

# Annual Meeting of the Board of Trustees Minutes

January 19, 2017  
St. Paul, Minnesota

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## **Call to Order**

The Annual Meeting of the Board, as stipulated in Article III, Section 3 of the Association Bylaws, was called to order by President Kunz at 5:33 p.m. The meeting was held in Auditorium F of the SPPS Administration Building located at 360 Colborne Street, St. Paul. Present were:

Matt Bogenschultz  
Feryle Borgeson  
Lori Borgeson

John Kunz  
Mike McCollor  
Michael McKay

Karen Odegard  
James Paddock  
Stephanie Pignato

Trustee Ellis was unable to attend.

Also attending were Jill Schurtz, Executive Director and Christine MacDonald, Deputy Director.

## **Approval of Agenda**

President Kunz asked for a motion to approve the Agenda for the January meeting. *Upon motion by Mr. Borgeson and seconded by Mr. McCollor, the Board voted to approve the agenda.*

## **Approval of Minutes**

*Ms. Odegard moved for approval of the minutes of the December 15, 2016 meeting of the Board. The motion was seconded by Ms. Pignato and so voted by the Board.*

## **Election of Officers**

Mr. Kunz opened the floor to nominations from the trustees for Board officer positions for 2017. The following nominations were made and seconded and the following members duly elected:

<u>Office</u>	<u>Nominee</u>	<u>Motion</u>	<u>Second</u>
President	Mr. Kunz	J. Paddock	M. McCollor
Vice President	Mr. McCollor	J. Paddock	M. McCollor
Secretary	Mr. Bogenschultz	L. Borgeson	K. Odegard
Treasurer	Ms. Borgeson	S. Pignato	J. Paddock

## **Endorsement of Extant Policies of the Board**

*Upon Motion by Mr. Borgeson and seconded by Mr. Bogenschultz, the Board voted to ratify the existing Board Policies and Procedures.*

**Delegates: Standing Committees and St. Paul Teachers' Pension PAC**

President Kunz presented his appointees to the standing Board Committees for the 2017 calendar year as follows:

**Executive Committee** (5): Mr. Kunz, (Chair\*), Mr. McCollor (Vice Chair), Ms. Borgeson (Treasurer), Mr. Borgeson, and Ms. Pignato

**Annuities and Refunds Committee** (3): Mr. Paddock (Chair\*), Ms. Borgeson, Mr. Bogenschultz

**Personnel Committee** (4): Mr. McCollor (Chair\*), Mr. Borgeson, Ms. McKay, and Mr. Paddock

**Investment Committee** (10): Ms. Pignato (Chair\*) for a Committee of the Whole

**St. Paul Teachers' Pension PAC Delegate** (1): Mr. Bogenschultz

**Audit Committee** (4): Ms. Odegard (Chair), Mr. Borgeson, Mr. McKay, and Ms. Pignato

\* Trustees designated as "Chair" organize the committee meetings. The Board Vice President is always the Personnel Committee Chair. The Board Treasurer always serves on the Executive Committee. The Board President serves on all committees, chairing the Executive Committee.

*Upon a motion by Mr. Borgeson, seconded by Ms. Pignato, the Board voted to approve.*

*At 5:48 p.m. upon a motion by Ms. Bogenschultz and seconded by Mr. McKay, the Board voted to recess the meeting for dinner.*

The meeting was reconvened at 7:30 pm, with a presentation by Mr. Jeff Fahrenbruch, Managing Director and Portfolio Manager with Barrow Hanley, a large cap value manager for the Fund.

**Member Questions & Adjournment**

*There being no member questions, at approximately 8:48 p.m., it was moved by Ms. Borgeson, seconded by Mr. Paddock and so voted by the Board that the meeting be adjourned.*

The Board is scheduled to next convene on Wednesday, February 15, 2017, at 9:00 a.m.

*Respectfully submitted,*

Jill E. Schurtz  
Executive Director

**Call to Order**

The meeting was called to order by President Kunz at 9:04 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	John Kunz	Michael McKay	Jim Paddock
Feryle Borgeson	Mike McCollor	Karen Odegard	Stephanie Pignato
Lori Borgeson			

Ms. Ellis was excused from the meeting.

Mr. McCollor joined the meeting at 11:08 a.m.

