CITY of SPRINGFIELD

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

Minutes
February 12, 2015

1. Call to Order

Hartman called the meeting to order at 8:35 a.m. Minutes taken by White.

Attendance

Members	Representation	Present	Absent
Josh Hartman	President	X	
Charlie Cowherd	Citizen	X	
Paul Carroll	Citizen	X	
James Gillette	Citizen	X	
Marilyn Hill	Citizen	X	
Ron Hoffman	Retiree	X	
Tony Kelley	Fire	X	
Gus Krafve	Citizen	X	
Chris McPhail	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 8, 2015 (open session)

Cowherd made a motion to approve the January 8, 2015 minutes as presented; 2nd by Carroll. Vote all: Yes.

3. Approval of Financial Statement Ending December 31, 2014

- The cash balance at the end of December was $13,329,623.
- The State Street S&P 500 Flagship NL Fund decreased by ($126,034). The return was even with the index at -0.25%.

- The State Street Russell 2000 NL Fund increased by $559,611. The return was even with the index at 2.85%.
- Pictet decreased by ($1,915,801). The return was -3.84% compared to the index return of -3.46%.
- Wells Fargo had a decrease of ($1,425,411). The return was -5.84% compared to the benchmark of -4.61%.
- Galliard decreased ($47,514). The return was even with the index at -0.15%.
- The US Tips NL Fund decreased by ($155,144). The return was -1.12% compared to the benchmark of -1.13%.
- Brandywine had a decrease of ($461,654). The fund returned -1.52% compared to the index return of -1.01%.
- Pyramis had a decrease of ($427,625). The return was -4.01% compared to the index at -2.87%.
- The State Street Commodities NL Fund decreased by ($1,106,600). The return was -7.65% compared to the benchmark of -7.63%.
- Blackstone had an increase of $88,149. The fund returned 0.60% compared to the index return of 0.39%.
- Entrust had a decrease of ($111,670). The return was -0.69% compared to the index return of 0.39%.
- Prudential had an increase of $300,807. The return was 3.82% compared to the index of 3.04%.
- Employee contributions for the month totaled $334,840 and employer contributions totaled $801,054. Sales tax contributions for the month totaled $2,905,794.
- Gain/Loss in market value, including managers' fees was ($4,813,225) for the month. Total additions were ($767,957).
- Benefit payments totaled $1,739,897. Return of contributions totaled $495,621. Administrative expenses totaled $33,195. Net increase to the Plan was ($3,036,669).
- Total Net Assets at the end of December were $301,831,943.

Cowherd made a motion to approve the financial statement ending December 31, 2014; 2nd by Carroll. Vote all: Yes.

4. Review of Retirement Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Philip Noah	Age & Service	01/14/2015	03/20/2015	Fire

Kelley made a motion to accept the age and service application for Philip Noah; 2nd by Cowherd. Vote all: Yes.

5. Review of Calculations

Age & Service Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Brian Phillips	Age & Service	25.00	$5,400.22	$1,393.60
David Minnehan	Age & Service	23.66	$3,933.77	$1,015.17
Gregory Wheelen	Age & Service	25.00	$5,268.67	$3,739.06

Cowherd made a motion to accept the age and service calculations presented above; 2nd by Carroll. Vote all: Yes.

Final Check

Name	Monthly Pension Amount	Final Check Amount
Ronald Flippen	$2,937.93	$2,653.61

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

6. Approval of Return of Contributions

Name	Dept.	Type	Years of Service	ROC
Brian Phillips	Police	Age & Service	25.00	$152,440.94
David Minnehan	Fire	Age & Service	23.65	$127,750.29
Gregory Wheelen	Police	Age & Service	20.18	$77,463.25
James Revey		Relinquishment	10.00	$41,161.35

Kelley made a motion to approve the return of contributions as presented above; 2nd by Carroll. Vote all: Yes, with the exception of Cowherd who voted no on all but James Revey.

