

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS**

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

April 16, 2007

I. ROLL CALL AND ANNOUNCEMENT OF A QUORUM

The April meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 4:35 p.m., Monday, April 16, 2007. The meeting was conducted in the PSRSSTL offices. Cynthia Warren, Vice Chairperson of the Board of Trustees, was the presiding officer.

Roll Call was taken and Trustees Louis Cross, Marlene Davis, Katie Lamb, Katha McKinney, Veronica O'Brien, Lois Jean Turner and Cynthia Warren were present. The Board of Trustees had a quorum at the meeting. Trustee Joseph Clark joined the meeting in progress. Trustees Christina Bennett, Donald Glenn and Paulette McKinney were absent.

Executive Director, Andrew Clark, Accounting Specialist, Marty Winters, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Actuary, Jim Rubie, PSRSSTL Auditor, Thomas Helm, Huber Ring Helm & Co. representative, Brenda Shepard, and a large number of interested parties were also in attendance.

II. APPROVAL OF MINUTES FROM LAST MEETING

Marlene Davis made a motion, seconded by Katha McKinney, to approve the minutes of the Board of Trustees Regular Meeting of February 26, 2007. Trustee Turner clarified that Marlene Davis is not the Chair of the Board of Trustees and only acted as Chair at the February meeting. Trustee O'Brien informed the Board of Trustees that she had made numerous attempts to get a response to the letters sent to the Board of Education regarding the annual contributions for 2007. The Vice Chairperson acknowledged the clarification to the minutes made by Trustee Turner.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Veronica O'Brien	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With seven yes votes, motion carried.

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

The Vice Chairperson mentioned two letters to the Board of Trustees contained in the board packet. The Executive Director referred the Trustees to a letter from active member Linda Benoit, to a letter responding to Ms. Benoit's letter, stated that her concerns had been addressed and that the Actuary would be giving a report regarding the DROP plan. The Executive Director referred the Trustees to a letter from the SLPS Superintendent and indicated that the Attorney responded to the letter after the board packet was mailed and that a copy was mailed to the Trustees. The Trustees acknowledged the letters and there was no discussion by the Trustees regarding the communications.

IV. PRESENTATIONS BY INTERESTED PARTIES

Retiree Jackson Windom III read a document to the Board of Trustees concerning the impact on the Retirement System as the result of the loss of the St. Louis Public Schools' accreditation, particularly on communications between PSRSSTL and SLPS, Board of Education contributions and Charter Schools. Retiree Erma Nevels read a

question to the Board of Trustees about using office space in the Retirement System building for meetings. The Executive Director will see that the interested parties receive responses.

V. CONSENT AGENDA

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits of February and March 2007.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Yes
Lois Jean Turner	Yes	Cynthia Warren	Yes		

With eight yes votes, motion carried.

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Refunds and Bills of February and March 2007.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Yes
Lois Jean Turner	Yes	Cynthia Warren	Yes		

With eight yes votes, motion carried.

VI. UNFINISHED BUSINESS

Lois Jean Turner read a report to the Board of Trustees. Trustee Turner stated she strongly disagrees with the cost figure of increasing the health insurance subsidy presented by the Actuary at the December 2006 Board of Trustees Regular Meeting, discussed the COLA for 2007, and stated her concern regarding the new Board of Education governance. Trustee Turner stated that the Actuary has not submitted a new letter of clarification and engagement as the result of the merger of CCA Strategies with JP Morgan. Trustee Turner apologized to the Executive Director for the lack of a quorum at a Telephonic Budget Committee Meeting earlier in the year. Trustee O'Brien discussed the impact of the intervention by the State at SLPS on the PSRSSTL Board of Trustees. There was further discussion on the impact of the intervention. Trustee Davis suggested that the Trustees not discuss issues out of the control of the board. Trustee Clark discussed the health insurance subsidy and the cost of a COLA for 2007. The Vice Chairperson called for a point of order and instructed the Trustees to hold their questions until the Report of the Actuary.

VII. REPORT OF THE CHAIRPERSON

None

VIII. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director introduced the Auditor, Thomas Helm, of Huber Ring Helm & Co. to present the audited financial statements for years ending December 31, 2005 and December 31, 2006. The Auditor and the representative from Huber Ring Helm & Co. presented the audited financial statements for December 31, 2005 and December 31, 2006, by reviewing and highlighting important information in the pages of the report mailed with the board packet. The Vice Chairperson instructed the Trustees to hold their questions until the conclusion of the presentation, allowing for points of clarification. There were questions from the Board of Trustees that the Auditor

and the representative answered satisfactorily. The Auditor stated that the audit was clean and that the numbers show that the retirement system is financially sound. There was further discussion on the audited financial statements. An entire copy of the financial statements is attached.

The Executive Director introduced the Actuary to present and discuss current issues with the Deferred Retirement Option Plan (DROP). The Actuary discussed the active member versus retired member inconsistency with DROP and clarified the implications on retirement when a member participates in the plan. For calculation of future benefits the member is technically retired because the retirement benefit is being deferred into an account to be paid to the member when they begin collecting benefits. The Actuary and the Executive Director answered questions and there was further discussion on the affects of DROP on retirement benefits.

