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
August 17, 2017

1. Call to Order

Carroll called the meeting to order at 8:30 a.m. Minutes taken by White.

Attendance

Members	Representation	Present	Absent
Mike Bridges	Citizen	X	
Paul Carroll	President	X	
Adam Carter	Fire	X	
Derek Fraley	Citizen	X	
Ron Hoffman	Retiree	X	
Gus Krafve	Citizen	X	
Chris McPhail	Police		X
Nancy Martin-Hinds	Citizen	X	
Justin Milam	Citizen	X	
Ed Cantrell (NV)	Retiree		X
James Frieze (NV)	Fire		X
Chris Welsh (NV)	Police	X	
David Holtmann (NV)	Finance	X	
Ken McClure (NV)	City Council Liaison	X	
Janell Manley (NV)	Administrative Director	X	
Nikki White (NV)	Secretary	X	

NV = Non-voting

Krystal Ray, Tom Rykowski, Bill Bryan, Darla Morrison and Paul Blackwell were also present. Welsh was the voting member in McPhail's absence.

Greg Burris briefly addressed the Board. He apologized for the timeline on the recent response to the IRS. There was a narrow window of opportunity to respond or the fine would increase. He apologized for not communicating with the Board. There was only a four-day window to respond and he takes full responsibility for not communicating. The City is going to pay for the penalty. Burris mentioned that an MOU will be presented today and it is something that he's comfortable with the way it is drafted. It basically says there will be a firewall between the Pension Board and the City Manager's Office. Carter asked what the difference in the penalty would have been if the deadline had not been met. Burris asked Holtmann to respond. Holtmann said it would have been a year versus a quarter. Manley thought it was about $10,000. Carter asked what would happen if we didn't meet the October 1 deadline. He's concerned about the quick timeline. Burris said he's happy to meet at anytime. Welsh asked if there was a reason an extension wasn't asked for. Holtmann said that this was the first review by the IRS and he really didn't know any better at that point. Burris said that he's authorized to sign the MOU. It's not something that has to go to Council.

2. Approval Meeting Minutes – July 19, 2017 (open session)

   Carter made a motion to approve the July 19, 2017 minutes as presented; 2nd by Bridges. Vote all: Yes.

3. Approval of Financial Statement Ending June 30, 2017

   - The cash balance at the end of June was $5,629,182.
   - The State Street S&P 500 Flagship NL Fund increased by $352,157. The return was even with the index at 0.62%.
   - The State Street Russell 2000 NL Fund increased by $743,553. The return was 3.46% compared to the index of 3.42%.
   - Pictet decreased by ($291,002). The return was -0.47% compared to the index return of -0.18%.
   - Wells Fargo had an increase of $33,583. The return was 0.03% compared to the benchmark of 1.01%.
   - Galliard decreased ($44,723). The return was -0.14% compared to the index return of -0.15%.
   - Income Research increased $269,395. The return was 0.75% compared to the index return of 0.76%.
   - Brandes decreased ($25,409). The return was -0.41% compared to the index return of -0.02%.
   - Brookfield increased $104,658. The return was 1.01% compared to the index return of 0.74%.
   - The US Tips NL Fund decreased by ($152,229). The return was even the index of -0.95%.
   - Brandywine had an increase of $529,657. The fund returned 1.80% compared to the index return of -0.12%.
   - Pyramis had a decrease of ($41,313). The return was -0.22% compared to the index at -0.26%.
   - The State Street Commodities NL Fund decreased by ($26,956). The return was -0.19% compared to the index of -0.23%.
   - Blackstone had a decrease of ($90,858). The fund returned -0.55% compared to the index return of 0.23%.
   - Entrust had an increase of $31,585. The return was 0.70% compared to the index return of 0.23%.

- Employee contributions for the month totaled $397,159 and employer contributions totaled $836,983. Sales tax contributions for the month totaled $8,269,273.

- Gain/Loss in market value, including managers' fees was $1,546,131 for the month. Total additions were $11,061,315.

- Benefit payments totaled $1,980,772. Return of contributions totaled $158,379. Administrative expenses totaled $40,047. Net increase to the Plan was $8,882,117.

- Total Net Assets at the end of June were $394,854,441.

Krafve made a motion to approve the financial statement ending June 30, 2017; 2nd by Fraley. Vote all: Yes.

4. Review of Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Bradley Eden	Age & Service	07/21/17	08/23/17	Fire

Carter made a motion to accept the application as presented above; 2nd by Bridges. Vote all: Yes.

