

POLICE & FIRE PENSION INVESTMENT BOARD

February 12, 2013

Summary Minutes

The information in these meeting minutes is intended to assist Police and Fire Pension members in understanding the activities of the Investment Board. The information is not intended to provide investment or financial advice to any individual or organization and should not be relied upon for that purpose. While we attempt to keep the content accurate we cannot guarantee that all information is current, accurate or complete.

Members present: Doug McDaniel - Personnel Director (Board Chairman)
Michael Donnelly – Mayoral Appointment
Mark Westphalen – Mayoral Appointment
Gerry Finnegan – Mayoral Appointment
Russell Fosler – Police Electee (Board Secretary)
Guy Pinkman – Fire Electee

Members absent: Steve Niemeyer – Police Electee
Jeremy Gegg – Fire Electee
Steve Hubka – Finance Director

Personnel Dept.
Resource Staff: Paul Lutomski – Police and Fire Pension Officer

Others present: Max Callen – Smith Hayes Financial Services Investment Consultant
Todd Peterson - Smith Hayes Financial Services Investment Consultant
Mark Dolton - Smith Hayes Financial Services Investment Consultant

Doug McDaniel calls the meeting to order at 2:30 pm.

Doug McDaniel asks for a motion to approve or amend the minutes of the last meeting on November 15, 2012.

Russ Fosler made a motion to approve the minutes without amendment.

Guy Pinkman seconded the motion.

Doug McDaniel calls for a vote and the motion passed unanimously.

Doug McDaniel requests those having recently attended conferences to brief the board.

Guy Pinkman briefs the Board on recently attended Opal Financial Alternative Investing Conference (December 2012) and the Opal Financial 14th Annual Public Funds Conference (January 2013). The Alternative Investing conference major themes were emerging markets and niche investing. The Public Funds conference major themes were 1) that the economy and interest rates would be relatively flat for the next two + years and then six month following the fed announcement that it will raise interest rates there may be hyperinflation, 2) the effect of GASB changes to accounting standards 67 and 68 affecting pension reporting will become effective in 2014. (The change: The long-term actuarial investment return assumption can only be applied to the period where plan assets are sufficient to pay benefits. If assets are not sufficient, a high-quality , tax-exempt municipal bond rate must be used for projected benefit payments not covered by plan assets.) This change only affects reporting and not funding standards. Increasingly, for plans with less funding the GASB liability will be greater than the Actuarial valuation funding information.

Doug McDaniel thanks Mr. Pinkman for an excellent presentation and states that pension administration was aware of the forthcoming GASB changes and had planned to ask our actuary for a statement regarding the effects of the GASB changes on pension reporting and will do so. He proceeds to the next agenda item and asks Smith Hayes to make their presentation.

Mark Dolton briefs the Board on global and US economic conditions, statistics and expectations, market sector returns.

Max Callen reviews current allocations and performance for 4Q2012, 1 year and 3 year returns. He recommends an allocation change to move 2.2% of the portfolio from Equity US Domestic Large Cap Value to Equity Foreign Developed, and other small tweaks to the Target Allocations in Appendix A. Sale and Buy amounts will be such as to result in approximately equal weighting of active and passive for US LargeCap Value and equal holdings between the two Foreign Developed funds.

Russ Fosler made a motion to approve the Smith Hayes recommendation as presented.

Michael Donnelly seconded the motion.

After Board discussion Doug McDaniel calls for a vote and the motion passed unanimously.

Todd Peterson reviewed the funds on the watch list.

Doug McDaniel adjourns the meeting at 4 pm.