POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO
840 Boonville
Springfield, Missouri 65801
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Box Number 44140

Minutes
September 12, 2013

1. Call to Order

Cowherd called the meeting to order at 8:32 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 – August 20, 2013 (open session)

Thompson made a motion to approve the August 20, 2013 as presented; 2nd by Fenstermaker. Vote all: Yes.

3. Approval of Financial Statement Ending July 31, 2013

Mannix-Decker reported on the following items of interest:

- Assets went up almost 2.4%. The cash balance at the end of July was $3,557,614. Some of that cash was invested in August.

- Brandywine had a decrease of ($8,955). The fund returned -0.40% compared to the index return of 1.96%.

- Galliard had an increase of $8,015. The return was 0.07% compared to the benchmark of 0.18%.

- Entrust had an increase of $111,862. The return was 1.51% compared to the index return of 0.97%.

- Pictet increased by $2,274,976. The return was 4.95% compared to the index return of 5.28%.

- Wells Fargo had an increase of $149,071. The return was 1.31% compared to the benchmark of 1.04%.

- The State Street Russell 2000 NL Fund increased by $1,736,797. The return was 7.01% compared to the index of 7.00%.

- The State Street Commodities NL Fund increased by $154,346. The return was even the index at 1.36%.

- The State Street S&P 500 Flagship NL Fund increased by $2,919,652. The return was 5.08% compared to the index of 5.09%.

- The US Tips NL Fund increased by $67,137. The return was 0.72% compared to the index of 0.73%.

- The July sales tax was $2,599,474.

- Total Net Assets at the end of July were $260,385,932 which is an increase of $6,028,183.

- Gain/Loss in market value, including managers' fees was $7,412,898 for the month. Total additions to the Plan were $7,826,412.

- Benefit payments totaled $1,581,321. The 3% COLA took effect July 1. Return of contributions totaled $206,285. Administrative expenses totaled $10,623.

- Net increase in Plan assets totaled $6,028,183.

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

BKD Audit – BKD is currently onsite conducting the audit.

RFP for Custodian Services – Mannix-Decker reported that she has a draft of the RFP ready for review. Cowherd said he would like for the audit committee to review the RFP and possibly Sheppard. Hartman said that he would be happy to review it as well.

4. Approval of Return of Contributions

Jason Rust	Relinquishment – 15 yrs.	Police	$73,825.62

Manley reported that she has not personally spoken to Rust. He sent his information straight to the Finance Department. Cowherd suggested that Manley contact him. Steck made a motion to approve the return of contribution for Jason Rust; 2nd by Thompson. Vote all: Yes.

5. Administrative Director's Report

Manley reported that how the investment consultant communicates with the managers is not in the Segal Rogercasey contract. However, it is very detailed in our IPS that they signed.

Manley, Thompson and Fenstermaker will be attending the Segal Rogerscasey summit next month.

Milliman provided a memo to explain the buy-back calculations. Cost-neutrality is the key. Zwiener said it would be much easier to explain if it was not cost-neutral. Manley asked if the Board would still like to have Zwiener stay after the meeting next month to provide more explanation. Several expressed interest in doing so and suggested letting the employees know in case they would like to attend.

Income verification – Manley said that the process is moving along well. The information is due back to her by September 24th and several have already been returned.

Beneficiary form – Manley is working with Finance to update the form and it should be complete by the October meeting.

Manley reported that Pension Benefit Information (PBI) is the company that will perform the death audits. Wichmer reviewed the contract and said it looked fine, but he wanted to know if they carried insurance. Manley provided a copy of their liability certificate. She said she provided a test file to PBI and it did what it was supposed to do. The company doesn't maintain our information in a database. We just send a file over with names and social security numbers of those receiving a retirement check and they run a comparison to see if anyone is deceased. It was determined that this process should be done monthly, the week prior to running payroll.

Wichmer entered the meeting at 9 a.m. He said that he is concerned that PBI only covers the limit of their contract. He isn't comfortable with the fact that they wanted gross negligence. He thinks they should indemnify the Board. Cowherd said they are providing a service and he doesn't know why they wouldn't say they are going to do it competently. Manley asked Wichmer to assist her with the contract. He agreed and said he would let his risk manager take a look at it.

6. Fire Overtime Calculations

Sheila Maerz, Director of Human Resources, was present to address questions pertaining to the fire overtime calculation error. Maerz said that to go back to the very first payroll of when the error occurred (rather than the required five-year window), that would add 26 more employees for a total of 57. It occurred in the first pay period of 2005. It takes approximately two to three hours to evaluate each employee, but each employee is different so it will vary somewhat depending on several factors. Maerz said that they have completed the employee that worked the entire period and his monthly check would be reduced by 99 cents. She reminded the Board that Finance would have additional steps that would be involved. For example, the COLA increases each year. Maerz said her staff is currently working on this. She said it would be easier to start with all 57 rather than redo the process further down the road. This project is her staff's priority once they complete their payroll duties. Maerz said that this is only the Human Resources portion. Finance will still have time involved as well. She reminded the Board that this error caused over payments as well as under payments. She used an example of an employee that worked the entire seven-year window in which the error occurred. This employee was over paid by $212.79 and was under paid by $127.72. So in total, he was over paid by $85.07.

