

**JACKSON COUNTY, MISSOURI  
PENSION PLAN BOARD OF TRUSTEES MINUTES  
MAY 29, 2014**

**Ord. 4649**

**KANSAS CITY COURTHOUSE – DUTCH NEWMAN CONFERENCE ROOM**

**Members Present:** Troy Thomas, Vice Chair, Gary Panethiere, Patrick Sterner, Linda Steele, Jeff Eisenbeis, Dianne Kimzey, Mike Martin and Claire West-Scoville. **Members absent:** Joseph Weinrich, Chair, and Patrick “Duke” Dujakovich

**Also Present:** Michelle Chrisman, HR; Patti Haffner; Asset Consulting Group, Jay Haden, County Counselor, Simone Hollins, Arnold, Newbold, Winter & Jackson, P.C.

**OPENING AND MINUTES**

In the absence of the Chair, the meeting was called to order by Vice-Chair Thomas. The minutes of the April 16, 2014 meeting were approved on motion and second by member Sterner and Panethiere.

**RATIFICATION OF PAYMENTS**

On motion and second by members Eisenbeis and West-Scoville, pension benefit payments were ratified for the following participants and beneficiaries Gary W. Johnson, Debra A. Harvey, Brenda J. Mack, Sheila M. Dyer, Sandra Graybill, Mabel C. Shapiro, Barbara L. Rathbun, Tracey E. Edmonds, Sherie A. Keller, Rick A. Ishmael, Michael L. Henderson, William McKeever, Caroline Gnefkow, and Errol David Swartzbaugh.

On motion and second by members Eisenbeis and West-Scoville, the Board ratified the following expenses: Tan-Tara Resort and MAPERS for pension conference reservations July 9-11, 2014, Loomis Sayles, Hotchkis & Wiley Capitol Management, Atlanta Capital Investment Managers, Brown Advisory, Financial Counselors, Inc. and Wells Capital Management for quarterly services through March 31, 2014. McCloud & Associates for completion of experience study, and services rendered April 3, 2014 through April 25, 2014. Arnold, Newbold, Winter & Jackson for services rendered February 1, 2014 through February 28, 2014.

**INVESTMENT UPDATE-ASSET CONSULTING GROUP**

Ms Haffner provided a detailed review of the first quarter performance, noting that the fund continued to benefit from strong performance, with the total market value of the Fund rising to \$232.1 million, up from \$229.3 million at the end of December. During the first quarter, the Total Fund advanced 1.5% as U.S. economic growth was hampered by a harsh winter and a slowdown in employment gains, restraining both business and consumer spending. Overall, the quarter ended with positive U.S. equity, international developed, and U.S. fixed income returns, paced somewhat by challenging results in emerging market equities. She further highlighted that over the past year, the Fund has generated a strong absolute return (up 13.0%) ahead of the Policy Index return of 12.5%, while matching the return of the peer group of similarly allocated funds. Additionally, the Fund performance has exceeded the actuarial target over the past 1, 3, and 5 year periods.

In light of the recent announcement of Scout International Equity Manager Jim Moffat’s role change, this manager was asked to come in to update the Committee. Jim Moffat, Jon Lewis and Michael Stack (new lead portfolio manager) were in attendance to discuss the changes. They noted that Jim

Moffat will not be totally retiring but will take on a more advisory role for this portfolio and Scout's Global Equity strategy. Michael Stack has worked alongside Jim for the past eight years and expects to keep all investment processes intact. He noted this strategy is managed by a team, of which he will now be the lead, but also includes six dedicated analysts in support of all stocks in the portfolio. The strategy has a strong track record of outperforming all objectives, although the last year has been challenging due to its allocation to the weak emerging markets, adverse exposure to the modest growth in Japan. With Europe continuing to post improving economic conditions, they expect performance to accelerate as the year progresses.

The Committee discussed the portfolio manager change at length, deciding to remain with this long-time manager, while closely monitoring the situation going forward.

### **NEW BUSINESS**

Discussion and vote of Retiree COLAs effective July 1, 2014, 0% up to 3%. County Employees-received 2% for 2014. Since the pension fund is not funded at a level of 80%, the Board is not able to approve a COLA increase. The Board would have granted COLAs if the fund was 80% funded.

Claire West-Scoville reviewed recently passed Missouri legislation that will impact Jackson County, Missouri Revised Pension Plan and Fund (JCRP): the actuarial cost statement provisions have been modified requiring additional components to be included in the actuarial cost statement for the Plan's valuation, as well as information to be reported to the General Assembly; requires two education programs annually for Board members who have served for at least one year on the Plan and each program has to be at least six hours in length, and general provider information sessions cannot be included, although provider education programs can be counted; requires the Board to keep track of these hours for compliance purposes; changes the definition of benefit enhancements for purposes of the eighty percent rule; and requires the forfeiture of a public pension plan to an employee who is convicted of crimes directly connected to a public employee's job functions. Fund Counsel was instructed to further review this legislation and report particulars to the Board at the next meeting.

### **UNFINISHED BUSINESS**

Simone Hollins stated that they were still working on revising the contract for Hotchkis & Wiley. She stated that the Domestic Relations Order (DRO) Procedures were complete. There was a motion made by Claire West-Scoville and second by Linda Steele to accept DRO procedures. Motion passed. The Trustees instructed Fund Counsel to work with Dianne Kimzey to update the JCRP Procedure Manual and the Pension summary to reflect this change and to post same on the JCOOL (county intranet) and Jacksongov (county internet) websites. Ms. Hollins will also work with Jay Haden to update the Pension Ordinance through the County Legislature.

### **ADJOURNMENT**

Next meeting August 21, 2014

APPROVED:

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Q. Troy Thomas, Vice-Chair

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Secretary