CITY of SPRINGFIELD

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

Minutes
May 9, 2019

1. Call to Order

Bridges called the meeting to order at 8:31 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	President	X	
Paul Carroll	Citizen		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
Andrew Lear (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 – April 19, 2019 (open session)

Carter made a motion to approve the April 19, 2019 minutes as presented; 2nd by Krafve. Vote all: Yes.

3. Approval of Financial Statement Ending March 31, 2019

- The cash balance at the end of March was $1,722,935.
- The State Street S&P 500 Flagship NL Fund increased by $1,489,931. The return was even with the index of 1.94%.

- The State Street Russell 2000 NL Fund decreased by ($462,144). The return was -2.10% compared to the index of -2.09%.
- Pictet increased by $821,269. The return was 1.60% compared to the index return of 0.63%.
- Wells Fargo increased $275,230. The return was 0.58% compared to the benchmark of 0.84%.
- Galliard increased $607,836. The return was 1.41% compared to the index of 1.39%.
- Income Research increased $1,951,015. The return was 4.55% compared to the index return of 4.70%.
- Brandes decreased ($466,341). The return was -3.01% compared to the index return of 0.16%.
- Brookfield increased $380,050. The return was 3.38% compared to the index return of 3.51%.
- Invesco increased $10,429,427. The return was 2.54% compared to the index return of 1.29%.
- Brandywine had a decrease of ($117,005). The fund returned -0.39% compared to the index return of 0.89%.
- Pyramis had an increase of $136,570. The return was 0.55% compared to the index at 1.45%.
- Prudential had an increase of $127,519. The return was 1.83% compared to the index return of 1.62%.
- Blackstone had an increase of $114,602. The fund returned 0.54% compared to the index return of 1.13%.
- Entrust had an increase of $6,673. The return was 0.72% compared to the index return of 1.13%.
- Employee contributions for the month totaled $236,909 and employer contributions totaled $495,946. Sales tax contributions totaled $3,154,092.
- Gain/Loss in market value, including managers' fees was $5,439,038 for the month. Total additions were $9,325,985.
- Benefit payments totaled $2,207,853. Return of contributions were 165,887. Administrative expenses totaled $79,363. Net increase to the Plan was $6,872,881.
- Total Net Assets at the end of March were $439,635,235.

Krafve made a motion to approve the financials ending March 31, 2019; 2nd by Carter. Vote all: Yes.

4. Review of Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Donald Mitchell	Age & Service	23.19	$4,010.93	$668.49

Joseph Myers	Age & Service	23.04	$3,621.39	$482.85
Ralph Malone	Widow's Final Check	N/A	$2,459.52	$1,475.71

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

5. Approval of Return of Contributions

Name	Type	Years of Service	ROC
Donald Mitchell	Age & Service	23.19	$152,009.66
Joseph Myers	Age & Service	23.04	$136,052.97

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

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

Milam made a motion to move to closed session at 8:43 a.m. pursuant to Section 610.021(1) RSMo.; 2nd by Welsh. Vote Yes: Bridges, Carter, Fraley, Hoffman, Krafve, Martin-Hinds, Milam and Welsh. Vote no: none. Open session resumed at 8:58 a.m.

7. Investment Manager Presentation – EnTrust Global Blue Ocean Onshore Fund

Representatives from EnTrust presented information regarding the Blue Ocean Onshore Fund. The investment objective is to generate long-term, consistent investor returns, predominantly in the form of income distributions, from direct lending and similar financing opportunities to vessel owners and operators, and other maritime businesses.

Blue Ocean focuses on situations currently being underserved by traditional maritime lenders, including debt financing to small to medium-sized privately-owned shipping companies. Steady, predictable cash flows, inflation protection of real assets, and low historical correlation to equity and bond markets. The fund originates, structures and invests in asset-based financings secured by high-quality maritime assets:

- Primarily originates and/or invests in first lien loans secured by commercial ships.
- Opportunistic investing via loan originations and/or purchases of loans on the secondary market.
- Investments may also utilize second lien, mezzanine, lease and equity structures.

They have a basket approach investing in a portfolio of loans and other investments across the capital structure, targeting total net returns of 8-12%. The fund is a Delaware limited partnership that is structured to draw down capital as needed to fund investments. 85% of world trade is carried out by the global maritime industry. Withdrawal of European banks has resulted in a massive capital shortfall in debt financing. There is opportunity for non-bank lenders to fill the void, especially to small to medium sized companies. Financing opportunities in the shipping sector come with significant downside protection given the low to moderate loan-to-ship values, historically low asset values and, for the most part, first lien, senior secured structures.

Segal Marco provided the following summary:

- EnTrust is an industry leading alternative investment management solutions provider with a diverse set of clientele and a global footprint. The firm has since placed greater emphasis on its strategic partnerships, co-investments, and specialty real assets platforms.

- The Blue Ocean team is lean, yet highly experienced in shipping and affiliated sector investing. The four dedicated professionals have worked together previously and have sustained a strong and positive rapport.
- The Blue Ocean Fund seeks to provide shipping and other maritime-related companies with an alternative source of liquidity as traditional creditors retrench lending activities to the sector. It expects to generate attractive risk-adjusted returns by targeting direct lending opportunities to vessel owners and other affiliated companies by originating, structuring, restructuring, and investing asset-based financings secured by high-quality maritime assets.
- The Blue Ocean investment process is well structured, detailed, and allows for a consistent evaluation of unique maritime finance investment opportunities.
- The firm's policies and procedures with respect to its internal operations, as well as those related to the fund are on-par with expectations of a manager of its scale.
- The Blue Ocean Fund has performed in-line with expectations to-date and has effectively executed on its mandate.
- Terms are reasonable for this type of product. The Blue Ocean Fund charges a single layer of fees translating to an LP fee schedule that is consistent with other private credit investment mandates and does not use leverage at the fund-level (unlike many of its senior secured direct lending peers).

Krafve made a motion to fund Blue Ocean Onshore Fund up to $30 million with the primary source being Brandywine; 2nd by Fraley. Vote all: Yes.

Fraley exited the meeting at 10:00 a.m. and did not return.

8. Quarterly Investment Report – Segal Marco

The beginning market value in June 2018 was $412,283,000. The ending market value in March 2019 was $437,177,000. The return on investment for the fiscal year is $7,293,000 which is 1.8%. The last quarter returned 8.7%.

The Flagship Fund returned 13.63% compared to the index of 13.65%. The Russell 2000 returned 14.58% which was even with the index. Pictet returned 14.08 compared to the benchmark of 9.98%. Brandes returned 4.24% compared to the index of 10.65%. Wells Capital returned 14.02% compared to the index of 9.3%. Galliard returned 3.11% compared to the index of 2.28%. IR&M returned 6.60% compared to the index of 6.45%. Brandywine returned 1.89% compared to the benchmark of 1.52%. FIAM returned 5.57% compared to the benchmark of 6.95%. Prudential returned 1.83% compared to the index of 1.69%. Brookfield returned 15.22% compared to the index of 14.59%. EnTrust returned 3.84% compared to the benchmark of 3.16%. Blackstone returned 2.76% compared to the benchmark of 3.16%. Invesco returned 3.42% compared to the index of 8.22%. The total plan returned 8.67% for the quarter compared to the policy index of 7.89%.

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

9. Adjournment

Carter made a motion to adjourn the meeting; 2nd by Martin-Hinds. Vote all: Yes. The meeting adjourned at 10:13 a.m. on May 9, 2019.

 Secretary Signature: Nikki White