

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

REGULAR MEETING, August 27, 2021

A regular meeting of the Board of Trustees of the Police and Firemen's Retirement Fund was held on Friday, August 27, 2021, commencing at 11:30 A.M in the second floor Council Chambers at City Hall. Present were Chairman Gerry Rohr, Vice Chairman Steve Niemeier, City Manager Amy Hamilton, Tim Day, Danny Hebenstreit, Steve Holmes, and Mike Jones. Scott Colbert and John Bascio with Commerce Trust were also in attendance. Cheryl Beebe-Snell and Jeffrey R. Schmitt with Danna McKitrick, P.C. Attorneys at Law joined the meeting at approximately 12:15 P.M. via Zoom. 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 Bascio attendance at the meeting the Commerce Trust presentation was moved to the opening of the meeting.

Scott Colbert Commerce Trust Company presented the Board with the Pension Fund Portfolio. The Fund is currently at \$18.3 Million.

Commerce manages an investment grade bond fund for the Pension's fixed income investments. They manage it to beat the average fund. When analyzing the fund's performance they use the BBG Barclays Aggregate as the benchmark. The BBG Barclays Aggregate is the S&P 500 of the bond market.

The percentage distribution of the portfolio is on page 3 of the report. Slightly more than half is invested in Corporates 61.02%, the remaining is distributed among Treasuries 14.87%, Agencies 3.38%, Asset-Backed 0.35%, Mortgages 8.63%, Municipal 11.66%, and Cash 0.09%. The Yield To Maturity (YTM) for the portfolio is 1.45% compared to Barclays at 1.37%.

Commerce is investing with short duration, approximately 7.5 years. This is approximately 1 year short of the benchmark. This will protect the portfolio from being locked into a lower rate when rates begin to grow.

Mr. Colbert noted that on page 4 the Plan has 0.26% in investments ranked below BBB. These are investments that were downgraded after they were purchased. They are still expected to payoff although they bear more risk. The remaining bonds are very high quality.

The Portfolio Performance Comparison graph on page 5 shows the Plan gained 2.22% for the last quarter, 2.15% net of fees. The index earned 2.16%.

The Duration-Adjusted Excess Returns graph on page 6 shows the 2021 YTD credit market performed better than a pure treasury bond by 1.56 basis points.

Mr. Colbert stated that inflation is peaking. The drivers of disinflation are still there; people work cheap, supply is delayed due to COVID, energy is inexpensive, technology is better than ever before. Salaries have not grown as much as inflation, we have negative real wage growth.

The stock market has grown approximately 40% over the past 18 months since January 2020. Bonds have come down so the value in the financial market isn't as good. The outlook on the economy is very good. Referring to page 3 of the 2021 Economic Outlook and Financial Market Update report, the outlook of the global growth will more than eclipse what was lost last year. The bounce back is strong and it will be better than most people expect. We are already better off than we were pre-pandemic in terms of Gross Domestic Product (GDP), as can be seen on the graph on page 4. In approximately 3 years, when the pandemic will be done, we will be better off than the great recession and the two previous recessions.

Page 5 you can see the unemployment rate is down approximately 8% since April 2020.

Page 6 there are 5.5 million fewer workers today than there was prior to the pandemic. We are approximately 9 million less jobs today than we would normally have. We only lost 9.1 million jobs during the last great recession. Where have they gone? There are 3 reasons: 1) early retirements, 2) unemployment benefits are good, and 3) some people have not returned to the job market because they are afraid of COVID. It will take a while for this to recover.

Page 7 shows the stimulus numbers. The amount is so big, it's \$18,000 per person in this country both directly and indirectly. As a result, the credit card debt dropped and there were more car sales. The government will pull the stimulus back. Page 9 shows that the consumer is so much better off. There is an increase of \$2 trillion in excess savings. This is approximately 9% in savings. Over the next 3 years this savings will be spent. This is a growth of approximately 5% a year. That is better than the pre-pandemic rate of approximately 4%. This is why the economy is so much better off.

