

**POLICE AND FIREMEN'S RETIREMENT FUND
CITY OF RICHMOND HEIGHTS,
MISSOURI**

REGULAR MEETING, July 8, 2013

A meeting of the Board of Trustees of the Police and Firemen's Retirement Fund was held on Monday, July 8, 2013, commencing at 7:00 P.M in the first floor Conference Room at City Hall, 1330 S. Big Bend Boulevard. Present were Chairman Tim Day, City Manager Amy Hamilton, Steve Holmes, Mike Jones, Steve Kimker and Jerry Rohr. Deb Chanasue was necessarily absent. Scott Colbert, Doug Koester and John Bascio with Commerce Trust were also in attendance. The meeting was recorded by Sara Fox.

CITIZEN COMMENTS

None.

OLD BUSINESS

**Commerce Trust Core Plus Strategy
Fund Distribution Recommendations**

In order to expedite Messer's Colbert, Koester and Bascio attendance at the meeting the Commerce Trust presentation was heard first.

Scott Colbert and Doug Koester of Commerce Trust Company presented the Board with a summary of the Bond portfolio and their proposed Core Plus Strategy recommendations. Mr. Colbert stated that there was no indication yet on raising of rates; is data dependent but feels the Feds are preparing for an exit strategy.

Mr. Colber stated regarding performance, there was a negative quarter here, but noted significantly outperformed your benchmark with some areas doing better than others and also the duration was better. Good longterm consistant performance over the longer time period.

Mr. Colbert stated that there are three things that Commerce has done to keep the Plan in good shape; 1. Short in the market 2. Less mortgages 3. Not deep in the credit market.

Mr. Colbert stated he thought it was evenly weighted but a move to make would be if the actual real interest rate curve jump occurs, they would make some changes.

Mr. Colbert stated it would be difficult to obtain a 3% growth in 2013, but a 0% growth over the 2013-2014 years. would be good because it will allow Commerce to build up more value again.

Mr. Colbert said he was optimistic; financial markets are up, credit spreads are down and interest rates are still very reasonable with consumer confidence is growing as is business confidence.

Mr. Colbert discussed the Core Plus strategy and reported the Core Plus strategy will yield about 2% yield but it will bring the value down, bringing the investments down to BB credit by having 9% of the investments in "junk" bonds. The current investment policy of the Fund allows for 5% in "junk" bonds. The Board stated if they do invest in Core Plus, the investment policy will need to be changed. Mr. Colbert stated the Core Plus Strategy can move earnings easily up or down by 1% over one year. This is adding value over and above the aggregate.

The Board discussed the change, and acknowledged it has some risks, but not widely so.

The Board discussion was to follow the procedure to change policy and decide when to implement the policy change.

Mr. Holmes stated that while it might not be the Board's opinion he personally would like to hold off for a year and see what develops over the next year with the Treasuries. Mr. Holmes stated he was personally comfortable with Commerce's strategy and their approach to it, but is concerned with the market, including the Treasuries. Mr. Holmes noted that we would have to change the policy and there was time in that period to reflect more on whether to put the implementation in effect.

The Board discussed changing the policy and the methods/steps needed to do so such as taking a poll of membership to get input on a policy change, posting of change, etc.

Mr. Day was more in favor of going ahead rather than 'wait a year'.

Mr. Day moved, Mr. Rohr seconded, the recommendation that the investment policy be changed so the Board can invest in Core Plus Strategy. (no vote)

Ms. Fox suggested we could develop the verbiage of the policy change, present that at a future meeting and then follow the procedures necessary such as a posting and public hearing before the Board actually voted on the policy change.

Mr. Holmes stated as he understood it; we would be explore changing the policy, getting input from Commerce on what they think the parameters should be, then the Board would consider it, and then proceed through the standard method of policy changes.

The Board agreed that step should be taken.

(Let the record show the Commerce Trust Company Core Plus Strategy Investment Report will be attached as record of the July 8, 2013 meeting.)

APPROVAL OF MINUTES

May 13, 2013

Ms. Fox stated that there were two corrections. Under **Accounts Payable** there were two Board Members listed as having seconded the motion. Ms. Fox reviewed her notes and made the appropriate correction. Also, under **New Business – Commerce Trust Core Plus Strategy** the underlined portion of the following sentence was added for clarification “Mr. Holmes stated that he would be supportive of a fifty-fifty percent split of the Bond portfolio and would support the Board’s opinion on this decision.”

Ms. Hamilton moved that the minutes be approved as amended, Mr. Rohr seconded, a motion of approval of the minutes of the May 13, 2013 meeting. Carried unanimously.

