

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS**
MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING
October 23, 2006

I. ROLL CALL AND ANNOUNCEMENT OF A QUORUM

The October meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 5:15 p.m., Monday, October 23, 2006. The meeting was conducted in the PSRSSTL administrative offices. Paulette McKinney, Chairperson of the Board of Trustees, was the presiding officer.

Roll Call was taken and Trustees Joseph Clark, Louis Cross, Marlene Davis, Donald Glenn, Katha McKinney, Paulette McKinney, Lois Jean Turner and Cynthia Warren were present. Trustee Christina Bennett was present by telephone conference. Trustee Katie Lamb was absent. The Board of Trustees had a quorum for the meeting.

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

The Chairperson modified the Order of Business by moving the Report of the Chairperson after the Report of the Attorney, and per a request by Lois Jean Turner, moved New Business after Unfinished Business.

II. APPROVAL OF MINUTES OF LAST MEETING

Katha McKinney made a motion, seconded by Marlene Davis, to approve the minutes of the Board of Trustees Regular Meeting of August 21, 2006, and the Special Board of Trustees Meeting of September 20, 2006.

A roll call vote was taken.

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

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

III. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

The Executive Director referred to a letter from Samuel A. Steiner, Senior Vice President, Aon Consulting dated September 5, 2006. The purpose of the letter was to correct an inaccurate statement made by the Executive Director at the regular board meeting on April 17, 2006. In that meeting, the Executive Director stated that Aon Consulting was the broker of record for the UnitedHealthcare point-of-service plan sponsored by the SLPS. This statement was incorrect; Gabriel, Roeder is the broker of record for the United Healthcare point-of-service plan sponsored by the SLPS. The Executive Director referred to a letter responding to Mr. Steiner, dated September 8, 2006, that acknowledged the error and that it would be corrected for the record at the next Regular Meeting of the Board of Trustees.

IV. PRESENTATIONS BY INTERESTED PARTIES

PSRSSTL retiree Al Katzenberger read a letter to the Board of Trustees concerning the new office building and the cost of increasing the \$80 medical insurance subsidy for retirees to \$100. PSRSSTL retirees Erma Nevels and Delores Mills talked about PSRSSTL investments and asked why meeting minutes are not posted on the website.

V. CONSENT AGENDA

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits for August and September 2006.

A roll call vote was taken.

Christina Bennett	Yes	Joseph Clark	Yes	Louis Cross	Yes
Marlene Davis	Yes	Donald Glenn	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 for August and September 2006

A roll call vote was taken.

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

With nine yes votes, motion carried.

VI. UNFINISHED BUSINESS

None

VII. NEW BUSINESS

Lois Jean Turner talked about CCA Strategies and the need for a new letter of engagement due to the take over by JPMorgan. It was determined and recommended by the Attorney that a new letter of engagement with JPMorgan be required once the transaction between CCA Strategies and JPMorgan is complete.

Lois Jean Turner talked about the need to soften the grievance procedure in Section 14 of Regulation III in the Rules and Regulations. Trustee Turner read a re-write of the first paragraph in Section 14 of Regulation III. There was extensive discussion on the grievance procedure by the Trustees, with input from the Executive Director and the Attorney.

VIII. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director reported that the office is fully staffed. The Executive Director continued the report by stating that there were three new building project reports for August, September and October 2006 distributed to the Board of Trustees in the board packet. The Executive Director explained the major issue holding up the project as the installation of electricity in the new building because of the lengthy process with Ameren. The Trustees, the Executive Director and the Attorney discussed issues with the electricity, the Contractor and the move date.

The Executive Director informed the Board of Trustees that the RFP evaluation committee consisting of the Executive Director and three staff members selected Trammell Crow as the property manager out of 6 proposals received in response to the RFP. The Executive Director asked the Chairperson to entertain a motion to ratify the decision to retain Trammell Crow as the property manager and pursue the contract. There was extended discussion

on the property management contract arrangement. Trustees Joe Clark and Lois Jean Turner left the meeting during the discussion.

Louis Cross made a motion, seconded by Marlene Davis, to retain Trammell Crow as the property manager contingent upon legal review and approval of the contract.

A roll call vote was taken.

Christina Bennett	Yes	Louis Cross	Yes	Marlene Davis	Yes
Donald Glenn	Yes	Katha McKinney	Yes	Paulette McKinney	Yes
Cynthia Warren	Yes				

With seven yes votes, motion carried.

The Executive Director continued the report by reviewing costs for the new building included in the board packet. The costs include one-time costs of construction changes, telephone services, technology needs, building security and other items, and on-going annual costs for security monitoring, sewer/water, electricity, community fees and property management. There was extended discussion on costs to maintain and manage the building. The Executive Director asked the Chairperson to entertain a motion to ratify the costs for the new building.

Christina Bennett made a motion, seconded by Donald Glenn, to authorize the one-time costs estimated at \$91,643 and the on-going one-time costs estimated at \$79,110 for the new building as presented by the Executive Director. There was limited discussion.

A roll call vote was taken.

Christina Bennett	Yes	Louis Cross	Yes	Marlene Davis	Yes
Donald Glenn	Yes	Katha McKinney	Yes	Paulette McKinney	Yes
Cynthia Warren	Yes				

With seven yes votes, motion carried.

