

**PUBLIC SCHOOL RETIREMENT SYSTEM  
OF THE CITY OF ST. LOUIS**  
**MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING**  
**August 18, 2008**

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**I. ROLL CALL AND ANNOUNCEMENT OF A QUORUM**

The August meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 4:45 p.m., Monday, August 18, 2008. The meeting was conducted in the 2<sup>nd</sup> floor boardroom of the PSRSSTL office building located at 3641 Olive Street, St. Louis, Missouri. Paulette McKinney, Chairperson of the Board of Trustees, was the presiding officer.

Roll Call was taken and Trustees Christina Bennett, Joseph Clark, Byron Clemens, Katie Lamb, Helen Lynch, Katha McKinney, Paulette McKinney and Veronica O'Brien were in attendance. The Board of Trustees had a quorum at the meeting. Trustee Thaha Menkara joined the meeting in progress. Trustees Rick Sullivan and Cynthia Warren were absent.

Executive Director, Andrew Clark, Accounting Specialist, Terry Mayes, PSRSSTL Investment Consultant, Doris Ewing, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Auditor, Thomas Helm, PSRSSTL Actuary, Jim Rubie, and a large number of interested parties were also present for the meeting.

**II. APPROVAL OF MINUTES FROM LAST MEETING**

Helen Lynch made a motion, seconded by Katha McKinney, to approve the minutes of the Board of Trustees Regular Meeting of June 9, 2008.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Byron Clemens	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Veronica O'Brien	Yes		

With eight yes votes, motion carried.

**III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES**

None

**IV. PRESENTATIONS BY INTERESTED PARTIES**

Active teacher member Paul April revisited the proposal he made to the Board of Trustees at the April board meeting regarding a change to the eligibility requirements or Rule 85 for retirement. Mr. April urged the Board of Trustees to consider his proposal. Retired member Jim Thompson expressed his opinion on a cost-of-living-adjustment (COLA) and urged the Board of Trustees to consider granting a COLA to retirees.

**V. CONSENT AGENDA**

Helen Lynch made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits of June and July 2008.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Byron Clemens	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Veronica O'Brien	Yes		

With eight yes votes, motion carried.

Katha McKinney made a motion, seconded by Thaha Menkara, to approve the Refunds and Bills of June and July 2008.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Byron Clemens	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Thaha Menkara	Yes	Veronica O'Brien	Yes

With nine yes votes, motion carried.

## **VI. UNFINISHED BUSINESS**

None

## **VII. REPORT OF THE CHAIRPERSON**

None

## **VIII. REPORT OF THE EXECUTIVE DIRECTOR**

The Executive Director reported that the retirement office is processing approximately \$15 million in refund distributions during August, of which approximately \$13 million is for the end of the Deferred Retirement Option Plan (DROP). The Executive Director reported that Trustees Katie Lamb and Helen Lynch attended a conference sponsored by the Missouri Association of Public Employees Retirement Systems, and that Thaha Menkara attended a trustee workshop sponsored by the National Council on Teacher Retirement during July. The Executive Director reported that the retirement system was runner up on a proposal made to a firm interested in leasing the office space available in the PSRSSIL building.

The Executive Director introduced the Auditor, Thomas Helm, and a representative, Mike Basler, of Huber Ring Helm & Co. to present the retirement system's most current audited financial statements. The Auditor and the representative presented the audited financial statements for December 31, 2006 and December 31, 2007, by reviewing and highlighting important information in the pages of the report mailed with the board packet. 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. An entire copy of the financial statements is attached.

## **IX. REPORT OF THE INVESTMENT CONSULTANT**

The Investment Consultant presented the Second Quarter 2008 Investment Review from a booklet provided to the Trustees. The Investment Consultant discussed pages 5-8, 10, 28, 30-32 from the booklet. There was discussion on the current market environment, the asset allocation of the fund, the need for a more formalized plan for existing

money managers to make regular presentations to the board, and management fee disclosure in the report. The Investment Consultant concluded the report by reminding the Trustees that there would be discussion and training on the private equity plan at the September Investment Committee meeting followed by presentations from private equity money managers with mezzanine investment strategies at the October Investment Committee meeting. There was an outburst in the audience and the Chairperson cautioned that if it continued certain audience members would be asked to leave the meeting. The Investment Consultant answered all questions satisfactorily.

#### **X. REPORT OF THE ACTUARY**

The Actuary suggested the need for educational training on actuarial methodology, recent changes in the actuarial arena and how retirement benefits are calculated. It was decided that a special Benefits Committee meeting will take place where the Trustees and interested parties are allowed to attend and ask questions. The Chair of the Benefits Committee and the Actuary will work on the meeting format.

#### **XI. REPORTS OF COMMITTEES OF THE BOARD OF TRUSTEES**

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

##### **Benefits Committee**

None

##### **Budget Committee**

Helen Lynch, Chair of the Budget Committee, informed the Board of Trustees that there will probably be a meeting in September.

##### **Investment Committee**

Joe Clark, Chair of the Investment Committee, reported on the meetings of June 11, 2008, and June 26, 2008, where the committee made a recommendation to hire a new core fixed income money manager.

Byron Clemens, made a motion, seconded by Christina Bennett, to adopt the recommendation made by the Investment Committee from the meeting of June 26, 2008, to hire Earnest Partners and invest \$20 million with the firm as a core domestic fixed income money manager. The Chair of the Investment Committee discussed his opinion about hiring Earnest Partners with the Board of Trustees until the Chairperson called the question.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	No	Byron Clemens	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Thaha Menkara	Yes	Veronica O'Brien	Abstain

With seven yes votes, one no vote, and one abstention, motioned carried.

The Chair discussed the downturn in the retirement system's investments and that the numbers reflected in the audit are not the numbers that exist today.

##### **Personnel & Professional Committee**

None

**Rules & Regulations Committee**

None

**Trustee Travel Commission**

None

**XII. NEW BUSINESS**

The Chairperson, Paulette McKinney, made a first reading of proposed amendments to Chapter A, Rule XIV. – Investment Policies from a document. The proposed changes will be brought forward for a second reading at the next regular meeting.

Trustee, Helen Lynch, proposed the formation of an ad-hoc Legislative Committee. There was some discussion on recent legislative changes and how proposed changes are communicated to the retirement system. The Trustees agreed by consensus and the Chairperson appointed Ms. Lynch as the Chair of the new committee.

There was discussion on the status of the payment of the 2008 SLPS employer contributions due by December 31, 2008.

**XIII. REPORT OF THE ATTORNEY**

None

**XIV. ADJOURNMENT**

Katha McKinney made a motion, seconded by Christina Bennett, to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at 7:00 p.m.

Attachments:

- Retirements, Refunds & Bills Paid June and July 2008
- Memo to the Board of Trustees from the Executive Director dated August 18, 2008
- Audited Financial Statements for years ended December 31, 2006 and December 31, 2007, with letters
- Second Quarter 2008 Investment Performance “Flash” Report
- Second Quarter 2008 Investment Review, pp 5-8, 10, 28, 30-32
- First Reading, Proposed Amendments to Rule XIV dated August 18, 2008