



POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO

830 Boonville
Springfield, Missouri 65802
Phone: (417) 839-8214

Minutes June 13, 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 – May 9, 2013 (open session)

White noted that Sheppard requested that the language regarding the trustee be changed to be more specific. Mannix-Decker suggested U.S. Bank custodial services. Thompson pointed out that a return number needed a negative in front of it. Thompson made a motion to approve the May 9, 2013 minutes with the changes suggested above; 2nd by Fenstermaker. Vote all: Yes.

3. Approval of Financial Statement Ending April 30, 2013

Mannix-Decker reported on the following items of interest:

- The cash balance at the end of April was \$2,970,985. The April sales tax deposit was not invested in order to replenish the cash balance.

- Galliard had an increase of \$353,271. The fund returned 0.78% compared to the index return of 0.60%.
- Brandywine had an increase of \$858,930. The return was 3.76% compared to the benchmark of 1.15%.
- Entrust had an increase of \$45,831. The return was 0.80% compared to the benchmark of 0.75%. This is the estimated value because of the delay in their statements. The adjusted values will be reported the following month. Segal-Rogerscasey says the final numbers are very close to the estimated. The option was to report the estimated or wait almost three months to get the actual. It was decided that a footnote regarding the adjustments each month would be sufficient.
- Pictet increase by \$1,938,954. The return was 4.30% compared to the index return of 5.20%.
- Wells Fargo had an increase of \$186,776. The return was 0.87% compared to the benchmark of 0.75%.
- The State Street Russell 2000 NL Fund decrease by (\$90,406). The return was -0.36% compared to the index of -0.37%.
- The State Street Commodities NL Fund decreased by (\$348,945). The return was even with the index at -2.79%.
- The State Street S&P 500 Flagship NL Fund increased by \$1,112,636. The return was 1.94% compared to the index return of 1.93%.
- The US Tips NL Fund increased by \$77,939. The return was 0.77% compared to the index return of 0.80%.
- Total Net Assets at the end of April were \$252,163,526 which is an increase of \$5,514,382. When comparing to the beginning of the fiscal year, the Plan has seen an increase of \$40,253,684.
- The sales tax contribution for the month totaled \$2,394,920.
- Gain/Loss in market value, including managers' fees was \$4,230,138 for the month. Total additions to the Plan were \$7,478,838.
- Benefit payments totaled \$1,535,941. Return of contributions totaled \$388,618. Administrative expenses totaled \$39,895.
- Net increase in Plan assets totaled \$5,514,384 which is an increase of a little over 2%.

Mannix-Decker reported that approximately \$39,000 will be reimbursed in the month of June to the Plan by the City for outside legal counsel provided by Chip Sheppard of Carnahan, Evans, Cantwell & Brown. Sheppard highlighted the items on his bills that he felt should be reimbursed and Mannix-Decker and Wichmer reviewed the items.

Steck stated that we are obviously glad that Pictet did so well, but questioned why they are so far off their benchmark. Gillette said he recalled this discussion before and that it was said that their benchmark was difficult if not impossible to obtain. Manley asked if their benchmark needed to be reviewed. Gillette said to maybe ask Segal-Rogerscasey their opinion.

Thompson made a motion to approve the financial statement ending April 30, 2013; 2nd by Fenstermaker. Vote all: Yes.

4. Retirement Calculations

Name	Department	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Robert Brown	Police	Age & Service	23.33	\$5,380.81	\$2,430.04

Thompson made a motion to accept the retirement calculation as presented above; 2nd by Gillette. Vote all: Yes.

Name	Type	Survivor's Name	Monthly Pension Amt	Last Check Amt
Howard Thurman	Survivor's Final Payment	Peggy Thurman	\$2,633.66	\$1,784.16

Hoffman made a motion to accept the calculation as presented above; 2nd by Thompson. Vote all: Yes.

Name	Type	Survivor's Name	Monthly Pension Amt	Last Check Amt
Warren Clutter	Survivor's Final Payment	Eunice Clutter	\$1,877.95	\$1,453.90

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

Name	Type	Monthly Pension Amt	Last Check Amt
Tom Walker	Final Payment	\$1,563.39	\$1,412.09

There was discussion regarding why this calculation was just now being presented since he passed away in March. Mannix-Decker stepped out for a few minutes, but Manley said she would ask her. Gillette made a motion to accept the calculation as presented above pending further clarification between Manley and Mannix-Decker; 2nd by Thompson. Vote all: Yes.

5. Review of Applications

Thompson made a motion to accept fire fighter Glenn Kimberlin's non-duty disability application; 2nd by Gillette. Vote all: Yes.

There was discussion on how many doctors to send Kimberlin to. Several stated that this is one of the more obvious cases. Gillette suggested leaving it up to the nurse consultant's discretion on which doctor to send him to and see what their opinion is. Cowherd noted that none of the doctors in his application came right out and said he is disabled. He also said that the ordinance says that the Board has discretion to have more or less than three opinions. Rushefsky asked if one of his doctors could give a clear opinion

as to whether or not he's disabled. Cowherd cautioned the Board of the ramification of only getting one opinion. Wichmer said it was fine to get one opinion. Cowherd said there would be complaints from others that have to go to three.

