portfolio managers and quantitative analysis. He stated quantitative analysis is important because it is an unemotional way to look at companies. He stated they are interested in the opinions of the portfolio managers and the analysts. He stated fundamental analysis is where the analysts are involved in trying to judge the quality of management, products and the financials to come to a decision about valuations.

Mr. Koontz stated the valuation process includes scenario analysis including downside analysis, which is important because value investing tends to be contrarian. He stated after the completion of the valuation metrics, the process moves into the buy and sell discipline.

Mr. Koontz stated the sell discipline requires constant monitoring. He stated if they feel a stock is reaching a peak valuation they will sell it. He stated the other reason to sell is for risk control.

Mr. Piotrowski asked at what industry, sector and macro economic environment level is the scenario analysis done. Mr. Koontz stated the macro economic environment does not receive an overdriving emphasis, but they do believe you have to know the general feeling of the economy, the general state of the industry, the general state of the sector and the business cycles. He stated in value investing one of the best times to buy a stock is when it is at the bottom of its cycle.

Mr. Koontz stated Loomis Sayles' investment performance included in the material was through June 30, 2012. He stated year-to-date Loomis Sayles' performance was ahead of the benchmark, ranking in the 5th percentile of large cap value managers. He stated the performance lagged during the last three years by about 120 basis points. He stated Loomis Sayles is long-term oriented. He stated Loomis Sayles' longer term performance is in the top decile of large cap value managers.

Chairperson Reidenbach asked about clients lost during 2011. Mr. Koontz stated Loomis Sayles did not lose any clients in the large cap value portfolio during 2011. He stated the client losses may have been within the firm.

Mr. DeWitt asked where Loomis Sayles was overweight compared to the index. Mr. Koontz stated the financial services sectors was always a large part of the index. He stated Loomis Sayles was underweight in this sector but not due to bank holdings. He stated they are underweight to REITs and insurance holdings.

Mr. Hunter asked Loomis Sayles to discuss the concept of active share. Mr. Koontz stated active share was how much the portfolio differs from the benchmark. He stated Loomis Sayles' active share tends to be consistently between 70% and 75% which means they vary from the benchmark by that degree. He stated Loomis Sayles has a high active share, which was consistent with a security selection driven process. He stated active share would indicate they are taking security specific risk by analyzing securities and portfolios from the bottom-up.

Mr. DeWitt asked what differentiates Loomis Sayles from the other large cap managers. Mr. Koontz stated the difference is Loomis Sayles' intensity of fundamental analysis by their research department. He stated half of the firm was dedicated to research. He stated Loomis Sayles was not just an equity only shop and they bring to bear the resources of a broad research effort which includes fixed income.

Mr. McKenna stated Loomis Sayles has $5 billion under management, with about nine accounts above $100 million. He stated Mr. Koontz was very active in talking with clients and being available to clients. He thanked the Board for inviting Loomis Sayles to make a presentation.

Mr. Koontz and Mr. McKenna left the room.

b) <u>MFS</u>

Ms. Karen Jordan and Ms. Kate Mead entered the room.

Ms. Jordan stated Ms. Mead joined MFS Investment Management (MFS) in 1997. She stated Ms. Mead was an institutional portfolio manager and a member of the investment team. She stated if the Board were to hire MFS for the large cap mandate, Ms. Mead would be their main investment contact for the portfolio.

Ms. Jordan stated her main responsibility was new business development. She stated she resides in Arizona. She stated if the Board were to hire MFS her responsibility would be to assist with the transition and be part of the relationship management team. She thanked the Board for inviting MFS to make a presentation.

Ms. Jordan stated MFS has managed large cap value portfolios for the City of Phoenix Medical Expense Reimbursement Plan and Long-term Disability program since 2009. She stated in February 2012, the Board hired MFS for an emerging market debt mandate.

