



**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF JOINT MEETING**

**Non-Uniformed and Police & Fire Employee's Retirement System
January 21, 2020 at 6:30 p.m.**

A meeting of the Board of Trustees was called to order by acclamation at 6:32 p.m. at the Heman Park Community Center – 975 Pennsylvania Ave, University City, MO.

Members in Attendance: Patrick Wall, James Stutz, Joel Myers, Ewald Winker, Edward Deitzler, Tony Westbrook; non-voting – Steve McMahon, Gregory Rose

Member(s) Absent: Brian Isenberg

Member(s) Excused: Frank Reedy, Thomas Jennings

Others in Attendance: Sean Hughes and Tom Engel– Ziegler Capital Management
Keith Cole – Interim Treasurer
Yolanda Howze – Staff Liaison

Agenda

Acting Chairman Stutz called for an approval of the agenda. The motion was passed with unanimous consent.

Minutes

Member Stutz motioned to approve the October 22, 2019 meeting minutes. The motion was seconded by Member Jennings and approval carried unanimously.

Quarterly Portfolio Review

Tom Engel and Sean Hughes of Ziegler Capital Management provided an overview of the previous quarter's market and Non-Uniformed and Police and Fire portfolios. Tom Engel reviewed back to December 2018 when the Fed's shared that after doing twelve rate hikes over the last couple of years, that they anticipated doing three more in 2019 and would continue on the balance sheet runoff on autopilot. The stock market fell hard, the bond market hated it, corporate spreads widened, and we went into 2019 unsettled. About five-six days into January, the balance sheet runoff ended. The stock market started to come back—by the end of January corporate bond spreads started to tighten again. The bond market didn't like it and by May of 2019, the three-month treasury had a higher yield than the ten-year treasury which is a sign that the bond market thinks recession is in the future. By July 2019, the Fed's cut rates for the first time since July 2017. The bond market likes this somewhat but the long-end continues to rally, yields continue to fall and outperform and in September rates were cut again. The inversion of the ten-year and three-month yields had not reverted to a positive slope—still signaling a

recession sometime in our future—perhaps in the next eleven months. We finished the quarter at 2.0% and YTD 7.0% for the Fixed Portfolio for both plans.

Sean Hughes reviewed the equities. He stated that stocks and covered call portfolio had strong returns over the past five years. Ziegler's performance has been strong for the quarter and YTD for both stocks and covered calls. Over the last twelve months, no clear winner between growth and value stocks. Seems to be a better environment for stock picking and that shows in results where stock selection was strong during the quarter and the year. The stock portfolio outperformed by 170bps during the quarter and 260bps YTD. Covered call outperformed by 170bps during the quarter and 640bps YTD. Half of outperformance is from the positive stock selection and the other half is from the options outperforming the benchmark options. We started 2019 with the best call options seen in many years. Stocks are only up 5% over the past 12 months, but that masks large volatility. Stocks were down 19.4% last year and they're up 30.2% since Christmas Eve last year so there's a lot of volatility in that number.

Mr. Hughes explained the weightings—Equities at 50%, Covered Call at 29% and Fixed Income at 21%. We've been overweight equities and under fixed income for a while, which has worked out well. The recommendation is to continue this path.

Chairman Reedy asked if Ziegler still recommends the Covered Call strategy and allocation that we have. Mr. Hughes confirmed that it is still a good strategy. Mr. Hughes discussed the characteristics of the portfolio. The market cap is about \$241 billion vs. the S&P at \$249.5 billion; dividend yield is 2.4% vs. 1.9.% for the benchmark; forward P&E is 15.3 vs. 16.9.

Acceptance of the reports was unanimous.

Greensfelder Legal Comment

No representation present at the meeting.

Tabled Agenda Item 6: Follow-up—Statement of Polices and Objectives- Minority and Women Money Managers.

Monthly Transfers from UMB for Benefit Payments

Interim Treasurer Keith Cole explained that currently \$200,000 is being transferred on a monthly basis from UMB to the Police and Fire Fund; however, benefits being paid totals \$201,806 so there's a shortfall. Mr. Cole asked if the Board should make a recommendation to increase the transfer in amount from UMB to cover the cost of increase payments due to recent retirements.

Mr. Reedy indicated that if there is sufficient cash balance in the fund, he would suggest no change without recommendation from the City.

Member Stutz noted an \$18,000 asset on the balance sheet which would cover the shortfall for about the next nine months. Mr. Cole stated he just wanted to make sure the Board is aware of the financial status.

City Manager Rose asked if the funding required to cover the benefits is less than what's being transferred then how is the difference being made up. Interim Treasurer Keith Cole stated it is coming from the Pension fund and the funds are being transferred in from the police and fire property tax to address the deficit.

Mr. Cole commented that we're okay on Non-Uniformed as roughly \$121,000 is paid out and \$125,000 is being transferred in from UMB.

Contracts Review Status

No new information on this item. Continue with current providers for now.

Council Liaison/City Manager Remarks

Council Liaison Steve McMahon commented about looking forward to working with a consultant on the Economic Development Strategic Plan. He mentioned that City Council had a study session recently regarding police facilities to review options and they're now coupling that with a facility needs study to make more informed decisions regarding how to move forward. Council Liaison McMahon also mentioned having joint meetings with Washington University to continue developing that relationship and dealing with quality of life issues.

