CITY of SPRINGFIELD

POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO
840 Boonville
Springfield, Missouri 65801
(417) 839-7559

Minutes
December 12, 2013

1. Call to Order

Cowherd called the meeting to order at 8:30 a.m. Minutes taken by White.

Attendance

Members	Representation	Present	Absent
Charlie Cowherd	President	X	
Paul Carroll	Citizen		X
Jerry Fenstermaker	Citizen	X	
James Gillette	Citizen		X
Josh Hartman	Citizen	X	
Marilyn Hill	Citizen	X	
Ron Hoffman	Retiree	X	
Scott Steck	Police	X	
Chris Thompson	Fire	X	
Adam Carter (NV)	Fire	X	
Grant Dorrell (NV)	Police	X	
David Inmon (NV)	Retiree	X	
Mary Mannix-Decker (NV)	Finance	X	
Cindy Rushefsky (NV)	City Council Liaison	X	
Dan Wichmer (NV)	Law	X	
Janell Manley (NV)	Administrative Director	X	
Nikki White (NV)	Secretary	X	

NV = Non-voting

2. Approval Meeting Minutes – November 14, 2013 (open session)

Fenstermaker made a motion to approve the November 14, 2013 as presented; 2nd by Thompson. Vote all: Yes.

3. Approval of Financial Statement Ending October 31, 2013

Mannix-Decker reported on the following items of interest:

- The cash balance at the end of October was $6,428,560.
- Brandywine had an increase of $115,388. The fund returned 0.51% compared to the index return of 1.17%.

- Blackstone had an increase of $4,080,970. The fund returned 1.00% compared to the index return of 1.01%.

- Galliard decreased ($1,710,343). Money was transferred out, thus the reason for the loss. The return was 0.74% compared to the benchmark of 0.64%.

- Entrust had an increase of $138,102. The return was 1.75% compared to the index return of 1.01%.

- Pictet decreased by ($369,015). The return was 3.32% compared to the index return of 3.36%.

- Pyramis' had an increase of $106,410. The return was even with the index at 2.67%.

- Wells Fargo had an increase of $2,638,290. This fund received additional funding so the increase was not all market returns. The return was 4.01% compared to the benchmark of 4.86%.

- The State Street Russell 2000 NL Fund increased by $610,087. The return was even with the index at 2.51%.

- The State Street Commodities NL Fund decreased by ($172,070). The return was -1.49% compared to the index of -1.48%.

- The State Street S&P 500 Flagship NL Fund increased by $2,551,269. The return was even with the index at 4.60%.

- The US Tips NL Fund increased by $51,543. The return was even with the index at 0.55%.

- The October sales tax was $2,213,199. This is slightly better than 2012.

- Total Net Assets at the end of October were $274,815,443, which is an increase of $7,314,966. For the fiscal year, the Plan has seen an increase of $20,457,694.

- Gain/Loss in market value, including managers' fees was $6,042,296 for the month. Total additions to the Plan were $9,055,890.

- Benefit payments totaled $1,586,062. Return of contributions totaled $110,896. Administrative expenses totaled $43,966.

- Net increase in Plan assets totaled $7,314,966.

Mannix-Decker reported that four bids were submitted for the custodial services contract. A committee will be reviewing the bids and reporting back to the Board. Cowherd suggested that the audit subcommittee review the bids. Mannix-Decker hopes to have a decision by mid-January and from there it will just be ironing out the contract.

Thompson made a motion to approve the financial statement ending October 31, 2013; 2nd by Fenstermaker. Vote all: Yes.

4. Retirement Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Michael Castrodale	Age & Service	12/09/2013	02/07/2014	Police
Zaneta Gann	Age & Service	12/11/2013	02/22/2014	Police
Roger Moore	Age & Service	11/18/2013	01/31/2014	Police
Thomas Royal	Age & Service	12/11/2013	02/20/2014	Police
Stephanie Still	Age & Service	12/02/2013	02/21/2014	Police
Darren Whisnant	Age & Service	11/18/2013	02/14/2014	Police

Thompson made a motion to accept the age and service retirement applications presented above; 2nd by Steck. Vote all: Yes.