Page 28 shows the housing and stocks relative to the GDP. The total combined housing and listed market cap is approximately 340% today compared to approximately 290% in 2000 and 2007. Approximately 65% of the wealth is in your house and stock portfolio. The reason for this increase is that consumers have more opportunities on what to do with their money. Back in 2000 and 2007 Treasuries had a 5% return, today they have a 1.5% return. What does this mean to the Plan's portfolio? Recognize that you will need to rebalance to the extent that stocks will continue to increase.

With no further questions, Mr. Rohr thanked Messrs. Colbert, and Bascio for attending the meeting.

(Let the record show the Commerce Trust Company Fixed Income Investment Management Report and the 2021 Economic Outlook and Financial Market Update report are attached as record of the August 27, 2021 meeting).

APPROVAL OF MINUTES

April 29, 2021

Mr. Holmes moved, Mr. Day seconded, a motion of approval of the minutes of the April 29, 2021 meeting. Carried unanimously.

ACCOUNTS PAYABLE

Daniel & Henry – ERISA Insurance Renewal	\$ 1,799.00
UMASS Medical School – Implementation Costs	\$ 5,000.00
James Dahm – Total Performance Review at 3/31/21	\$ 2,500.00
James Dahm – Total Performance Review at 6/30/21	\$ 2,500.00
UMASS Medical School – J.Soltysiak Medical Review	\$ 3,764.00
Panera – Lunch Order	\$ 125.34

Ms. Hamilton moved, Mr. Niemeier seconded, for the approval of the Accounts Payable as submitted and be received and filed. Carried unanimously.

NEW BUSINESS

Ms. Cheryl Beebe-Snell and Mr. Jeffrey R. Schmitt with Danna McKitrick, P.C. Attorneys at Law joined the meeting at approximately 12:15 P.M. via Zoom. In order to expedite their attendance at the meeting their presentation was heard upon their joining the meeting.

Danna McKitrick, P.C. Attorneys at Law

Mr. Rohr introduced Cheryl Beebe-Snell and Jeffrey R. Schmitt with Danna McKitrick, P.C. Attorneys at Law.

Mr. Rohr asked Ms. Beebe-Snell and Mr. Schmitt to provide a presentation to the Board of the services that they provide.

Ms. Beebe-Snell stated that some of the services they provide are:

- Review the Plan language and policies for compliance and updates if needed
- Advise the Board on interpretation of the language
- Work with the Board and possibly the Actuary on Benefit changes

- Review, advise, and update investment paperwork to ensure that they are consistent with the policy
- Handel Quadro (QUALified Domestic Relations Order) requests
- Assist with Funding issues
- Assist with Benefit issues
- Assist with Sunshine requests

Ms. Beebe-Snell primarily works with clients by coordinating all transactional legal needs. She handles special circumstances by performing thorough due diligence, offers evaluation, and negotiations.

Mr. Schmitt stated that he has been with the firm for 20 years. During that time he has worked with Pension Plans on litigations, Plan evaluations, language updates, disputes, benefits, proper funding, and represents plan trustees and administrators in defending against claims arising from their fiduciary duties.

Ms. Beebe-Snell asked if the Plan provided for Quadro's?

Mr. Rohr stated that the Plan does not recognize Quadro's.

Ms. Beebe-Snell stated that they first would review the Plan then meet to present possible updates and answer questions.

The Board discussed services that the firm could provide and requested names of other municipalities that they have provided services.

Ms. Beebe-Snell stated that she will provide names of other municipalities after she confirms that they are agreeable to releasing their information.

Mr. Rohr stated that the Board may not need their services for extended periods of time. He asked if that is something that is common and can they accommodate this need.

Ms. Beebe-Snell stated that extended time between service requests is not a problem.

Mr. Rohr asked how many attorney's the firm employees.

Mr. Schmitt stated that there are about 20 attorneys.

Ms. Beebe-Snell stated that they may use paralegals to assist with clients to save the client on costs.

Mr. Rohr stated, with no further questions from the Board, he would contact Ms. Beebe-Snell after the meeting on next steps.

Mr. Rohr thanked Ms. Beebe-Snell and Mr. Schmitt for their attendance at the meeting.