Cowherd said the reason the Board asked Maerz to come in was to find out how much additional work would be involved in researching all of the employees versus those just affected during the five-year window. Maerz again stated that it would add 26 more employees to research. She said she would rather do them all now than being asked to repeat the process later down the road. She did warn the Board that they would probably see more over payments than under payments. However, she doesn't think the amounts will be significant.

Fenstermaker asked how long it would take to complete the project. Maerz said that her staff has started the process and she thinks they have made great progress. She said it is hard to give a date because meeting payroll for the active employees is her staff's number one priority. However, this project is their second priority. She thinks they are about 25% complete. Her goal is to have it complete within two to three months. She doesn't want to speak for Mannix-Decker and her staff as to how long it will take their department.

Wichmer said it is the Board's decision, but it doesn't have to go beyond the five-year window. Thompson said in his opinion he thinks all 57 should be researched. Maerz said the risk is that there will be more with reduced amounts than increased. Rushefsky said the Board needs to know what it is dealing with and then a decision can be made. Fenstermaker said he thinks everyone should be included. It's only fair to the employees to know that everyone has been looked at. Also, he thinks that due to the way the numbers appear to be going, he would not try to reduce anyone's benefit. Rushefsky said she thinks the Board needs to know what it is dealing with first.

Mannix-Decker said she thinks there are two sides to this. Since the Board is a fiduciary for all members of the Plan, it would be paying some members more than they are entitled to. If you are making everyone's benefit accurate that can be positive or negative, but what is the duty to the Plan and to make sure all members are paid accurately and not one person is paid more than they are entitled to. Maerz said that if the Board is going to make a decision to not reduce, then she doesn't want to do the extra step of redoing three years of salary history and redoing calculations. Those are hours of staff time. She can give the Board the over and under payment amounts, but she doesn't think it's necessary for her staff to take the extra steps if the Board knows it's not going to reduce. Fenstermaker said he thinks the Board needs to see the entire work before a decision is made. Steck said he thinks it's important to get the right number going forward. Wichmer said his concern is that if you go to court over $47, your filing fee is going to kill you versus just correcting it going forward. He said that's a Sheppard question though.

Cowherd said it is unfortunate on all points, but he thinks we have to go through the exercise to get the information. Maerz said there may be some of the 57 that it will have no impact at all. Mannix-Decker asked if the Board were to ask for the over payments back, could it go beyond the five-year period. Wichmer said no, either way it would be five years. He said he agrees with Cowherd that the amounts need to be exact going forward, but he doesn't know that it is worth it to go back and recover over payments. He said the Board needs to get Sheppard's opinion though. Carroll said he thinks we should find out what happened with all 57 and then make decisions based on that.

Thompson made a motion to have Human Resources go back to the first pay period in 2005 and review all 57 employees affected; 2nd by Fenstermaker. Vote all: Yes.

7. Invoices

BKD CPAs & Advisors			
Auditor	Statement #223659	Amount: $3,500.00	Progress Billing for FYE June 30, 2013 Audit

Hill made a motion to accept the bill as presented above; 2nd by Thompson. Discussion: Fenstermaker said he finds it to be administratively backwards to approve payment on a contract that the Board has never looked at or approved. The City engaged the contract. Mannix-Decker said that she thought it was taken to the audit committee. Cowherd said it was. Fenstermaker said that nothing was done with it that he can see in the minutes. Cowherd said that the audit committee wouldn't have done that. They can only make a recommendation and then the Board has to approve it. Fenstermaker said the audit committee never made a recommendation to the Board. Carroll said that the audit committee didn't start until July. He thinks that going forward he thinks the audit committee can do that. He thinks the invoice should be paid because he didn't pick up on anything with the audit committee that led him to believe we wouldn't be moving forward with BKD. Going forward that process will be in order. Mannix-Decker said that the audit committee should meet no later than March to discuss the audit process. Vote all: Yes, with the exception of Fenstermaker who abstained.

Stubbe & Associates, Inc.			
Nurse Consultant	Statement #0213232084120	Amount: $776.56	Work completed 12/31/2012-8/18/2013
Nurse Consultant	Statement #0213231102015	Amount: $1,363.13	Work completed 1/10/2013-8/17/2013
Nurse Consultant	Statement #0213231102306	Amount: $1,172.69	Work completed 5/09/2013-8/17/2013
Nurse Consultant	Statement #0213231102147	Amount: $1,138.64	Work completed 1/10/2013-8/17/2013
Nurse Consultant	Statement #0213151152851	Amount: $659.07	Work completed 12/17/2012-5/24/2013

Thompson made a motion to accept the bills as presented above; 2nd by Steck. Discussion: Thompson asked if the nurse consultant reviews the bills. Manley said that Elliott actually creates the bills. They were delayed because of the transition between companies. Fenstermaker asked if these bills were accrued. Mannix-Decker said they don't meet the threshold of $10,000. Fenstermaker asked if the company was contacted during the audit process to see how much was due at year-end. Mannix-Decker said no. Fenstermaker asked if they would normally do that. Mannix-Decker said that had they received the bills by August 30th they could have done a 60-day accrual. Vote all: Yes.

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

Thompson made a motion to move to closed session at 9:48 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Fenstermaker. Vote all: Yes. Open session resumed at 10:04 a.m.

9. Adjournment

Thompson made a motion to adjourn the meeting; 2nd by Hartman. Vote all: Yes. The meeting was adjourned at 10:04 a.m. on September 12, 2013.

 Secretary Signature: Nikki White