

**CITY OF BRENTWOOD POLICE AND FIRE FIGHTERS'
PENSION FUND BOARD OF TRUSTEES MEETING MINUTES
APRIL 6, 2016**

Police Chief Fitzgerald called the Pension Board meeting to order at 9:02 a.m.

ROLL CALL:

Deputy Clerk Pittman proceeded with attendance.

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

Board Members Absent: Alderman Toohey, Mayor Thornton

Others Present: City Clerk/Administrator Bola Akande; Finance Director Karen Shaw; Deputy City Clerk Octavia Pittman; Legal Advisor Michael Lane of Thompson Coburn; and Investment Consultants Patti Haffner and Nathan Burk of Asset Consulting Group.

ELECTION OF BOARD SECRETARY:

There was discussion of need to elect a Board Secretary. Upon motion by Treasurer Reynders and seconded by Police Chief Fitzgerald, Finance Director Karen Shaw was unanimously approved by acclamation.

CONSIDERATION AND APPROVAL OF MINUTES:

Pension Board Meeting December 29, 2015

Deputy Clerk Pittman presented the minutes of the December 29, 2015 meeting for approval. Upon motion by Police Officer Retzlaff and seconded by Police Chief Fitzgerald, the minutes of the December 29, 2015 Board meeting were unanimously approved by acclamation.

PENSION FUND REPORT:

Pension Fund Report

Ms. Shaw distributed and presented the pension fund report as of December 31, 2015. It was noted that contested taxes were lower than in the past.

QUARTERLY PERFORMANCE REPORT:

Ms. Haffner presented her report as of December 31, 2015, copies of which were distributed to Board members. She discussed overall market conditions. She described September's concern

about the Federal Reserve raising interest rates. That was followed by positive markets in October and November, but December, January and February have been difficult. Overall, this points to volatility. Earnings for S&P 500 companies have slowed and there are increasing concerns about global growth. Emerging markets have been challenged and fixed income continues to have low rates under 1%. These conditions make it difficult to meet actuarial assumed returns.

After the close of 2015, January's and February's equity returns were down, but March's returns were positive. To start 2016, the equity and bond performance have been positive, with emerging markets the best class. Ms Haffner indicated that the Board should expect further volatility, but the fund is strategically allocated, and indicated no changes were necessary (but noted that a long/short equity fund, to be discussed later, may be useful).

Mr. Burk presented the plan investment overview for the 4th quarter of 2015. He indicated that the fund performance was close to target based on the investment policy statement, within the expected range. Mr. Burk highlighted the plan's performance in comparison to peer groups.

There was a discussion of the differences between asset totals presented by ACG and by Ms. Shaw's report. The group discussed the probability that the differences were booked based on accounting versus market reporting. Treasurer Reynders indicated he would follow up on this topic. There was a discussion of the 1-year and 2-year differences between the plan performance and the policy index. ACG indicated that the funds managed by Cortina and Pioneer were struggling to meet benchmarks, but the 1-2 year time horizon being discussed is short. ACG recommend reviewing managers through a full market cycle, and highlighted Cortina's downside potential. Mr. Burk indicated that the class performance since inception of the current strategy is best in the large cap and real estate

OLD BUSINESS:

None

NEW BUSINESS:

Long-Short Equity Fund

Ms. Haffner presented a report on the possibility of the plan incorporating a long-short equity fund into the plan's strategy. Copies of the report were distributed to the Board members. Ms. Haffner noted that the plan assets have grown to the point that such a strategy is now possible. Ms. Haffner indicated that a fund-of-funds approach, with a professional manager selecting the underlying funds, would be suited to the size of the plan. Ms. Haffner described the features and investment strategy of such a fund, which includes long and short positions in equity. Ms. Haffner indicated that such a strategy was designed to match equity returns, but with lower volatility. Long-short equity funds of the type discussed outperform equity markets in normal or down markets, but under-perform in roaring stock markets.

Ms. Haffner presented, and the group discussed various potential allocations that include a long-short equity fund, which could improve return or lower risk to the plan. Ms. Haffner presented a list of potential managers, each of whom provide options on fees (flat or a combination of flat/incentive). The group decided that the full Board discuss the possibility in the next quarterly meeting, and if there is sufficient interest, managers could be interviewed in the third quarter meeting.

Board Training

Ms. Akande presented status information on the Board's compliance with the training required by state law. The group discussed options for 2016 training. Upon motion by Police Chief Fitzgerald and seconded by Fire Fighter Niemeyer, the Board unanimously approved payment of the costs of the MAPERS conference at Tan-Tar-a for interested members by acclamation.

There was no other business brought before the Trustees. The next meeting will be scheduled for May, 2016.

ADJOURNMENT:

The meeting was adjourned at 10:34 a.m.