Also present were SPTRFA staff: Jill Schurtz, Executive Director and Christine MacDonald, Deputy Director.

**Adoption of Agenda**

*Mr. Bogenschultz moved adoption of the agenda. The motion was seconded by Ms. Borgeson and approved by the Board.*

**Market and Portfolio Review – Asset Consulting Group**

Ms. Haley Rives provided the Board with a current market overview, reviewed the Q4 investment performance report, and provided commentary regarding the SPTRFA portfolio. In particular, she noted that the portfolio's very strong calendar year 2016 performance, finishing in the top decile of its peers.

**Approval of Minutes**

*Ms. Odegard moved for approval of the minutes of the January 19, 2017 meeting of the Board. The motion was seconded by Mr. Borgeson and so voted by the Board.*

**Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

**Consent Agenda**

*On motion by Ms. Borgeson, seconded by Mr. McCollor, the Board accepted the consent agenda items listed below.*

***Pension:***           a. CA-2017-10: Report on Benefit Applications

***Financial:***       b. CA-2017-11: Refunds — January 2017  
                      c. CA-2017-12: Refunds — February 2017

                      d. CA-2016-47: Accounting — May 31, 2016  
                      e. CA-2016-48: Accounting — June 30, 2016

**Legislative Update**

Ms. Schurtz presented an overview of recent LCPR meetings, meetings with State Representatives and Senators, and various Legislative staff.

**Executive Director's Report**

Ms. Schurtz outlined a series of items for the Board's information and consideration, including investment portfolio commentary, manager highlights, and personnel updates.

**Investment Committee Update**

Ms. Pignato, Committee Chair, reported no updates.

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no updates.

**Personnel Committee Update**

Mr. McCollor, Committee Chair, reported no updates.

**Audit Committee Update**

Ms. Odegard, Committee Chair, reported no updates.

**Member Questions and Answers & Adjournment**

*Upon motion of Ms. Borgeson and seconded by Mr. McCollor, the Board voted to adjourn at 12:55 p.m. The Board convenes next on **Thursday, April 20, 2017 at 9:00 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director

**Call to Order**

The meeting was called to order by President Kunz at 9:11 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	Lori Borgeson	John Kunz	Jim Paddock
Feryle Borgeson	Zuki Ellis	Michael McKay	Stephanie Pignato
Mike McCollor			

Ms. Odegard was excused from the meeting.

Also present were SPTRFA staff: Jill Schurtz, Executive Director and Christine MacDonald, Deputy Director.

**Adoption of Agenda**

*Mr. McCollor moved adoption of the agenda. The motion was seconded by Mr. Borgeson and approved by the Board.*

**Approval of Minutes**

*Ms. Borgeson moved for approval of the minutes of the February 15, 2017 meeting of the Board. The motion was seconded by Mr. Paddock and so voted by the Board.*

**Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

**Consent Agenda**

*On motion by Mr. Paddock, seconded by Mr. Bogenschultz, the Board accepted the consent agenda items listed below.*

***Pension:***        *a. CA-2017-13: Report on Benefit Applications*

***Financial:***    *b. CA-2017-14: Refunds — March 2017*

*c. CA-2017-15: Refunds — April 2017*

**Update Re Annual Audit Report – FYE June 30, 2016**

Ms. Amy Ames, Ms. Nicole Litzner and Ms. Samantha Lee of the Office of the State Auditor (OSA) presented the FY 2016 OSA Governance Exit Conference Report. Ms. Ames gave a summary of the audit process and results, which included reporting that SPTRFA received an unmodified opinion, with no written findings - the highest level of opinion given.

**Legislative Update**

Ms. Schurtz and Ms. MacDonald reviewed SPTRFA's FY 17 legislative objectives and current proposals, as well as the status of recent legislative meetings. They also reviewed specific proposals presented by LCPR Leadership, which included potential plan and benefit modifications. Ms. Schurtz and Ms. MacDonald highlighted a number of these proposals and presented further information regarding the impact on the Fund as well as the possibility of additional legislative funding. The Board noted that discussions regarding the legislative

packages will continue to evolve throughout the remainder of the session. The Board authorized Ms. Schurtz to continue to negotiate and pursue a legislative outcome in the best interest of the Fund, pending Board review of final terms.

