CITY of SPRINGFIELD

POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO

840 Boonville
Springfield, Missouri 65801
Voice Mail (417) 831-8901
Box Number 44140

Minutes
June 12, 2014

1. Call to Order

Hartman called the meeting to order at 8:32 a.m. Minutes taken by White.

Attendance

Members	Representation	Present	Absent
Josh Hartman	President	X	
Paul Carroll	Citizen	X	
Charlie Cowherd	Citizen		X
James Gillette	Citizen	X	
Marilyn Hill	Citizen		X
Ron Hoffman	Retiree	X	
Tony Kelley	Fire	X	
Gus Krafve	Citizen	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

Hartman presented Chief Hall and Chief Williams with proclamations on behalf of the Pension Board for their efforts in educating the public on the safety sales tax.

2. Approval Meeting Minutes – May 8, 2014 (open session)

Steck made a motion to approve the May 8, 2014 minutes as presented; 2nd by Carroll. Vote all: Yes.

3. Approval of Financial Statement Ending April 30, 2014

Mannix-Decker reported on the following items of interest:

- The cash balance at the end of April was $4,380,606.

- The State Street S&P 500 Flagship NL Fund decreased by ($4,581,789). $5 million was transferred out so there was actually a positive gain on the investment. The return was even with the index at 0.74%.

- The State Street Russell 2000 NL Fund decreased by ($992,697). The return was -3.86% compared to the benchmark of -3.88%.

- Pictet increased by $454,308. The return was 0.93% compared to the index return of 1.45%.

- Wells Fargo had an increase of $1,145,501. The return was 0.79% compared to the benchmark of 0.33%. $1 million was transferred in.

- Galliard increased $287,091. The return was 0.76% compared to the benchmark of - 0.65%.

- The US Tips NL Fund increased by $140,985. The return was 1.36% compared to the benchmark of 1.35%.

- Brandywine had an increase of $1,592,341. The fund returned 0.77% compared to the index return of 1.32%. $1.4 million was transferred into the fund.

- Pyramis' had an increase of $557,071. The return was 1.65% compared to the index at 1.1.56%. $400,000 was transferred into the fund.

- The State Street Commodities NL Fund increased by $3,272,508. The return was 2.42% compared to the index at 2.44%. $3 million was transferred into the fund.

- Blackstone had an increase of $1,205,343. $1.2 million was transferred in. The fund returned 0.06% compared to the index return of -0.23%.

- Entrust had a decrease of ($7,728). The return was -0.05% compared to the index return of -0.23%.

- Employee contributions for the month totaled $239,571 and employer contributions totaled $573,036. The April sales tax was $2,178,777.

- Gain/Loss in market value, including managers' fees was $998,227 for the month. Net increase to the Plan was $3,989,611.

- Benefit payments totaled $1,639,200. Refund of employee contributions totaled $634,875. Administrative expenses totaled $29,321.

- Total Net Assets at the end of April were $293,787,490, which is $1,686,215 increase over March.

Carroll made a motion to approve the financial statement ending April 30, 2014; 2nd by Hoffman. Vote all: Yes.

4. Retirement Applications

Retiree's Name	Application Type	Application Date	Department
Jacob Tracy	Surviving Spouse	05/15/2014	Fire

Hoffman made a motion to accept the surviving spouse application for Jacob Tracy; 2nd by Carroll. Vote all: Yes.

5. Approval of Calculations

Name	Type	Monthly Pension Amount	Survivor's Pension Amount	Partial Pension Amount
Jacob Tracy	Surviving Spouse	\$2,642.54	\$2,200.18	\$58.56

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

Name	Department	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Mark Copeland	Fire	Age & Service	20.65	\$2,891.96	\$2,891.96
David Scheiderer	Fire	Age & Service	25.07	\$5,371.97	\$519.87
Kevin Shipley	Police	Age & Service	25.00	\$4,392.39	\$283.38
Philip Yarnell	Police	Age & Service	20.25	\$3,508.55	\$1,052.56
Homer Walker	Fire	Age & Service	20.01	\$2,918.97	\$1,412.40

Carroll made a motion to accept the calculations presented above; 2nd by Kelley. Vote all: Yes.

6. Approval of Return of Contributions

Name	Dept.	Type	Years of Service	Less Military Buyout	ROC
Philip Yarnell	Police	Age & Service	20.25	N/A	\$116,395.47
Homer Walker	Fire	Age & Service	20.01	N/A	\$100,847.57
David Scheiderer	Fire	Age & Service	25.07	N/A	\$146,848.24
Mark Copeland	Fire	Age & Service	20.65	N/A	\$100,765.73
Kevin Shipley	Police	Age & Service	25.00	(\$30,535.00)	\$94,124.12

Kelley made a motion to approve the return of contributions as presented above; 2nd by Carroll. Vote all: Yes.

7. Administrative Director's Report

Manley informed the Board that a representative from Galliard will be at the July meeting. The meeting will be held on July 17th because of MAPERS being during the normal meeting time.

