

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

**REGULAR MEETING, February 13, 2017**

A regular meeting of the Board of Trustees of the Police and Firemen's Retirement Fund was held on Monday, February 13, 2017, commencing at 7:00 P.M in the first floor Conference Room at City Hall, 1330 S. Big Bend Boulevard. Present were Chairman Gerry Rohr, City Manager Amy Hamilton, Tim Day, Steve Holmes, and Mike Jones. Ed Notter and Steve Kimker were necessarily absent. Scott Colbert and Doug Koester with Commerce Trust were also in attendance. The meeting was recorded by Sara Fox.

**CITIZEN COMMENTS**

None.

**NEW BUSINESS**

**Commerce Bank Trust Company Fund Presentation**

In order to expedite Messrs. Colbert, and Koester attendance at the meeting the Commerce Trust presentation was moved to the opening of meeting. Scott Colbert and Doug Koester of Commerce Trust Company presented the Board with the Pension Fund Portfolio. The Fund is currently at \$15.4 Million.

Commerce reviewed the Portfolio vs. Benchmark noting the Fund is performing well with its diversified investment choices but see it just short of the benchmark. The Board asked if changing investment choices, i.e. lowering the quality further would help. Commerce stated they felt the Portfolio included enough of these high yield but sensitive to market place choices as it would not move yield that much of a gain.

Commerce noted they have had the account for at least 20 years now and have seen the Fund become a solid performing portfolio. The Fund showed a great year.

Commerce discussed the economic trends, noting housing is coming back, but rental properties are becoming overbuilt, saying that on a recent trip in New York a real estate broker stated even the New York market was softening.

Mr. Colbert stated the returns aren't expected to be as great as last year. New administration appointees in the financial sector may make a difference. It is hard to tell this early in the new government.

The Board and Commerce discussed pension funds in general and the state of many pension funds are sorely underfunded across the board, both private and government pension funds. This is not the case with our Fund.

Mr. Colbert stated first quarter indices still shows slow growth but market is steady responding to job growth and income as well as favorable credit conditions and are projected to continue into the year. Commerce states with the Trump election, the bond market has reacted to potentially stronger growth, inflation and shows fiscal spending with higher yield levels.

Commerce forecasts the Fed's are expected to raise rates, but at a gradual amount; with two increases projected for 2017. Financial conditions for growth look favorable with employment, wages, energy prices in oil/gas and better financial wealth would support sustained, but slow growth heading into this year.

(Let the record show the Commerce Trust Company Fixed Income Investment Management Report is attached as record of the February 13, 2017 meeting).

**APPROVAL OF MINUTES**

**November 14, 2016**

Ms. Hamilton moved, Mr. Jones seconded, a motion of approval of the minutes of the November 14, 2016 meeting. Carried unanimously.

**ACCOUNTS PAYABLE**

<b>Pat Villmer – Transcribing Retainer</b>	<b>\$ 75.00</b>
<b>James Dahm – Financial Review Services</b>	<b>\$ 1,250.00</b>
<b>McMahon Berger, P.C. – Attorney Services</b>	<b>\$ 352.50</b>
<b>McMahon Berger, P.C. – Attorney Services</b>	<b>\$ 117.50</b>
<b>MAPERS – Annual Dues</b>	<b>\$ 100.00</b>
<b>The Daniel &amp; Henry Co. – Markel Fiduciary Insurance Policy</b>	<b>\$ 4,549.00</b>
<b>City of Richmond Heights – Reimbursement Gabriel, Roeder, Smith &amp; Co. – GASB 68 Update</b>	<b>\$ 5,500.00</b>

Ms. Fox explained to the Board that it is necessary to get an annual update of the Plan's actuary valuation to be published in the Comprehensive Annual Financial Report (CAFR). Gabriel, Roeder, Smith & Co., in years past, did not charge the City for an update of the Plan's actuary valuation. This was the first year that there was a charge for the update. The City and the Pension Plan did not know to include a budget for this update. The City is requesting that, even though the Board also did not budget for this expense, the Board consider paying for this charge, since the City incurred the expense on behalf of the Plan.

Mr. Day moved, Mr. Holmes seconded, for the approval of the Accounts Payable as submitted, be received and filed. Carried unanimously.

