CITY of SPRINGFIELD

POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO
830 Boonville
Springfield, Missouri 65802
Phone: (417) 839-8214

Minutes
January 10, 2013

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	
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 – December 13, 2012 (open session)

Thompson made a motion to approve the December 13, 2012 minutes as presented; 2nd by Fenstermaker. Vote all: Yes.

3. Approval of Financial Statement Ending November 30, 2012

- The cash balance at the end of November was $1,190,917. $4 million was moved into each of the following: Galliard, Pictet and TIPS.

- Brandywine had an increase of $206,853. The fund returned 1.12% compared to the index return of -0.41%.

- Galliard had an increase of $4,126,814. The return was 0.24% compared to the index return of

0.14%. $4 million was transferred into this fund.

- Pictet had an increase of $4,751,366. The return was 1.83% compared to the index return of 2.42%. $4 million was transferred into this fund.
- The State Street Russell 2000 NL Fund had an increase of $107,082.
- The State Street Commodities NL Fund increased by $663.
- The State Street S&P 500 Flagship NL Fund decreased by ($3,810,227).
- The US Tips NL Fund increased by $4,034,374. $4 million was transferred into this fund.
- Total Net Assets at the end of November were $226,123,576 which is an increase of $2,583,138.
- The sales tax contribution for the month totaled $1,780,348.
- Gain/Loss in market value, including managers' fees was $1,518,348 for the month. Total additions to the Plan were $4,118,252.
- Benefit payments totaled $1,518,025. Administrative expenses totaled $17,089.
- Net increase in Plan assets totaled $2,583,138.

Thompson made a motion to approve the financial statement ending November 30, 2012; 2nd by Fenstermaker. Vote all: Yes.

4. Review of Retirement Applications

Retiree's Name	Application Type	Application Date	Eligible Date	Department
John Marion	Age & Service	12/30/2012	02/28/2013	Fire

Cowherd stated that the ordinance requires that an affidavit is needed from Marion stating that he's not receiving any benefits from the fund of the prior service he's purchasing. There was brief discussion about changing the form to be clearer about buying prior service to get to the required number of years.

Thompson made a motion to accept John Marion's application as presented above subject to receiving a written affidavit stating he's not receiving any benefits for the prior service he's purchasing; 2nd by Hoffman. Vote all: Yes.

Retiree's Name	Application Type	Application Date	Eligible Date	Department
Michael Pringle	Age & Service	12/21/2012	02/22/2013	Fire

Thompson made a motion to accept Michael Pringle's application as presented above; 2nd by Hoffman. Vote all: Yes.

Retiree's Name	Application Type	Application Date	Eligible Date	Department
Marla Miller	Vested	12/18/2012	04/10/2036	Police

Steck made a motion to accept Marla Miller's application as presented above; 2nd by Hoffman. Vote all: Yes.

5. Retirement Calculations

Survivor's Final Pension

Retiree's Name	Survivor's Name	Final Check Amount
Charles Oheim	Mary Oheim	$1,364.34

Thompson made a motion to accept the final check calculation for Oheim; 2nd by Fenstermaker. Vote all: Yes.

6. Quarterly Investment Report

Cowherd announced that the quarterly report was not approved at the last meeting so the Board needs to do so at this time.

Thompson made a motion to approve the quarterly investment report as presented by Segal Rogerscasey at the November meeting; 2nd by Fenstermaker. Vote all: Yes.

7. Administrative Director's Report

Manley reported that the bonding application has been filled out. Mannix-Decker, Manley and White will all be bonded.

The income verification process has been completed for the year. The changes will be reviewed and approved in closed session and the 2013 adjusted amounts will be reported in the open minutes.

The existing firm of the nurse consultant never replied to any of Manley's emails requesting assistance and someone to take Debbie Elliott's place. Manley verified and got permission from both the contract administration and Wichmer to utilize Elliott in the interim. Manley has started the RFP for the effective date of March 1. The other contract goes until the end of February. Elliott's new company will be bidding on the new contract and they are willing to honor the old rates in the work that she is doing in the interim.

Death Audits – Manley passed out some information on performing audits to make certain that everyone that is receiving benefits is still living. It will cost approximately $1,000 a year. The fact that we are a closed plan and not uploading any new information does not save any money unfortunately. Manley said the Board needs to review the information and either take a vote this month or next. This is one of the things the auditor suggested be considered. Cowherd asked if there needed to be an RFP for this. Manley said she would check with Wichmer.

Manley reported that she has turned in the necessary information for the fiduciary insurance. She's waiting on the company to reply with either and acceptance and a rate, or decline to cover. The broker's opinion is that they won't decline.

The IPS has been signed by everyone but State Street, Blackstone and Brandywine.

In February, the emerging market debt finalists will present. The investment subcommittee will have a conference call on January 25th.

Sheppard will hold a training session at the March meeting. Each board member has to attend two training sessions per year.

Blackstone - they initially recommended an offshore fund, but in trying to get all of the contracts signed the offshore fund would not permit them to sign the IPS. So they suggested their non-taxable fund. Segal Rogerscasey said either fund is fine with them, but if the Board wants the IPS signed it will need to select the non-taxable fund. Manley suggested a vote since the Board had initially approved to the offshore fund. Hartman said he thinks the Board is more the exception to the rule and trying to setup an unrealistic expectation. Carter asked if there would be a problem if a fund fell outside of the IPS. Manley said Sheppard wasn't fully aware of the type of investments that we had. He wasn't aware of the comingled funds so there's been a suggestion made for us to change the IPS to allow for these type of funds.