**Executive Director's Report**

Ms. Schurtz provided brief comments regarding the portfolio and individual managers.

**SPPS Update**

Ms. Ellis gave a brief update regarding SPPS and specific areas of focus. In particular, the SPPS Board is focused on hiring the new Superintendent, with a Board vote occurring later in the day. Among other things, the new Superintendent will be tasked with revitalizing declining enrollment, facing challenges presented by charter schools, balancing the budget, and reinvigorating the SPPS system. The Board discussed the fact that SPTRFA would likely see higher than normal retirement applications / member terminations in FY 17 as a result of the turmoil the system has experienced over the past several years.

**Draft FY 2018 Preliminary Budget Presentation**

Ms. Schurtz, Ms. McDonald, and Ms. Williams gave a brief overview of the major categories in the FY 2018 budget, with the final SPTRFA budget to be presented at the May 24, 2017 Board meeting.

**NCTR Conference Attendees: Workshop / Conference**

Ms. Schurtz and the Board discussed the 2017 NCTR Workshops and Conferences and potential SPTRFA participants.

**Investment Committee Update**

Ms. Pignato, Committee Chair, reported no update.

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no update.

**Personnel Committee Update**

Mr. McCollor, Committee Chair, reported no update.

**Member Questions and Answers & Adjournment**

*Upon motion of Ms. Borgeson and seconded by Mr. McCollor, the Board voted to adjourn at 2:32 p.m. The Board convenes next on **Wednesday, May 24, 2017 at 9:00 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director

**Call to Order**

The meeting was called to order by President Kunz at 9:12 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	Zuki Ellis	Michael McKay	Jim Paddock
Feryle Borgeson	John Kunz	Karen Odegard	Stephanie Pignato
Lori Borgeson	Mike McCollor		

Also present were SPTRFA staff: Jill Schurtz, Executive Director and Christine MacDonald, Deputy Director.

**Adoption of Agenda**

*Mr. Borgeson moved adoption of the agenda. The motion was seconded by Mr. McCollor and approved by the Board.*

**Legislative Update**

Mr. Brian Rice, SPTRFA legislative Counsel, and Ms. Schurtz gave the Board an overview of recent legislative developments and the status of SPTRFA's legislative proposals.

**Approval of Minutes**

*Mr. Paddock moved for approval of the minutes of the April 11, 2017 meeting of the Board. The motion was seconded by Ms. Borgeson and so voted by the Board.*

**Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

**Consent Agenda**

*On motion by Ms. Odegard, seconded by Mr. Bogenschultz, the Board accepted the consent agenda items listed below.*

***Pension:***        *a. CA-2017-16: Report on Benefit Applications*

***Financial:***     *b. CA-2017-17: Refunds — May 2017*

**Wellington Asset Management – Portfolio Update**

Ms. Elizabeth O'Hara, Senior Relationship Manager, and Mr. Tim Manning, Managing Director, presented an update on the SPTRFA Domestic Mid Cap Growth portfolio and responded to questions from the Board.

**Advantus Capital Management – Portfolio Update**

Mr. John Messing, CFA, Senior Relationship Manager, Matt Richmond, Portfolio Manager, presented an update on the SPTRFA Domestic REIT portfolio and responded to questions from the Board. Additionally, Mr. Richmond requested the Board consider adopting an alternative benchmark that he believes more accurately reflects the portfolio's mandate.

**FY 2018 Budget Presentation**

Ms. Schurtz, Ms. McDonald, and Ms. Williams presented the proposed final SPTRFA budget for FY 2018. Ms. Williams noted that the proposal marks the 4<sup>th</sup> consecutive year of maintaining fiscal discipline with a “flat-to-prior year” budget. Additionally, she highlighted that SPTRFA is expected to complete the FY 17 year under budget once again.

*On motion by Mr. McCollor, seconded by Ms. Odegard, the Board voted to adopt the FY 2018 Proposed Budget.*

**American Federation of Teachers (AFT) Meeting Discussion**

Ms. Odegard led a discussion with the Board regarding the AFT meeting she recently attended.

