CITY of SPRINGFIELD

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

Minutes
February 13, 2014

1. Call to Order

Cowherd called the meeting to order at 8:35 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
Tony Kelley	Fire	X	
Scott Steck	Police	X	
Ed Cantrell (NV)	Retiree	X	
Adam Carter (NV)	Fire	X	
Grant Dorrell (NV)	Police	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 – January 15, 2014 (open session)

Fenstermaker made a motion to approve the January 15, 2014 as presented; 2nd by Carter. Vote all: Yes.

Kelley entered the meeting.

3. Approval of Financial Statement Ending December 31, 2013

Mannix-Decker reported on the following items of interest:

- The cash balance at the end of December was $1,600,361. Some of the cash was invested in Entrust to bring the cash balance down. The return on the portfolio as a whole was 2.75%.

- The State Street S&P 500 Flagship NL Fund increased by $1,510,353. The return was 2.54% compared to the index at 2.53%.

- The State Street Russell 2000 NL Fund increased by $504,310. The return was even the index at 1.97%.

- Pictet increased by $1,437,850. The return was 2.84% compared to the index return of 1.51%.

- Wells Fargo had a decrease of ($237,753). The return was -1.30% compared to the benchmark of -1.45%.

- Galliard decreased ($202,793). The return was -0.50% compared to the benchmark of -0.57%.

- The US Tips NL Fund decreased by ($137,648). The return was -1.45% compared to the benchmark of -1.47%.

- Brandywine had an increase of $118,973. The fund returned 0.53% compared to the index return of -0.95%.

- Pyramis' had an increase of $70,103. The return was 0.88% compared to the index at 0.58%.

- Prudential had an increase of $250,925. The return was 3.62% compared to the index at 2.53%

- The State Street Commodities NL Fund increased by $133,672. The return was 1.23% compared to the index of 1.24%.

- Blackstone had an increase of $58,612. The fund returned 0.74% compared to the index return of 0.82%.

- Entrust had an increase of $4,135,625. $4 million was invested this month. The return was 1.20% compared to the index return of 0.82%.

- Employee contributions for the month totaled $235,108 and employer contributions totaled $562,460. The December sales tax was $2,792,354. Sales tax numbers are up 3.5% from last year.

- Gain/Loss in market value, including managers' fees was $3,772,858 for the month. Total additions to the Plan were $7,362,780.

- Benefit payments totaled $1,581,588. Return of contributions totaled $76,348. Administrative expenses totaled ($4,677). This was due to the $20,663.08 in legal fees that was reimbursed by the City for outside legal counsel.

- Total Net Assets at the end of December were $283,592,142, which is an increase of $5,640,521. For the fiscal year, the Plan has seen an increase of $29,223,543.

Carroll made a motion to approve the financial statement ending December 31, 2013; 2nd by Kelley. Vote all: Yes.

4. Retirement Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Steven Licis	Age & Service	01/27/2014	04/18/2014	Police
Joe Jones	Age & Service	01/28/2014	03/20/2014	Fire
John Matthews	Age & Service	01/15/2014	03/2/2014	Police

Manley noted that Jones' retirement application was previously approved, but he has amended his retirement date. Steck made a motion to accept the age and service retirement applications presented above; 2nd by Fenstermaker. Vote all: Yes.

Name	Application Type	Application Date	Department
Ralph Goddard	Disability	01/24/2014	Fire

Kelley made a motion to accept the disability application presented above; 2nd by Hartman. Vote all: Yes.

Cowherd reported that this is duty-related by statute. This issue is whether he is disabled at this point. So we need a medical opinion in order to act upon this. The Board has the option of asking him to go to three different physicians or accepting opinions from his physicians. Some agreed that his paperwork is pretty well documented and didn't feel it was necessary to send him to three physicians. However, it was questioned as to whether any of the doctors said he was unable to perform his duties. Several agreed that this was missing from his paperwork and that his physician should use the Plan's form so that the appropriate questions are answered.

Cantrell made a motion to accept an opinion of disability from his treating physician using the Plan's form; 2nd by Kelley. Vote all: Yes.

5. Approval of Calculations

Name	Department	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Jimmy Bench	Fire	Age & Service	23.93	$4,091.01	$2,639.36
Russell Darnell	Fire	Age & Service	25.00	$3,968.41	$768.08

Fenstermaker made a motion to accept the calculations as presented above; 2nd by Gillette. Vote all: Yes.

Final Pension Calculation – No Surviving Spouse

Name	Monthly Pension Amount	Final Check Amount
Joseph Foell	$2,345.99	$605.42

Fenstermaker made a motion to final check amount as presented above; 2nd by Gillette. Vote all: Yes.

6. Approval of Return of Contributions

Jimmy Bench	Age & Service – 23.93 yrs.	Fire	$105,522.22
Russell Darnell	Age & Service – 25.00 yrs. (3.25 yrs military buyout)	Fire	$30,133.04

Fenstermaker made a motion to approve the return of contribution for Jimmy Bench and Russell Darnell; 2nd by Kelley. Vote all: Yes, with the exception of Cowherd who voted no.

7. Income Verification

The following retiree reported income from gainful employment over the allowable amount.

Name	2014 Adjusted Pension Amt
John Larson	$2,682.85

Manley reported that Larson initially replied with incomplete information and has not responded to the attempts to contact him. Carroll made a motion to accept the 2014 adjusted amount for John Larson as presented; 2nd by Fenstermaker. Vote all: Yes.

8. Administrative Director's Report

Manley informed the Board that the 2014 MAPERS conference will be held July 9-11. This will require the Board meeting to be moved to July 17th.

A citizen's sales tax committee has been formed. Morey Mechlin and Robert Spence are the co-chairs. They have started polling and will take that information to form their strategy. Chief Hall and Chief Williams have giving speeches and the response has been very good. There have been two to three per week.

