CITY of SPRINGFIELD

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

Minutes
October 12, 2023

1. Call to Order

Stewart 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
Andy Stewart	President	X	
Jason Friend	Police	X	
Jamie Frieze	Fire		X
Ron Hoffman	Retiree		X
Chad Munsey	Citizen	X	
Laura Robinson	Citizen		X
Justin Setser	Citizen	X	
Jonathan Winn	Citizen	X	
Ann Young	Citizen		X
Andrew McPherson (NV)	Retiree	X	
Mark Phillips (NV)	Fire	X	
Bryan Welch (NV)	Police	X	
David Holtmann (NV)	Finance	X	
Matt Simpson (NV)	City Council Liaison		X
Tony Kelley (NV)	Administrative Director	X	
Nikki White (NV)	Secretary	X	

NV = non-voting

Jill Burris, Assistant City Attorney, and Gail Church were also present. McPherson was the voting retiree representative in Hoffman's absence.

2. Approval of Meeting Minutes – September 14, 2023

Munsey made a motion to approve the September 14, 2023 minutes as presented; 2nd by Setser. Vote all: Yes.

3. Approval of Financial Statement Ending August 31, 2023

- The cash and short-term investments balance at the end of August was $1,406,660. The cash – UMB investments balance was $720,023.
- Galliard decreased ($108,443). The return was -0.24% compared to the index of -0.28%.
- Income Research decreased ($388,499). The return was -2.22% compared to the index of -2.31%.
- Blackstone increased $91,306. The fund returned 0.35% compared to the index return of 0.50%.
- Brookfield decreased ($375,084). The return was -3.53% compared to the index return of -3.40%.
- Vanguard decreased ($40,895). The return was -0.10% compared to the index return of 0.10%.
- Brandes increased $116,540. The return was 0.51% compared to the index return of -3.33%.
- Entrust Capital Diversified Fund increased $100,920. The return was 15.74% compared to the index return of 0.50%.
- Invesco increased $123,322. The return was 0.62% compared to the index return of -2.20%.
- Meridian had a decrease of ($585,678). The fund returned -7.85% compared to the index return of -5.20%.
- Fidelity INTL Index had a decrease of ($2,299,452). The fund returned -3.92% compared to the index of -3.80%.
- Fidelity had a decrease of ($375,568). The fund returned -1.57% compared to the index of -1.40%.
- IFM had an increase of $69,366. The fund returned 0.32% compared to the index of -5.40%.
- Systematic had a decrease of ($387,054). The fund returned -2.28% compared to the index return of -4.80%.
- Allspring decreased ($3,816,666). The return was -7.49% compared to the benchmark of -7.04%.
- LGT increased $21,077. The return was 0.13% compared to the benchmark of -1.90%.
- The State Street S&P 500 Flagship NL Fund decreased by ($2,162,667). The return was even with the index of -1.59%.
- Employee contributions for the month totaled $250,876 and employer contributions totaled $487,459. Fire AFC Tier One contributions totaled $321,562.
- Gain/Loss in market value, including managers' fees, was ($9,071,049) for the month. Total additions were ($9,071,049).

- Benefit payments totaled $2,920,885. Return of contributions totaled $1,760,888. Administrative expenses totaled $71,643. Net increase to the Plan was ($13,824,465).

- Total Net Assets at the end of August were $612,087,332.

Friend made a motion to approve the financials ending August 31, 2023; 2nd by Munsey. Vote all: Yes.

4. Review of Applications

Retiree's Name	Application Type	Application Date	Retirement Date	Department
Harry Owen	Age & Service	09/27/2023	11/04/2023	Fire

Phillips made a motion to accept the application as presented above; 2nd by Munsey. Vote all: Yes.

