

**Minutes
Firefighters' Pension Fund Board of Trustees
August 1, 2012
Quarterly Meeting**

Call to Order: Acting Chair Donn Hill called the meeting of the Firefighters' Pension Fund Board of Trustees to order at 8:30 a.m. at the Main Library.

Board Members Present: Randy Farland (arrived at 8:45 am)
Donn Hill
Paul Livermore
Mark Sivertson

Board Members Absent: Matthew McAreavey

Staff Members Present: Bill O'Toole, Director of Human Resources
Tracy Turbak, Director of Finance
Tom Huber, Assistant Director of Finance
Gail Eiesland, Chief Assistant City Attorney
Angie Uthe, Compensation & Benefits Manager
Kathy Pottebaum, Benefits Technician

Others present: Employee's Retirement System Board of Trustees members:
Cathy Bianchi, Matt Burns, Peggy Dant, Shawna Goldammer,
Angeline Lavin & Dave Nadolski
Howard Pohl, Jeff Black & Mary Nye - Becker, Burke &
Associates

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

At 8:45 a.m. Hill turned the chair responsibilities over to Farland.

A motion was made by Hill, seconded by Farland, to approve the June 4, 2012 special meeting minutes. Motion carried unanimously.

Tom Huber briefly discussed the current asset allocation of the portfolio compared to target range. No action needed.

Howard Pohl presented the Board with the 2012 second quarter performance report. The market value of the Plan decreased from \$107.0 million to \$104.6 million. The funds had a rate of return of -2.2% in the second quarter compared to the -2.1% median of the Becker, Burke Plan universe. The annual return was 3.3% compared to the median of 1.2%. Results for the past five years of 3.3% were above the 2.0% median. The Total Plan had 51% of its quarter end assets with domestic equity managers, 15% with international developed markets, 3% with international emerging markets, 26% in domestic bonds, and 6% in real estate. The total plan had slightly below average performance relative to all plans in the quarter and was in the top quartile 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.

Pohl also reviewed the board's annualized returns from December 31, 1994, through June 30, 2012, illustrating the following results:

Total Fund	9.6%
Domestic Equity	10.5%
S&P 500	8.6%
International Equity	8.1%
EAFE	5.3%
Fixed Income	8.2%
Barclays Aggregate	6.7%

Before the board engaged in a review of investment consultant services, Chairman Nadolski discussed the decision-making process and guidelines for executive session attendance. Pursuant to that discussion, at 9:50 a.m. staff members O'Toole, Turbak, Eiesland, and Pottebaum excused themselves from the meeting.

A motion was made by Hill, seconded by Livermore, to enter into executive session pursuant to SDCL 1-25-2, 1-27-1.6(6) and 1-27-1.9 to discuss proprietary data and proprietary information, and for the purpose of engaging in the decisional or deliberative process in interviewing investment consultants. Motion carried unanimously.

A motion was made by Livermore, seconded by Sivertson, to exit executive session. Motion carried unanimously.

A motion was made by Livermore, seconded by Sivertson, to enter into a contract with Becker, Burke Associates, subject to successful contract negotiations. Motion carried unanimously.

A motion was made by Livermore, seconded by Hill, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 2:00 p.m.

Respectfully submitted,

Angie Uthe
Recording Officer