

**Minutes of Joint Meeting
Board of Trustees
Non-Uniformed and Police & Fire Employee's Retirement Fund
January 29, 2013**

A meeting of the Board of Trustees was called to order at 6:31 p.m. in the Council Chambers, 5th Floor of City Hall, 6801 Delmar Blvd., University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Holston Black, Edward McCarthy, Frank Reedy, Thomas Deken, Keith Cole, Erich Haring, Juli Niemann, Steve McMahan, Terry Crow

Members Absent: Kevin Good

Others in Attendance: Elaine Williams – Board Secretary
Tina Charumilind – Treasurer
FAMCO Representatives – Tom Engle and Patty Boyd
Paulette Carr – City Council Member
Patrick Wall – Library Director
Jennifer Stuhlman – Firefighter Union Steward

Agenda

Chairperson Carr started the meeting by requesting that the agenda for all three boards be approved at the same time.

Chairman Comments

Chairperson Carr informed the board that the motion to add an additional contribution to the Non-Uniformed Fund was presented to the City Council. City Council asked for a more information, which led to a study session that was held on 28 January, 2013. Half the board members were in attendance.

Chairperson Carr and Board Member Fillo worked with FAMCO on the transition of the old Statement of Policies and Objectives incorporating some new details into a usable form that was used to draft up a new Statement of Policies and Objectives.

Minutes

A motion was made to approve the minutes for Joint meeting from November 27, 2013, the motion was seconded and carried unanimously.

Training

The training requirement for new people has occurred in the last couple of meetings. All the new citizen members and employee members did stay after prior meetings and all have received a preliminary training review from Chairperson Carr.

FAMCO representatives Tom Engle and Patty Boyd handed out a packet showing us an overview of Investment Concepts. This training will cover fixed income and we will cover stocks at a later meeting. The University City pension funds are currently being invested in Fixed Income (Bonds) and the Equity Market (Stocks). Tom defined various features of stock investing and bond investing

as shown on page 2 of the handout, and provided a liquidation order that is strictly followed should a company go under. A more detailed explanation was given that broke down Fixed Income into major sections for U.S. Government Bonds, U. S. Federal Agency Securities, Corporate Bonds, Residential Mortgage-backed Securities (RMBS), Commercial Mortgage-backed Securities (CMBS) and Asset-backed Securities (ABS) as well as providing the risk association.

The largest allocation of our portfolio was to Corporate Bonds over the last year. 60% Corporate Bonds vs. 27% of the index is why the performance was superior. RMBS TBA (to be announced) is used to gain exposure to the sector. It is also reflected in our new Statement of Policies & Objectives and is a modern way to manage our portfolio.

We own a small amount of Asset-backed Securities because they were right at the time we bought them but do not own CMB's in our portfolio. If FAMCO buys CMBS, they will buy AAA which is the highest quality.

The fixed income allocation of the University City pension fund is managed versus the Barclays Capital U.S. Aggregate Bond Index. This index is often used to measure the allocation and performance of the U.S. Investment grade fixed rate bond market. This index is composed of 6 major fixed rate bond sectors and our Fixed Income index composition is showing being allocated as follows: Treasuries, 36.3, Agencies, 4.8%, RMBS, 29.5%, CMBS, 1.8%, Corporate, 27.2%, and ABS, 0.4%.

One of the benefits of the index is that we give FAMCO an index to manage money against. It shows the makeup of the index we have chosen. The public can get a feel on how the fixed income market is being allocated and performing.

Rating agencies Moody's and S&P are similar. They both have analyst looking at different things and they arrive with different decisions. Our portfolio is AA- which was within the guidelines.

Portfolio Review

Patty summarized our performance for the Police & Firemen's Retirement Fund. Our portfolio return is almost 11%. The Bond portfolio was 6%, versus index of 4.2% which is an excellent return. Financials were in the best performing sector of equities.

FAMCO's strategy for 2012 was the same strategy we had going into 2013. In the past, it was voted to move the allocation from 65% equity/35% fixed to 70%(max)/30% and allow FAMCO to move the allocation to that percentage. We can trade or allow the portfolio to grow to that. Both portfolios and characteristics were reviewed, with both funds showing pretty much the same performance, except for the dollar amount.

Approval of Recent Changes to Statement of Policies and Objectives

Both boards approved by motions the changes to the old Statement of Policies and Objectives, as discussed in prior meetings. This broadens the asset allocation grid and clarifies bond quality.

Draft Revision and Restatement of Statement of Policies & Objectives

Having made some detail changes to the old document, Mr. Carr recommended that we revise the document in its entirety. This revision was created in an attempt to have one document for both

boards and to make the document clearer. The City Attorney will review this document. If approved, the Board and any manager that we hire will follow, and we will have separate agreements for any manager that we hire. It shows our purpose, responsibilities and what our goals are. The motion to adopt the Statement of Policies and Objectives as a draft, to be finalized with dates and signatures was approved by both boards.

Election of Chairperson and Vice-Chairperson (Two Year Term)

The By-Laws state that the Board shall elect one of its members as Chairperson, and one as a Vice-Chairperson. A motion that Chairperson Carr and Vice Chairperson Fillo be re-elected for another Two-Year Term starting January 29, 2013 was approved by both boards.

OTHER MATTERS

Mr. Carr reported on the study session. Mr. Siepman provided a piece of information that he used to answer Council Members questions. He stated that we are underfunded because of investment performance and our actuarial assumptions, among other factors. He advised us not to shift the numbers about and recommended that we stay as realistic as possible. Our actuarial assumed growth rate is among the 17% most conservative for Missouri municipal pension plans. His answers were phrased very well with “what happens if” and “what if’s”, but avoided telling us what to do. Tina Charumilind stated that she will provide numbers to him in the spring.

Next meeting date

April 23, July 23 and October 22, 2013.

Adjournment

The meeting adjourned at 7:49 p.m.