CITY of SPRINGFIELD

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

# Minutes
## July 9, 2020

1. Call to Order

Bridges called the meeting to order at 8:31 a.m. The meeting was held at the Hilton Garden Inn - 4155 S. Nature Center, Springfield, MO 65804. 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 | |
| Marcus Walker | Police | X | |
| Ed Cantrell (NV) | Retiree | X | |
| Tony Kelley (NV) | Fire | | X |
| Matt Shackelford (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, was also present.

2. Legal Matters – Closed Session, pursuant to Section 610.021, RS MO.

Carter made a motion to move to closed session at 8:33 a.m. pursuant to Section 610.021(1, 3, 13) RSMo.; 2nd by Cantrell Vote Yes: Bridges, Cantrell, Carroll, Carter, Krafve, Milam and Walker. Vote no: none. Open session resumed at 9:42 a.m.

3. Income Verification

Carroll made a motion to adjust the Board's income verification practice to be more in line with the ordinance by allowing disability recipients the option to prove to the Board's satisfaction that they are no longer receiving earnings from employment and if so, their pension can be reinstated upon Board approval; 2nd by Carter. Vote all: Yes.

Bridges said that if an individual can provide from this point forward that their income has dropped to the point that they are eligible to receive their disability pension payments, then the Board will take that into consideration at the following Board meeting. Cantrell said that to be clear this is a policy that will be in place from July 9, 2020 forward.

Manley stated that she already has the documentation for Teresa Newton. Carroll made a motion to reinstate Teresa Newton's disability pension payments and make the numbers available to the finance and human resources departments; 2nd by Carter. Vote all: Yes.

Manley will be sending a letter to all disability individuals letting them know of this change in policy. Carroll made a motion that if there are any other individuals in the same situation at the current time, they can submit their documentation to the Board to be reviewed at the August meeting and if approved the payment changes will be effective as of July 9, 2020; 2nd by Carter. Discussion: this will be a one-time opportunity. After this any changes will be effective the date the Board approves the changes. Vote all: Yes.

Carroll made a motion to make it the Board's policy to allow disability recipients the opportunity to inform the Board when they are either over or under so that their pensions can be adjusted accordingly; 2nd by Carter. Discussion: Bridges said that he recommends tabling that for the time being so that the Board can review all options. Carroll withdrew his motion.

4. Loomis Sayles – Investment Manager Presentation Facilitated by Segal Marco

Jeff Boucek and Rob Hungerbuhler joined the meeting via conference call. Boucek introduced John Meyer and Kevin Kearns of Loomis Sayles.

The Loomis Sayles credit asset strategy was launched earlier in response to the 2008 financial crisis. The Credit Asset Strategy, launched in 2009, pursued attractive risk-adjusted returns post the Global Financial Crisis. The Credit Asset Strategy seeks to maximize return potential by investing in what we consider to be attractive issuers in the investment grade, high yield, bank loan and securitized markets based on the current phase of the credit cycle.

The Loomis Sayles Credit Dislocation Fund will invest in areas that have the potential for attractive returns due to systemic disruptions and broad market dislocations. The Fund will primarily invest in public market securities issued or guaranteed by US or foreign issuers (in developed and emerging markets), including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities), supranational entities, partnerships and trusts. The investment universe also includes securitized products and bank loans.

Loomis Sayles believes we are in a downturn and will move to credit repair over the next 12 months. History shows that credit market downturns have historically been attractive entry points for long term investors. Where is the opportunity? What is priced into each market? Lower quality credit, emerging markets and bank loan markets currently reflect dire economic scenario. In contrast, investment grade markets reflect a much improved outlook given the positive reaction to new issuance and monetary and fiscal stimulus.

The minimum investment is $10 million; requires $50 million to commence. Economic challenges may persist over the next 6-12 months, creating multiple entry points. The fund will have a one-year lock-up, with quarterly liquidity thereafter.

Potential portfolio deployment path - position initially in diversified global markets that should benefit from fiscal and monetary policy stimulus measures. If a W-shaped or U-shaped recovery becomes more likely, a pullback from the initial recovery scenario may present new investment opportunities. A continued improvement in the economic outlook may result in increased diversification and credit risk taking.

Summary:

- A global rotational credit fund that will take advantage of opportunities emerging as a result of the COVID-19 pandemic and oil crisis.
- A focus on global public debt with an emphasis on crossover and below investment grade corporate and structured credit
- Managed by an experienced investment team that launched a similar strategy in 2009
- Offering attractive fund terms and liquidity profile

Boucek said that this asset class can have up to a $50 million investment. The recommendation is to allocate a maximum of $30 million to Loomis. The Board will look at other managers for the additional $20 million. Hungerbuhler mentioned using Fidelity for some of the funding.

Manley said that they have been working with Arrowmark on the application and it's not designed for a pension fund. They said that we could purchase through our custodian which is what we did with Vanguard. Hungerbuhler said it can be purchased through Meridian as well. Krafve made a motion to purchase Arrowmark through the Board's custodian; 2nd by Carroll. Vote all: Yes.

5. Approval Meeting Minutes – June 11, 2020

Carter made a motion to approve the June 11, 2020 minutes as presented; 2nd by Carroll. Vote all: Yes.

6. Approval of Financial Statement Ending May 31, 2020

- The cash balance at the end of May was $4,993,479.
- The State Street S&P 500 Flagship NL Fund increased by $3,915,069. The return was even with the index of 4.76%.
- The State Street Russell 2000 NL Fund increased by $1,193,766. The return was 6.50% compared to the index of 6.51%.
- Pictet increase by $2,020,585. The return was 4.63% compared to the index return of 4.35%.
- Wells Fargo increased $1,075,804. The return was 2.24% compared to the benchmark of 0.77%.
- Galliard increased $508,715. The return was 1.08% compared to the index of 0.56%.
- Income Research increased $118,817. The return was 0.17% compared to the index of 0.09%.
- Brandes increased $5,815. The return was 0.05% compared to the index return of 6.85%.

