

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS**
MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING
December 18, 2006

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 18, 2006. The meeting was conducted in the PSRSSTL offices. Paulette McKinney, Chairperson of the Board of Trustees, was the presiding officer.

Roll Call was taken and Trustees Joseph Clark, Marlene Davis, Donald Glenn, Katie Lamb, Katha McKinney, Paulette McKinney, Lois Jean Turner and Cynthia Warren were present. The Board of Trustees had a quorum at the meeting.

Trustees Christina Bennett and Louis Cross joined the meeting in progress.

Executive Director, Andrew Clark, Accounting Specialist, Marty Winters, PSRSSTL Attorney, Jeff Hartnett, PSRSSTL Actuary, Jim Rubie, and a variety of interested parties were also in attendance.

II. APPROVAL OF MINUTES OF LAST MEETING

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the minutes of the Board of Trustees Regular Meeting of October 23, 2006.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Donald Glenn	Yes	Katie Lamb	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Lois Jean Turner	Yes	Cynthia Warren	Yes

With nine yes votes, motion carried.

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

None

IV. PRESENTATIONS BY INTERESTED PARTIES

PSRSSTL retiree Al Katzenberger read a letter to the Board of Trustees concerning the new office building, the cost of increasing the \$80 medical insurance subsidy for retirees to \$100, and Trustee travel. PSRSSTL member Leroy Graham read a document to the Board of Trustees from which he asked specific questions regarding retirement. The Executive Director will see that Mr. Graham receives a response to his questions.

V. CONSENT AGENDA

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits of October and November 2006.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Donald Glenn	Yes	Katie Lamb	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Lois Jean Turner	Yes	Cynthia Warren	Yes

With nine yes votes, motion carried.

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Refunds and Bills of October and November 2006.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	Yes	Marlene Davis	Yes
Donald Glenn	Yes	Katie Lamb	Yes	Katha McKinney	Yes
Paulette McKinney	Yes	Lois Jean Turner	Yes	Cynthia Warren	Absent

With eight yes votes, motion carried.

VI. UNFINISHED BUSINESS

None

VII. REPORT OF THE CHAIRPERSON

The Chairperson informed the Board of Trustees that the presentation of the service plaque to Vincent Schoemehl will be postponed until the next regular meeting in February at the new building. The Chairperson announced the elections for the Board of Trustees Chairperson and Vice Chairperson for 2007.

The Chairperson opened the floor for nominations of the 2007 Chairperson. Lois Jean Turner nominated Joe Clark and Louis Cross nominated Paulette McKinney. There were no other nominations and the floor was closed. The Board of Trustees cast votes by written ballot and the results were seven votes for Paulette McKinney and two votes for Joe Clark. Paulette McKinney was elected as the 2007 Chairperson of the Board of Trustees.

The Chairperson opened the floor for nominations of the 2007 Vice Chairperson. Katha McKinney nominated Cynthia Warren and Cynthia Warren nominated Joe Clark. There were no other nominations and the floor was closed. The Board of Trustees cast votes by written ballot and the results were seven votes for Cynthia Warren and two votes for Joe Clark. Cynthia Warren was elected as the 2007 Vice Chairperson of the Board of Trustees.

Joe Clark discussed whether or not a board policy exists that requires the offices for the Chairperson and Vice Person be rotated among the Trustees each year. The Attorney referred the Trustees to Rule IV. – Election of Officers and stated that there is no prohibition restricting the Chairperson and Vice Chairperson to serve consecutive terms. There was further discussion on Rule IV. – Election of Officers.

Lois Jean Turner made a motion, seconded by Joe Clark, to call a Rules & Regulations Committee meeting to be authorized by the Chair to clarify Rule IV. – Election of Officers.

There was further discussion concerning the motion.

A roll call vote was taken.

Joseph Clark	Yes	Louis Cross	No	Marlene Davis	No
Donald Glenn	No	Katie Lamb	No	Katha McKinney	No
Paulette McKinney	No	Lois Jean Turner	Yes	Cynthia Warren	No

With two yes votes, and seven no votes, motion failed.

The Chairperson asked the Chair of the Rules & Regulations Committee to call a meeting to discuss Rule IV. – Election of Officers.