The Executive Director continued the report by informing the Board of Trustees of the schedule for the upcoming Trustee election for the active non-teacher Trustee position currently held by Katha McKinney.

The Executive Director reported on Trustee and employee travel by stating that Trustees Joe Clark, Louis Cross, Katha McKinney, Cynthia Warren and the Executive Director attended the NCTR annual convention held in Austin, Texas from October 13 – October 18, 2006. The Executive Director reported that Trustee Joseph Clark attended a conference sponsored by NASP in New York just prior to the NCTR convention. He encouraged everyone to submit their travel vouchers to the Executive Director's office so the Travel Commission can meet to ratify expenses for travel.

The Executive Director informed the Board of Trustees that he would contact the Chair of the Budget Committee in November to arrange a meeting to present the 2007 Operating Budget for review and approval by the Committee. The executive Director stated there would be a report at the December regular meeting on disability retirees who have not complied with the annual reporting requirements so pension benefits for these retirees can be suspended at that time. The Executive Director stated that the Actuary will be presenting the Annual Valuation Report and the 5-Year Experience Study at the next regular meeting. The Executive Director concluded the report by stating that the Insurance Benefits Specialist and the Executive Director worked diligently on the health insurance renewals with the carriers and SLPS, and that the SLPS plans and rate negotiations are out of the control of PSRSSTL.

IX. REPORT OF THE INVESTMENT CONSULTANT

Marlene Davis stated that this item needs to be removed from the Order of Business, which would be a rule change so it needs to go to committee for consideration.

X. REPORT OF THE ACTUARY

None

XI. REPORTS OF THE 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

Louis Cross, Chair of the Benefits Committee, reported on the meeting of October 23, 2006. The Chair informed the Board of Trustees of the insurance renewals accepted by the Committee from SLPS.

Louis Cross made a motion, seconded by Donald Glenn, to accept the report and recommendations made by the Insurance Benefits Specialist with ongoing interaction and representation on behalf of the retirement system with the vendors and SLPS.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Donald Glenn	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

Louis Cross made a motion, seconded by Katha McKinney, to secure services of the Actuary to determine the cost of increasing the subsidy from \$80 to \$100 for medical insurance.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Donald Glenn	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

Budget Committee

None

Investment Committee

Marlene Davis, Chair of the Investment Committee, reported on the Investment Committee meeting of August 17, 2006, and the Investment Committee meeting of October 19, 2006. The Chair informed the Board of Trustees of the asset reallocation recommendation made in the meeting on August 17, 2006. The Chair informed the Board of Trustees of the recommendations made in the meeting on October 19, 2006, to invest with the two private equity money managers that made presentations at the meeting.

Marlene Davis made a motion, seconded by Katha McKinney, to accept NEPC's recommendation to invest \$10 million in Pantheon Global Secondary Fund III as the secondary investment strategy money manager and \$10 million in Smith Whiley & Co. Pelham Fund III as the mezzanine investment strategy money manager.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Donald Glenn	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

Office Relocation Committee

Marlene Davis, Chair of the Office Relocation Committee, informed the Board of Trustees that there had not been a meeting lately but that there was an appropriate update in the Report of the Executive Director. Louis Cross asked about the fees for the project manager.

Personnel & Professional Committee

Cynthia Warren, Co-Chair of the Personnel & Professional Committee, requested that her name be placed on the Order of Business as Co-Chair of the committee. The Co-Chair discussed the reporting tool for the Executive Director and PSRSSTL consultants.

Rules & Regulations Committee

Louis Cross, Chair of the Rules & Regulation Committee, discussed some ideas he heard at a conference sponsored by NCTR in Park City, UT.

Trustee Travel Commission

Katha McKinney, Chair of the Trustee Travel Commission, requested that all travel vouchers be submitted in time for a committee meeting to take place in December prior to the regular meeting.

XII. REPORT OF THE ATTORNEY

None

XIII. REPORT OF THE CHAIRPERSON

The Chairperson informed the Board of Trustees that the presentation of the service plague to Vincent Schoemehl would be postponed until the regular meeting in December at the new building. The Chairperson asked the Board of Trustees to entertain a motion to move into Executive Session for the annual appraisal of the Executive Director.

Katha McKinney made a motion, seconded by Louis Cross, to move into Executive or Closed Session.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Donald Glenn	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

Louis Cross made a motion, seconded by Cynthia Warren, to move into open session.

A roll call vote was taken.

Louis Cross	Yes	Marlene Davis	Yes	Donald Glenn	Yes
Katha McKinney	Yes	Paulette McKinney	Yes	Cynthia Warren	Yes

With six yes votes, motion carried.

XIV. ADJOURNMENT

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

By voice vote, motion carried and the meeting adjourned at 7:55 p.m.

Attachments:

- Letter from Retiree Alfred J. Katzenberger dated October 23, 2006 with response
- Hand written notes from Delores Mills and Erma Nevels dated October 23, 2006 with response
- Retirements, Refunds & Bills Paid August and September 2006
- PSRSSTL New Building Expenses (estimated)
- Open Enrollment-2007 Insurance Plan Recommendations
- PSRSSTL Monthly Premiums Rate Sheet