

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

**MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING**

**December 17, 2007**

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

The December meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 4:50 p.m., Monday, December 17, 2007. 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. Cynthia Warren, Vice Chairperson of the Board of Trustees, was the presiding officer.

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

Executive Director, Andrew Clark, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Actuary, Jim Rubie, and a large number of interested parties were also in attendance.

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

Christina Bennett made a motion, seconded by Katha McKinney, to approve the minutes of the Board of Trustees Regular Meeting of October 15, 2007, Special Board of Trustees Meeting of October 23, 2007, and Special Telephonic Board of Trustees Meeting of November 6, 2007.

By voice vote, motion carried.

**III. SEATING OF NEW BOARD MEMBERS**

The Vice Chairperson recognized the newest Trustee, Thaha Menkara, and welcomed her as an Active Non-Teacher Trustee to the Board of Trustees.

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

The Executive Director read a letter from retired member, Kaye Mayer, regarding a cost-of-living-adjustment (COLA) for retirees, increasing the health care subsidy for retirees from \$80 to \$100, and placing a 5% limit on the retirement system's exposure to hedge funds. The Executive Director stated that a written response will be made to Ms. Mayer.

**V. PRESENTATIONS BY INTERESTED PARTIES**

PSRSSTL retiree Jacqueline Dyer read a letter to the Board of Trustees concerning the recent Retired Teacher Trustee election and a COLA for retirees. PSRSSTL retiree Karen Franz-Cohen read a memo to the Board of Trustees concerning a COLA for retirees, Trustee meeting issues, Trustee elections, the make up of the Board of Trustees, and possible conflicts of interest by Trustees. PSRSSTL retiree Erma Nevels read a letter to the Board of Trustees concerning the use of the PSRSSTL building by retirees. Retiree J. Quinn asked the Board of Trustees about the janitorial services contract for the PSRSSTL building. The Executive Director will respond to the written requests from interested parties in writing.

## VI. CONSENT AGENDA

Helen Lynch made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits of October and November 2007.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Abstain	Veronica O'Brien	Yes	Cynthia Warren	Yes

With eight yes votes and one abstention, motion carried.

Katha McKinney made a motion, seconded by Helen Lynch, to approve the Refunds and Bills of October and November 2007.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Abstain	Veronica O'Brien	Yes	Cynthia Warren	Yes

With eight yes votes and one abstention, motion carried.

## VII. UNFINISHED BUSINESS

None

## VIII. REPORT OF THE CHAIRPERSON

The Vice Chairperson opened the floor for nominations of the 2008 Chairperson and Vice Chairperson of the Board of Trustees. Helen Lynch nominated Paulette McKinney as Chairperson and Marlene Davis seconded the nomination. Christina Bennett nominated Veronica O'Brien and Marlene Davis nominated Katha McKinney as Vice Chairperson.

By voice vote, Paulette McKinney was elected as Chairperson of the Board of Trustees for 2008. The Board of Trustees cast votes by written ballot for Vice Chairperson; the results were five votes for Veronica O'Brien and four votes for Katha McKinney. Veronica O'Brien was elected as the Vice Chairperson of the Board of Trustees for 2008.

## IX. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director asked the Vice Chairperson to entertain a motion to approve the proposed Board of Trustees Meeting Schedule for Calendar Year 2008.

Katha McKinney made a motion, seconded by Helen Lynch, to approve the proposed Board of Trustees Regular Meeting Schedule for Calendar Year 2008.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Yes	Veronica O'Brien	Yes	Cynthia Warren	Yes

With nine yes votes, motion carried.

The Executive Director reported on staffing in the administrative office, the 2007 annual audit of financial statements, open enrollment for health insurance and Trustee elections for the active teacher and active school administrator positions. There was discussion on the issues, rules and regulations for trustee elections and that there will be a rules and regulations meeting to address the issues in January. There was discussion on member apathy regarding candidate registration for the active trustee positions.

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

None

#### **XI. REPORT OF THE ACTUARY**

The Actuary reported on the annual Actuarial Valuation Report as of January 1, 2007, by reviewing an updated Executive Summary of the report. The main focus of the Actuary's report was the computation methods of the various COLA's in the 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, the Charter Schools and Harriet-Stowe State College. There was discussion on the traditional way of calculating the annual COLA and the affects of Senate Bill 406 on a COLA for retirees. There was extended discussion between the Trustees, the Actuary and the Attorney on the three COLA calculations presented in the Executive Summary, the definition of "actuarial sound" and the inequities created by Senate Bill 406. There was discussion on the entity controlling the school district.

Katha McKinney made a motion, seconded by Helen Lynch, to defer the COLA to "New Business."

By voice vote, motion carried.

#### **XII. 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**

Christina Bennett, Chair of the Benefits Committee, discussed the recommendation made by the Insurance Benefits Specialist and the Health Insurance Consultant to adopt the insurance renewals as presented in the Benefits Committee Meeting of October 15, 2007.

##### **Budget Committee**

Christina Bennett, Chair of the Budget Committee, recommended that the Board of Trustee approve the 2008 Operating Budget based on the meeting of December 10, 2007.