**Executive Director’s Report**

Ms. Schurtz outlined a series of items for the Board’s information and consideration, including additional discussion regarding legislative meetings and proposals, the investment portfolio, and individual managers. In particular, Ms. Schurtz presented a summary of the terms included in the current draft pension bill, LCPR17-038, which would modify certain plan and benefit terms, provide for significant additional funding, and facilitate SPTRFA reaching a 99% funded ratio.

**Review of FY 2018 Meeting Calendar**

Mr. Kunz led a discussion on the upcoming fiscal year Board meeting calendar and meeting dates for FY ’18 were established.

**Investment Committee Update**

Ms. Pignato, Committee Chair, reported on her recent attendance at the Wellington Equity Seminar. Additionally, Ms. Pignato led a discussion regarding the Advantus request to adopt an alternative benchmark for the Domestic REIT portfolio.

*After a full discussion, on motion by Mr. Paddock, seconded by Mr. Borgeson, the Investment Committee and Board voted to accept the Advantus benchmark recommendation.*

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no updates.

**Personnel Committee Update**

Mr. McCollor, Committee Chair, reminded Board members to complete their Executive Director review forms.

**Audit Committee Update**

Ms. Odegard, Committee Chair, discussed the potential summer audit work plan



**Member Questions and Answers & Adjournment**

*Upon motion of Ms. Borgeson and seconded by Ms. Pignato, the Board voted to adjourn at 2:40 p.m. The Board convenes next on **Tuesday, June 13, 2017 at 9:00 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director

### **Call to Order**

The meeting was called to order by President Kunz at 5:45 p.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	Lori Borgeson	Mike McCollor	Jim Paddock
Feryle Borgeson	John Kunz	Karen Odegard	Stephanie Pignato

Ms. Ellis and Mr. McKay were excused.

Also present were SPTRFA staff: Jill Schurtz, Executive Director and Christine MacDonald, Deputy Director, and Janet Williams.

### **Adoption of Agenda**

*Mr. Borgeson moved adoption of the agenda. The motion was seconded by Ms. Odegard and approved by the Board.*

### **Approval of Minutes**

*Mr. Paddock moved for approval of the minutes of the May 24, 2017 meeting of the Board. The motion was seconded by Ms. Borgeson and so voted by the Board.*

### **Technology Update**

At the Board's request, Ms. Williams provided an overview of and responded to questions regarding the roles and responsibilities of SPTRFA's major technology vendors/counterparties, including: Sagetec, Barracuda, Corporate Technologies, and US Bank.

### **Finance / Accounting Update**

Ms. McDonald presented an update regarding the status of finance and accounting projects, including preparation for the FY '17 annual audit.

### **Executive Director's Report**

Ms. Schurtz outlined a series of items for the Board's information and consideration, including a review of the legislative session and the status of discussions regarding a potential special session.

### **Personnel Committee Update**

Mr. McCollor, Committee Chair, requested that all Board members complete their Executive Director evaluations by June 9.

### **Member Questions and Answers & Adjournment**

*Upon motion of Mr. Borgeson and seconded by Mr. Paddock, the Board voted to adjourn at 7:45 p.m. The Board tentatively convenes next on **Wednesday, September 20, 2017 at 9:00 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director

### **Call to Order**

The meeting was called to order by President Kunz at 8:10 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	Lori Borgeson	Mike McCollor	Jim Paddock
Feryle Borgeson	John Kunz	Michael McKay	Stephanie Pignato

Ms. Ellis and Ms. Odegard joined the meeting at 8:23 a.m.

Also present were SPTRFA staff: Jill Schurtz, Executive Director, and Christine MacDonald, Deputy Director.

### **Adoption of Agenda**

*Mr. Borgeson moved adoption of the agenda. The motion was seconded by Ms. Pignato and approved by the Board.*

### **Approval of Minutes**

*Mr. Borgeson moved for approval of the minutes of the June 7, 2017 meeting of the Board. The motion was seconded by Mr. McCollor and so voted by the Board.*

### **Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

### **Consent Agenda**

*On motion by Mr. McCollor, seconded by Mr. Borgeson, the Board accepted the consent agenda items listed below.*

***Pension:***        *a. CA-2018-01: Report on Benefit Applications*  
                      *b. CA-2017-18: June 2017 Report on Benefit Applications*