5. Review of Calculations

Name	Type	Years of Service	Monthly Pension Amount	Partial Pension Amount
Charles Vienhage	Age & Service	25.01	$7,220.08	$7,027.74
Christopher Koester	Age & Service	20.05	$4,334.32	$1,011.34
Christopher Barb	Age & Service	25.01	$5,993.95	$5,794.16
Craig Schmucker	Age & Service	24.18	$9,502.57	$6,018.29
Erik Brown	Age & Service	25.07	$6,471.46	$1,941.44
Albert Doran	SS Final Pay	35.23	$3,196.90	$1,705.01
Jason Laub	Age & Service	25.01	$6,818.77	$6,591.48
Matthew Farmer	Age & Service	24.29	$6,413.22	$6,199.45
Tatum Dewitt	Age & Service	25.01	$7,299.35	$7,056.05

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

6. Approval of Return of Contributions

Name	Type	Years of Service	ROC
Tatum Dewitt	Age & Service	25.00	$250,226.05
Erik Brown	Age & Service	25.00	$218,584.48
Chris Barb	Age & Service	25.00	$237,282.85
Matt Farmer	Age & Service	20.00	$239,679.03
Jason Laub	Age & Service	25.00	$251,083.42
Craig Schmucker	Age & Service	24.20	$225,819.06
Chris Koester	Age & Service	20.00	$165,540.70
Charles Vienhage	Age & Service	25.00	$248,519.07

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

7. Administrative Director Report

Kelley reported that work on the audit is continuing. The Board will need to look into doing an experience study with Milliman in the near future. He also reminded the Board that the non-voting police representative as well as the voting and non-voting fire representatives' terms are up in December. Nominations will be presented at the November meeting. A Spencer Fane invoice in the amount of $484.00 was presented. Phillips made a motion to approve the invoice as presented; 2nd by Munsey. Vote all: Yes.

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

Setser made a motion to move to closed session at 8:43 a.m. pursuant to Section 610.021(1, 11, 14) RSMo.; 2nd by Munsey. Vote Yes: Friend, Frieze, McPherson, Munsey, Setser, Stewart, and Winn. Vote no: none. Open session resumed at 8:55 a.m.

9. Actuarial Valuation as of June 30, 2023 - Milliman

Michael Sudduth and Ryan Falls with Milliman presented the report.

Contributions (including sales tax revenue) continue to exceed the Board's funding policy.

- In 2010, the Board established a funding policy target to eliminate the UAAL by 2030 (20 year closed amortization).
- Remaining amortization period in 2023 is 7 years.
- The System is still on the path to eliminating the unfunded liability by 2030.
  - Assumes all assumptions are met.
  - Margin is extremely small.
  - Sales Tax is scheduled to expire in early 2025.

Trust fund investments bounced back.
Market value of assets returned approximately 8.4% for the plan year.
Actuarial (smoothed) value of assets returned approximately 4.2% for the plan year.

- AVA return resulted in a $10.6 million loss on the unfunded liability.
- Deferred investment losses of $22.8 million will be reflected in future valuations.

The Fund experienced a net actuarial gain for the year. The unfunded accrued liability as of June 30, 2022 was $86,600,00. The unfunded accrued liability as of June 30, 2023 was $65,500,00. The funded ratio is 90.7% using actuarial value of assets. Using the market value of assets, the funded ratio is 87.5%.

Winn made a motion to approve the Actuarial Valuation as of June 30, 2023 as presented; 2nd by Setser. Vote all: Yes.

10. Actuarial Methodology

Funding policy outlines the Board's desired funding levels and target date for eliminating the UAL.

- In 2010, the Board established a funding policy target eliminated the UAAL by 2030 (20 year closed amortization).
- This is a very strong funding policy.
  - Warranted by the closed nature of the Plan.
- Policy contribution will have increased volatility as 2030 approaches.
- Total contribution from the City, including tax revenue, currently exceeds the Policy Contribution.
- At this time, Policy Contribution does not dictate the City's total contribution, but it may in the future.

- Recommendation
  – Maintain goal of eliminating June 30, 2023 UAAL by 2030.
  – Introduce "layers" in each subsequent valuation that establishes a 10-year payment schedule for each year's unexpected change in the UAAL.
  – Policy Contribution will be the normal cost plus an amortization payment on each outstanding "layer".

Munsey made a motion to introduce "layers" in each subsequent valuation that establishes a 10-year payment schedule for each year's unexpected change in the UAAL; 2nd by Setser. Vote all: Yes.

11. Adjournment

Phillips made a motion to adjourn the meeting; 2nd by Friend. Vote all: Yes. The meeting adjourned at 9:34 a.m. on October 12, 2023.