

CITY OF BRENTWOOD POLICE AND FIRE FIGHTERS' PENSION FUND BOARD OF TRUSTEES MEETING MINUTES February 8, 2021

Mayor Dimmitt called the Board meeting to order by Zoom at 8:30 a.m.

ROLL CALL:

Deputy City Clerk Kelle Silvey proceeded with attendance.

Board Members Present: Mayor Dimmitt, Alderwoman Tice, Corporal Lambert, Captain Niemeyer, Fire Chief Kurten, Police Chief Spiess and Treasurer Slusser

Board Members Absent: None

Others Present: City Administrator Bola Akande; Finance Director Karen Shaw; Legal Advisor Michael Lane of Thompson Coburn; Investment AdvisorS Alex Nixon and Nathan Burke

CONSIDERATION AND APPROVAL OF MINUTES:

Pension Board Meetings December 1, 2020

Mayor Dimmitt presented the minutes of the December 1, 2020 meeting for approval. Upon motion duly seconded, the minutes of the meeting were approved by acclamation.

PENSION FUND REPORT:

Ms. Shaw distributed and presented the pension fund financial statements. She noted the addition of a separate fund added to the statements per the auditor to reflect taxes from the County that go to the pension fund.

RETIREMENTS/NEW HIRES:

Ms. Shaw noted two new fire fighter hires since last meeting, and one police resignation.

OLD BUSINESS:

None

NEW BUSINESS:

INVESTMENT REPORT:

Mr. Nixon of ACG presented a global overview of the fourth quarter 2020 investment reports. Mr. Nixon noted that 2020 a volatile year; most large movement in large caps ever. 2020 saw the fastest bear market in history in the March timeframe. Subsequent, there was a massive

recovery through fiscal and monetary stimulus. Indices show both bonds and equities up significantly over the year.

Looking forward, January 2021 was similar to the end of December, with some volatility due to bumpy rollout of vaccines in Europe and additional lockdowns. The group of retail investors “squeezing” short sellers (GameStop) caused some volatility. Vaccine distribution in the US has been uneven. He noted that a diversified portfolio will help protect the fund.

Mr. Nixon of ACG then presented the year-end financial reports for the fund, which show \$48.1 million in assets at year end. Overall, the fund position is relatively tied to target allocations. He noted that equity is a little high, but possible to rebalance by using the excess equity allocation to meet cash needs.

He noted that 2020 saw the fund increase approximately \$400 thousand, net of benefit obligations and expenses, with even greater returns over a 5 year period. The fund experienced an 11.5% return in the fourth quarter 13.1% over the full year, which was much better than expected. Over five years, the fund has experienced an annualized 10.22% return. He noted further that all time periods compare favorably to policy index and peer groups.

Looking to the future, Mr. Nixon expects lower returns due to low interest rates and high equity values; meaning that it will be difficult to achieve similar returns over the next 5-10 years.

With respect to specific managers, ACG has confidence in them all, and is not recommending any action items. For the year, William Blair (US small cap) and Harding Loevner (non-US equity) performed best. These two managers are considered growth managers (investing in the technology sector for example) ACG noted that growth stocks led the rally.

Integrity (small cap) and Lazard are value investors, which tend to follow overall economy. Mr. Nixon explained that as a result, they ended up positive, but lagged the growth category. Finally, he recommended that the board remain committed to the long term strategic plan.

EKON FEES

Ms. Shaw presented a letter from Ekon Benefits requesting a fee increase. The letter noted that Ekon’s fees have not increased in 3 years. The Board discussed approving the increase, and seeking a competitive bid to ensure market rates, sometime in the summer. Upon motion by Treasurer Slusser, seconded by Alderwoman Tice, the Board approved the increase and proposal to do an RFP, by unanimous roll call.

ELECTION OF POLICE AND FIRE REPRESENTATIVES:

The Board acknowledged that David and Todd have been reelected.

ADJOURNMENT

Upon motion by Treasurer Slusser, seconded by Alderwoman Tice the meeting was adjourned by acclamation at 8:59 a.m.