Helen Lynch made a motion, seconded by Katha McKinney, to approve the Operating Budget for Calendar Year 2008 as recommended by the Budget Committee.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Abstain	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Abstain	Veronica O'Brien	Yes	Cynthia Warren	Yes

With seven yes votes, and two abstentions, motion carried.

### **Investment Committee**

Marlene Davis, Chair of the Investment Committee, reported on the Investment Committee meeting of October 18, 2007, and suggested that the Board of Trustees accept the recommendation made in the committee meeting.

Veronica O'Brien made a motion, seconded by Marlene Davis, to accept the Investment Committee's recommendation to hire Benchmark and Gottex as the portable alpha money managers, capping the investment at \$50 million, and allocating 50% to each manager. There was discussion on changes in the market as a result of changes in interest rates.

A roll call vote was taken.

Christina Bennett	No	Joseph Clark	No	Marlene Davis	Abstain
Katie Lamb	No	Helen Lynch	No	Katha McKinney	Abstain
Thaha Menkara	No	Veronica O'Brien	Abstain	Cynthia Warren	Abstain

With five no votes, and four abstentions, motion failed.

Marlene Davis, Chair of the Investment Committee, concluded by reporting on the Investment Committee Meeting of November 15, 2007.

### **Personnel & Professional Committee**

None

### **Rules & Regulations Committee**

Katie Lamb, Co-Chair of the Rules & Regulations Committee stated that a meeting is scheduled for January 23, 2008.

### **Trustee Travel Commission**

Katha McKinney, Chair of the Trustee Travel Commission, suggested approval of the recommendation made in the committee meeting of December 10, 2007.

Christina Bennett made a motion, seconded by Veronica O'Brien, to approve the travel expenses as accepted by the Trustee Travel Commission on December 10, 2007.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Abstain
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Yes	Veronica O'Brien	Yes	Cynthia Warren	Yes

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

### **XIII. NEW BUSINESS**

Joe Clark presented the Executive Director with a proposed change to the rules & regulations regarding trustee elections. The first reading of the proposed change will be made at the next Board of Trustees Regular Meeting.

Helen Lynch reminded the Board of Trustees that at the last regular meeting the board approved a portion of the Executive Summary of the January 1, 2007 Actuarial Valuation Report regarding contributions without a COLA. Ms. Lynch stated that a COLA for retirees is important but that as fiduciaries this should be carefully considered by the Board of Trustees. There was further discussion on what should be submitted to the school district with regard to a COLA.

Joe Clark, made a motion, seconded by Christina Bennett, to submit the first two items on the Executive Summary of the January 1, 2007 Actuarial Valuation Report, including the option 1 COLA, to the school board for approval.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Thaha Menkara	Yes	Veronica O'Brien	Yes	Cynthia Warren	Yes

With nine yes votes, motion carried.

Marlene Davis suggested that the Board of Trustees look at the statutes regarding the COLA and have the Attorney assist with getting the statutes changed. There was discussion on the procedure to follow in making changes to the statutes.

Christina Bennett recognized Marlene Davis' eight years of service on the Board of Trustees. Cynthia Warren announced that this would be her last meeting as a Trustee.

### **XIV. REPORT OF THE ATTORNEY**

The Attorney reported that the Accounting Standards Board (ASB) requires that public entities identify and charge a body or individual with governance on the reporting of findings made by auditors and recommended that the Executive Director serve as the designee for the Board of Trustees.

Marlene Davis made a motion, seconded by Katha McKinney, to charge the Executive Director with governance and adopt the designation according to ASB-CL-5.2: Communication with Those Charged with Governance under SAS No. 114a.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Marlene Davis	Yes
Katie Lamb	Yes	Helen Lynch	Yes	Katha McKinney	Yes
Veronica O'Brien	Yes	Cynthia Warren	Yes		

With eight yes votes, motion carried.

## XV. ADJOURNMENT

Christina Bennett made a comment about the retirement packet provided by the Executive Director. Katha McKinney clarified that the Chairperson needed to appoint a new Investment Committee Chair. Veronica O'Brien had a few comments about the retirement packet. Helen Lynch recognized Cynthia Warren and thanked her for her dedicated service to the Board of Trustees.

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

By voice vote, motion carried and the meeting adjourned at 6:45 p.m.

### Attachments:

- Letter from Kaye Mayer dated December 17, 2007, with response
- Letter from Jacqueline Dyer dated December 17, 2007, with response
- Memo from Concerned PSRS Retirees, not dated, with response to Karen Franz-Cohen
- Letter from Erma Nevels dated December 17, 2007, with response
- Retirements, Refunds & Bills Paid October and November 2007
- Board of Trustees Regular Meeting Schedule for Calendar Year 2008
- Memo to the Board of Trustees from the Executive Director dated December 17, 2007
- Executive Summary of the Actuarial Valuation Report as of January 1, 2007
- Operating Budget for Calendar Year 2008
- Summary of Travel Expenses Approved by the Board of Trustees dated December 17, 2007