Ms. Jordan stated MFS would like to highlight three key distinguishing characteristics which they believe has contributed to their success. She stated these characteristics are the experience and stability of the investment team, their global research network and their ability to manage risk by investing in high quality companies with sustainable earnings and attractive valuations.

Ms. Mead stated it was important the Board understand the investment team which would be responsible for managing the assets. She stated the large cap value team was a highly experienced group of value investment professionals. She stated Mr. Nevin Chitkara, Mr. Steven Gorham and she were responsible for the strategy. She stated they have an average of 19 years of investment experience and all started their careers at MFS as equity research analysts. She stated having a culture of teamwork and collaboration has been a huge part of the success MFS has had in delivering outperforming results for their clients over time.

Ms. Mead stated MFS' investment philosophy has two primary tenants, valuation and high-quality. She stated MFS believes the valuation is an important driver of long-term stock price performance. She stated they take a long-term view of typically three to five years when making investment decisions in the portfolio. She stated they work closely with their team of research analysts to understand how the companies create value and then look at valuation metrics. She stated MFS is cognizant of the risk from paying too much to own a company in the portfolio. She stated valuation is an important source of downside risk protection. She stated the second piece of the philosophy focuses on high-quality companies, which have sustainable, durable businesses, with strong cash flow, good balance sheets and management who are good stewards of capital. She stated owning these types of companies in the portfolio, at the right price, gives the opportunity to capture returns and accrue value in the portfolio.

Ms. Mead stated understanding the investment philosophy is important because it provides information about how the portfolio might expect to perform in different market environments. She stated the consistent implementation of the philosophy means clients should expect the relative results to be influenced by the appetite for risk in the market. She stated the combination of focusing on quality and valuation leads to a portfolio which has less absolute risk over time. She stated the relative performance of the portfolio has been much stronger in time periods where investors are more risk adverse. She stated these are the environments which tend to have strong absolute performance results. She stated over longer periods of time they would expect stock selection to be the primary source of value in the portfolio.

Ms. Mead stated MFS are long-term investors. She stated nearly 50% of the companies owned in the portfolio have been held for five years or greater, with an average holding period approaching six years.

Ms. Mead stated the investment process has three primary steps. She stated the steps are idea generation, fundamental research and analysis leading to portfolio construction. She stated by hiring MFS the Board would also benefit from the investment capabilities of their global research platform. She stated globally MFS has 79 fundamental research analysts. She stated MFS recently opened an office in Sao Paulo, Brazil. She stated having equity and fundamental credit analysts working collaboratively gives the opportunity to integrate all perspectives to make better investment decisions. She stated as an example, for the first half of 2007 MFS was working to identify the companies who were most exposed to the pending downturn they anticipated. She stated all the MFS portfolios were largely underweight in the financials sector during the second half of 2007 and 2008.

Ms. Mead stated MFS leverages their research platform in terms of generating ideas for the portfolio. She stated the analysts are an important source of ideas. She stated even though they are focused on investing in U.S. companies they work with all the analysts. She stated it was important to understand what was happening in foreign businesses to make a comprehensive, informed investment decision.

Ms. Mead stated MFS thinks about quality as well as valuations and these characteristics have never changed. She stated they have always been a critical part of the MFS process over the better part of two decades. She stated this has led to a high degree of consistency in the portfolio characteristics and performance over time in a variety of market environments.

Ms. Mead stated risk management was an important and key consideration in constructing the portfolio. She stated the size of the positions is based on the risk adjusted return as well as the confidence level in the company's ability to execute. She stated the portfolio was constructed from the bottom-up which drives the sector and industry weights in the portfolio as well as the portfolio level characteristics.

Ms. Mead stated regarding the sell discipline, MFS trims back on investments if they get expensive and sells investments if they become less attractive compared to other investment alternatives. She stated MFS is disciplined in terms of selling investments which have fallen out of the quality spectrum. She stated this has been a critical piece of their disciplined investment strategy.

