CITY of SPRINGFIELD

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

Minutes
November 8, 2018

1. Call to Order

Carroll called the meeting to order at 8:30 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 was also present.

2. Approval Meeting Minutes – October 11, 2018 (open session)

Bridges made a motion to approve the October 11, 2018 minutes as presented; 2nd by Hoffman. Vote all: Yes.

3. Approval of Financial Statement Ending September 30, 2018

- The cash balance at the end of September was $5,444,704.

- The State Street S&P 500 Flagship NL Fund increased by $518,221. The return was even with the index of 0.57%.
- The State Street Russell 2000 NL Fund decreased by ($574,781). The return was even with the index of -2.41%.
- Pictet decreased by ($748,843). The return was -1.33% compared to the index return of 0.87%.
- Wells Fargo decreased ($39,175). The return was -0.09% compared to the benchmark of -0.53%.
- Galliard increased $249,095. The return was -0.31% compared to the index of -0.47%. $1 million was transferred in.
- Income Research increased $1,372,888. The return was -1.56% compared to the index return of -1.55%. $2 million was transferred in.
- Brandes decreased ($41,623). The return was -0.49% compared to the index return of -0.72%.
- Brandywine had an increase of $341,623. The fund returned 1.15% compared to the index return of -1.07%.
- Pyramis had an increase of $656,296. The return was 2.81% compared to the index at 1.77%.
- Blackstone had an increase of $115,740. The fund returned 0.68% compared to the index return of 0.55%.
- Entrust had a decrease of ($105,47). The return was -0.84% compared to the index return of 0.55%.
- Employee contributions for the month totaled $245,356 and employer contributions totaled $513,333. Sales tax contributions totaled $3,910,742.
- Gain/Loss in market value, including managers' fees was ($1,263,107) for the month. Total additions were $369,480.
- Benefit payments totaled $2,187,133. Administrative expenses totaled $13,442. The return of contributions totaled $198,030. Net increase to the Plan was $2,647,218.
- Total Net Assets at the end of September were $431,472,330.

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

4. Review of Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Chris Ackley	Age & Service	25.03	$4,321.97	$1,812.44
Lane Walden	Age & Service	24.42	$3,534.01	$2,052.00

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

5. Approval of Return of Contributions

Name	Type	Years of Service	ROC
Chris Ackley	Age & Service	25.00	$156,178.57
Lane Walden	Age & Service	24.42	$137,810.74

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

6. Administrative Director's Report

Manley reported that the Invesco contract has been finalized. $10 million will be invested prior to December 31st and $10 million after January 1st. Milliman will be presenting at the December meeting. They will be discussing the experience study and buy-back calculations. Milliman will also have the sales tax projections that the Board requested. Manley said that the City has asked for a statement from the Board as to whether it does or does not recommend a sales tax extension.

7. Audit Report as of June 30, 2018

Kristen Hughes, RSM, presented the report. There was an unmodified or clean opinion by RSM.

A comparative report was provided which shows a side-by-side comparison of 2017 versus 2018. The Plan's net position at the end of June was $428,907,000 compared to June 2017 balance of $394,855,000. The net investment income was $18,966,000 compared to $35,586,000 in 2017. The contributions and benefit payments were consistent with the prior year. Manley pointed out that the net investment income was roughly $18 million and the cost to operate the Fund was $28 million. So, you can see how important the sales tax is. It is key to us maintaining the Plan.

The net pension liability is $77,599,000 compared to $86,794,000 in 2017. The fiduciary net position as a % of total pension liability is 84.67% compared to 80.31% in 2017. Hughes mentioned the importance of the discount rate and how a 1% fluctuation can substantially impact the net pension liability. There were no audit adjustments this year. There was a judgmental misstatement that management has concluded is not material to the financial statements. They estimated that the total pension liability may be understated by approximately 1% or $5 million as a result of omission of assumed mortality improvement for disabled lives. Hughes said is just a recommendation by their group. Manley reported that Milliman will be discussing this at next month's meeting. Milliman said that they had looked at it, but they felt their method more fairly represented our plan.

Hoffman made a motion to approve the audit report as of June 30, 2018 as presented; 2nd by Bridges. Vote all: Yes.

8. Quarterly Investment Report – Segal Marco

Boucek presented the third quarter report. The beginning market value in June 2018 was $412,284,000. The ending market value in September 2018 was $425,884,000. The return on investment for the fiscal year is $5,465,000 which is 1.3%.

The Flagship Fund returned 7.72% compared to the index of 7.71%. The Russell 2000 returned 3.55% compared to the index of 3.58%. Pictet returned -1.35% which was even with the index for the quarter. Brandes returned -2.11% compared to the index of -0.88%. Wells Capital returned -3.19% compared to the index of -1.09%. Galliard returned 0.52% compared to the index of 0.11. IR&M returned -0.51% compared to the index of -0.47%. Brandywine returned -0.03% compared to the benchmark of -2.19% FIAM returned 1.82% compared to the benchmark of 2.30%. Prudential returned 2.40% compared to the index of 2.09%. Brookfield returned -2.08% compared to the index of -0.30%. EnTrust returned -0.36% compared to the benchmark of 0.77%. Blackstone returned 1.45% compared to the benchmark of 0.77%. The total plan returned 1.33% for the quarter compared to the policy index of 1.79%.

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

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

Fraley made a motion to move to closed session at 9:41 a.m. pursuant to Section 610.021(1, 13) RSMo.; 2nd by Carter. Vote Yes: Bridges, Carroll, Carter, Fraley, Hoffman, Krafve, Milam and Welsh. Vote no: none. Open session resumed at 11:11 a.m.

10. Voting Police Member Nominations

Chris Welsh was nominated for the voting police member. No other nominations were presented. The election will be held December 3rd – December 7th. Milam made a motion to accept the nomination as presented; 2nd by Carter. Vote all: Yes.

11. Secretary Contract

The Board voted to renew Nikki White's contract for another year in the closed session. The contract period is January 1 – December 31, 2019.

12. Adjournment

Fraley made a motion to adjourn the meeting; 2nd by Carter Vote all: Yes. The meeting adjourned at 11:13 a.m. on November 8, 2018.