

**CITY OF BRENTWOOD POLICE AND FIRE FIGHTERS'  
PENSION FUND BOARD OF TRUSTEES MEETING MINUTES  
NOVEMBER 12, 2014**

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Mayor Kelly called the Pension Board meeting to order at 10:35 a.m.

**ROLL CALL:**

Deputy Clerk Pittman proceeded with attendance.

Board Members Present: Mayor Kelly, Police Chief Fitzgerald, Fire Chief Jury, Fire Fighter Niemeyer, Police Officer Retzlaff and Alderman Treasurer Reynders.

Board Members Absent: Alderman Toohey

Others Present: City Clerk/Administrator Bola Akande; Deputy City Clerk Octavia Pittman; Secretary Gina Jarvis; Legal Advisor Larry Sewell, Armstrong Teasdale; and Investment Consultant Haley Rives, Asset Consulting Group.

**CONSIDERATION AND APPROVAL OF MINUTES:**

**Pension Board Meeting August 20, 2014**

Deputy Clerk Pittman presented the minutes of the August 20, 2014 meeting for approval. Upon motion by Fire Chief Jury and seconded by Police Officer Retzlaff, the minutes of the August 20, 2014 Board meeting were unanimously approved with Treasurer Reynders abstaining because he did not attend the August 20, 2014 meeting.

**PENSION FUND REPORT – PRELIMINARY AS OF OCTOBER 13, 2014:**

Secretary Jarvis summarized the report as of October 31, 2014, copies of which were distributed to Board members. She noted that there had been a dip in the market value of the fund in July, 2014.

**NEW BUSINESS:**

**Investment Consultant's Report**

Ms. Rives presented the report as of September 30, 2014, copies of which were distributed to Board members.

She provided an overview of markets noting that bonds have been positive but are now down. She indicated that the future for bonds is uncertain once interest rates begin to rise. United States

large cap stocks have been strong and are up twelve percent year to date. This has been a strong sector for the last two years. Small cap equities have not performed as well.

Non United States equities have been driven down by the strong United States dollar.

Ms. Rives reviewed the performance of the investment managers as of September 30, 2015. The managers are generally performing in line or exceeding their indexes. The exception to this is Cortina Asset Management, LLC which underperformed its index for 2014. Asset Consulting Group will continue to closely monitor the performance of Cortina.

### **LEGAL ADVISOR REPORT:**

#### **New Missouri Public Retirement System Legislation:**

Mr. Sewell discussed new Missouri legislation which is applicable to public retirement systems beginning January 1, 2015. Significant provisions are:

- A requirement that a public employee forfeits his or her plan benefits if he or she is convicted of a crime in carrying out duties. The statute does not provide what happens to forfeitures but they are probably treated as plan contributions.
- An actuarial certification must be obtained if a plan amendment impairs funding.
- Certain amendments cannot be made if funding is reduced below sixty percent.
- Trustees must have at least six hours of education each year. Routine presentations, such as financial advisor reports, do not count. If a board member intentionally does not attend for at least six hours, he or she can be removed from the board. The board must maintain an annual record of compliance with the education requirements and a board member must annually attest to the correctness of this record.
- Although it is not a change from prior law, the new legislation requires that a public retirement system have a procurement plan for engaging minority and female money managers, brokers and investment consultants and report annually on the progress of the procurement plan to the Joint Committee on Public Retirement.

Mr. Sewell noted that this discussion of new Missouri legislation relating to public retirement systems should be credited as satisfying the Board education requirements for the 2014 calendar year.

### **DROP**

Mr. Sewell discussed adding a DROP provision to the Plan with the following provisions:

- Only a participant with more than 20 years of service may elect the DROP. Anyone over age 60 cannot not elect the DROP
- The participant's benefit are frozen when he or she elects the DROP and there are no further benefit accruals after the DROP credits start to be allocated to the DROP account.
- A person electing the DROP must agree to retire from the employment of the City at age 60.
- No further employee contributions can be made after the DROP commences.
- Interest on accumulated DROP/retirement payments alternatively is credited at either (i) 0% interest or (ii) 4.5% interest.

There was extensive discussion of adding a DROP feature to the Plan as outlined above, including advantages and disadvantages of the DROP feature. Some Trustees expressed opposition to adding a DROP feature while others supported exploring this further. Mr. Sewell was asked to have Keith Kowalczyk project the cost to the Plan of adding these provisions to the Plan.

### **Summary Plan Description**

Mr. Sewell will finalize the summary plan description before the next meeting. The Plan does not currently provide a death benefit for a terminated, vested participant with over ten years of service. This will not be incorporated in the draft of the summary plan description.

Mr. Sewell was direct to ask Keith Kowalczyk whether adding a death benefit for a terminated, vested participant with over ten years of service would adversely impact the actuarial cost of the Plan.

### **OTHER BUSINESS:**

There was no other business brought before the Trustees. The next meeting will be scheduled for February, 2015.

### **ADJOURNMENT:**

The meeting was adjourned at 11:30 a.m.