Carroll made a motion to get one physician's opinion for Glenn Kimberlin; 2nd by Hill. Vote all: Yes.

Carter entered the meeting at 9:00 a.m.

6. Approval of Return of Contributions

Robert Brown	Age & Service – 23.33 yrs.	Police	\$140,767.22
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Thompson made a motion to approve the return of contribution for Robert Brown; 2nd by Steck. Vote all: Yes, with the exception of Cowherd who voted no.

7. Fire Department Overtime Calculations

Sheila Maerz provided an update regarding the overtime calculations for fire employees. There were 187 active employees that were completed. It is a fire specific issue. What they believe occurred was an error in a patch that was applied in late December 2004. It would appear that a programmer in the information systems department when applying the patch, there was another problem that he attempted to fix. The protocol is to apply that fix in a test environment before it is applied to production. In this particular case that did not occur. The fix was applied in production so the first pay period in 2005 there was an issue. From that day forward there was an issue with the fire calculations and not picking up longevity, EMT pay and those kinds of specialty pays. The overtime rate was based on base pay and not the total average wages for each pay period.

This came to HR's attention from Shawn Martin in May of 2012. Maerz said that the problem was confirmed in June of 2012. It was corrected by the first pay period in August 2012 and has paid appropriately since then. Wage and hour law requires the City to go back for a two year period, but the City went back a little farther than that. They completed the 187 active employees last week and it will be paid on their July 3rd check. There are 15 fire retirees that this will affect. HR is in the process of reviewing the calculations that have been completed. Maerz said the smallest payment for the 187 actives in the 28-month cycle was \$1.64 and the largest was \$239, so we are not talking significant. She added that part of the problem created an overpayment situation. So while the City underpaid overtime by \$7,900, they overpaid by \$8,000. It has cost over \$10,000 in staff to pull the records and verify the problem, but it's what you have to do. If you have a wage issue, you fix it.

Maerz said the City Manager made a decision, with regard to active employees, that the City will not be taking back the overpayments for that period of time. She said that by law the 15 retirees will have to be made employees again so that they can be paid. HR will report both the under and overpayments so that the Board can make whatever decision it needs to make. Gillette suggested taking this to closed session. The City only went back two years, but the problem has been going on for eight years. Fenstermaker reiterated his request last fall regarding implementing a better audit system. He's not as much worried about the dollars and cents as he is the process.

8. Administrative Director's Report

Manley reported that Greg Burris has setup a sales tax committee that is meeting for the first time this afternoon. She will keep the Board posted on the directives and action items from the meeting.

Manley asked if William Odom's mileage to attend a physician's review in St. Louis should be reimbursed. Wichmer said yes. Thompson made a motion to reimburse William Odom for his mileage at the rate of 56.5 cents/mile since he was required to travel for a physician's appointment for his disability review; 2nd by Fenstermaker. Vote all: Yes.

AFC effective date – Mannix-Decker said that last month the discussion was to try to tie the AFC to the salary adjustment of employees so that they would go into effect at the same time. She gave the incorrect dates last month. The payroll adjustment will be on the paycheck of July 18th. That is the date she recommends implementing the AFC increase. The pay period is June 30 – July 13.

Thompson made a motion to make the AFC increase effective with the pay period beginning June 30, 2013; 2nd by Fenstermaker. Vote all: Yes.

Hartman exited the meeting at 9:30 a.m. and did not return.

Manley reported that in one of the sales tax meetings the GASB changes came up with regard to how they will change the funded ratios, etc. Milliman can run the report and the City has agreed to pay 2/3 of the cost. The cost is not known, but other reports have cost around \$2,500 each. Manley would anticipate somewhere in that ballpark, maybe a little higher. Mannix-Decker said we would be asking them to run a preliminary report showing what impact the changes will have and what the funded ratio will look like based on the changes. Steck asked if there was a way to go back before the tax to show what the numbers would have looked like under the new GASB rules. Several agreed that Steck's recommendation was a good idea.

Thompson made a motion for the Plan to cover 1/3 of the cost of running the Milliman report under the new GASB regulations; 2nd by Steck. Discussion: Gillette said he agreed that it should show the historical funded ratios for the past five years under the new GASB regulations. Cowherd said that we don't want people to be surprised as to what the information will look like since the changes take effect after the election. Vote all: Yes.

There was more discussion regarding educating the public on the funded ratio and rate of return. As the funded ratio goes up, the rate of return will need to decline and it is crucial to educate the public on this.

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

Thompson made a motion to move to closed session at 9:38 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Hill. Vote all: Yes. Open session resumed at 10:30 a.m. Mannix-Decker exited the meeting during the closed session and did not return.

10. William Odom – Duty Disability

Thompson made a motion to grant William Odom a duty disability; 2nd by Gillette. Vote all: Yes.

11. Adjournment

Thompson made a motion to adjourn the meeting; 2nd by Fenstermaker. Vote all: Yes. The meeting was adjourned at 10:31 a.m. on June 13, 2013.