Ms. Mead stated MFS was overweight the index in the consumer staples and the industrial goods and services sectors. She stated the MFS portfolio has significant underweight in the energy, utilities and communications and financial services sectors. She stated their process does not change but the opportunities do change over time. She stated the sector positioning is a reflection of the opportunities in the market at any given time.

Ms. Mead stated the volatility experienced by clients invested in the strategy has been substantially lower than the market over time. She stated MFS would expect this to continue given their dual focus on valuation and quality.

Ms. Mead stated the average quality of the companies in their portfolio was the result of owning the best companies with great balance sheets and generating lots of cash flow. She stated returning cash to investors in the form of dividends was growing at a much faster pace than the broader market.

Ms. Jordan stated MFS' annual performance was very consistent. She stated when there was a high appetite for risk and low quality, MFS underperformed the index, such as in 2003, 2004, 2006 and 2010. She stated when the risk appetite changed and high quality was in favor, MFS outperformed six of the last ten years. She stated when the market was down in 2002 and 2008 MFS did a good job of protecting their clients' assets. She stated about 79% of the time MFS outperformed the benchmark on a rolling three-year period.

Ms. Jordan stated the three things which had been highlighted during the presentation were the experience and the stability of the investment team, the global research network and the ability to manage risk by investing in high quality companies with sustainable earnings and attractive valuations. She stated as an investment manager MFS takes their responsibility as a fiduciary seriously and would invest the Board's assets with care and prudence, consistent with the Board's investment and risk return objectives.

Mr. DeWitt asked if MFS' weighted average holding of 5.8 years was more than the average of large cap managers. Ms. Mead stated the holding period was a difficult statistic to compare to other managers. She stated MFS' asset turnover rate, which was a more reliable comparison, was 17% which was on the lower end when compared to other large cap managers. She stated value strategies in general tend to have lower turnover rates than core or growth strategies.

Mr. DeWitt asked what differentiates MFS from their peers. Ms. Mead stated MFS' global research platform provides significant resources all over the world across equity and fixed income markets. She stated the analysts are organized into eight global sector teams which meet on a weekly basis to discuss what is happening geographically and across the fixed income markets. She stated MFS has always been very consistent in terms of what they do.

Mr. Piotrowski asked if MFS, as a value manager, mainly looks for inefficiencies in the marketplace for a particular security. He also asked how MFS identifies value stocks. Ms. Mead stated MFS tends to exploit the time frame during which information is available, which is compressed with so many investors in the market. She stated the average holding period of a stock is less than six months which means current information is driving the performance of the stocks. She stated high quality companies tend to have businesses which enable them to keep their returns at higher levels for a much longer period of time.

Ms. Jordan and Ms. Mead left the room.

c) Robeco

Mr. Mark Donovan and Mr. Paul Healey entered the room.

Mr. Healey stated he was responsible for both new business development and working with existing clients at Robeco. He introduced Mr. Donovan, the co-Chief Executive Officer of Robeco and lead portfolio manager on the large cap value strategy. He stated Mr. Donovan was one of the original founders of the firm in 1995. He stated Mr. Donovan has been managing this strategy since the founding of the firm and also managed this strategy at a predecessor firm.

Mr. Healey stated previously the firm was known as Boston Partners when it started in 1995. He stated in 2002 a Dutch company bought Boston Partners and now they go by the name of Robeco Boston Partners. He stated Robeco was owned by a Dutch bank, Rabobank, and they are the U.S. asset management division. He stated Rabobank has explored the idea of selling their interest in Robeco. He stated Robeco operates their business independently and they have a financial arrangement with the parent company, Rabobank.

Mr. Healey stated Robeco has a lot of experience in both the portfolio management and the analyst levels. He stated 12 portfolio managers have been with the organization for at least 10 years. He stated Robeco has 20 analysts.

