

**CITY OF BRENTWOOD POLICE AND FIRE FIGHTERS'
PENSION FUND BOARD OF TRUSTEES MEETING MINUTES
MAY 12, 2015**

Fire Chief Jury called the Pension Board meeting to order at 8:40 a.m.

ROLL CALL

Deputy Clerk Pittman proceeded with attendance.

Board Members Present: Mayor Thornton, Police Chief Fitzgerald, Fire Chief Jury, Fire Fighter Niemeyer, Police Officer Retzlaff and Treasurer Reynders.

Board Members Absent: Alderman Toohey

Others Present: City Clerk/Administrator Bola Akande; Deputy City Clerk Octavia Pittman; Pension Board Secretary Gina Jarvis; Actuary Keith Kowalczyk, Ekon Benefits; Legal Advisor Larry Sewell, Armstrong Teasdale; and Investment Consultant Patti Haffner, Asset Consulting Group.

CONSIDERATION AND APPROVAL OF MINUTES

Pension Board Meeting February 12, 2015

Deputy Clerk Pittman presented the minutes of the February 12, 2015 meeting for approval. Hearing no objections, the minutes of the February 12, 2015 Board meeting were unanimously approved.

PENSION FUND REPORT – PRELIMINARY AS DECEMBER 31, 2014

The report was presented by Secretary Jarvis and distributed to the Board members.

UNFINISHED BUSINESS

Discussion of Amendment to the Pension Ordinance Providing for Retirement Benefit to a Participant who Terminates Employment after Age 55 but who has more than 10 but less than 20 Years of Service

Mr. Sewell reviewed the proposed Second Amendment to the Fifth Amendment and Restatement of the Pension Ordinance which provides a participant, who retires from employment with the City after age 55 and after completing 10 but less than 20 years of service, a retirement benefit. Mr. Kowalczyk described the additional actuarial cost that would be incurred if the amendment is adopted. He presented a cost study as of January 1, 2015 showing the difference in cost. Adoption of the amendment would cause the recommended Plan contribution to increase by

\$23,461 a year. The additional actuarial cost of this benefit would require an actuarial cost statement be prepared and published before the Board of Aldermen could adopt the amendment.

Mr. Sewell pointed out that the amendment as drafted provides that an individual retiring in service with more than 10 but less than 20 years of service will be entitled to the COLA increase on his or her benefits. He said that a terminated, vested participant, the payment of whose benefits commence at age 55, is not entitled to the COLA. He also noted that the Board had approved adoption of these changes at the February 12, 2015 Board meeting.

There was extensive discussion as to whether the COLA should apply to the benefits of a participant who retires after age 55 with more than ten but less than 20 years of service. A motion was made by Fire Fighter Niemeyer and seconded by Police Officer Retzlaff and unanimously carried to rescind the motion to adopt the Second Amendment to the Fifth Amendment and Restatement of the Pension Plan Ordinance adopted at the February 12, 2015 Board of Trustees meeting.

Mr. Sewell was directed to rewrite the proposed amendment providing that the COLA increases do not apply to a participant who retires from the City of Brentwood with between 10 and 20 years of service and present the revised amendment for approval at the next Board of Trustees' meeting.

NEW BUSINESS

Actuarial Report

Mr. Kowalczyk presented the actuarial report as of January 1, 2015. There was discussion that the recommended contribution of \$1,354,689 exceeds the actual, projected contributions for 2015 of \$1,311,892. Mr. Kowalczyk explained that the recommended contribution is increased for 2015 because the investment return for 2014 was 5.49% which is lower than the assumed return of 7.00% causing the Plan to incur a minor actuarial loss. This was somewhat offset by actual salary appreciation of 1.87% which is lower than the assumed salary appreciation rate of 5.00%. The actual projected contributions for 2015 are less than the GASB pension expense for the year of \$986,490.

As of January 1, 2015, the Plan's liabilities were 106% funded. Mr. Kowalczyk said the goal should be to have Plan assets be 120% of Plan liabilities to protect against future increases in Plan liabilities resulting from salary increases.

There was a discussion of actuarial assumptions used to value the Plan as compared to those used for other public retirement systems.

Investment Consultant's Report

Ms. Haffner presented the report as of March 31, 2015, copies of which were distributed to Board members.

Ms. Haffner said that 2014 was an unusual year in that the S & P 500 exceeded almost every other fund manager or index. There was a flight to quality in 2015. That trend reversed in the first quarter of 2015. The S& P 500 was up only 1% for the first quarter. Small and mid caps were stronger and the MSCI EAFE was up 5% in the first quarter. Attractive valuations have been driving the international equities and the MSCI EAFE was up an additional 4% for April

The goal of the investment policy for the Brentwood Plan is to provide exposure to all major indexes.

Interest rates rose in April driving down the price of fixed income securities. The Federal Reserve announced that intends to smoothly transition to a higher interest rate environment. Its policies and announcements have, in fact, created more volatility in fixed income and equity markets.

The total fund value has increased about to \$1,100,000 since January 1, 2015 through March 31, 2015 and the value of the fund as of April 30, 2015 was about \$34,100,000. The fund is up about 6.7% year to date. She noted that the fund was rebalanced in the last quarter by moving assets from large cap equities to small caps. The fund ranks about 23% in performance relative to its peer funds.

Generally, fund managers are performing in line with their benchmarks. Cortina, however, has struggled because that fund has no exposure in the biotech sector. She is not concerned with this. Cortina has picked up 20 basis points since the end of March.

OTHER BUSINESS

There was a discussion of the need to for Trustees to complete their required six hours of training by December 31, 2015. Ms. Haffner noted that Asset Consulting Group is holding a training session on June 9, 2015. It was mentioned that the MAPERS seminar will be held in July and that Trustees need to submit their expenses for reimbursement if they plan on attending any seminars.

There was discussion of engaging a pension attorney in connection with Mr. Sewell's scheduled termination with Armstrong Teasdale on December 31, 2015. A subcommittee will be formed to determine how to select a new attorney. Fire Fighter Niemeyer, Treasurer Reynders and Police Officer Retzlaff said they would serve on the subcommittee. Mr. Sewell will draft a proposed request for qualification to present to the subcommittee.

There was no other business brought before the Trustees. The next meeting will be scheduled for August, 2015.

ADJOURNMENT

The meeting was adjourned at 10:45 a.m.