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 9, 2018

1. Call to Order

Carroll called the meeting to order at 8:32 a.m. The meeting was held at the Busch Municipal Building, 840 Boonville Avenue. 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	
Nancy Martin-Hinds	Citizen		X
Justin Milam	Citizen		X
Chris Welsh	Police	X	
Ed Cantrell (NV)	Retiree	X	
James Frieze (NV)	Fire		X
Marcus Walker (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

Don Willoh, City Attorney's Office, and Jody Vernon, Finance Department, were also present.

2. Approval Meeting Minutes – July 9, 2018 (open session)

Bridges made a motion to approve the July 9, 2018 minutes as presented; 2nd by Carter. Vote all: Yes.

3. Approval of Financial Statement Ending June 30, 2018

- The cash balance at the end of June was $10,547,717.
- The State Street S&P 500 Flagship NL Fund increased by $513,427. The return was 0.61% compared to the index of 0.62%.

- The State Street Russell 2000 NL Fund increased by $158,038. The return was 0.71% compared to the index of 0.72%.
- Pictet decreased by ($131,442). The return was -0.22% compared to the index return of -1.22%.
- Wells Fargo decreased ($1,511,763). The return was -3.13% compared to the benchmark of -4.15%.
- Galliard decreased ($9,378). The return was even with index of -0.03%.
- Income Research decreased ($264,021). The return was -0.68% compared to the index return of -0.62%.
- Brandes decreased ($457,098). The return was -3.08% compared to the index return of 1.95%.
- Brookfield increased $200,850. The return was 1.86% compared to the index return of 1.43%.
- Brandywine had a decrease of ($246,280). The fund returned -0.81% compared to the index return of -0.45%.
- Pyramis had a decrease of ($390,743). The return was -1.63% compared to the index at -1.00%.
- Prudential had an increase of $75,589. The return was 1.89% compared to the index return of 2.13%.
- Blackstone had a decrease of ($50,225). The fund returned -0.27% compared to the index return of -0.13%.
- Entrust had an increase of $112,006. The return was 0.60% compared to the index return of -0.13%.
- Employee contributions for the month totaled $287,914 and employer contributions totaled $603,295. Sales tax contributions totaled $2,852,279.
- Gain/Loss in market value, including managers' fees was ($1,904,962) for the month. Total additions were $2,175,351.
- Benefit payments totaled $2,098,704. Administrative expenses totaled $36,991. Net increase to the Plan was $39,656.
- Total Net Assets at the end of June were $423,481,640.

Fraley made a motion to approve the financial statement ending June 30, 2018; 2nd by Krafve. Vote all: Yes.

4. Review of Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Chris Ackley	Age & Service	07/23/2018	10/18/2018	Fire
Carlos Kerley	Age & Service	08/08/2018	09/01/2018	Police
Willis King	Age & Service	07/28/2018	09/29/2018	Fire
Leslie McMasters	Surviving Dependent	07/24/2018	N/A	Fire
Ralph Malone	Surviving Spouse	07/19/2018	N/A	Fire

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

5. Review of Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Leslie McMasters	Surviving Dependent	24.2	$749.96	$541.96
Ralph Malone	Surviving Spouse	27.25	$2,459.52	$1,065.79

Manley reported that Leslie McMaster's daughter will receive payments from the time of her father's death in 2016 until now since she now has an appointed guardian. She is now 18 years of age, so the payments will be made directly to her. She's enrolled at OTC and in aware that transcripts must be provided each semester. The total first payment is $17,141.48. Carter made a motion to accept the calculations as presented above; 2nd by Welsh. Vote all: Yes.

6. Administrative Director's Report

Manley reported that the IFM contract was not approved by IFM. They are questioning if the assets are owned by the Fund or owned by the City of Springfield. We are getting a legal ruling on that. The contract is ready to go once Manley gets a ruling back.

Manley stated the following, up to three Board members may attend the Segal Marco Summit in California with the Board paying for transportation and Segal Marco paying for room and board. The Pension Board waives any perceived conflict of interest resulting from Segal Marco's payment of these expenses. Bridges made a motion to accept the language as read by Manley; 2nd by Carter. Vote all: Yes.