VIII. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director reported that there are no staff vacancies at this time. The Executive Director continued by pointing out that there were two new building project reports for November and December 2006 distributed to the Board of Trustees. The Executive Director explained the major developments on the project such as the move, insurance, inspections, an Ameren issue, and a Trustee tour of the building. The Executive Director stated that the Attorney would discuss other new building issues in his report.

The Executive Director informed the Trustees that a new Board Orientation and Training Packet will be provided to all Trustees in January 2007, and that the ballots for the election of the Trustee position currently held by Katha McKinney would be counted on December 19, 2006. The Executive Director reported that Veronica O'Brien has been appointed to the Board of Trustees by the Board of Education for a term beginning in January 2007.

The Executive Director reported that three disability retirees had not complied with the annual verification of medical status and income. The Executive Director asked the Chair to entertain a motion to suspend the retirement benefits for the three disability retirees until they comply with the annual reporting requirements.

Lois Jean Turner made a motion, seconded by Katha McKinney, to authorize the Executive Director to suspend disability retirements benefits for the three disability retirees who have not complied with annual reporting requirements. There was discussion to clarify the suspension of the benefits.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

The Executive Director asked the Chair to entertain a motion to approve the proposed Board of Trustees Meeting Schedule for Calendar Year 2007.

Christina Bennett made a motion, seconded by Louis Cross, to approve the proposed Board of Trustees Regular Meeting Schedule for Calendar Year 2007.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

The Executive Director asked the Chair to entertain a motion to ratify additional expenses for the extension of services by the project manager, KAI, for December 2006.

Christina Bennett made a motion, seconded by Louis Cross, to ratify additional expenses for the extension of services by the project manager, KAI, for December 2006. There was discussion to clarify reimbursement by the Contractor for the expenses. The Attorney stated that he would report on it during his report.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

The Executive Director referred the Trustees to a letter to the Board of Education regarding the rates increases for Medicare eligible retirees insured by UHC/Pharmacare dated October 31, 2006, and reported to date there had been no response. Trustee Davis suggested that a copy of the letter be sent to the appropriate department heads at the Board of Education and each board member. Trustee Cross made additional comments and asked the Attorney whether or not the retirement system had any recourse. The Attorney discussed several issues surrounding the rate increases such as targeting members, recouping the costs and the Board of Education actuary.

IX. REPORT OF THE INVESTMENT CONSULTANT

The Chair of the Investment Committee referred the Trustees to a Third Quarter 2006 Executive Summary from the Investment Consultant. The Chair of the Investment Committee referred the Board of Trustees to item 2 on the report and stated that the Investment Committee approved increasing the Global Asset Allocation to 10% in a June 2006 meeting that had not been approved by the Board of Trustees.

Marlene Davis made a motion, seconded by Christina Bennett, to increase the Global Asset Allocation to 10% and to reduce the global bond allocation to 8%.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

The Chair of the Investment Committee discussed the rest of the Executive Summary from the Investment Consultant. There was discussion and the Chair stated that she would address other issues in the Reports of the Committees.

X. REPORT OF THE ACTUARY

The Actuary presented the Five-Year Experience Study for the period from January 1, 2001 through December 31, 2005. The Actuary stated that the only change being recommended to the actuarial assumptions as a result of the study is a change in the mortality table. The Actuary recommended that the mortality table be changed to the RP-

2000 Mortality Table. The Actuary informed the board that the change in the mortality table assumption would be part of the Actuarial Valuation Report.

The Actuary presented the annual Actuarial Valuation Report as of January 1, 2006, by reviewing the Executive Summary. The main focus of the Actuary's report was the method of calculating liabilities and contributions based on the actuarial assumptions adopted by the Board of Trustees. The Actuary explained that the valuation was based on participant data and the audited assets of the Retirement System as of January 1, 2006.

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. The Actuary recommended that the Board of Trustees adopt the Executive Summary of the Actuarial Valuation Report as of January 1, 2006, with the stated changes to the actuarial assumptions in the executive summary so the full report can be completed.