OLD BUSINESS

Fire Battalion Chief John Soltysiak Duty Disability

CLOSED SESSION

Mr. Day moved that the Board hold a closed meeting of the Richmond Heights Police and Fire Pension Board pursuant to Subsections (5) of Section 610.021, RSMo, on the agenda items listed below:

- Non-judicial mental or physical health proceedings involving an identifiable person, including medical, psychiatric, psychological or alcoholism or drug dependency diagnosis or treatment

Ms. Hamilton seconded the motion. Voice vote, Yeas: Gerry Rohr, Danny Hebenstreit, Tim Day, Steve Niemeier, Amy Hamilton, Mike Jones, Steve Holmes. Nays: None. Carried unanimously.

The Board entered a closed session at 12:55 pm. Ms. Fox was excused from the closed session.

The regular meeting resumed at 1:47 pm. Ms. Fox rejoined the meeting.

Mr. Rohr stated that the Board voted, and the vote was: Mr. Holmes moved, Mr. Hebenstreit seconded that the Board vote on authorizing Mr. Soltysiak's duty disability application. A roll call vote was taken. The votes were, Yeas: Steve Niemeier. Nays: Gerry Rohr, Amy Hamilton, Steve Holmes, Tim Day, Danny Hebenstreit, Mike Jones. The application for duty disability benefits was denied.

FINANCIAL STATEMENTS

Total Fund Assessment – Quarter ending March 31, 2021
Total Fund Assessment – Quarter ending June 30, 2021
Commerce Trust Quarterly Report at June 30, 2021
AJO Funds April 2021 Statement
AJO Funds May 2021 Statement
AJO Funds June 2021 Statement
AJO Funds July 2021 Statement
AJO Funds August 23, 2021 Redemption
Eastern Shore April 2021 Statement
Eastern Shore May 2021 Statement
Eastern Shore June 2021 Statement
Eastern Shore July 2021 Statement
Grandeur Peak Quarter ending June 30, 2021 Statement
Grandeur Peak July 31 & August 3, 2021 Account Value
Silchester International April 2021 Statement
Silchester International April 2021 Group Trust Report
Silchester International May 2021 Statement
Silchester International May 2021 Group Trust Report

**Silchester International June 2021 Statement
Silchester International June 2021 Group Trust Report
Silchester International July 2021 Statement
Silchester International July 2021 Group Trust Report
Vanguard April 2021 Total Return Chart
Vanguard April 2021 Statement
Vanguard May 2021 Statement
Vanguard June 2021 Statement
Vanguard July 2021 Statement**

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

UMASS Contract for Services

The Board received a signed copy of the contract between the University of Massachusetts (UMASS) and the Pension.

Mr. Rohr stated that there was an initial \$5,000 fee to setup the infrastructure, the secure internet access, and access to their database. The fee per event will be approximately \$3,000.

Ms. Hamilton stated that she was surprised that their fee was so low compared to fees that have been paid on past IME's. Prior costs were approximately \$3,000 per physician per application.

**Pension Rules & Regulations Chapter IV
Credited Service Draft Update**

Ms. Fox reminded the Board that at the April 29th meeting she asked the Board to update the Plan's Rules and Regulations to include refunding a new retiree's contribution refund upon their retirement, if they retired after 29 years and six months. She was not refunding the contributions until the retiree reached their 30th anniversary of employment with past retirees, regardless if they retire six months early.

The proposed language was provided to the Board. The updated section is in red print below:

CHAPTER IV
CREDITED SERVICE

A vested employee having applied for Retirement Fund benefits shall be credited with one full year of service in his or her 30th year of employment provided said employee has actually served at least six months of his or her 30th service anniversary year. Time off due to authorized absences, such as sick leave or duty related injury or illness, shall be counted as credited service. **This section shall apply to voluntary retirement benefit payments and refund of contributions.** Nothing herein shall contradict the provisions of 29 U.S.C. Sec. 2601, et seq. (The Family Medical Leave Act of 1993 -- FMLA).
This Chapter Amended 11-10-08.

Ms. Hamilton moved, Mr. Holmes seconded, to receive and file the update to the Pension Rules and Regulations. Carried unanimously.

**Firefighter / EMT Gary McKee
Regular Retirement Application**

Mr. Rohr stated that Firefighter / EMT Gary McKee submitted his Application for Regular Retirement. The application was received Thursday, July 8, 2021. It was forwarded to the Board on the same day via email; thus, starting the 30 to 90 day filing period with the Board per section 200.310 of the Plan. Mr. McKee requested that his benefits begin on August 9th, 30 days after his application submittal.