***Financial:***      *c. CA-2017-19: Refunds — June 2017*  
                      *d. CA-2018-02: Refunds — July 2018*  
                      *e. CA-2018-03: Refunds — August 2017*  
                      *f. CA-2018-04: Refunds — September 2017*

### **Private Equity Review – Franklin Park**

Mr. Michael Bacine, Managing Director and Principal, provided an update regarding the organization, key personnel, and assets under management. He then gave an overview of the SPTRFA private equity mandate, current portfolio positioning and performance, and provided a private equity market overview

### **Legislative Update**

Ms. Schurtz provided the Board with a brief update regarding the status of legislative issues regarding pensions, generally, and an update regarding the activities of the LCPR.

**Executive Session: Closed Session**

*At 9:13 a.m., Ms. Odegard made a motion to suspend the regular meeting and move to a closed executive session. The motion was seconded by Mr. Borgeson and approved by the Board. The meeting moved into a closed executive session.*

*During closed session, the Board considered facts relevant to the disability benefit application submitted by Member #23767.*

*During closed session, the Board considered facts relevant to the disability benefit application submitted by Member #20766.*

*Upon motion by Mr. McCollor, seconded by Ms. Odegard, the Board voted to close the Executive Session at 9:53 a.m. and return to the regular meeting agenda.*

**Disability Benefit Determinations**

*Upon motion by Mr. McCollor, seconded by Ms. Ellis, the Board confirmed the action taken during the closed session to defer determination of disability benefits to Member #23767 pending receipt of additional information, which is anticipated to be presented at the November 15, 2017 meeting of the Board.*

*Upon motion by Mr. Paddock, seconded by Mr. Borgeson, the Board confirmed the action taken during the closed session to disapprove the disability benefit application of Member #20766.*

**GRS 2017 Experience Study Overview**

Ms. Bonnie Wurst, Actuary and Senior Consultant, presented an overview of SPTRFA's draft experience study. Ms. Wurst noted that the majority of the findings are consistent with the key areas the Board has been considering and taking action on for the preceding two legislative sessions. The areas with the biggest impact are mortality and the investment return assumption. Ms. Wurst expects the final report to be presented for the Board's consideration at the next BOT meeting.

**Executive Director's Report**

Ms. Schurtz provided the Board an update on several investment managers.

**Personnel Committee Update**

Mr. McCollor, Committee Chair, reported that there were no issues to address at this meeting, but advised that there would be a meeting of the Personnel Committee at one of the upcoming BOT meetings.

**NCTR Annual Meeting Delegates**

The following were appointed as delegates to the NCTR 2017 Annual Conference: Mr. Kunz, Ms. Schurtz, and Mr. McKay, with Mr. Bogenschultz to serve as an alternate.

**Annual Meeting Proxyholders**

President Kunz appointed Ms. Pignato, Mr. Bogenschultz, and Mr. Paddock as proxyholders for the January 18, 2018 Annual meeting.

**SPPS Update**

Ms. Ellis briefed the Board on key topics to be considered by SPPS during the upcoming year.

**Investment Committee Meeting**

Ms. Pignato, Committee Chair, reported no updates.

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no updates.

**Audit Committee Update**

Ms. Odegard, Committee Chair, reported no updates.

**Member Questions and Answers & Adjournment**

*On motion by Ms. Borgeson, seconded by Ms. Ellis, the Board voted to adjourn at 12:12 p.m.  
The Board convenes next on **Wednesday, November 15, 2017, at 10:30 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director

### **Call to Order**

The meeting was called to order by President Kunz at 10:35 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	John Kunz	Michael McKay	Jim Paddock
Feryle Borgeson	Zuki Ellis	Karen Odegard	Stephanie Pignato
Lori Borgeson			

Mr. McCollor joined the meeting at 10:40 a.m.

Mr. Paddock was excused at 1:37 p.m. and returned 2:58 p.m.

Ms. Pignato was excused at 2:53 p.m.

Also present were SPTRFA staff: Jill Schurtz, Executive Director, and Christine MacDonald, Deputy Director.

