

AGENDA

Firefighters' Pension Fund Board of Trustees Quarterly Meeting February 5, 2014

Meeting to be called to order at 8:30 a.m. at Main Library, 200 North Dakota Ave., Meeting Room A

1. Call to order
2. Approval of Meeting Minutes November 6, 2013
3. Client consent for the assignment of the Becker Burke agreement to The Bogdahn Group
4. Quarterly Investment Performance Report – Howard Pohl, The Bogdahn Group
5. Investment Allocation & Manager Structure – Tom Huber & Howard Pohl
6. Executive Session pursuant to SDCL 1-27-1.5(2) and (7) and 1-25-2 to review an application for disability benefits for employee McNamara
7. Adjournment

Relevant Handouts

- Agenda
- November 6, 2013 meeting minutes
- 2013 Fourth Quarter Investment Report (The Bogdahn Group)
- Asset Allocation and Manager Structure
- Disability Application – McNamara (provided at meeting)

2014 Quarterly Meeting Schedule

All meetings scheduled to be held in Main Library, Meeting Room A, 8:30 a.m.

February 5, 2014
May 7, 2014
August 13, 2014
November 12, 2014

Firefighters' Pension Fund
Asset Allocation and Manager Structure
Net Assets and Accruals
31-Dec-13

	Actual Allocation	Actual %	Target %	Target Allocation	Target Range	Over/(Under) Funding
U.S. Equity Large Cap	\$ 48,361,579	36.8%	35.0%		31.5%-38.5%	\$ 2,328,390
Cooke & Bieler (value)	\$ 16,773,460	12.8%	12.0%	15,782,807		990,653
Sawgrass (growth)	\$ 16,992,006	12.9%	12.0%	15,782,807		1,209,199
NTGI S&P 500 Index	\$ 14,596,112	11.1%	11.0%	14,467,573		128,538
U.S. Equity Small Cap	\$ 20,655,919	15.7%	15.0%		13.5%-16.5%	927,409
Columbia Acorn (growth)	\$ 7,188,049	5.5%	5.0%	6,576,170		611,879
T Rowe Price Small Cap (value)	\$ 6,610,963	5.0%	5.0%	6,576,170		34,793
NTGI S&P 400 Index	\$ 6,856,907	5.2%	5.0%	6,576,170		280,737
U.S. Bonds	\$ 28,892,433	22.0%	25.0%		22.5% - 27.5%	(3,988,416)
STW Long Duration	\$ 10,126,779	7.7%	10.0%	13,152,340		(3,025,560)
STW Intermediate Bond	\$ 10,515,334	8.0%	7.5%	9,864,255		651,080
NTGI G/C Bond Index	\$ 8,250,319	6.3%	7.5%	9,864,255		(1,613,935)
International Equities	\$ 26,284,869	20.0%	20.0%		18.0%-22.0%	(19,811)
Vanguard	\$ 3,530,063	2.7%	3.3%	4,340,272		(810,209)
MFS International Equity (growth)	\$ 11,247,443	8.6%	8.35%	10,982,204		265,240
Templeton Institutional (value)	\$ 11,507,363	8.7%	8.35%	10,982,204		525,159
Real Estate	\$ 7,329,194	5.6%	5.0%		4.5%-5.5%	753,024
Prudential Real Estate	\$ 7,329,194	5.6%	5.0%	6,576,170		753,024
Cash	(597)	0.0%	0.0%	-	-	(597)
TOTAL	\$ 131,523,395.35	100.0%	100.0%			\$ 0

Total Overall Allocations and Ranges:

Equity	\$ 102,631,560	78.0%	75.0%	67.5%-77.5%
Fixed Income	28,891,836	22.0%	25.0%	22.5%-32.5%
Total	<u>\$ 131,523,395</u>	<u>100%</u>	<u>100%</u>	

Transactions:

November

NTGI Emerging to Vanguard Emerging

December

NTGI S&P 500 (700,000)
T Rowe Price Small Cap (1,000,000)
STW Intermediate Bond 1,000,000
NTGI G/C Bond Index 700,000

Minutes
Firefighters' Pension Fund Board of Trustees
November 6, 2013
Quarterly Meeting

Call to Order: Chair Randy Farland 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
Donn Hill
Paul Livermore
Matthew McAreavey
Mark Sivertson

Board Members Absent: None

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

Others present: Employee's Retirement System Board of Trustees members:
Cathy Bianchi, Matt Burns, Peggy Dant & Shawna Goldammer
Howard Pohl & 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.

A motion was made by McAreavey, seconded by Hill, to approve the August 14, 2013 meeting minutes. Motion carried unanimously.

Howard Pohl presented the Board with the 2013 third quarter performance report. The market value of the Plan increased from \$116.9 million to \$123.4 million. The funds had a rate of return of 5.9% in the third quarter compared to the 4.5% median of the Becker, Burke Plan universe. The annual return was 15.5% compared to the median of 13.9%. Results for the past five years of 10.5% were above the 9.0% median. The Total Plan had 52% of its quarter end assets with domestic equity managers, 17% with international developed markets, 3% with international emerging markets, 22% in domestic bonds, and 6% in real estate. The total plan had near top decile performance relative to all plans in the quarter and for the year. It was top decile for five years. Risk, as measured by the fluctuation of quarterly returns was top quartile, while the reward/risk ratio was average.

Pohl also reviewed the board's annualized returns from December 31, 1994, through September 30, 2013, 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%

Interviews for an Emerging Market Fund Manager were conducted with the following firms: The Vanguard Group, Inc., Vontobel Asset Management, Inc., Wells Capital Management, Inc.

A motion was made by Livermore, seconded by Sivertson to select The Vanguard Group, Inc as the Emerging Market Fund Manager. Motion passed unanimously.

The 2014 quarterly meeting schedule was approved as follows: February 5, May 7, August 13 and November 12.

A motion was made by McAreavey, seconded by Sivertson, to adjourn the meeting. Motion passed unanimously.

The Board adjourned at 12:20 p.m.

Respectfully submitted,

Angie Uthe
Recording Officer