Manley reported that there will be meetings for the retirees on March 18-19. They will be given the same sales tax presentation that is being utilized with other groups. Manley asked for permission to send out a postcard invitation which will cost around $200. The Board agreed to move forward with hosting the meetings to educate the retirees on the sales tax.

Manley informed the Board that several companies declined to bid on the fiduciary insurance again this year because of the Plan's funding level. She presented the 2014 Executive Risk Liability Insurance Proposal from Regions Insurance which is the same company as last year. The renewal premium is $42,069 which is a 10.4% increase. Manley said that Regions reasoning behind the increase was due to the increase in the Plan's assets which increase by 20% in the past year. If the Board approves to move forward, Sheppard will review the policy prior to signing. Carroll made a motion to accept the proposal as presented; 2nd by Fenstermaker. Vote all: Yes.

Manley presented the 2014 MAPERS membership renewal in the amount of $100. Fenstermaker made a motion to approve payment; 2nd by Carroll. Vote all: Yes.

7. Custodial Services

Mannix-Decker reported that UMB presented the lowest bid of the five respondents to the RFP. They will save the Plan over $40,000 per year in custody fees. The audit committee reviewed all of the RFPs. She said that UMB's references were very positive about their services. Mannix-Decker said that she has worked with UMB in other areas of the City and they have a good online system for reporting and are very timely and accurate with their statements. Sheppard has reviewed the RFP and the contract. He had a few suggested changes, but at this point Board approval is needed to move forward. The fee waiver with US Bank has now expired so Mannix-Decker would like to move forward as soon as possible.

Carroll made a motion to approve UMB as the Plan's new custodian and to permit Mannix-Decker to proceed with entering into a contract with UMB; 2nd by Fenstermaker. Vote all: Yes.

8. Retiring Board Member – David Inmon

Cowherd recognized and thanked David Inmon for his service to the Board for the past three years.

9. Quarterly Investment Report – Segal Rogerscasey

Boucek and Katarski joined the meeting via conference call due to the winter storm in Atlanta. Boucek said he still doesn't see a compelling reason to move into long bonds at this time. He suggested looking at it in another six months. Manley questioned what to do with the funds that would have been moved to that investment strategy. He said equities might be a better place than bonds at this time, but he will address that later in the report. GDP was up 3.2% in the fourth quarter, which was less than the 4.1% growth in the third quarter. The CPI was up 0.3%. Unemployment declined throughout the fourth quarter, ending at 6.7%. The housing recovery is far from finished at this point. There is still a lot of fear factor of the unknown especially surrounding healthcare. This keeps companies from investing because they feel they need to hold on to cash. Katarski said that there are still some moves to be made that can take down the overall equity exposure. Fenstermaker expressed his concern about the areas that are out of whack. He would like to see a plan and timetable to get those areas back in line.

Katarski referred to page 27 of the report and pointed out the allocation changes from September 2013 to December 2013 and the progress that has been made in closing the gaps. He said that moving some into the hedge fund of funds could be a way to take down the equity risk. He pointed out that the Core Fixed Income allocation is 20%, but half of that includes long-term bonds. The current allocation is 14.3%. This is another option to move some money out of equities. You would be using Galliard as a place holder for the long-bond allocation in the near term until we ultimately move toward the long-term bond allocation in which case those monies would come back out of Galliard. Boucek agreed and said that a search could begin for a long duration fixed income manager to be funded in the third quarter. To avoid jumping all in at once, one percent could be funded in the third quarter and another one percent in the fourth. Fenstermaker's thought is to come up with a quarter by quarter game plan for the remainder of the year to reduce the equities so that we are more in line with the asset allocation. Gillette agreed that there needs to be a move to more safety in this market. Cowherd suggested having the investment subcommittee meet with Segal Rogerscasey in the next few weeks to establish a plan moving forward. Hartman agreed and said that his first move would be to take down the small cap allocation.

Katarski reported that the Plan returned 4.5% for the quarter. The return on investment was $24.5 million. For the fiscal year-to-date, the Plan is up 9.8%. For the calendar year, the Plan is up 14.78%. Domestic equities were up 9.98% for the quarter. The S&P Flagship Fund was up 10.52% for the quarter

(32.46% for the year) and the Russell 2000 Index Fund was up 8.74 for the quarter (38.87% for the year). Pictet was up 6.17% for the quarter (23.98% for the year). Wells was up 0.47% for the quarter (-0.39 for the year). Galliard was up 0.12% for the quarter (-0.55% for the year). SSgA TIPS was down -1.99% for the quarter (-8.62% for the year). Brandywine was down -0.05% for the quarter (-1.63% for the year). Pyramis was up 1.38% for the quarter (year-to-date performance was not available). PRISA was up 3.62% for the quarter (14.69% for the year). The SSgA Commodity Fund was down -1.08% for the quarter (-9.57% for the year). Blackstone was up 3.05% for the quarter (year-to-date performance was not available). Entrust was up 4.20% for the quarter (year-to-date performance was not available). The total plan was up 4.5% for the quarter, which is $24,530,000 increase in the return on investment.

Fenstermaker made a motion to accept the quarterly investment report as presented by Segal Rogerscasey; 2nd by Carroll. Vote all: Yes.

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

Kelley made a motion to move to closed session at 10:15 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Hill. Vote all: Yes. Open session resumed at 10:17 a.m.

11. Adjournment

Manley reported that Human Resources has not made any further progress on the fire overtime calculations. Once they complete their process, it will be passed on to the Finance Department so that they can recalculate the Pension amounts.

Fenstermaker made a motion to adjourn the meeting; 2nd by Carroll. Vote all: Yes. The meeting was adjourned at 10:18 a.m. on February 13, 2014.