5. Review of Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Kevin Binam	Age & Service	25.00	$5,404.86	$1,917.85
Steven Pratt	Age & Service	23.50	$4,530.22	$1,607.50
Mark Sears	Age & Service	23.50	$3,773.77	$3,408.57
Kevin Sweckard	Age & Service	20.00	$3,701.28	$2,507.32
Norma Pottenger	Final Pay	N/A	$1,512.59	$97.59

Carter made a motion to accept the calculations as presented above; 2nd by Bridges. Vote all: Yes.

6. Approval of Return of Contributions

Name	Type	Years of Service	ROC
Steven Pratt	Age & Service	23.50	$152,206.30
Kevin Sweckard	Age & Service	20.00	$130,346.75
Kevin Binam	Age & Service	24.25 plus .75 buyout	$126,858.56
Mark Sears	Age & Service	23.50	$137,704.92

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

7. Administrative Director's Report

Manley reported that she will be starting on the income verification process. She intends to again not ask for verification from those who are over 80 years of age and haven't had income for several years. This is the same guideline as was used last year.

Manley reminded the Board that Milliman will be attending the October meeting to present the annual valuation. She recommended asking Milliman to run additional reports related to the funding status at different return rates so that the Board can be prepared to address the public and Council. Milliman estimates an additional cost of $500-1,000 for these additional reports. Carter made a motion to allow Milliman to run the additional funding status reports as recommended by Manley; 2nd by Milam. Vote all: Yes.

8. IPS Revisions

Carroll mentioned that the new IPS gives the Board greater flexibility without having to go back to Council each time. Krafve asked if there would be any objection to letting the bond managers use some non-rated debt. He feels if it would give the managers more flexibility and in turn benefit the Fund. He suggested a max of 10% of each fund.

Carroll said that the following would be deleted from section 2I – unrated securities may not be purchased without prior written approval of the Board. If a manager ranks an unrated security as investment grade prior written approval from the trustees must be received before purchase. That language will be replaced with, the manager may purchase up to 10% of their portfolio in unrated securities.

Sheppard stated the following - managers may include in their portfolio non-rated bonds so long as such manager determines it is suitable for the Fund and such allocation is no more than 10% without Board approval. Section 2I would be deleted. Krafve made a motion to approve the IPS as presented with the changes read by Sheppard; 2nd by Fraley. Vote all: Yes

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

Carter made a motion to move to closed session at 9:17 a.m. pursuant to Section 610.021(1) RSMo.; 2nd by Krafve. Vote Yes: Bridges, Carroll, Carter, Fraley, Hoffman, Krafve, Martin-Hinds, Milam and Welsh. Vote no: none. Open session resumed at 9:31 a.m.
Krystal Ray, Tom Rykowski, Bill Bryan and Darla Morrison exited the meeting prior to closed session and didn't return. Paul Blackwell and Chip Sheppard were present when the open session resumed.

10. Quarterly Investment Report – Segal Marco

Katarski and Boucek joined the meeting via conference call. Katarski reported that the beginning market value was $333,682,000. The return on the investment was $36,795,000 for an ending market value of $383,194,000 for the year. The fiscal year-to-date investment performance is 10.9%.

The total plan was up 3.4% for the quarter. The S&P 500 returned 3.09% which was even with the index. The Russell 2000 Index Fund returned 2.47% compared to the index of 2.46%. Pictet's return was 8.00% and the index was 6.12%. Brandes was up 2.47% to the index return of 8.10%. Wells Capital returned 6.22% compared to the index return of 6.27%. Galliard returned 1.26% compared to the index of 0.92%. IR&M returned 4.48% compared to the index of 4.39%. TIPS returned -0.39% compared to the index of -0.40%. Brandywine increased 4.21% compared to the index return of 3.81%. Pyramis' return was 2.28%

and the benchmark was 2.24%. Prudential was up 1.64% compared to the index of 1.71%. Brookfield returned 2.27% compared to the index of 2.71%. The SSgA Bloomberg Fund decreased -3.02% compared to the benchmark of -3.00%. EnTrust was up 0.47% compared to the benchmark of 0.37%. Blackstone was up 0.69% compared to the index of 0.37%.

Krafve made a motion to approve the quarterly investment report as presented; 2nd by Bridges. Vote all: Yes.

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

Carroll made a motion to move to closed session at 9:47 a.m. pursuant to Section 610.021(1, 13) RSMo.; 2nd by Carter. Vote Yes: Bridges, Carroll, Carter, Fraley, Hoffman, Krafve, Martin-Hinds, Milam and Welsh. Vote no: none. Open session resumed at 10:53 a.m.

12. Adjournment

Carroll made a motion to adjourn the meeting; 2nd by Carter. Vote all: Yes. The meeting adjourned at 10:53 a.m. on August 17, 2017.