Joseph Clark made a motion, seconded by Katha McKinney, to accept all proposed changes recommended and summarized by the Actuary for the Actuarial Valuation Report as of January 1, 2006. There was discussion about bargaining with the Board of Education on the COLA rate.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

The Actuary referred the Board of Trustees to a memo summarizing the affects of increasing the insurance supplement by \$20 per month per retiree. The affect of a \$20 per month increase in the insurance supplement by taking into account both active and retired members would be to increase the accrued liability to \$49,591,444 and to increase the annual employer contribution by an additional \$1,182,348 or .52% of covered payroll. The Board of Trustees came to a general consensus that it would be more beneficial to pursue a cost-of-living-adjustment (COLA) for all retirees versus increasing the insurance supplement to \$20 per month for retirees enrolled in the insurance plans.

There was discussion on the status of the merger of CCA Strategies and JP Morgan. The Actuary stated that a revised engagement letter with CCA Strategies would be prepared for 2007.

XI. REPORTS OF COMMITTEES OF THE BOARD OF TRUSTEES

The Chairperson asked for a motion to move into Executive Session to discuss staff salaries for 2007.

Joseph Clark made a motion, seconded by Louis Cross to move into Executive Session.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	No
Cynthia Warren	Yes				

With nine yes votes, and one no vote, motion carried, and the meeting moved into closed session at 6:50 p.m.

Louis Cross made a motion, seconded by Katha McKinney, to move out of Executive Session.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried, and the meeting moved into open session at 6:55 p.m.

Louis Cross made a motion, seconded by Katha McKinney, to ratify the changes to salaries made in closed session for the 2007 Operating Budget.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

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

Benefits Committee

None

Budget Committee

Lois Jean Turner, Chair of the Budget Committee, recommended that the Board of Trustees approve the 2007 Operating Budget based on the meeting of December 7, 2006.

Cynthia Warren made a motion, seconded by Louis Cross, to approve the Operating Budget for Calendar Year 2007 as recommended by the Budget Committee with the amended salary changes made in closed session.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

Investment Committee

Marlene Davis, Chair of the Investment Committee, reported on the Investment Committee meeting of December 7, 2006, and suggested that the Board of Trustees approve the recommendation made in the committee meeting.

Marlene Davis made a motion, seconded by Katha McKinney, to authorize NEPC to search for an international equity money manager to replace Fidelity.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

Office Relocation Committee

None.

Personnel & Professional Committee

None

Rules & Regulations Committee

None.

Trustee Travel Commission

Katha McKinney, Chair of the Trustee Travel Commission, suggested approval of the recommendations made in the committee meeting of December 7, 2006.

Louis Cross made a motion, seconded by Cynthia Warren, to approve the travel vouchers and letters from the Trustee Travel Commission meeting on December 7, 2006.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	Yes	Katie Lamb	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Lois Jean Turner	Yes
Cynthia Warren	Yes				

With ten yes votes, motion carried.

XII. NEW BUSINESS

None.

XIII. REPORT OF THE ATTORNEY

The Attorney reported on several issues concerning the delays with new office building project. The Attorney stated that the building is basically ready to move into despite some issues with the Contractor. He discussed Ameren, the hold back in the escrow account, the current situation with Ameren and Grand Center, breach of contract issues, recouping additional building costs, the construction of the steps, punch list items, substantial

completion and the project moving forward to full completion. There was discussion on a recent St. Louis Business Journal article.

XIV. ADJOURNMENT

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

By voice vote, motion carried and the meeting adjourned at 7:15 p.m.

Attachments:

- Letter from Retiree Alfred J. Katzenberger dated December 18, 2006 with response
- Retirements, Refunds & Bills Paid October and November, 2006
- Board of Trustees Regular Meeting Schedule for Calendar Year 2007
- NEPC Third Quarter 2006 Executive Summary
- Five-Year Experience Study for the Period January 1, 2001 through December 31, 2005
- Executive Summary of 2006 Actuarial Valuation Report
- CCA Strategies memo dated December 18, 2006, Proposed \$20 per Month Increase in the Insurance Supplement
- Operating Budget for Calendar Year 2007
- Trustee Travel Commission Meeting Summary from December 7, 2006