Manley presented the schedule in which the over payments to Andrew Weaver will be paid back to the Fund. Andrew wasn't enrolled in college during the spring semester but continued to receive payments. Payments are still being made for his sister, so those payments will be reduced from $554.27 to $285.22 per month until March 2019. The total amount that will be paid back is $2,152.40. The full amount of $554.27 per month will continue for his sister in April 2019. However, since Andrew didn't remain in college on a continuous basis, he's no longer eligible for benefits. Fraley made a motion to accept the payback schedule as presented; 2nd by Krafve. Vote all: Yes.

Income verification – If someone is being reduced, they don't receive the COLA. It would put them over the limit again. It is applied when the following year is calculated. Someone has questioned if they can write a lump sum check so that they don't have to be reduced. Manley said that she's looking into it. It could be a potential issue with accounting and tracking.

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

Fraley made a motion to move to closed session at 8:53 a.m. pursuant to Section 610.021(1) RSMo.; 2nd by Carter. Vote Yes: Bridges, Carroll, Carter, Fraley, Hoffman, Krafve, and Welsh. Vote no: none. Open session resumed at 9:03 a.m.

8. Disability Application

Carter made a motion to accept Gregory Rhodes' disability application and to send him up to one additional physician based on the nurse consultant's opinion; 2nd by Fraley. Vote all: Yes.

9. Quarterly Investment Report – Segal Marco

Boucek presented the second quarter report. The beginning market value in June 2017 was $383,194,000. The ending market value in June 2018 was $412,284,000. The return on investment for the fiscal year is $20,226,000 which is 5.4%. The last quarter returned -0.5%.

The Flagship Fund returned 3.41% compared to the index of 3.43%. The Russell 2000 returned 7.72% compared to the index of 7.75%. Pictet returned 0.10 compared to the benchmark of -1.24%. Brandes returned -4.40% compared to the index of -1.57%. Well Capital returned -6.08% compared to the index of -7.96%. Galliard returned 0.09% which was even with the index for the quarter. IR&M returned -1.48% compared to the index of -1.45%. Brandywine returned -6.53% compared to the benchmark of -5.11% FIAM returned -4.14% compared to the benchmark of -3.54%. Prudential returned 1.81% compared to the index of 2.13%. Brookfield returned 4.60% compared to the index of 5.12%. EnTrust returned 0.98% compared to the benchmark of 1.02%. Blackstone returned 0.86% compared to the benchmark of 1.02%. The total plan returned -0.47 for the quarter compared to the policy index of -0.59%.

Boucek said that EnTrust is an investment that they have suggested getting out of. After that recommendation, EnTrust has stated that they are closing the fund down. Patzik presented two options for liquidation of the EnTrust fund. The first option is to liquidate approximately 35% effective December 31, 2018 and approximately 27% in 2019 of the core portfolio. The opportunistic/co-investment portfolio would be liquidated by approximately 9% in 2019-2020, approximately 12% in 2019-2021, approximately 9% in 2020+ and approximately 8% in 2020-2022. The second option is the liquidate 35% effective December 31, 2018 and approximately 27% in 2019. The opportunistic/co-investment portfolio would liquidate approximately 38% in 2019. Boucek said in theory option 2 says you have a dollar there and you will likely get less than a dollar back, but you get your money back sooner. Option 1 says you have a dollar here and let us work with it and you may get your dollar back plus some, but it will take longer. Patzik said their recommendation is option 1 because it would take the same amount of time to get the money back as if the Board had proactively said they wanted to terminate EnTrust. This will allow the opportunities to play out and potentially make some money. Krafve made a motion to accept option 1 to liquidate the EnTrust Capital Diversified QP Fund; 2nd by Fraley. Vote all: Yes.

Carter made a motion to accept the quarterly investment report as presented by Segal Marco; 2nd by Krafve. Vote all: Yes.

10. Multi-Asset Class Solutions Investment Search

Patzik presented detailed information on three different managers for the Board to consider investing with. The managers included Invesco Advisors, Schroders Investment Management and Wellington Management Company. Patzik stated that Segal Marco feels Invesco Advisors is the best fit for the Plan. Krafve made a motion for Invesco Advisors to present to the Board at the September meeting; 2nd by Carter. Vote all: Yes.

11. Adjournment

Fraley made a motion to adjourn the meeting; 2nd by Carter. Vote all: Yes. The meeting adjourned at 10:26 a.m. on August 9, 2018.