Mr. Donovan stated included in the presentation materials was what Robeco has done for the last 17 years. He stated the purpose of focusing on process and philosophy is so the Board can get some level of confidence the results their clients have enjoyed in the last 17 years are indicative of what they will be able to do in the future.

Mr. Donovan stated he started working with Mr. Healey in 1988 at a predecessor company to Robeco. He stated he was given a three page memo on his second day of work with the principals by which they invest money in the equity markets for their clients. He stated this was still the road map for how Robeco manages client money. He stated the ownership has changed a number of times since this memo was written and the people have changed over time. He stated Robeco tends to hire people early in their career so they can grow within their process and philosophy. He stated for many of them this was the only process they have ever known. He stated the track record speaks for itself to show Robeco has not moved away from their core principles.

Mr. Donovan stated Robeco builds the portfolio from the bottom-up. He stated they believe in breaking down companies in the context of looking for three characteristics. He stated the three characteristics, which matter the most regarding the success or failure of a stock are the fundamentals, the valuation and the business momentum. He stated he views fundamental soundness at two levels, inherent soundness and longevity of the business. He stated one of the dynamics of the capital system is great companies do not stay great forever. He stated Robeco has to be mindful of the underlying soundness of the business and whether what a company does can it be easily replicated by somebody else. He stated Robeco virtually never owns airline stocks. He stated airlines are the most replicated business on the planet.

Mr. Donovan stated ultimately every company is nothing but a stream of cash flow. He stated an important criteria for understanding the soundness of a company is looking at what management does with their cash flow. He stated they can reinvest in the business through capital spending or research and development, make acquisitions, buy back stock, buy back debt and they can pay dividends. He stated for more mature businesses the right thing to do typically is to send more cash back to shareholders through share buy backs and dividends. He stated for younger companies with more growth potential and high returns on invested capital it makes sense to reinvest in the business. He stated acquisitions are their least favorite use of capital, which tends to destroy value more often than not.

Mr. Donovan stated the biggest driver in the long-run success is making sure you buy a stock at the right price. He stated for Robeco it was not just buying good businesses but it was buying them when they are trading at an attractive price. He stated Robeco looks at price relative to earnings, cash flow, sales, book value, etc. He stated Robeco is careful not to use long-range forecasts to assess the value proposition. He stated Robeco bases the value proposition on what was currently happening.

Mr. Donovan stated the third characteristic of business momentum is whether the trends are getting better or worse. He stated you want to own businesses when they are reporting at least inline if not better than expectations on a quarterly basis. He stated at the end of every discussion they ask whether they have found a sound underlying business where management allocates cash flow in a sensible way, are they paying a good price for the stock and are the trends at least stable, if not improving. He stated those are the companies they seek to buy in the portfolio. He stated Robeco looks at thousands of names over the course of year and at any given time they own between 75 and 100 stocks in the portfolio. He stated Robeco does a good job of being disciplined by selling stocks when they no longer meet the three criteria and replacing them with investments which do meet the criteria. He stated Robeco's portfolio turnover tends to be about 50% a year and the average holding period is about two years. He stated a sell discipline is critically important for value based investors.

Mr. Donovan stated Robeco was an active manager. He stated they believe sector overweights and underweights are a function of where they are finding good opportunities. He stated Robeco was underweight in the airline industry holdings because they have not found any airlines which meet the investment criteria. He stated they find a lot of stocks in the consumer services, finance and technology sectors.

Mr. Donovan stated the most important decision is not which manager to hire, but when to hire them. He stated investors struggle with hiring a manager at the top only to have their performance suffer. He stated during the vast majority of the time over the last 10 years, at any month-end Robeco's clients would have looked at their three-year return and seen more often than not they were ahead of the benchmark. He stated there were only three months where they were more than 2% behind the benchmark. He stated the consistency of the approach and how they manage money has led to a consistency of returns for their clients.