**FINANCIAL STATEMENTS**

**Total Fund Assessment – Quarter ending December 31, 2016**  
**AJO Funds November 2016 Statement**  
**AJO Funds December 2015 Statement**

**AJO Funds January 2016 Statement**  
**Commerce Trust funds Quarterly Report at December 31, 2015**  
**Quaker funds Quarterly Report at December 31, 2015**  
**Silchester International November 2016 TFT Statement**  
**Silchester International November 2016 Group Trust Report**  
**Silchester International December 2016 TFT Statement**  
**Silchester International December 2016 Group Trust Report**  
**Silchester International January 2017 TFT Statement**  
**Silchester International January 2017 Group Trust Report**  
**Vanguard October 2016 Total Return Chart**  
**Vanguard November 2016 Statement**  
**Vanguard November 2016 Total Return Chart**  
**Vanguard December 2016 Statement**  
**Vanguard December 2016 Total Return Chart**  
**Vanguard January 2017 Statement**

Ms. Hamilton moved, Mr. Holmes seconded, for the approval of the Financial Statements as submitted, be received and filed. Carried unanimously.

### **OLD BUSINESS**

#### **Widow Marilyn Murray Spouse Benefits and Reimbursement of Ronald Murray Overpaid Benefits**

Mr. Rohr provided an update on Mr. Murray's case. The Board's approved letter outlining different possible repayment plans was mailed to Mrs. Murray on November 15, 2016. Ms. Robin Price with South Central Pension Rights Project, who was acting as legal representative for Mr. Murray, sent a reply to the Plan on December 5, 2016. Ms. Price maintains that Mrs. Murray should not be obligated to reimburse Mr. Murray's overpayment to the Plan. Ms. Price went on to say, if the Board disagrees, Mrs. Murray would prefer that she repay the balance without interest by offsetting her monthly payments by \$550.46 per month through June 2017 (option 2 in the November 15<sup>th</sup> letter).

Ms. Price's letter was forwarded to Board Attorney Joshua Richardson on December 5<sup>th</sup> and asked to review Ms. Price's argument and provide the Board with a response. Mr. Richardson delayed in sending a reply. Mr. Rohr on January 26, 2017 instructed Mr. Richardson, via email, that the Plan would begin paying Mrs. Murray per option 2 unless otherwise instructed by Mr. Richardson. Mr. Richardson did not send a reply. Commerce Trust was instructed to begin paying Mrs. Murray's benefits at the end of February. Mrs. Murray's first benefit distribution would include \$579.74 for March 2017, and \$3,478.44 in back pay from September 2016 through February 2017. These payments are net of the \$550.46 monthly repayment. A letter was sent to Mrs. Murray instructing her that authorizing the release of these benefits did not constitute a resolution on the case of the overpayment refund.

Mr. Richardson, on February 9<sup>th</sup>, sent a response letter addressed to Ms. Price for the Board's review. The letter maintains that Mrs. Murray is obligated to reimburse the Plan

for the overpayment paid to Mr. Murray, if this repayment is not fulfilled the Plan could face potential disqualification and in turn loss of tax qualified status.

Mr. Rohr asked the Board to authorize Mr. Richardson to send the letter to Ms. Price.

The Board agreed Board Attorney Joshua Richardson's letter be mailed to Ms. Price with South Central Pension Rights Project.

### **Investment Goals & Objectives Policy Update**

The Board, at the November 14, 2016 meeting, voted in favor of updating the Plan's Investment Goals & Objectives Policy. Ms. Fox provided the Board with the following wording for the update and asked to Board to adopt the change or provide edits to the recommended wording for adoption.

- The selection of individual securities will be at the discretion of the investment manager, except that bonds must have a minimum quality rating of Baa/BBB and the portfolio shall have a total quality of A- or higher. The portfolio total quality benchmark rating methodology used shall be based on the recommendation of the Bond Investment Manager. Money market instruments shall be 2(a)7 funds.

Mr. Holmes moved, Ms. Hamilton seconded, a motion of approval of the updated wording of the Plan's Investment Goals & Objectives Policy. Carried unanimously.

### **Former Police Officer Benjamin Dunlap Contribution Refund**

Former Police Officer Benjamin Dunlap contacted the City on Monday, December 19, 2016 to request a refund of his contributions to the Pension Plan. Mr. Dunlap resigned on January 25, 2009.

Mr. Dunlap's total contributions to the Plan plus 5% interest were \$5,430.08. Mr. Dunlap has withdrawn these contributions. This refund was included in the 2016/17 fiscal year budget.

