CITY OF BRENTWOOD POLICE AND FIRE FIGHTERS' PENSION FUND BOARD OF TRUSTEES MEETING MINUTES
August 23, 2016

Mayor Thornton called the Pension Board meeting to order at 10:04 a.m.

ROLL CALL:

Deputy Clerk Pittman proceeded with attendance.

Board Members Present: Police Officer Retzlaff, Fire Fighter Niemeyer, Treasurer Reynders, and Police Chief Fitzgerald, Alderman Kramer, Mayor Thornton, Asst. Fire Chief Ron Cottrell

Board Members Absent: None

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 Consultant Nathan Burk of Asset Consulting Group

CONSIDERATION AND APPROVAL OF MINUTES:

Pension Board Meeting May 17, 2016

Deputy Clerk Pittman presented the minutes of the May 17, 2016 meeting for approval. Upon motion duly seconded, the minutes of the May 17, 2016 Board meeting were unanimously approved by acclamation.

PENSION FUND REPORT:

Ms. Shaw distributed and presented the current and prior pension fund reports for June and July 2016.

The group discussed whether certain tax abatement relating to the Villas at Brentwood was complete. Ms. Akande noted that the TIF was not yet fully paid, but at that time, additional tax revenue would flow to the fund. Assistant Chief Cottrell noted that property tax records show the abatement is in its second stage.

OLD BUSINESS:

Mayor Thornton opened the floor to discussion of the fund's current investment objectives and strategy, continuing from last meeting. Mayor Thornton noted that later in the meeting, ACG would present the asset allocation analysis.

Treasurer Reynders noted the goal of the discussion was to identify ways to obtain meaningful additional return weighing the risks involved. He noted that ACG has presented the long-short equity strategy and was interested if others available. The group agreed to continue the discussion as part of ACG's presentation.

NEW BUSINESS:

MEMBER TRAINING:

ACG noted that it was holding sessions to meet the six hour training requirement. Information would be sent to the members of the Board.

QUARTERLY PERFORMANCE REPORT:

Mr. Burk presented his report as of June 30, 2016, copies of which were distributed to Board members. He discussed overall market conditions. He noted that majority of asset classes are up year-to-date. His expectation is for interest rate increases and volatility. The U.S. asset classes have been better than other developed countries, and that emerging market performance has been good.

Mr. Burk noted that managers have performed relatively well (all but 2 beat the benchmarks). Performance has been in line with targets. For the year-to-date and the current quarter, the fund is beating the policy index and comparison funds.

Mr. Burk addressed the asset allocation discussion by the board. He highlighted the impact volatility can have on long-term results and noted that this should be a concern. He addressed the target fund portfolio's mix of risk and return, noting that a long-short equity strategy should reduce volatility with no reduction in expected return. Mr. Burk indicated that ACG would add an absolute fixed income strategy option to its modeling for comparison.

DISCUSSION OF PERSONNEL ISSUES:

The group discussed the County's implementation of a joint fire command structure and whether it would impact the pension plan. Mayor Thornton presented the key components of this structure, noting that it would not directly impact the pension plan.

The group discussed the potential that the Police Department would hire additional officers, and the impact on the funding for the plan. Chief Fitzgerald noted that he had discussed this matter with Keith Kowalczkyk and that additional information should be available by the next meeting.

ADJOURNMENT:

Upon motion by Police Officer Retzlaff seconded by Chief Fitzgerald, the meeting was adjourned by acclamation at 10:59 a.m.