Ms. Gleason asked why the sector weighting in the basic industries was lower than the index. Mr. Donovan stated Robeco has not found a lot of investments in this sector. He stated many basic commodity type businesses are chemical companies. He stated there are some unique situations within basic industries but over the long-term more often than not they have been underweight in the sector.

Mr. Naimark stated Robeco has a fundamental approach which has stayed the same. He asked if the state of the economy and markets during the last three to four years has caused Robeco to consider changes in their approach. Mr. Donovan stated he earned his experience in the business as a bank analyst so he would respond in context of banks. He stated investors must consider the impact when banking regulations change. He stated the fundamental soundness drivers considered 20 years ago are probably a little different today. He stated for banks the focus today is on diversification of revenues, capital strength and credit. He stated things are always changing and investors have to adapt.

Mr. DeWitt asked what else differentiates Robeco from the other large cap managers. Mr. Donovan stated Robeco thinks their edge was analytics. He stated Robeco does a good job of not drowning with the fire hose of information and not thinking they are going to build a better spreadsheet. He stated a lot of firms think they have an information edge if they call more companies, dig deeper and build better spreadsheets. He stated with the disclosure rules firms need an analytic edge. He stated Robeco has the same Bloomberg terminals, reads the same annual reports and is handed the same information as other managers. He stated what a firm does with the information is what is important.

Mr. Ford asked given the size of this account, about $100 million, how accessible would Mr. Donovan be to the Board. Mr. Donovan stated this would be an important account. He stated this product was co-managed by Mr. David Pyle. He stated Mr. Pyle is based in Robeco's Marin County, California office. He stated their clients over time tend to get to know both of them. Mr. Healey stated Robeco has two other clients in large cap value in Phoenix.

Mr. Piotrowski asked if Robeco's analysts present investment ideas. Mr. Donovan stated Robeco does a lot of quantitative screening. He stated they review those screens with the entire group of analysts and portfolio managers every Tuesday and then hand out assignments to the analysts. He stated the analysts do their follow up work and report back at a follow-up meeting which takes place every Friday. He stated ultimately the decision on large cap strategy rests with Mr. Pyle and himself. He stated he has worked with Mr. Pyle for 12 years. He stated the investments have been subject to rigorous analysis from the quantitative screens, the fundamental work of the analysts and the oversight of Mr. Pyle and himself. He stated with having two portfolio managers they coordinate their schedules to make sure someone was there at all times.

Mr. Donovan and Mr. Healey left the room.

Mr. Ford stated all three managers are solid firms with some differences in their approach. He stated Robeco reviewed their consideration of business momentum. He stated the other managers reviewed their consideration of valuation and fundamentals. He stated the others managers may consider business momentum, but they did not articulate their consideration. He stated MFS' strong global research platform was a hallmark of their firm. He stated Loomis Sayles has a strong fixed income team which shares information. He stated they are all strong in terms of excess return. He stated the information ratio, which takes into consideration the amount of risk, is strong for Robeco. He stated MFS is very defensive and they are going to trail the index performance in up markets but they do protect on the downside. He stated all of the managers have consistent approaches and the Board could not go wrong with any of the managers.

A discussion ensued regarding the qualifications of Loomis Sayles, MFS and Robeco.

Chairperson Reidenbach asked Mr. Ford if he had a concern about Robeco's portfolio manager's accessibility. Mr. Ford stated Mr. Donovan spends a lot of time with the portfolio. He stated the reason he asked the question was to get some kind of sense how accessible he would be if the Board wanted to talk to him or have him meet with them.

Mr. DeWitt moved to select Robeco as the domestic large cap value manager. Ms. Bissa seconded the motion. The motion carried unanimously.

26. **Close Session**

The meeting adjourned at 6:15 p.m.

Donna M. Buelow Retirement Program Administrator	Paula Whisel Recording Secretary

APPROVED:

Ms. Linda Reidenbach, Chairperson
COPERS Retirement Board

g:\minutes\rbmi1012.doc