

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

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

August 24, 2009

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 4:32 p.m., Monday, August 24, 2009. The meeting was conducted in the 2nd floor boardroom of the PSRSSTL office building located at 3641 Olive Street, St. Louis, Missouri. Katha McKinney, Chairperson of the Board of Trustees, asked Helen Lynch, Vice Chairperson, to preside over the meeting after the call to order.

Roll Call was taken and Trustees Joseph Clark, Katie Lamb, Helen Lynch, Katha McKinney, Rick Sullivan, Sarah Sise and Stephen Warmack were present. The Board of Trustees had a quorum at the meeting. Trustees Paulette McKinney and Thaha Menkara joined the meeting in progress. Trustees Byron Clemens and Veronica O'Brien were absent.

Executive Director, Andrew Clark, Accounting Specialist, Terry Mayes, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Actuary, Jim Rubie, PSRSSTL Auditor, Thomas Helm and a number of interested parties were also in attendance.

II. APPROVAL OF MINUTES FROM LAST MEETING

Joseph Clark made a motion, seconded by Katha McKinney, to approve the minutes of the Board of Trustees Regular Meeting of June 15, 2009.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Rick Sullivan	Yes
Sarah Sise	Yes	Stephen Warmack	Yes		

With eight yes votes, motion carried.

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

The Executive Director read a letter to the Trustees from retiree Rosalynde Scott to Kathryn Lamb dated June 23, 2009. The retiree expressed concern about the need for a 2008 investment versus a COLA or insurance assistance for beneficiaries. The Executive Director will respond to Ms. Scott in writing.

IV. PRESENTATIONS BY INTERESTED PARTIES

Retired member, Kaye Mayer, read a letter to the Board of Trustees regarding the current economy relative to investment decisions by the Board of Trustees, changes in the retirement sector and retirement training. The Executive Director will respond to Ms. Mayer's letter in writing.

V. CONSENT AGENDA

Joseph Clark made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits for June and July 2009.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Rick Sullivan	Yes
Sarah Sise	Yes	Stephen Warmack	Yes		

With eight yes votes, motion carried.

Joseph Clark made a motion, seconded by Katha McKinney, to approve the Refunds and Bills for June and July 2009. The Executive Director clarified several of the bills for the Trustees.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Rick Sullivan	Yes
Sarah Sise	Yes	Stephen Warmack	Yes		

With eight yes votes, motion carried.

VI. UNFINISHED BUSINESS

None

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 retirement system's most current audited financial statements. The Auditor briefly introduced another representative from his firm, Neal Buschmann. The Auditor presented the audited financial statements for December 31, 2007 and December 31, 2008, 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 Actuary answered satisfactorily. The Auditor concluded by stating that the audit was clean and that the numbers reflect a difficult year for the retirement system and financial markets in general.

IX. REPORT OF THE INVESTMENT CONSULTANT

None

X. REPORT OF THE ACTUARY

The Actuary reported on the annual Actuarial Valuation Report as of January 1, 2009, by reviewing an Executive Summary and several pages from the full report. The Actuary explained the main purpose of the report as the

determination of the required annual employer contributions from the Board of Education, the Retirement System, and the Charter Schools. The Auditor noted that Harris-Stowe State College will not have contributions due to the retirement system because the last active member retired in 2008. The Actuary explained that a COLA was not being proposed as part of the valuation because of the negative Consumer Price Index (CPI) so far in 2009. There was discussion on the possibility of the Retirement System granting a COLA for retirees. The COLA issue has been referred to the Benefits Committee for further discussion.

The Actuary explained that despite the fund's poor 2008 investment performance that the required contribution rate for employers decreased due to a number of factors. The Actuary gave examples of these factors such as an increase in employer contributions, the ending of the DROP program, data cleanup and unrecognized investment gains from prior years. These factors affected the Unfunded Actuarial Accrued Liability and the Investment Contingency Reserve and influenced the lower than expected employer contribution rate for 2010.

The Actuary mentioned a possible error in the Expense and Contingency Reserve Policy that the Attorney, the Actuary and the Executive Director need to review and either correct or bring to the Trustees for modification. The Board of Trustees took no action regarding the 2009 Actuarial Valuation Report.