5. Approval of Return of Contributions

Nathan Thomas	Relinquishment – 13.62 yrs.	Police	$76,347.64

Manley said she has talked with Thomas about his relinquishment. Thompson said he would like to have documentation that Manley has spoken with Thomas. Manley agreed. Steck made a motion to approve the return of contribution for Nathan Thomas; 2nd by Thompson. Vote all: Yes.

6. Administrative Director's Report

Manley reported that certified letters requesting income verification went out last week. The report will be ready for review at the January meeting. All of the beneficiary forms have been sent. Over 800 were mailed and they are starting to be returned.

A memo regarding development of the written procedures and regulations was passed out. Pension Consultants' bid was $25,000 and Chip Sheppard's bid was $10,000-17,000, depending on the level of Manley's involvement. Carter asked if it went out for a national search. Cowherd said that it didn't because there really isn't a market for it. He and Manley visited with several companies across Missouri, but frankly they had a hard time finding anyone that is comfortable doing it. One law firm in Kansas City bid $30,000. They weren't sure what all would be involved so that was their offer. This is an odd ball assignment and he doesn't think we will find anyone that is experienced in this because our plan is so unique. This will be a custom-build type project that we have to start from scratch.

Cowherd said that Sheppard's work will be based more on what we have been doing where as Pension Consultants would probably be more of the industry standard and the ERISA arena. Rushefsky said that it looks like Sheppard would be in a better position to know what we really want to do as opposed to bringing in somebody who doesn't have the connection. Wichmer said that this Plan is unique to us so it will need to be somebody who at least understands our ordinances. Mannix-Decker questioned if this was something that would be charged back to the City. Cowherd said that is a good question that hasn't been discussed. His assumption is that it would be a Plan expense, but he doesn't know. Mannix-Decker said that this hasn't been budgeted so someone would need to talk to the City Manager about where the funds would come from if it is to be charged to the City.

Hartman asked if Brian Allen was involved in the Pension Consultant's bid. Cowherd said he was involved, but another person would primarily be doing the work. Fenstermaker pointed out that he thinks both could do the job. The job is so full of liability and so unknown in terms of an opened-end cost that it is difficult to get more bids. As far as transparency, Sheppard has been on the inside of this Board for a long time. Allen is an independent, outside, new face to looking at policies, procedures and controls. Pricing is a big issue here, but it's worth thinking about in determining if we want to go with someone really neutral just to get past being subject to any criticism of using the same law firm. He doesn't know if there will be any criticism or not, but it's a thought to keep in the back of our minds. Hartman said that Allen certainly had a lot of questions and objections that he raised when he was on the Board so he certainly had a fresh perspective. He thinks there is some benefit to that and it should be taken into consideration. Rushefsky said she thinks that's a good point, but on the other hand we have to try to maintain some consistency with what we have done so we are not flying in a totally different direction. It's a dilemma and a shame there's not a way to combine the two.

Wichmer said that the Board might contact Cheryl Beebe-Snell to get her view point. Cowherd questioned if there was a conflict with her being Tobben's partner. Wichmer said his concern with Allen is that this is not an ERISA plan and you could run the risk of tying up a bunch of ERISA rules that you don't want. Fenstermaker said that we will have to define that in the scope of work. Carter said that it concerned him that Allen question things that were spelled out in the ordinances. Cowherd said that he spoke with Allen after he decided to leave the Board and he thinks his concerns were primarily administrative in nature. He wanted clearer allocation of responsibility to Manley so that we could act upon her suggestions/recommendations and vote with confidence. Carter said he would be interested in pursuing Wichmer's recommendation of checking with Cheryl. Wichmer said he thought she was knowledgeable and easy to work with. Rushefsky said she wonders what the perception will be. They were adverse to us on specific aspects of the Pension. Wichmer said they may be adverse to us again, but the Board was looking to extend the net and he doesn't know if it's worth a phone call or not. It's the only other person he can think of that has any knowledge of the Plan. Rushefsky said that maybe another attorney can draft it, but then Sheppard reviews it in the end. Mannix-Decker expressed concern over the open-ended bid. Cowherd said that nobody really knows how much work it will take. Cowherd said that if it is the consensus of the Board, they will follow up with speaking to Cheryl.

Manley reported that Peggy Thompson is retiring in January. Crystal Ray was introduced as her replacement.

Manley requested a new printer due to hers breaking down. She would like to upgrade to a laser printer because she prints so much. Thompson made a motion to allow Manley to purchase a new printer; 2nd by Fenstermaker. Manley said the price range she found is $350-450. Vote all: Yes.

