

**Minutes
Firefighter's Pension Fund Board of Trustees
May 12, 2010
Quarterly Meeting**

Call to Order: Chair Randy Farland called the meeting of the Firefighter's Pension Fund Board of Trustees to order at 8:30 a.m. at City Hall.

Board Members Present: Judy Buseman
Randy Farland
Angeline Lavin
Paul Livermore

Board Members Absent: Mike Havlovic

Staff Members Present: Bill O'Toole, Director of Human Resources
Gene Rowenhorst, Director of Finance
Thomas Huber, Assistant Director of Finance
Gail Eiesland, Chief Assistant City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Benefits Technician
Ann Boden, Financial Analyst

Others present: Howard Pohl, Becker, Burke & Associates
Louise Gates, Gabriel Roeder Smith & Company

The Employee's Retirement System Board of Trustees and the Firefighter's Pension Fund Board of Trustees met in joint session.

A motion was made by Lavin, seconded by Buseman, to approve Paul Livermore as the board elected trustee effective May 12, 2010 for a three year term. Motion carried unanimously.

A motion was made by Buseman, seconded by Lavin, to approve the February 10, 2010 meeting minutes. Motion carried unanimously.

A motion was made by Lavin, seconded by Buseman, to approve the April 8, 2010 special meeting minutes. Motion carried unanimously.

Louise Gates presented the board with the December 31, 2009 Annual Actuarial Valuation. The City's pension contribution rate is 24.55% and added with a health insurance/GASB OPEB rate of 8.35%, the overall contribution rate for 2011 will be 32.90% of payroll. This reflects a total contribution increase of 4.6% from the 2010 contribution rate of 28.30%. The report indicated a pension funded ratio of 86.4% for 2009 down from 91.2% in 2008. The retiree health funded ratio was 35.3%; up from 30.8% in 2008.

Gates reminded the board that the economic investment assumption was 7.75% and the wage inflation assumption was 4.25%. The board had some discussion with Gates about possible changes to the systems in light of the continuing increase in funding costs, which impact the City's budget. She stated that Gabriel, Roeder, Smith & Company had

conducted a study in the past five years regarding the financial impact of proposed system changes. Gates was going to send an electronic copy of the study to Human Resources for distribution to the board members.

Howard Pohl presented the Board with the 2010 first quarter performance report. The market value of the Plan increased from \$85.6 million to \$88.8 million. The funds had a rate of return of 3.9% in the first quarter compared to the 4.0% median of the Becker, Burke Plan universe. The annual return was 41.3% compared to the median of 37.1%. Results for the past five years of 5.6 % were above the 4.3% median. The Total Plan had 53% of its quarter end assets with domestic equity managers, 17% with international developed markets, 3% with international emerging markets, 25% in domestic bonds, and 2% in real estate. The total plan had top third performance relative to all plans in the quarter and was top decile for the year. It was top quartile for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was top third.

Tom Huber and Howard Pohl discussed the actual asset allocation to target ranges for the portfolios. It was noted that the targets for real estate remain out-of-balance per the Boards previous direction.

Tom Huber presented the Board with the 2009 Annual Financial Report.

The report was compiled in accordance with the City's pension ordinances and includes two attached statements which are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are published as part of the City's Comprehensive Annual Financial Report. The GAAP reports showed an increase in net assets from \$71.4 million to \$86.5 million for the year ending December 31, 2009.

A motion was made by Lavin, seconded by Buseman, to accept the 2009 Annual Financial Report. Motion carried unanimously.

Uthe presented the board with the 2009 pension logs indicating retirements, refunds, deferred retirements, and deaths in the Firefighter's Pension Fund.

A motion was made by Buseman, seconded by Lavin, to approve the 2009 pension logs noting the retirements, refunds, deferred retirements, and deaths. Motion carried unanimously.

A motion was made by Lavin, seconded by Buseman, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 11:10 a.m.

Respectfully submitted,

Angie Uthe
Recording Officer