



## Legislation Text

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### **City of Gainesville Retiree Health Fund Investment Services (B)**

For the past year, the City of Gainesville Retiree Health Fund Investment Advisory Committee (Committee) has been reviewing the performance and suitability of the Retiree Health Fund's (Fund) investment services provided by Morgan Stanley Smith Barney (MSSB).

MSSB was retained in 2004 to provide comprehensive investment consulting services, investment manager selection services, and custody services for the City of Gainesville Retiree Health Fund. Over the past several years, the performance of the investment managers recommended by MSSB as part of their comprehensive investment service has increasingly lagged investment benchmarks, as well as the performance of comparable investment managers retained by the City's Pension Plans.

In response to the Fund's investment underperformance, staff began conducting research and analysis of prospective investment service providers. In 2016, staff recommended that the Committee consider Willis Towers Watson (WTW) delegated investment services as a potential replacement for MSSB comprehensive investment services. After hearing presentations from MSSB and WTW, and evaluating their investment services programs, investment manager performance and program fees, the Committee and staff concluded that WTW would provide the Fund with superior investment advice and higher quality investment managers at lower costs. The Committee voted on April 5, 2017 to recommend that the Board of Trustees for the Retiree Health Fund terminate MSSB and retain WTW to provide delegated investment services for the Retiree Health Fund.

The minutes from the April 5, 2017 Retiree Health Fund Investment Advisory Committee meeting are attached as supporting documentation for this agenda item.

Investment consulting, investment management, and custodian fees for the Retiree Health Fund are included in the City's fiscal year 2017 & 2018 budgets.

**Recommended Motion:** The Board of Trustees for the Retiree Health Fund accept the recommendations made by the Retiree Health Fund Investment Advisory Committee to: 1) terminate the comprehensive investment services provided by Morgan Stanley Smith Barney; 2) authorize the City staff to initiate contract negotiations with Willis Towers Watson for delegated investment services for the Retiree Health Fund; and 3) authorize the City Manager as Trust Administrator to execute all related documents, including contract amendments and extensions, subject to approval of the City Attorney as to form and legality.