The Executive Director reported on the building status and leasing of the office space. The Executive Director referred the Board of Trustees to a memo regarding the renewal of the fiduciary liability and crime insurance. The Executive Director summarized the memo and asked the Vice Chairperson to entertain a motion to approve the renewal.

Louis Cross made a motion, seconded by Katha McKinney, to renew the fiduciary liability and crime insurance for the Retirement System. There was discussion on the cost of the renewal, going out for bids and the process the Retirement System went through two years ago.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Abstain
Lois Jean Turner	Yes	Cynthia Warren	Yes		

With seven yes votes, and one abstention, motion carried.

There was extended conversation on whether the Retirement System should go out for a formal RFP or get more informal bids for the 2007 fiduciary liability and crime insurance.

Louis Cross made a motion, seconded by Katha McKinney, to pursue a RFP for fiduciary liability and crime insurance.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Abstain
Lois Jean Turner	No	Cynthia Warren	Yes		

With six yes votes, one no vote, and one abstention, motion carried.

The Executive Director asked the Vice Chairperson to discuss the annual Board of Trustees retreat. There was discussion whether or not to have a retreat this year.

Louis Cross made a motion, seconded by Katha McKinney, to have a board retreat.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Abstain
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Yes
Lois Jean Turner	No	Cynthia Warren	Yes		

With six yes votes, one no vote, and one abstention, motion carried.

Joseph Clark made a motion, seconded by Katha McKinney, to have the retreat the weekend of June 1-3 at Innsbrook, pending availability.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Abstain
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Yes
Lois Jean Turner	No	Cynthia Warren	Yes		

With six votes, one no vote, and one abstention, motion carried.

The Executive Director reported on the Insurance Broker RFP, staffing, the status of the annual contributions from the Board of Education, and the new in-house postage system. There was discussion about the state intervention at SLPS and the annual contributions. The Executive Director asked the Vice Chairperson to discuss whether or not to have an open house for the new building.

Veronica O'Brien made a motion, seconded by Katha McKinney, to have an open house.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Absent	Marlene Davis	Yes
Katie Lamb	Yes	Katha McKinney	Yes	Veronica O'Brien	Yes
Lois Jean Turner	Yes	Cynthia Warren	Yes		

With seven yes votes, motion carried.

IX. REPORT OF THE INVESTMENT CONSULTANT

There was discussion on whether or not Hedge Funds comprised of a 5% or 9% fund allocation. It was determined that it is 9%, with 4% being in a market neutral (T-bills) Hedge Fund. Trustee Davis discussed some issues from the Investment Committee meetings.

X. REPORT OF THE ACTUARY

The Actuary discussed the report made back in December regarding the increase of the health insurance subsidy from \$80 to \$100. The Actuary clarified that the \$5 million figure is total liability and clarified the difference between total liability for the increased subsidy and the cost of the COLA for 2007. There was further discussion on the cost of the \$20 increase in the health insurance subsidy and the importance of the increase to the retirees. The Actuary reminded the Trustees that the board discussed pursuing a COLA rather than a \$20 increase in the health insurance subsidy at the December meeting.

Trustee Turner and the Actuary discussed the funding ratios from the recent newsletter. The Executive Director clarified that he wrote the articles in the newsletter and pulled the information from various sources. There was further discussion on the health insurance subsidy, the building and a COLA.

The Actuary clarified the status of the letter of clarification and engagement regarding the ownership change from CCA Strategies to JP Morgan for Trustee Turner. The name of the actuarial firm will not change to JP Morgan and will remain CCA Strategies.

XI. REPORTS OF THE COMMITTEES OF THE BOARD

The Chair asked for reports from the Chairs of the various committees of the Board of Trustees.

Benefits Committee

None

Budget Committee

None

Investment Committee

Marlene Davis, Chair of the Investment Committee, reported on the Investment Committee meeting of February 21, 2007, and March 15, 2007. The Chair reported on the 2006 Fourth Quarter Investment Summary Report, the search for an international growth equity manager and the training on hedge funds provided by the Investment Consultant at the meeting on March 15, 2007.

Personnel & Professional Committee

None

Rules & Regulations Committee

None

Trustee Travel Commission

Katha McKinney, Chair of the Trustee Travel Commission, encouraged the Trustees to look at upcoming conferences and to get the paperwork in for travel so the Trustees can be well educated.

XII. NEW BUSINESS

There was discussion on building security.

XIII. REPORT OF THE ATTORNEY

None

XIV. ADJOURNMENT

Katha McKinney made a motion, seconded by Louis Cross, to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at 7:20 p.m.

Attachments:

Corrected Meeting Minutes for Board of Trustees Regular Meeting on February 26, 2007
Document from Jackson Windom III dated April 16, 2007, with response
Question from Erma Nevels dated February 26, 2007, letter dated March 1, 2007, 2nd response to question
Retirements, Refunds & Bills Paid January and February 2007
Audited Financial Statements for years ended December 31, 2005 and December 31, 2006
Memo to the Board of Trustees from the Executive Director dated April 16, 2007