

## **Minutes of Retirement Trustees Meeting**

**Thursday, August 15<sup>th</sup> 2013**

**11:00 AM**

**Newport Oregon**

The retirement trustees of the City of Newport met on the above date in Conference Room A. Present were: Rebecca Cohen, Mike Schultz, Rick Wright, Rick Trout, Tim Johnson,

Others in attendance were: JJ Scofield, Linda Brown, and David Allen.

### **General Announcements:**

Rick Trout announced that at the end of the year, he will be retiring.

### **Quarterly Report Review:**

#### **General Review:**

The second quarter started strong. Unemployment was steady with more people reporting in the job pool. Inflation was low. On May 22<sup>nd</sup> the Dow was up 100pts. It was announced that quantitative easing will end by the end of the year. This caused interest rates to spike and the Dow to lose 100 pts. There was a global unwinding of bonds and monies which led to lower bond values.

July was up from the May volatility. The jobless rate was the lowest since 2007. This caused the Dow to lose 241 pts.

Bonds are likely to return Zero to Minus over next 10 years, but we need them to protect against dips in the market. We are 4.5 years into the current bull market and a correction of 10-20% is likely in the near future.

Europe is officially out of recession, but still not doing well. Much is dependent on China, and they have a high percentage of their economy fueled by credit.

As a result of all this, we have raised the equity allocations by 5%. We have allocated to small caps. They tend to be less global, and we have more confidence in the local economy.

#### **Defined Benefit Plan:**

The Defined Benefit plan was up 11.19%. Energy trails the total market, but we believe in the long term prognosis for energy. Market funds are up 22.5% for the year. International funds are up 1.6%.

The bond market is down 3.6%. This is extremely high for this market. Our bond holdings are down 1.6%.

#### **Defined Contribution Plan:**

The Defined Contribution Plan is up 10.2% for the year. Energy is up 13.2%. The equity fund is up 22.39%. The international fund is up 1.16%. Capital growth account is up 14.8%.

We expect a third quarter correction of around 6%.

**Retirements:**

We had 2 retirements in July. We are expecting 2 more. One will take the lump sum of around 35,000 and the other is expected to take DC lump sum of 200,000 and the DB annuity.

**Board Requests:**

The board would like to see written notice of pending or projected retirements before each meeting. They also would like the minutes before the meeting so as to allow time to ensure accuracy.

The next meeting will be in October.

Adjournment.