- Brookfield increased $90,675. The return was 0.98% compared to the index return of 0.23%.
- Invesco decreased ($18,757). The return was -0.04% compared to the index return of 2.82%.
- Vanguard had an increase of $289,289. The return was even with the index of 1.34% compared to the index of 1.28%.
- Pyramis had an increase of $1,642,638. The return was 7.36% compared to the index at 5.74%.
- Blue Ocean had a decrease of ($390,548). The return was 0.58% compared to the index of 0.47%. There was a distribution made into cash of $551,000.
- Blackstone had an increase of $351,512. The fund returned 1.77% compared to the index return of 2.00%.
- Entrust had an increase of $73,125. The fund returned 1.75% compared to the index of return of 2.00%.
- IFM had an increase of $30,324. The return was 0.20% compared to the index of 4.28%.
- Employee contributions for the month totaled $214,063 and employer contributions totaled $412,959. Sales tax contributions totaled $2,361,957.
- Gain/Loss in market value, including managers' fees was $11,544,830 for the month. Total additions were $14,416,624.
- Benefit payments totaled $2,312,384. Administrative expenses totaled $15,727. Net increase to the Plan was $12,088,510.
- Total Net Assets at the end of May were $462,515,058.

Carroll made a motion to approve the financials ending May 31, 2020; 2nd by Krafve. Vote all: Yes.

7. Review of Applications

| Retiree's Name | Application Type | Application Date | Retirement Date | Department |
|---|---|---|---|---|
| Chad Eutsler | Age & Service | 06/29/20 | 08/28/20 | Police |
| Justin Merritt | Age & Service | 06/29/20 | 09/11/20 | Fire |

Eutsler had to be adjusted because of three months of non-military leave of absence that had not been deducted out. Carter made a motion to accept the applications as presented above; 2nd by Carroll. Vote all: Yes.

8. Review of Calculations

| Name | Type | Years of Service | Monthly Pension Amount | Partial Pension Amount |
|---|---|---|---|---|
| Justin Gargus | Age & Service | 25.00 | $5,855.23 | $4,879.36 |
| Kevin Grizzell | Age & Service | 25.00 | $6,285.30 | $5,237.75 |
| Gregory Higdon | Age & Service | 25.00 | $7,366.79 | $6,138.99 |
| Clint Hunt | Age & Service | 25.00 | $4,906.82 | $3,925.46 |
| Mark Schindler | Age & Service | 25.00 | $5,494.70 | $4,945.23 |
| Don Sheppard | Age & Service | 22.43 | $4,364.65 | $2,473.30 |
| David Stone | Age & Service | 25.00 | $5,448.16 | $4,540.13 |
| Christopher Wells | Ate & Service | 25.00 | $5,908.82 | $4,924.02 |
| Christopher Welsh | Age & Service | 25.00 | $6,429.94 | $5,572.62 |
| Gerry Gillenwaters | Final Check | 20.06 | $2,905.81 | $1,452.91 |

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

9. Approval of Return of Contributions

| Name | Type | Years of Service | ROC |
|---|---|---|---|
| Justin Gargus | Age & Service | 25.00 | $207,641.15 |
| Kevin Grizzell | Age & Service | 25.00 | $216,868.34 |
| Gregory Higdon | Age & Service | 25.00 | $229,110.59 |
| Clint Hunt | Age & Service | 25.00 | $151,814.69 |
| Mark Schindler | Age & Service | 25.00 | $185,332.68 |
| Don Sheppard | Age & Service | 22.43 | $159,965.95 |
| David Stone | Age & Service | 25.00 | $197,345.72 |
| Christopher Wells | Age & Service | 25.00 | $192,419.86 |
| Christopher Welsh | Age & Service | 25.00 | $204,340.43 |

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

10. Administrative Director Report

Manley reported that Rodney Fender needs to have the following adjustment made: $793.38 added to July 2020 check only ($132.23 shortage for 6 months). Carter made a motion to make the adjustment to Fender's July 2020 check; 2nd by Cantrell. Vote all: Yes.

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

Cantrell made a motion to move to closed session at 10:52 a.m. pursuant to Section 610.021(1, 3, 13) RSMo.; 2nd by Krafve. Vote Yes: Bridges, Cantrell, Carroll, Carter, Krafve, Milam and Walker. Vote no: none. Open session resumed at 11:46 a.m. Cantrell and Krafve exited the meeting during the closed session and didn't return.

12. Loomis Sayles Investment

Carroll made a motion to approve the Loomis Sayles investment subject to it fitting within the IPS parameters; 2nd by Walker. Discussion: Carroll said that this an illiquid investment. It's locked up for a year and then quarterly liquidations are available. However, if everyone said they wanted to liquidate at one time it would likely not be available. However, that's not a reason to invest in it. It is also high risk. There is no guarantee you will get your money back. We know that with most everything we invest in. Vote all: Yes.

13. Lennis Marcotte – Disability Review

Manley said that all the physician records have been signed, but the nurse consultant is still waiting on them. She should hopefully have them today. Carter made a motion to approve Lennis Marcotte's duty disability upon Manley receiving the final physician's report prior to the end of the day (July 9); 2nd by Carroll. Vote all: Yes.

14. Adjournment

Carter made a motion to adjourn the meeting; 2nd by Milam. Vote Yes: Bridges, Carroll, Carter, Milam and Walker. Vote no: none. The meeting adjourned at 11:54 a.m. on July 9, 2020.

 Secretary Signature: Nikki White