

SUMMARY MINUTES
HUMAN RESOURCES COMMITTEE
SPECIAL MEETING OF JANUARY 21, 2015

Mr. Williams chaired the Special January 21 Human Resources Committee Meeting, calling it to order at 8:45 a.m. A quorum was present during the Meeting: Mr. Gates (Co-Chair), Ms. Hanley, Ms. Lang, Ms. Merrick, Ms. Wells and Mr. Conner, *ex officio*. Mr. Adams, Mr. Chapman, Mr. Kennedy, Mr. McDermott, Mr. Mims and Mr. Session were also present.

Confirmation of the Employee Relations Council (ERC). Tony Vegliante, Vice President for Human Resources and Administrative Services, reported that the Authority's Labor Code had established the Employee Relations Council, which consists of nine members named for two-year terms. He noted that the process is a mutual agreement between the President and Chief Executive Officer and the leaders of the labor organizations. Mr. Vegliante explained that the ERC serves as independent arbiters for a number of labor issues, which arise between the Authority and the labor organizations. The members of the ERC are paid a per diem of \$1,200 per day, have no limit on the number of terms that they serve and work on an as-needed basis. Mr. Vegliante reported that the ERC is comprised of three panels -- Impasse Panel, which deals with the impasses when the parties fail to reach a collective bargaining agreement; Representation Panel, which is utilized with petitions for decertification of a unit or for petitions for exclusive representation; and Unfair Labor Practices and Negotiability Disputes when a union or an individual files an unfair labor practice or a dispute arises of what is negotiable as a result of the collective bargaining agreement. Mr. Vegliante reported that staff recommended Herbert Fishgold and Gail Smith serve as members of the Impasse Panel; the remaining seven members of the ERC are incumbents.

Ms. Lang inquired whether a process was in place to address ERC Members who did not fulfill their responsibilities. Mr. Vegliante responded that the two parties would come to a mutual agreement or a disagreement. If one of the parties were not satisfied, the ERC Member would not go forward in his/her role as a Panel Member.

The Committee unanimously approved the confirmation of the two nominees and seven incumbents of the ERC.

Recommendation to Approve the Revised Investment Policies for the Sponsored Retirement Plans and the Employee Welfare Benefits Trust.

Mr. Vegliante reported that the Authority's Investment Policy had been in effect since 1996, and it had been last amended in 2010. He noted that the current policy covered the retirement plans for general employees, police officers and firefighters and the employee welfare benefits trust. Mr. Vegliante reported that the proposed revisions are primarily administrative to incorporate industry best practices and to clarify the amendments. He explained that the revisions would divide the Investment Policy Statement into two statements – one for the Retirement Plans and one for the Voluntary Employee Beneficiary Association (VEBA) Trust plan. The revisions would also apply Employee Retirement Income Security Act standards to the Investment Policy Statement to ensure that everyone involved in the decision-making process acts prudently, assumes the highest fiduciary responsibility and regards the best interest of the plan participants.

Mr. Vegliante also noted that the proposed revisions would include staff updating some of the benchmarks to be used in the future. He reported that the “No Surprise Rule” would also be implemented. Mr. Vegliante explained that specific return objectives would be established to ensure that fund managers are aware of performance expectations, including making prudent and smart decisions to avoid unnecessary risks with the funds' portfolio. He also noted that it would be essential to identify all investments included in the portfolio to enable a tracking process.

Mr. Vegliante reported that staff would implement best practices, set expectations and performance standards and update the Investment Policy Statement in accordance to the existing investment environment.

Ms. Lang inquired about the Authority's current investment consultant. Mr. Vegliante responded that the Authority consulted with The Bogdahn Group. Ms. Lang then asked about the Authority's benchmarking process. Mr. Vegliante reported that Lehman Brothers had been among a group of benchmarks previously used; financial consultants are only able to use current information for benchmarking purposes.

Ms. Wells inquired about the Retirement Committee's responsibilities. She asked whether the Committee consulted with The Bogdahn Group at all times, or whether it made independent decisions. Mr. Vegliante reported that the Authority's relationship with The Bogdahn Group is similar to the one with the Financial Advisor's. He stated that The

Bogdahn Group is responsible for managing the Authority's performance standards and for making recommendations to the Retirement Committee. However, The Bogdahn Group serves only as an advisor and makes no decisions. Mr. Vegliante reported that Mr. Curto is a member of the Retirement Committee. He noted that many of the actions taken by the Retirement Committee had resulted from Mr. Curto's guidance based on his professional expertise.

The Committee unanimously approved the changes to the Investment Policies for the Sponsored Retirement Plans and the VEBA Trust. Mr. Williams reported that he would offer resolutions for both Committee actions later in the day's Board Meeting.

The meeting was thereupon adjourned at 9:02 a.m.