Ms. Fox stated that there are only three former employees that have left their contributions in the Plan. Ms. Fox includes a possible refund of these contributions plus 5% interest in the budget projections each year until the contributions are refunded.

### **NEW BUSINESS**

#### **Mike Jones Reappointment**

Mr. Rohr stated that the Richmond Heights City Council reappointed Mike Jones to the Pension Board on December 5, 2016. Mr. Jones' term will end December 1, 2018.

### **Donation from Ms. Jill Diesman**

Mr. Rohr stated that the Police Department received a \$200 donation from Ms. Jill Diesman.

Ms. Fox stated that Ms. Diesman's mother Ms. Boz Kallus sent a donation to the Police Department annually. This year and last Ms. Diesman sent the donation in memory of her mother. The donation was forwarded to the Pension Plan so that all public safety officers would benefit.

### **New Hires: Police Officer Allison Brown Police Officer Matthew Karl**

Mr. Rohr reported that the Richmond Heights Police Department hired two new Police Officers Allison Brown and Matthew Karl. The start date for both employees was December 5th.

Ms. Brown was previously a Patrol Officer with the St. Louis County Police Department. Ms. Brown graduated from Lindbergh High School, and she holds a Bachelor's degree in Justice Systems from Truman State University.

Mr. Karl was previously a Police Officer with the City of Clayton and prior to that a Patrol Officer with the St. Louis County Police Department. Mr. Karl graduated from Northwest High School in Cedar Hill and holds a Bachelor's degree in Crime and Society from Missouri State University.

### **Retiree Paul Hale Contribution Refund**

Retiree Paul Hale's 60<sup>th</sup> birthday was January 16, 2017. Per the Plan rules, Mr. Hale was eligible to receive his contributions to the Plan on or after January 16<sup>th</sup>. Section 200.345 item C states;

"A permanently and totally disabled employee who elects, applies and qualifies for disability retirement is not eligible for the refund of employee's contributions until said disabled employee reaches sixty (60) years of age or the thirtieth (30th) anniversary date of his/her employment, whichever is sooner."

Mr. Hale's total contributions to the Plan were \$40,108.04. Mr. Hale has withdrawn these contributions.

### **Police Officer Paul Koehnemann Contribution Refund**

Police Officer Paul Koehnemann submitted his resignation from the City's Police department. His last day was January 13, 2017. Mr. Koehnemann's contribution refund was \$849.03. He has withdrawn these contributions.

### **2017/18 FYE Benefit Increases**

Ms. Fox stated that the City provided full time employees a 4.4% Market Adjustment during the prior fiscal year. A market adjustment works like a Cost of Living Adjustment (COLA) as it increases the pay on the City's Step & Grade pay scale. All eligible retiree's receive COLA increases; therefore, benefit increases were calculated at 4.4% for all pre-1986 retirees, and retirees in the 1986, 2000, 2003, & 2006 Plans who are not receiving full social security benefits.

The Board received a report that itemized the benefits that each retiree would be receiving July 1, 2017.

Mr. Holmes moved, Mr. Jones seconded, the motion to approve the July 1, 2017 benefit increases as presented. Carried unanimously.

### **2017/18 Proposed P&F Pension Budget**

Ms. Fox explained the budget projections. The property taxes are neutral from the current year. Investments income is calculated at 6.5%. Pension Benefits included the 4.4% increase in benefits, no retirements are anticipated in the next fiscal year, approximately \$43,600 in contribution refunds for non-vested employees that resigned and have left their funds in the Plan (this includes 5% interest thru June 30, 2018), and two to three possible resignations of employees that are not vested and may withdraw their contributions to the Plan (based on prior year averages). An actuary report will be necessary next year. Slightly lower legal fees are projected as Mr. Murray's case should be resolved during the current fiscal year. The remaining items are neutral from the prior year.

Ms. Fox asked that if the Board was comfortable with these projections, to please adopt the Budget.

Mr. Holmes motioned, Mr. Jones seconded, that the proposed budget be accepted. Carried unanimously.

### **ADJOURNMENT**

With no further business to come before the meeting, at approximately 8:05 P.M., Mr. Holmes moved, Mr. Jones seconded, a motion that the meeting be adjourned. Carried unanimously.

Respectfully submitted,

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Sara J. Fox, Recording Secretary

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Patricia S. Villmer, Transcribing Secretary