Cowherd said he thinks the problem is getting managers to sign off on the IPS. Segal Rogerscasey has taken a little different approach and suggested we send them the IPS and say they acknowledge receipt, but not have them sign it. Cowherd said Carter raises a reasonable point in what exposure does the Board have. It may require a change in the IPS. Cowherd said the Board has encountered more headwinds that we thought on signing the IPS so it needs to be looked at. He suggested the Board allow for both investments and see if we can't solve the IPS issue.

Thompson made a motion to allow for either the offshore or the non-taxable Blackstone funds subject to complying with the IPS. Discussion: Gillette said that approving something that is not within the bounds of the IPS puts the Board in a bad place. The policy should be changed first. Manley said that both State Street and Brandywine said they would sign the IPS if comingled funds were added. We haven't talked to Blackstone. Steck suggested waiting until Sheppard speaks to the Board. Thompson withdrew the motion.

Sales tax subcommittee – Manley said the subcommittee needs the Board to recommend what interest rate will be used so that the additional reports can be requested from Milliman. Cowherd asked if the Board has obtained the information it needs to make this decision. Segal Rogerscasey has said that they still believe in 7.5%. Milliman has said that if it is left at 7.5% then we would hit 100% funded at year two or three if the next five-year sales tax is renewed. If it is changed to 6.5-7.0% it would hit 100% somewhere near the end of the five years. Gillette said he would like to have Sheppard's advice before a decision is made. Hartman said he thinks there are two separate questions. The first is when we reduce the rate of return. The more important question is how we get the sales tax renewed. We still need the tax at 7.5%. He doesn't know where the Board got convinced that 7.5% is not an achievable return over the long term. Gillette said it started out as a hallway conversation, but the Board then went back and said give us your best advice. Segal Rogerscasey came back again with 7.5%. Rushefsky said that pension funds across the country are lowering their expectations. Gillette said that we don't know what those plans are investing in and how much money they have. Two years ago we heard we were on the low end. We don't know where they started though. He's afraid we are reacting to hearsay. Wichmer reminded the Board that no matter what rate is selected you won't be going beyond the second renewal. He understands the concern, but he's afraid the Board is losing the forest for the tree. Cowherd said that Sheppard will weigh in later.

Cowherd announced that Brian Allen has resigned from the Board.

John Marion stated that retiree's pensions are calculated on the highest three years of the last 10 years. The Plan says it doesn't have to be consecutive years. It's pretty vague and doesn't define what a year is. In his case, his pay was higher as a fire marshal than it is now as a battalion chief. His question is how is the year decided? The City says they take the last 10 years and divide that in 10 equal segments based on your retirement date. Marion said there are also other ways like anniversary year, fiscal year and calendar year so there are a lot of different years. Hoffman said that you count backwards from the time you retire. Marion said that the Plan doesn't specify. Wichmer said the years of service are calculated on the hire date. Marion said it may be clear on the worksheets, but the Plan language isn't clear. Gillette said he would like to get advice from counsel before responding because there may in fact be a policy in place.

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

Thompson made a motion to move to closed session at 9:30 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Hill. Vote all: Yes. Open session resumed at 11:30 a.m.

Mannix-Decker, Hill and Wichmer exited the meeting during the closed session.

9. Income Verification

The following 2013 Pension amounts were approved in closed session.

Name	2013 Adjusted Pension Amt
Paul Blackwell	$2,764.56
William Carpenter	$3,915.59
Clifford Clark	$541.56
Christopher Deck	$1,753.49
Valerie Hewett	$1,177.02
Douglas Orr	$2,649.79
Kelly Roth	$1,727.39
Roger Worley	$1,028.32
Bryan Atkins	$0
Robert Sperberg	$0

10. Disability Applications

Thompson made a motion to accept the disability application for William Odom; 2nd by Steck. Vote all: Yes.

Thompson made a motion to send Odom to three doctors for review; 2nd by Fenstermaker. Vote all: Yes.

Steck made a motion to accept the disability application for Robert Parks; 2nd by Thompson. Vote all: Yes.

Steck made a motion to accept Dr. Corsolini's report and send Parks to two additional physicians; 2nd by Thompson. Vote all: Yes.

11. Teresa Newton – Non-Duty Disability

Thompson made a motion to approve Teresa Newton's non-duty disability; 2nd by Hoffman. Vote all: Yes.

Inmon exited the meeting at 11:35 a.m. and did not return.

12. Assumed Rate of Return

There was a brief discussion that if the rate is changed the impact it will have on the employee contribution. Their contribution will obviously go up. Cowherd said he would like to have a motion on the rate. The sales tax subcommittee needs to know where we are. He asked if there was a motion to be offered. Gillette asked how this will be received by the employees. Carter said that the guys that are on the fence about retiring will be bailing out where they might have stayed around another couple of years. Gillette said that if half way through a year we start getting close to 100% then we need to have an asset liability study immediately for the purpose of ratcheting down. No motion was made.

13. Adjournment

Fenstermaker made a motion to adjourn the meeting; 2nd by: Thompson. Vote all: Yes. The meeting was adjourned at 11:47 a.m. on January 10, 2013.

 Secretary Signature: Nikki White