

# MINUTES

## City of Murfreesboro Pension Committee June 21, 2023

The City of Murfreesboro Pension Committee met on Wednesday, June 21, 2023, at 8:00 a.m. in City Council Chambers at City Hall.

The following members were in attendance:

Erin Tucker, Chair  
Earl Hull, Jr.  
Austin Maxwell  
Cathy Smith  
Jennifer Brown

The following members were unable to attend the meeting:

Justin Burriss  
Greg Sample

Also present at this meeting were:

Natalka Bukalo, Senior Consultant, Fiducient Advisors, via Telephone Conference  
Chris Rowllins, Partner and Senior Consultants, Fiducient Advisors, via Telephone Conference  
Randolph Wilkerson, Employee Services Director  
Rhonda Darnell, Employee Services Assistant Director  
Fredia Coldwell, Employee Serv. Generalist & Pension Committee Secretary  
Melissa Pettis, Employee Services Assistant  
Aly Dabbs, Talent Acquisition Coordinator

Chair Erin Tucker called the meeting to order at 8:00 a.m. and determined a quorum was present. Chair Tucker announced the first item on the agenda.

### **Welcome New Members:**

Chair Tucker welcomed new Committee Members:

Jennifer Brown, City of Murfreesboro Finance Director, and Employee Designee replaces Melissa Wright.

Austin Maxwell, City of Murfreesboro Council Member.

### **Consideration of Minutes:**

Minutes of the April 19, 2023, meeting was presented for consideration. Mr. Earl Hull made a motion that the minutes be approved as presented. Ms. Cathy Smith seconded

the motion. There being no further discussion, the motion passed by unanimous vote of the members present.

**Review of Second Quarter 2023 reports, April and May Plan Performance, Flash Reports, Asset Allocation, and Rebalancing Recommendations for the Defined Benefit Pension Plan by Ms. Bukalo and Mr. Rowlins of Fiducient Advisors:**

Chair Tucker welcomed Ms. Nataalka Bukalo.

- Ms. Bukalo reviewed the April 2023 Flash Report:
  - From a performance standpoint, April was a rather muted month for returns in the broad market.
  - Slightly positive month for both equities and fixed income.
  - Several investment trends from the first quarter continued in April.
  - City's plan assets rose modestly in April from \$161M to \$162M.
  - From an asset allocation standpoint, the Plan continues to be overweight.
  - At a previous Pension Committee meeting, it was discussed reducing the Plan's exposure to equities and potentially increasing the fixed income exposure to de-risk the portfolio.
  - Fiducient Advisors is conducting a search for a high-quality core bond manager.
  - Minor rebalancing recommendations for April.
- Ms. Bukalo reviewed the May 2023 Flash Report:
  - May was a red ink month across all asset classes, except growth equities.
  - City's plan assets retreated from \$162M to \$158M.
  - From an asset allocation standpoint, the Plan continues to be overweight.
  - No rebalancing recommendations for May.

Ms. Bukalo introduced Mr. Rowlins to provide a fiscal year update of the Plan and the search for a high-quality core bond manager:

- Fiscal year (June 30) to date number, the return, through May was about 7.6%.
  - June is trending upwards.
  - Looking at potentially a higher fixed allocation due to higher return expectations due to higher yields.
  - De-risk and introduce a high-quality core bond manager.

Ms. Bukalo provided some information regarding the search for a high-quality core bond manager in an upcoming Pension Committee meeting:

- Adding to team and not replacing the high-yield or multi-sector bond manager.
- Rebalance and make changes to asset allocations from a position of strength.

Chair Tucker informed members the search for a high-quality bond manager would be discussed at the next meeting. Chair Tucker requested the information Ms. Bukalo sent to her via email, be sent to all Committee Members, by Ms. Fredia Coldwell.

Chair Tucker opened the floor for questions on fund performance or managers. There being no further discussion, Chair Tucker went to the next item on the Agenda, Cowden contract.

### **Consideration of Contract with Cowden and Associates:**

Two new contracts with Cowden and Associates for actuarial services were presented to the Committee. These contracts will move the City's Pension Plan away from USI Actuarial Firm to Cowden and Associates. One of the contracts is for Fiscal Year ending June 30, 2023, and the other is for Fiscal Year ending June 30, 2024. The contracts contain both the City and the Murfreesboro Electric Department (MED) plan, but the Committee will only be approving the City's services.

Ms. Jennifer Brown explained to the Committee the decision to go with Cowden and Associates was due to work the city has done with them in past engagements.

Chair Tucker opened the floor for questions or comments. There was a question regarding the fee structure for Cowden vs. USI. Ms. Brown said the fee Cowden will charge for Fiscal Year ending June 30, 2023, will be a significant decrease. The fee Cowden will charge for Fiscal Year ending June 30, 2024, will have a \$5,000.00 increase, however, the scope of services will include updates to mortality tables and other actuarial services USI was going to charge extra for. Mr. Earl Hull, Jr. made a motion to approve the contracts with Cowden. Mr. Austin Maxwell seconded the motion. There being no further discussion, the motion passed by unanimous vote of the members present.

### **Other Business:**

There was discussion on the high-quality core bond manager search. Chair Tucker said she will reach out to Ms. Bukalo and Mr. Rowllins regarding the search.

### Election of Vice-Chair

Recommendation from Chair Tucker to elect Ms. Jennifer Brown as Vice-Chair of the Pension Committee, since the previous Vice-Chair, Ms. Melissa Wright, is no longer a committee member. Ms. Cathy Smith made a motion to appoint Ms. Brown as Vice-Chair of the Committee. Mr. Austin Maxwell seconded the motion. There being no further discussion, the motion passed by unanimous vote of the members present; Ms. Brown abstained.

There being no other business to come before the Pension Committee, the meeting was adjourned at 8:32 a.m.