ACCOUNTS PAYABLE

Pat Villmer – Transcribing Retainer	\$ 50.00
The Daniel & Henry Co. – ERISSA Insurance	\$ 296.00

Ms. Fox informed the Board that although the \$645.00 invoice from Dr. Donald Bassman was included on the agenda again for payment, Dr. Bassman’s IME report on Pat Wieland’s disability medical review is pending receipt. Ms. Fox informed the Board that she has contacted Dr. Bassman’s office on four separate occasions since the May 13th meeting to request receipt of the report or an estimated completion date. She further stated that she informed Dr. Bassman’s office staff that the invoice would not be paid until the report was received.

Ms. Hamilton moved, Mr. Rohr seconded, for the approval of the Accounts Payable sans Dr. Bassman’s invoice. Carried unanimously.

FINANCIAL STATEMENTS

Black Rock Funds Quarterly Report at June 30, 2013
Commerce Trust quarterly Report at June 30, 2013
Silchester International April 2013 Group Trust Report
Silchester International May 2013 Valuation Statement
Silchester International May 2013 Group Trust Report
Silchester International June 2013 Valuation Statement
Vanguard April 2013 Total Return Chart
Vanguard May 2013 Statement
Vanguard May 2013 Total Return Chart
Vanguard June 2013 Statement

Mr. Holmes moved, Ms. Hamilton seconded, a motion that the financial statements as submitted, be received and filed. Carried unanimously.

NEW BUSINESS

Agnes Wainwright Death

Mr. Day noted that Mrs. Agnes Wainwright passed away on March 3, 2013.

Mr. Kimker stated that Mrs. Wainwright was the widow of former Firefighter James Wainwright.

Investment Authorization Resolution

The investment agreements that the Pension Board has with the various investment firms need to be updated with the change in Officers. Prior agreements have authorized the Board Chairman, Vice Chairman, and Treasurer the authority to sell and assign securities.

Board Resolution 13-01 includes Chairman Timothy M. Day, Vice Chairman Gerald Rohr, and Treasurer Amy Hamilton as the officers that are authorized to execute financial transactions on behalf of the Fund/Board of Trustees.

Ms. Hamilton moved, Mr. Holmes seconded, a motion that Board Resolution 13-01 as submitted, be received and filed. Carried unanimously.

Actuary Assumed Investment Rate of Return

The Board discussed the Actuary Assumed Investment Rate of Return. Ms. Fox stated that the Board had discussed this previously but the information needs now to go to the Actuary. Ms. Fox stated the Actuary stated his recommendation was 7.5% or lower.

Ms. Hamilton moved, Mr. Rohr seconded, a motion to tell the Actuary to use 7.5% as the rate. Carried unanimously.

Annual Board Training Requirement in lieu of July 2013 MAPERS Conference Attendance

Board Attorney Josh Richardson was contacted about possibly providing the Board with a tutorial in compliance with the annual training requirements in lieu of the Board attending the July 2013 MAPERS Conference.

Mr. Richardson reported to Ms. Fox earlier today that he will not be attending the MAPERS conference as he has a scheduling conflict on the second day of the conference. Mr. Richardson offered to attend the afternoon session on the first day and provide the Board a tutorial on that session. Ms. Hamilton did not think it was necessary for Mr. Richardson to attend the conference.

Ms. Fox spoke with Joyce Wagner earlier today and asked about the status of the MAPERS 2012 Conference and also if it was possible that the 2013 Conference would be

available on the MOMAPERS.com web site later this year. Ms. Wagner informed Ms. Fox that she would load the MAPERS 2012 and 2013 conference materials on the website at the same time.

Mr. Holmes asked how many hours were required. Ms. Fox reported two hours were required.

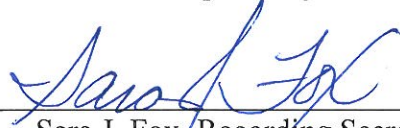
The Board asked if the Commerce Trust presentation and Board discussion about the funding status of the Plan and the upcoming Actuary presentation would count toward the training requirement.

Ms. Fox stated that Mr. Richardson reported to her that it was important for the Board to adopt a policy on how the Board would comply with the training requirements. Ms. Fox will request copies of other retirement plans' policy and provide a draft policy to the Board at the next meeting.

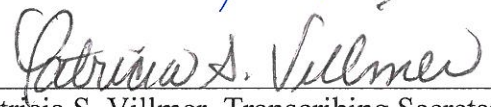
ADJOURNMENT

With no further business to come before the meeting, at approximately 8:15 p.m., Ms. Hamilton moved, Mr. Holmes seconded, a motion that the meeting be adjourned. Carried unanimously.

Respectfully submitted,



Sara J. Fox, Recording Secretary



Patricia S. Villmer, Transcribing Secretary