### **Adoption of Agenda**

*M. McCollor moved adoption of the agenda. The motion was seconded by S. Pignato and approved by the Board.*

### **Approval of Minutes**

*K. Odegard moved for approval of the minutes of the September 20, 2017 meeting of the Board. The motion was seconded by F. Borgeson and so voted by the Board.*

### **Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

### **Consent Agenda**

*On motion by M. McCollor, seconded by S. Pignato, the Board accepted the consent agenda items listed below.*

***Pension:***           a. CA-2018-05: Report on Benefit Applications

***Financial:***       b. CA-2018-06: Refunds — October 2017  
                      c. CA-2018-07: Refunds — November 2017

### **Market Update and Portfolio Review – Asset Consulting Group**

Ms. Haley Rives provided the Board with a market overview, noting current global equity market strength and continuing challenges for bond markets. She then reviewed the Q1 '18 (FY) investment performance report and highlighted strong absolute performance across the portfolio with some relative underperformance due to the outperformance of growth v. value and lower exposure in the emerging market sector. Ms. Rives also highlighted recent events and ACG's perspective re several managers in the SPTRFA portfolio, including Tortoise, Boston Company, and Guggenheim. In reviewing managers currently on the Watch List, ACG was supportive of removing both Brandywine and Wellington.

**Legislative Update**

Ms. Schurtz provided the Board with a brief update regarding recent legislative activities and meetings.

**2017 Experience Study / Actuarial Valuation - GRS**

Ms. Bonnie Wurst, Actuary and Senior Consultant, presented an overview of SPTRFA's draft experience study and took questions from the Board.

**Economic Interest Statements**

The Board and Staff were reminded that Annual Economic Interest Statements for the Minnesota Campaign Finance and Public Disclosure Board are due to the pension office by 12/31/2017.

**Facilities Update**

Ms. Williams provided the Board an update on several key issues, including the status of SPTRFA's current lease at 1619 Dayton, a review of market comparables, and actions taken to date.

**Fiscal Year 2017 Audit Update**

Ms. MacDonald provided the Board an update on the status of SPTRFA's FY 17 annual audit, with a full review of the US Bank Custodial relationship.

**Investment Committee Meeting & Update**

*At 11:22 a.m. upon a motion by M. McCollor and seconded by J. Paddock, the Board voted to recess the regular meeting and convene a meeting of the Investment Committee, Chairwoman Pignato to preside.*

Ms. Schurtz provided the Board with an overview of organizational events at several investment managers in the portfolio, including: Advantus, Boston Company, Corvex, Guggenheim, and Tortoise. She also discussed Wellington and Brandywine and recommended that they be removed from the Watch List. Ms. Schurtz also requested authorization to increase emerging market exposure through a low-cost approach until such time as a dedicated active manager could be onboarded.

*At 12:20 p.m. upon motion of M. McCollor, seconded by M. Bogenschultz, the Committee voted to adjourn and reconvene the meeting of the Board.*

Ms. Pignato, Committee Chair, presented to the Board the Investment Committee's recommendation to 1) place Guggenheim and Boston Company on watch list due to organizational changes/disruptions; 2) request that Tortoise present at the next available BOT meeting; 3) Redeem in full from Corvex; 4) remove Wellington and Brandywine from the Watch List; and 5) authorize Ms. Schurtz to acquire emerging market exposure.

*On motion by J. Paddock, seconded by K. Odegard, the Board approved the Investment Committee's recommendation.*

**Personnel Committee**

Mr. McCollor, Committee Chair, reviewed with the Board with the Committee current staff compensation levels.

**SPPS Update**

Ms. Ellis briefed the Board on current priorities and activities of the SPPS Board.

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no updates.

**Audit Committee Update**

Ms. Odegard, Committee Chair, reported no updates.

**Member Questions and Answers & Adjournment**

*On motion by Ms. Borgeson, seconded by M. McCollor, the Board voted to adjourn at 3:30 p.m. The Board convenes next on **Wednesday, December 20, 2017, at 9:00 a.m.***

Respectfully submitted,

Jill E. Schurtz, Executive Director



**Call to Order**

The meeting was called to order by President Kunz at 9:10 a.m.

Present for the Meeting were Trustees:

Matt Bogenschultz	Zuki Ellis	Karen Odegard
Feryle Borgeson	John Kunz	Jim Paddock
Lori Borgeson	Michael McKay	Stephanie Pignato

Mr. McCollor joined the meeting at 10:30 a.m.