The ordinance that was drafted for the police representative terms had the wrong dates. Wichmer redrafted the ordinance so that the members will expire in alternating years. The Board needs to vote on whether the voting or the alternate member's term will be extended another year because they both are set to expire in December 2014. Steck said he may be looking at retiring so he would suggest extending the non-voting member to avoid having two new people in a short time period. Hoffman made a motion to extend the non-voting member's term by one year so that it will now expire in December 2015; 2nd by Carroll. Vote all: Yes.

Manley reported that Sheppard's bill from June 2013 to January 2014 has been submitted for reimbursement from the City. It was just a little over $20,000. Mannix-Decker said it will be paid in June.

Homer Walker's Disability Application – he's going to see a cardiologist in St. Louis at the end of June. His other two appointments will be local. Manley said those appointments should take place in the next 30-45 days.

Manley reminded the Board that Mannix-Decker had said that the City would like to have a contract that lists an anticipation of Sheppard's fees so the City will have something to not only pay under, but to also have an idea of what those fees might be. Manley said she sent the contracts to Sheppard and he feels like there's a definite conflict of interest if the City is pervade to that contract since he represents the Board. She asked Wichmer if the Board can enter a contract such as that and is there anything else the Board needs to do if we can enter into that contract? Manley said we need to get the conflict of interest question answered. She's waiting to hear back from Wichmer.

Manley reported that the pre-retirement seminar went well. There weren't too many questions on the buy-back calculations. Milliman's explanation is in the Board packets. It was also passed out at the seminar.

Mannix-Decker reported that at the end of the last legislative session there were several bills that were passed that exempted some things from sales tax that have previously been taxable. This isn't something unusual. It happens every year, but usually they are small things. This year it was very far reaching so there is a heightened level of concern. Some of the things that would be tax-exempt are machinery, equipment, parts or materials used or consumed in the connection with or to facilitate the storage and processing of data. It's not just computer data so if you take it to the extreme you could say that filing cabinets hold paper and paper has data on it. The estimated state impact is $152 million and $4.6 million annually to the City of Springfield. There have been a lot of comments over the Governor's estimates being too high, but they are all we have right now. The estimates were based on information from the Department of Revenue.

Some of the other bills exempt materials or supplies used in the facilitation or distribution of electrical power. Commercial laundries would be tax-exempt. If you purchased a car that is 10 years or older and costs less than $15,000 then you wouldn't pay sales tax. Mannix-Decker said it is very concerning that if the revenue drops so significantly we could be in jeopardy of being able to fulfill what was promised to the voters with some of the specialty taxes. She said that specifically for the Pension sales tax, we would be looking at a revenue loss of $3.8 million a year based off the Governor's numbers. That would be 13% of our revenue. She added that the Governor vetoed the bill's yesterday afternoon, but the Speaker of the House is already working on an override for the veto. The veto session will happen in September. The City's focus at this point is to inform the local delegation of the potential impact. City-wide it would be a cut of $5 million dollars which is 7%. The City and County have both done press releases regarding this. Rushefsky suggested that the Board draft something about the impact on the Pension system. Hartman agreed and said he would get that process started.

Manley reported that Milliman was asked to give a cost on doing a study regarding the impact of the proposed DROP program. Milliman said it would be $12,000-15,000 and it would take two-three weeks to complete. So far, no further action has been taken. Milliman said there is a high participation rate in these types of programs, but that it does impact the fund a great deal. They said that since we are a closed plan with fewer actives that the impact on the fund really needs to be studied.

Manley said the question is who is going to pay for the study. Steck said he knows that the SPOA won't want to pay it all. The discussion at the last negotiation was that the cost be split between the SPOA, the fire union, the Pension Fund and the City of Springfield. Steck said that anytime there has been any kind of suggested change, it has always been paid for by the Fund. Hoffman said that was before the Plan was closed. We are in a situation now that we can't change the Plan. Steck said that we won't know that until Zwiener tells us. Manley said that she thinks that Milliman's take on it is that the ones that their firm has dealt with has ended up costing them a lot more than they thought it would. That's why they don't want to see anyone jump into it until it has been studied. Steck said that most DROP programs pay the interest back to the employee, but this proposed plan will not. Manley said that is good, but because of the fewer actives and the reduction in the retirement age, Milliman feels like it would have an impact on the funding liability. Steck said the only people who would be eligible for the DROP would be eligible to retire anyway. They could walk out the door and still get paid so he doesn't know what Milliman's basing that on. Manley said that they didn't get into that kind of detail.

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

Krafve made a motion to move to closed session at 9:35 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Hoffman. Vote all: Yes. Open session resumed at 10:12 a.m.

9. Adjournment

Carroll made a motion to adjourn the meeting; 2nd by Cowherd. Vote all: Yes. The meeting was adjourned at 10:12 a.m. on June 12, 2014.