Mr. McKee served 29 years and six months with the City's Fire Department. His last day with the Fire Department was July 23rd. His annual benefits will be \$50,677.10. He Mr. McKee received a lump sum contribution refund of \$48,778.42.

Mr. McKee's Application was accepted and filed by the Board.

**Firefighter / Paramedic Aaron Stock
Duty Disability Application**

Mr. Rohr stated that Firefighter / Paramedic Aaron Stock submitted his Application for Duty Disability Retirement benefits.

Mr. Day asked what injury did Mr. Stock sustain.

Mr. Rohr stated that he injured his ankle and wrist on a fall. Mr. Rohr also informed the Board that Mr. Stock's application and the medical records have been forwarded to UMASS.

Mr. Niemeier asked if the workers compensation doctor's recommendation would be included as one of the IMEs.

Mr. Rohr stated that three medical evaluations from UMASS would still be solicited. It would not be necessary to obtain an IME. The workers compensation doctor's records would be used in lieu of an IME.

ERISA Insurance Policy

The Board received a copy of the 2021 ERISA Insurance Policy. The Board is protected up to a \$2,000,000 limit with a \$5,000 deductible.

**Police Officer Allison Brown
Contribution Refund**

Police Officer Allison Brown's last day with the City of Richmond Heights' Police Department was May 31, 2021. Ms. Brown's contribution refund is \$9,280.68. Ms. Brown has received her refund.

**Police Officer John Baumgartner
Contribution Refund**

Police Officer John Baumgartner's last day with the City of Richmond Heights' Police Department was August 22, 2021. Mr. Baumgartner's contribution refund is \$14,736.71. Mr. Baumgartner's contributions are pending distribution.

**Firefighter/Paramedic Garrett Railey
Contribution Refund**

Firefighter/Paramedic Garrett Railey's last day with the City of Richmond Heights' Fire Department was July 29, 2021. Mr. Railey's contribution refund is \$698.72. Mr. Railey's refund is pending distribution.

**New Hires:
Firefighter/Paramedic Curtis Peffermann
Firefighter/Paramedic Kyle Milligan
Police Officer Darren Shaw – Rehire
Police Officer Demetrius Pride
Police Officer Tanner Sandifer**

The Richmond Heights Fire Department hired two new employees. FF/P Curtis Peffermann's start date with the department was May 26, 2021. FF/P Kyle Milligan's start date with the department was August 16, 2021.

The Richmond Heights Police Department hired three new employees. P.O. Demetrius Pride's start date with the department was July 26, 2021. P.O. Tanner Sandifer's start date with the department will be September 6, 2021.

The Police Department also rehired P.O. Darren Shaw on June 28, 2021, 11 weeks after his departure. Mr. Shaw had resigned from the Department April 11, 2021. He withdrew his contributions to the Pension Plan. The gross amount was \$2,837.51, Commerce Trust withheld 20% for taxes and penalties, leaving a net payment to Mr. Shaw of ~\$2,270. Mr. Shaw requested that he be reinstated in the Pension Plan with his original hire date of September 23, 2019. He has repaid \$709.79 of his original contributions. The City will withhold an additional \$41.72 per paycheck for two years, through July 2023, to finish reimbursing the Plan the remaining \$2,127.72 of his original contributions.

ADDITIONAL BOARD DISCUSSIONS

Investment Management Services

Mr. Rohr informed the Board that Ms. Hamilton, Ms. Fox, and he have been researching an outside organization such as Commerce Trust on providing investment management services. He stated that information would be provided to the Board when the research was completed.

7/1/2021 Actuary Report Update

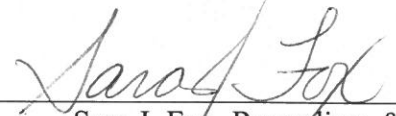
Mr. Day asked when the actuary report would be available.

Ms. Fox stated it would not be available until late fall.

ADJOURNMENT

With no further business to come before the meeting, at approximately 1:57 P.M., Mr. Day moved, Mr. Holmes seconded, a motion that the meeting be adjourned. Carried unanimously.

Respectfully submitted,



Sara J. Fox, Recording &
Transcribing Secretary