XI. REPORTS OF COMMITTEES OF THE BOARD OF TRUSTEES

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

Benefits Committee

Katie Lamb, Chair of the Benefits Committee, reminded the Trustees that a meeting would be scheduled in September to discuss a possible COLA for retirees and to consider the health insurance renewals for 2010.

Budget Committee

None

Investment Committee

Helen Lynch, Chair of the Investment Committee, reported on the meeting of June 24, 2009, where four credit opportunity investment money managers made presentations. The Chair of the Investment Committee began the report on the Investment Committee meeting of August 20, 2009, where the Committee made a couple of recommendations to the Board of Trustees. The Chair of the Investment Committee stated that there was a recommendation concerning the Investment Consulting Services RFP that might need to be made in Executive Session. Katha McKinney, Chairperson of the Board of Trustees, continued the report of the meeting on August 20, 2009. The Trustees discussed whether to move into Executive Session or not.

Katha McKinney made a motion, seconded by Rick Sullivan, to move into Executive Session.

A roll call vote was taken.

Joseph Clark	No	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	No	Thaha Menkara	Yes
Rick Sullivan	Yes	Sarah Sise	Yes	Stephen Warmack	Yes

With seven yes votes, and two no votes, motion carried and the meeting closed at 6:20 p.m.

Paulette McKinney made a motion, seconded by Katha McKinney, to change the minutes of the Investment Committee meeting of August 20, 2009, to reflect the Investment Committee recommendation to retain NEPC as the Investment Consultant.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Thaha Menkara	Yes
Sarah Sise	Yes	Stephen Warmack	Yes		

With eight yes votes, motion carried.

Katha McKinney made a motion, seconded by Stephen Warmack, to move out of Executive Session.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Thaha Menkara	Yes
Sarah Sise	Yes	Stephen Warmack	Yes		

With eight yes votes, motion carried and the meeting opened at 6:45 p.m.

Joe Clark made a motion, seconded by Stephen Warmack, to accept the recommendation made by the Investment Committee to retain NEPC as the Investment Consultant. The Trustees discussed the motion until the Vice Chairperson called for a vote.

A roll call vote was taken.

Joseph Clark	Yes	Katie Lamb	No	Helen Lynch	No
Katha McKinney	No	Paulette McKinney	Yes	Thaha Menkara	No
Sarah Sise	Yes	Stephen Warmack	No		

With three yes votes, and five no votes, motion failed.

Katha McKinney made a motion, seconded by Stephen Warmack, to accept the recommendation made by the Investment Committee to add a 5% asset allocation to the asset allocation policy for the new credit opportunities asset class.

A roll call vote was taken.

Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Thaha Menkara	Yes	Sarah Sise	Yes
Stephen Warmack	Yes				

With seven yes votes, motion carried.

The Chair of the Investment Committee continued the report and the Trustees discussed the selection of a credit opportunities investment money manager. There was discussion about changing the asset allocation policy and on deferring the money manager decision until the next Investment Committee meeting. There was more discussion on selecting a money manager.

Stephen Warmack made a motion, seconded by Katie Lamb, to hire Loomis Sayles as a credit opportunities money manager. There was discussion on the motion until the Vice Chairperson called for a vote.

A roll call vote was taken.

Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Paulette McKinney	Abstain	Thaha Menkara	Yes	Sarah Sise	Yes
Stephen Warmack	Yes				

With six yes votes and one abstention, motion carried.

Legislative Committee

None

Personnel & Professional Committee

None

Rules & Regulations Committee

None

Trustee Travel Commission

None

XII. NEW BUSINESS

Trustee Paulette McKinney asked the Chair of the Personnel and Professional Committee to schedule a meeting.

XIII. REPORT OF THE ATTORNEY

None

XIV. ADJOURNMENT

Katha McKinney made a motion, seconded by Stephen Warmack, to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at 7:22 p.m.

Attachments:

- Letter from retiree, Rosalynde Scott dated June 23, 2009, with response
- Letter from retiree, Kaye Mayer dated August 24, 2009, with response
- Retirements, Refunds & Bills Paid June and July 2009
- Audited Financial Statements for years ended December 31, 2007 and December 31, 2008
- Actuarial Valuation Report and Executive Summary as of January 1, 2009
- Minutes of the Investment Committee Meeting of August 20, 2009