

**Minutes of Meeting**  
Board of Trustees Joint Meeting  
Non-Uniformed and Policemen & Fire Employees' Retirement System  
October 22, 2013

A meeting of the Board of trustees was called to order at 6:30 p.m. in the Council Chambers, 5<sup>th</sup> Floor of City Hall, 6801 Delmar Blvd., University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Edward McCarthy, Kevin Good, Tom Deken, Keith Cole, Erich Haring and Terry Crow

Members Excused: Juli Niemann, Frank Reedy and Holston Black

Member Absent: Steve McMahon

Others in Attendance: Elaine Williams-Board Secretary  
Tina Charumilind-Treasurer  
Wiley Angell, Tom Engle and Patty Boyd-FAMCO Representatives  
Tom Mug-Attorney

**Agenda**

The October 22, 2013 agenda was approved with changes. Two new non-uniformed applications were added.

**Chairperson's Comments**

Mr. Carr reviewed the following:

- City Council approved the adoption of the changes to the Pension Plans, covered in the Letter of Determination, the project on which Tom Mug, Attorney, has been working.
- The Board's meeting location has changed to the Heman Park Community Center and Board members will be alerted by Chairperson Carr.
- Mr. Carr thanked Tina Charumilind for preparing the Pension Board Orientation binders.

**Minutes**

The July 23, 2013 meeting minutes were approved.

**Plan Documents and Motion**

Mr. Carr revisited the Letter of Determination project. There was a study session held with City Council, which approved. The Board discussed resubmitting the packet now, which, if approved, would cover us for five (5) years. The advantage of resubmission now would be that, having just been approved by the Internal Revenue Service (IRS), we would probably get it approved again without any issues, and would put us on a 5-year cycle going forward.

Mr. Mug informed the Board members that he or a colleague can attend future Board meetings in order to address any questions or issues that arise. He offered that a representative could spend time with the Board in an effort to provide additional support to the Board. Mr. Carr welcomed the idea and added that if Board members needed to discuss something about our choice of attorney in the future, a closed meeting can be arranged.

Board member McCarthy questioned Mr. Mug regarding what protocol would be observed in order to re-write the retirement plan beyond compliance with IRS requirements. Mr. Mug suggested that such changes would require the involvement of the retirement consultant and lawyer in order to address the issues that are raised by such changes. Board member Deken stated that he believed any such changes to the retirement plan were a long step away.

***MOTION: The Pension Boards request that Mr. Tom Mug, Attorney, resubmit to the Internal Revenue Service (IRS) the Letter of Determination, in order to allow five years until the next review.***

**For both boards, Board member Fillo moved and Board member McCarthy seconded the motion. The motion passed for both Boards.**

#### **FAMCO Portfolio Review**

Patty Boyd introduced FAMCO's Chief Executive Officer and Chief Investment Officer, Mr. Wiley Angell, who has gained significant experience managing asset portfolios throughout his career. Wiley Angell and Tom Engle reviewed market conditions, portfolio performance, and the FAMCO approach to the financial markets. FAMCO's equity focus is on "value" stocks that tend to be more stable and pay good dividends. The Board discussed the position in Europacific Fund, a diversified mutual fund. The Europacific Fund investment was requested by the Boards some years ago and is not managed by FAMCO or included in the FAMCO fee calculation, but FAMCO does include it on their consolidated reports for the Board's convenience. Some Board members questioned whether we should change or reduce the investment in the Europacific Fund.

***Motion: The Pension Boards recommend a change the Asset Allocation guidelines***

***from 50-70% to 50-75% for Equity and***

***from 30-50% to 25-50% for Fixed Income***

In the discussion of the foregoing motion, the Board recognized that there is a limit on how far one should go in terms of increasing potential exposure to equity assets. Some members felt that we could eventually go farther, perhaps to an 80% cap on equity exposure, and others were reluctant to make this change. The Board discussed whether fixed income assets, such as bonds, can protect the portfolio if the economy, and equity markets, slump and that the Board would not want to over-allocate to equity assets in order to chase yield. The Boards were reminded that the intent of the motion is not to direct the investment manager to go to those limits, but rather to give the investment manager the flexibility to move there as conditions warrant.

**For both boards, Board member McCarthy moved, and Board member Cole (non Uniformed) and Member Deken (Uniformed) seconded the motion. The motion passed for both boards.**

**Training** - Parliamentary Procedures-Handout

Mr. Carr referred to the one-page summary of Parliamentary Procedures that was handed out at a recent City sponsored session on that subject. Mr. Carr handed out a summary of fiduciary concepts that came from "Fiduciary 360" training materials.

The Board thanked Ms. Charumilind again for the Orientation Book.

Ms. Charumilind provided a handout and reviewed several aspects of Pension Systems and Procedures. They are highlighted as follow:

- Ms. Charumilind described the procedures for all transactions among accounts, payroll deduction, contribution refund and benefit payments. The section in the Orientation book includes the code references that are the source of the calculations.
- Payroll deductions (contributions from participants) are 3% for Non-Uniformed employees and 5% for Police & Fire employees.
- The contribution from participants in Non-Uniformed plan goes right into the plan every pay period, approximately \$15,000 to \$20,000 per month.
- The Plan also pays for group life insurance and disability insurance for the active employees in both plans.
- Police & Fire employees get a 30% distribution from their pension balance (actuarial calculation when vested at 10 years of service) into a self-directed 401(a) account at ICMA. Thereafter, 5% deducted from each payroll goes to the same 401(a) account.
- There were questions on the "Offset Balance" that is used in the Uniformed Plan.
- 5% is contributed by the Uniformed employees to the 401(a) and it is assumed in the actuarial calculation that that amount earns an annual interest at 7%. Through this calculation, the employees' pension benefit payments will be reduced (as compared to the "old plan" with no 401(a) account). Mr. Carr suggested that if this is still a question or misunderstanding, interested employees write down the question and give it to Ms. Charumilind. This has come up before and it will be good to get clear answers.
- Police & Fire Plan's source of fund comes from property tax. This tax has not covered the full contribution recently so the City contributes the balance.
- UMB transfers money monthly to make pension benefit payments, \$160,000 for Police & Fire plan and \$75,000 for Non-Uniformed plan.
- The balance of investment securities account in the general ledger should be the combination of the total investment on the monthly UMB and FAMCO (Charles Schwab) statements.

**Other Matters**

The Boards discussed the need for more meetings. We have had monthly meetings in the past when needed. The consensus is that we stay with our quarterly meetings and call extra meetings as necessary.

Tina Charumilind commented that the Request for Proposal for pension consultation for the Non-Uniformed Plan is still pending until October 24, 2013. Mr. Carr commented that this is Mr. Walker's project.

**Next Meeting Date**

January 28, 2014

**Adjourned**

The meeting adjourned at 8:05 p.m.