7. Income Verfication

Manley reported that Bryan Atkins provided his 2013 tax information which showed no additional income in 2013. He had been receiving no pension since February 28, 2010. He will be reinstated with a monthly pension of $3,422.36. His first check will include both January and February for a total of $6,844.72.

Carroll made a motion to reinstate Bryan Atkins' pension as of January 1, 2015; 2nd by Kelley. Vote all: Yes.

8. Fiduciary Insurance

Manley reported that the increase of 10% is due to the increase in Plan assets as well as the assumption rate change. This is the same company as last year. They were the only company to submit a bid. Manley said she would suggest looking into other agents next year. The first couple of years we couldn't get any companies to bid because of the funded status. The current policy expires February 22, 2015. If approved, Manley will forward the policy to Sheppard for review. Several expressed concern over the increased premium since the funded status has improved and the investment risk has been reduced.

Carroll made a motion to approve the $10,000,000 in fiduciary coverage for the total premium of $46,294; 2nd by Kelley. Vote all: Yes.

9. Additional Funding Contribution

Manley asked the Board to be thinking about its response to the potential increase in the AFC. She feels like the Board will be asked its opinion sometime throughout the process and should be prepared for its response. Kelley felt that the Board should absolutely weigh in with its opinion. Sheppard said that his legal advice should be discussed in closed session.

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

Kelley made a motion to move to closed session at 8:54 a.m. pursuant to Section 610.021(1, 3, 13, 14) RSMo.; 2nd by Carroll. Vote all: Yes. Open session resumed at 9:50 a.m.

11. Investment Manager Presentations – Goldman Sachs and Income Research Management

Representatives from Goldman Sachs Asset Management and Income Research & Management presented information on their organizations and their fixed income strategies. The full audio recording of these presentations is on file.

Cowherd and Dorrell exited the meeting and did not return.

SRC said that they don't think the Board can make a wrong choice with either manager. It's just a matter of the Board's comfort level after meeting with each manager. The investment committee members didn't recall too much of a difference in the cost structure between the two.

Krafve said that to him Income Research & Management makes more sense after hearing their presentations. Hartman said he always thinks it's a better bet if you can go for individual issues and we are looking at buying specific bonds. Ultimately at the end of the day, Income Research Management is buying U.S. corporate bonds. He would prefer that we are not in a comingled fund when it comes to long-duration bonds.

Carroll made a motion to hire Income Research & Management as the Fund's long-duration bond manager; 2nd by Krafve. Vote all: Yes.

12. Quarterly Investment Report – Segal Rogerscasey

The quarterly investment report was emailed to the Board prior to the meeting. Kelley made a motion to approve the report as presented; 2nd by McPhail. Vote all: Yes.

The Fund's investment performance was down -0.6% for the quarter. The fiscal year beginning market value was $298,913,000 and the ending market value at the end of the second quarter was $288,557,000. The Plan index return for the quarter was -0.59 compared to the policy index of -0.22. The SSgA S&P 500 Flagship Fund returned 4.94 compared to the index return of 4.93. The Russell 2000 Index Fund returned 9.79 compared to the benchmark of 9.73. Pictet returned -5.50 compared to the index of -3.57. Wells Fargo returned -5.23 compared to the benchmark of -4.50.

Galliard's return for the quarter was 1.13 compared to the index of 1.20. The SSgA Tips Fund returned -0.04 compared to the benchmark of -0.03. Brandywine's return was -1.39 compared to the index of -2.91. Pyramis returned -3.82 compared to the index of -0.55. PRISA returned 3.82 compared to the benchmark of 3.11. The SSgA Bloomberg Commodity Fund returned -12.13 compared to the benchmark of -12.10. EnTrust returned -1.40 compared to the index of 0.27. Blackstone returned 0.63 compared to the index of 0.27.

13. Adjournment

The meeting adjourned at 11:40 a.m. on February 12, 2015.

 02/12/15 Secretary Signature: Nikki White