Also present were SPTRFA staff: Jill Schurtz, Executive Director, and Christine MacDonald, Deputy Director.

**Adoption of Agenda**

*Mr. Borgeson moved adoption of the agenda. The motion was seconded by Ms. Odegard and approved by the Board.*

**Approval of Minutes**

*Mr. Borgeson moved for approval of the minutes of the November 15, 2017 meeting of the Board. The motion was seconded by Ms. Ellis and so voted by the Board.*

**Report on Deaths**

*Ms. MacDonald read and the Board accepted the Report on Deaths.*

**Consent Agenda**

*On motion by Ms. Borgeson, seconded by Ms. Pignato, the Board accepted the consent agenda items listed below.*

***Pension:***           *a. CA-2018-08: Report on Benefit Applications*

***Financial:***       *b. CA-2018-09: Refunds — December 2017*  
                          *c. CA-2018-10: Accounting — July 2017*  
                          *d. CA-2018-11: Accounting — August 2017*  
                          *e. CA-2018-12: Accounting — September 2017*

**Legislative Update**

Ms. Schurtz provided the Board with a brief overview of recent legislative activity.

**FY2017 Annual Audit Update**

Ms. MacDonald provided the Board with an update regarding the status of the Annual Audit.

**Investment Manager Presentation - Tortoise**

Mr. Greg Murphy, Portfolio Specialist, made a presentation to the Board that included a firm, market, and portfolio review. He also briefed the Board on the recent acquisition of Tortoise by Lovell Minnick and the retirement of three of Tortoise's founding partners.

**Executive Session: Closed Session**

*At 12:57 p.m., Ms. Odegard made a motion to suspend the regular meeting and move to a closed executive session. The motion was seconded by Ms. Ellis and approved by the Board. The meeting moved into a closed executive session.*

*During closed session, the Board considered facts relevant to the disability benefit application submitted by Member #23767.*

*Upon motion by Mr. Borgeson, seconded by Mr. McCollor, the Board voted to close the Executive Session at 1:23 p.m. and return to the regular meeting agenda.*

**Disability Application Determination.**

*Upon motion by Mr. McCollor, seconded by Mr. Borgeson, the Board unanimously confirmed the action taken during the closed session, denying a disability benefit to Member #23767.*

**Facilities Update**

Ms. Schurtz provided the Board an update on several key issues, including the status of the SPTRFA office lease.

*Upon motion by Mr. Borgeson seconded by Mr. McKay the Board authorized Ms. Schurtz to execute a 6 month lease extension.*

**Executive Director's Report**

Ms. Schurtz provided the Board an update on several key issues, including a portfolio update.

**Investment Committee Meeting & Update**

*At 1:38 p.m. upon a motion by Mr. Borgeson and seconded by Mr. McCollor, the Board voted to recess the regular meeting and convene a meeting of the Investment Committee, Chairwoman Pignato to preside.*

Given the significance of the Tortoise ownership change, the Committee considered the question of whether Tortoise should be placed on the Watch List and determined that such an action was appropriate.

*At 1:50 p.m. upon motion of Ms. Odegard, seconded by Mr. Paddock, the Committee voted to adjourn and reconvene the meeting of the Board.*

Ms. Pignato, Committee Chair, presented to the Board the Investment Committee's recommendation to place Tortoise on Watch List due to a significant organizational change.

*On motion by Ms. Odegard, seconded by Mr. Paddock, the Board approved the Investment Committee's recommendation.*

**SPPS Update**

Ms. Ellis briefed the Board on recent events and priorities at SPPS.

**Annuities and Refund Committee Update**

Mr. Paddock, Committee Chair, reported no updates

**Personnel Committee**

Mr. McCollor, Committee Chair, reported no updates

**Audit Committee Update**

Ms. Odegard, Committee Chair, reminded the Board of the pending deadline for Economic Interest Statements.

**Member Questions and Answers & Adjournment**

*On motion by Ms. Borgeson, seconded by Mr. Bogenschultz, the Board voted to adjourn at 2:07 p.m. The Board convenes next on **Thursday, January 18, 2018, after adjournment of the Annual Meeting of the Members.***

Respectfully submitted,

Jill E. Schurtz, Executive Director