7. Secretary Contract

Manley reported that White's contract is up for renewal. Cowherd said that the compensation subcommittee had a conference call with White this week to discuss her contract. She has been making $950 a month and she didn't receive an adjustment last year. White's request was to leave it where it is. She realizes there is a vote coming up next spring and she doesn't want anything to be an issue as far as that goes. Cowherd said the reason she didn't receive an adjustment last year was because Manley came on board and that cut back on some of her duties. The question is if that is still fair. Thompson said that he made the recommendation that White's salary increase $100 per month. He realizes that is about a 10% increase, but she didn't get anything last year. He doesn't know if everyone is aware of the work that White took on prior to hiring Manley, but he hasn't forgot about that. She's always willing to perform extra duties and he's pleased with the detail of the minutes. Cowherd said that the committee's recommendation was to increase her salary by $100 a month. Cowherd said this is not her fulltime employment and she is pleased with what she has been compensated. Rushefsky said it sounds like she is willing to keep her salary where it is out of concern for the Plan, which is commendable. Thompson made a motion to renew White's contract at $1,050 per month; 2nd by Steck. Vote all: Yes.

Hill entered the meeting at 9:18 a.m.

8. Sales Tax Renewal Report – Greg Burris, City Manager

Burris reminded the Board that City staff can only educate. They can't advocate. This is something they take very seriously. There is an internal committee that is developing educational materials. They did their first presentation last week to the Chamber of Commerce. The goal was to give the presentation and leave without their being any unanswered questions. He feels that was accomplished. Cowherd attended and was able to answer a lot of the questions. The Mayor also attended. Burris said they will find out on Monday if the Chamber will approve to support the tax. If that happens, will they run a campaign? Burris said he doesn't know and that question can't be asked until they make a determination on whether to support it. City staff's roll is to provide the information, not to campaign. Burris said that they are trying to schedule the majority of the presentations in March. They can do them now, but they don't want the information to get lost. Four presenters have been identified; Charlie Cowherd, Greg Burris, Chief Hall and Chief Williams.

Fenstermaker questioned waiting until January to determine if the Chamber is going to run a campaign. Burris said that we will know the Chamber's position on Monday. He said that the City can't go out and organize a campaign. It will have to be a grass roots effort. Wichmer said that only elected officials can advocate. We are in a passive position. He said the Board can give numbers and information, but they can't say how to vote. He always cautions Board members to only give facts, not to advocate. If for some reason something happened, the claim would be that they invalidate the election. There are some pretty high stakes and that's why he is always cautious about Board members advocating. Burris said he can't go out and recruit people to serve on a citizen's campaign. Fenstermaker said he understands that, but in eight months we have made no effort to organize the activity that is necessary. Burris said because we can't. Fenstermaker said he hears Burris, but that is not the answer he's looking for.

Thompson brought up the assumed rate of return and the implications of lowering it. Burris said they are being as transparent as possible and they have addressed the rate of return head on in the FAQ. He suggested that the Board review the FAQ and provide input as to questions that may need to be added.

9. Fire Representative and Retiree Representatives Election Results

Brenda Cirtin, City Clerk, and Anita Cotter, Assistant City Clerk, counted and certified the ballots. Cowherd reported that Tony Kelley was elected as the voting fire representative. Ron Hoffman was elected as the voting retiree representative and Ed Cantrell the non-voting fire representative. Cowherd thanked Thompson for his contributions and service to the Board.

Steck made a motion to accept the election results as presented; 2nd by Hill. Vote all: Yes.

10. Other Business

Wichmer said that he drafted an ordinance to stagger the elections, but he would ask for another month to take a closer look at it to make a recommendation on how the terms should be staggered.

Cowherd asked Mannix-Decker about the City's cyber insurance. She said the City has hired a risk manager and she will get more information about cyber insurance.

11. Legal Matters – Closed Session, pursuant to Section 610.021, RSMo.

Thompson made a motion to move to closed session at 9:43 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Fenstermaker. Vote all: Yes. Open session resumed at 9:45 a.m.

12. Adjournment

Fenstermaker made a motion to adjourn the meeting; 2nd by Thompson. Vote all: Yes. The meeting was adjourned at 9:45 a.m. on December 12, 2013.