CITY of SPRINGFIELD

POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO
830 Boonville
Springfield, Missouri 65802
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Minutes
May 29, 2020

1. Call to Order

Bridges called the meeting to order at 9:35 a.m. The meeting was held via conference call due to the Covid-19 pandemic. 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
Tony Kelley (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

Jeff Boucek and Rob Hungerbuhler both of Segal Marco were also present.

2. Boyd Watterson Asset Management – TALF Program

Mike Vandenbossche and Mike Krushena of Boyd Watterson joined the call to present information on term asset-backed securities loan facility.

The purpose of TALF is to improve market liquidity and facilitate issuance in Asset-Backed Securities (ABS) to support lending in the consumer market (auto, student, small business and credit card loans, etc.) at more normal interest rates. The program size is up to $100 billion in non-recourse (limited borrower liability) loans collateralized by eligible, AAA-rated ABS. Investor purchases ABS with a combination of a small principal investment and a non-recourse, low interest loan from the Federal Reserve Bank (FRB) of New York. Potential net returns of 4%-8% employing non-recourse leverage from FRB New York loans. The loan term is three years and the first subscription date is June 17, 2020; Currently closes on September 30, 2020 unless extended by the Federal Reserve and Treasury Department.

Boyd Watterson successfully implemented both a TALF Fund and TALF Separate Accounts for Investors in the 2008-2009 Financial Crisis. Boyd Watterson actively manages ABS, CMBS, or CLOs (the TALF-eligible assets) in nearly all our fixed income strategies. As a separate account, TALF is fully liquid. Income will be paid back to the investor monthly. The portfolio management team has many years of experience analyzing, trading and managing eligible TALF securities across the full capital structure. In fact, the lead portfolio manager began his career structuring ABS securities and has over 20 years of experience in this sector covering all aspects of ABS.

TALF loans have a maturity of 3 years. Minimum loan size was $10,000,000 for the 2008/09 TALF program. Interest rates vary depending on the type of eligible ABS collateralizing the loan as well as the maturity of the security. Loans are made without recourse to the borrower provided all requirements of the TALF program are met; loans are secured by eligible ABS. Haircut determined by collateral type and maturity. Loans are pre-payable at borrower's option, collateral substitution generally not allowed. An administrative fee of 10 bps of the loan amount assessed on the settlement date for collateral.

Eligible ABS must be in U.S. dollars with all or substantially all the underlying credit exposures originated by U.S. organized entities (for newly issued ABS), have a lead or a co-lead arranger that is a U.S.-organized entity (for CLOs), and be to U.S.-domiciled obligors or with respect to real property located in the U.S. or one of its territories (for all ABS, including CLOs and CMBS) Eligible ABS must be issued on or after March 23, 2020; CMBS must have been issued prior to March 23, 2020; SBA Pool Certificates or Development Company Participation Certificates must be issued on or after January 1, 2019. Must have the highest long-term or, if not available, the highest short-term investment grade rating category from at least two eligible rating agencies and does not have a rating below the highest investment grade category from an eligible rating agency (NRSROs) Eligible Collateral Comprised of cash ABS (not synthetic): Auto loans and leases, floorplan loans, credit card receivables (consumer and corporate), student loans, certain SBA guaranteed small business loans, equipment loans and leases, leveraged loans (static CLOs only), commercial mortgages (no single-asset, single borrower CMBS or CRE CLOs), premium finance loans for property and casualty insurance.

Key potential benefits:
U.S. Government sponsored program
Potential attractive opportunity to receive high yield income by investing in high quality "AAA" assets
Potential 4%-8% net returns over three years (1)
Income paid back monthly
Enhance risk/reward profile of your fixed income and total plan

Those present agreed to fund Boyd Watterson with an initial investment of up to $30 million. However, since a quorum wasn't present, no vote was taken. A formal recommendation from the finance committee will be made to the full board at the June meeting.

3. <u>Adjournment</u>

The meeting adjourned at 10:48 a.m. on May 29, 2020.

 05/29/20 Secretary Signature: Nikki White