City Manager Rose commented that we're still moving forward with the implementation of the compensation study. The initial implementation was March 2019, and we're now dealing with addressing compression issues and that should be resolved over the next twelve months or so. City Manager Rose also commented on public safety staffing, stating that fire is staffed appropriately; however, police is more complicated because the positions are more difficult to fill as people are less interested in the field than before. We're looking at how we automate and use technology to assist. Our goal is to become the safest city in Missouri and ultimately in the country.

Other Matters

N/A

Next Meeting Date(s)

April 21, July 21, October 20, 2020

Adjournment

The meeting adjourned at 7:11 pm., with a motion by Member Stutz, seconded by Member Jennings and passed with unanimous consent.



**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF MEETING
Non-Uniformed Employee's Retirement System
January 21, 2020**

A meeting of the Board of Trustees was called to order by acclamation at 7:12 p.m. at the Heman Park Community Center – 975 Pennsylvania Ave, University City, MO.

Members in Attendance: James Stutz, Tony Westbrooks, Edward Deitzler, Patrick Wall, Ewald Winker; non-voting Steve McMahon, Gregory Rose

Member(s) Absent:

Member(s) Excused: Frank Reedy, Thomas Jennings

Others in Attendance: Joel Myers – Police & Fire Board member
Keith Cole – Interim Treasurer
Yolanda Howze –Staff Liaison

Minutes

Chairman Reedy called for an approval of the October 22, 2019 minutes. Minutes were motioned by Member Wall, seconded by Member Jennings and approved with unanimous consent.

Disbursement Approval

Chairman Reedy announced that we need to look at the disbursements for a sense of reasonableness and repetition, especially beneficiary payments and expense payments to make sure we are complying with all the payments that are chargeable to our plan.

Member Stutz inquired about at \$2,370 Due to General Fund. Mr. Cole explained that it was a payment to a retiree's account that was kicked-back because the retiree's bank account was compromised. It has since been corrected.

Chairman Reedy inquired about the variation of the administrative expenses paid to UMB over the quarter. Mr. Cole explained it is a quarterly payment based on the activity: Covered Call, Equity, Fixed.

Chairman Reedy called for approval of the disbursements. Disbursements were motioned by Member Stutz, seconded by Member Jennings and approved with unanimous consent.

New Member Applications – Informational

- Arriel Edwards - Dispatcher
- Phillip Hernandez – IT Specialist
- Erin Hood – Librarian II (Head of Youth Services)
- Jacob Sansoni – Tree Trimmer

Approval of Retirements

N/A

Other Matters

N/A

Next Meeting Date(s)

April 21, July 21, October 20, 2020

Adjournment

The meeting adjourned at 7:30 p.m., with a motion by Member Jennings, seconded by Member Westbrooks and passed with unanimous consent.

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**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF MEETING
Police & Fire Employee's Retirement System
January 21, 2020**

A meeting of the Board of Trustees was called to order by acclamation at 7:30 p.m. at the Heman Park Community Center – 975 Pennsylvania Ave, University City, MO.

Members in Attendance: Frank Reedy, Tony Westbrooks, Thomas Jennings, Edward Deitzler, James Stutz, Joel Myers; non-voting— Steve McMahon, Gregory Rose

Member(s) Absent: Brian Isenberg

Member(s) Excused:

Others in Attendance: Ewald Winker – Non-Uniformed Board member
Keith Cole – Interim Treasurer
Yolanda Howze – Staff Liaison

Minutes

Member Stutz motioned to approve the October 22, 2019 meeting minutes. The motion was seconded by Member Myers and approval carried unanimously.

Disbursement Approval

Acting Chairman Reedy announced that we need to look at the disbursements for a sense of reasonableness and repetition, especially beneficiary payments and expense payments to make sure we are complying with all the payments that are chargeable to our plan.

Member Dietzler inquired about the Missouri and Federal withholding taxes being a liability for this year and last year on Police and Fire, but he didn't see it on the Non-uniformed plan. Interim Treasurer Cole explained that we received a refund in the prior year that was corrected this fiscal year. The IRS was coding it to form 941 instead of form 945. The IRS returned the money and Mr. Cole had to write a letter to the IRS to explain there was a coding issue and he sent the funds back to the IRS. It has been rectified and the current balance sheet reflects such.

Member Stutz inquired about due from taxes to St. Louis County line item. Interim Treasurer Cole said it is the property tax receivable as of June 30, 2019, that have not yet been cleared for FY20.

Chairman Reedy asked about the Transfer In amount of \$415,000. Interim Treasurer Cole said it is YTD amount that the City could transfer in based on the actuary's recommendation, but it

has not been transferred in yet. Member Stutz said he thought it might have been the amount of funds the board asked the City to contribute a few months again based on the shortfall. Interim Treasurer Cole said he would double-check.

Member Myers said he noticed a disbursement to Gary Guittar, but both he and his wife passed away a while ago. Interim Treasurer Cole said he would check into it.

Chairman Reedy called for approval of the disbursements. Disbursements were motioned by Member Myers, seconded by Member Stutz and approved with unanimous consent.

New Member Applications – Informational

- Jeffrey Franklin – Police Officer
- Kyle Giamanco – Police Officer
- Alonzo McDaniel _ Police Officer
- Victor Sanders – Police Officer

Approval of Retirements

N/A

Other Matters

N/A

Next Meeting Date(s)

April 21, July 21, October 20, 2020

Adjournment

The meeting adjourned at 7:45 p.m., with a motion by Member Myers, seconded by Member Jennings and passed with unanimous consent.