

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

**MINUTES OF THE
SPECIAL TELEPHONIC BOARD OF TRUSTEES MEETING**

November 6, 2007

Paulette McKinney, Chairperson of the Board of Trustees, called the Special Telephonic Board of Trustees Meeting to order at approximately 2:15 p.m. The meeting took place through the administrative offices of PSRSSTL located at 3641 Olive Street, St. Louis, Missouri.

Roll call was taken and Trustees Christina Bennett, Marlene Davis, Helen Lynch, Katha McKinney, Paulette McKinney and Cynthia Warren were in attendance. A quorum was present. Trustees Joseph Clark, Katie Lamb and Veronica O'Brien were absent. Executive Director, Andrew Clark, was also present for the meeting.

The Chairperson stated the purpose of the meeting was to address the issues with bond money manager MDL Capital Management. The Executive Director read the recommendation made by the Investment Consultant, Doris Ewing of NEPC, to the Committee. "MDL has ceased trading in the bond portfolio managed on behalf on the Public School Retirement System, effective Tuesday, October 30, 2007, owing to recent findings in a legal action brought against the firms owner and Chief Executive Office, Mark Lay. The attached letter from Mark Lay is the only information that he has provided to us relating to this matter. NEPC recommends that the Trustees move the entire fixed income portfolio managed by MDL to the bond index fund currently managed by Mellon. The index fund will provide broad bond market exposure and afford continuous managerial oversight. Given the situation, we would urge expediency in this decision."

Marlene Davis made a motion, seconded by Cynthia Warren, to accept the recommendation made by the Investment Consultant, Doris Ewing, to move the entire fixed income portfolio managed by MDL to the bond index fund currently managed by Mellon. There was discussion what to do with the funds once transferred to Mellon.

A roll call vote was taken.

Christina Bennett	Yes	Marlene Davis	Yes	Helen Lynch	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

The Executive Director stated the next course of action was to contact the Investment Consultant, MDL, the custodial bank and Mellon Capital to expedite the transfer of funds.

Christina Bennett made a motion, seconded by Helen Lynch, to adjourn the meeting.

By voice, the meeting adjourned at 2:20 p.m.

Attachment: Letter from Mark Lay, MDL Capital Management, dated October 31, 2007