

**CITY OF BRENTWOOD
POLICE AND FIREFIGHTERS' PENSION FUND
BOARD OF TRUSTEES MEETING MINUTES
MAY 16, 2014**

Fire Chief Jury called the Pension Board meeting to order at 9:00 am.

ROLL CALL:

Deputy Clerk Pittman proceeded with attendance.

Board Members Present: Mayor Kelly (enters the meeting at 9:15 a.m. and leaves at 10:30 a.m.), Police Chief Fitzgerald, Fire Chief Jury, Fire Fighter Niemeyer, Police Officer Retzlaff (enters the meeting at 9:05 a.m.), Treasurer Reynders and Alderman Toohey.

Others Present: City Clerk/Administrator Bola Akande, Deputy City Clerk Octavia Pittman, Legal Advisor Larry Sewell, Armstrong Teasdale, Investment Consultant Patti Haffner, Asset Consulting Group, Secretary Gina Jarvis, and Investment Consultant Roger Willis, Asset Consulting Group.

CONSIDERATION AND APPROVAL OF MINUTES

Pension Board Meeting February 13, 2014

Deputy Clerk Pittman presented the minutes of the February 13, 2014 meeting for approval. Mr. Sewell noted that he had deleted from the original draft of the minutes a resolution approving attendance at the 2014 MAPERS annual Missouri public retirement system conference by any Board members who want to attend. A resolution to the effect was adopted at the February 13, 2014 meeting.

Upon motion by Chief Dan Fitzgerald and seconded by Firefighter David Niemeyer, the minutes of the February 13, 2014 Board meeting were unanimously approved, subject to them being changed as provided above to include the resolution authorizing attendance at the 2014 MAPERS annual public retirement system conference by an Board members who want to attend.

PENSION FUND REPORT – PRELIMINARY AS OF APRIL 30, 2014

Secretary Jarvis summarized the report as of April 30, 2014, copies of which were distributed to Board members.

She reviewed the financial statement for the Plan as of December 31, 2013. She noted that there have been two retirements to date in 2014 and that one additional retirement is scheduled for May.

INVESTMENT CONSULTANT'S REPORT

Ms. Haffner presented the quarterly report as of March 31, 2014, highlighting that the fund advanced 1.4% in the quarter as the both the equity and fixed income markets rose during this period. In the nine months since inception of the new fund structure, the total fund was up 11.2% which was modestly below the policy index objective but well ahead of the actuarial assumed rate of return. She noted that the current managers have been engaged for only nine months which limits a thorough evaluation relative to objectives, with a full market cycle (up and down markets included) a more reasonable time period for judging their effectiveness.

Ms. Haffner reported that AEW Core Property Real Estate trust has not called the full capital commitment from the Brentwood fund. As of March 31, 2014, \$1.7 million had been called, with an additional \$800,000 called before the end of April, 2014. The funding has generally come from reducing the excess cash held in the money market. The remaining capital contribution will come from reducing cash to the \$800,000 sustainable level and the most overweighting in large cap equity.

ACTUARY'S REPORT

Mr. Kowalczyk presented the actuarial report for 2013. He noted that a new mortality table is being used, the RP 2000 with a 4 year setback for females.

He also noted that the interest rate assumption has been reduced from 7-1/2% to 7%. When interest rates generally increase in the future, consideration can be given again increasing the interest rate assumption.

Actuarial costs for 2013 increased because of the new mortality table and lower interest rate assumption. However, the Plan had an 18% return on assets and salary increases of 2% instead of the 5% assumed rate of increase which reduced 2013 actuarial costs.

At the end of 2013, assets were 106% of current liabilities. Mr. Kowalczyk said he feels this ratio should be in the 115%-120% range.

Mr. Kowalczyk was asked whether it is more expensive to hire older rather than younger participants. He said it is more expensive to hire older rather than younger participants because there are fewer years over which benefits can be funded for older participants as they are closer to retirement.

GLOBAL OUTLOOK (TRUSTEE TRAINING)

Roger Willis from Asset Consulting Group presented conducted a detailed review of the global markets, including the historical returns and the outlook for the equity, fixed income and real assets allocations.. It is intended that Mr. Willis' presentation qualify as required trustee training for purposes of Missouri law.

Highlights of his presentation included the outlook for (1) growth in the United States, Europe and emerging markets, (2) active versus passive implementation opportunities, and (3) risk-mitigating alternative asset classes, specifically long/short equity hedge funds.

A summary of ACG's outlook for the next five years is on page 21 of Mr. Willis' handout Global Economic Outlook.

OTHER BUSINESS

Police Officer Retzlaff said he was planning on attending the MAPERS 2014 conference at the Lake of the Ozarks in July.

There was no other business to report.

ADJOURNMENT:

Motion was made by Police Officer Dan Retzlaff and seconded by Firefighter Niemeyer to adjourn the meeting at 10:44 a.m. Unanimous vote in favor taken; **MOTION PASSED.**

Approved as submitted on the 20th day of August, 2014.

Attest:

Gina Jarvis/Secretary