

**Minutes of Joint Meeting
Board of Trustees
Non-Uniformed and Police & Fire Employees' Retirement Fund
April 26, 2011**

A meeting of the Board of Trustees was called to order at 7:14 p.m. in EOC room Basement Level, City Hall, 6801 Delmar Blvd.

Members in Attendance: Diane Sher, Anne Silverstein, Jaime Mendez, James Carr,
Tom Deken, Erich Haring, Don Humphrey

Members Absent: Mark Winer, Fred Kramer

Others in Attendance: Michael Glickert, Council member
Janet Watson, Deputy City Manager (Treasurer)
John Mulligan, City Attorney

Minutes

Member Carr offered three amendments to the January 25, 2011 minutes which were: 1) under the topic of Missouri Sunshine Law, he recommended adding "Member Carr offered to email the Sunshine booklet to the Board"; 2) in the third paragraph under the topic Investment Request for Proposals, the item should be noted to have passed instead of failed, and; 3) in the fourth paragraph under the same topic, he recommended deleting the last sentence and adding, "Pursuant to the motion to reconsider, the Board passed the motion. Member Mendez made a motion to approve the minutes as amended. Member Humphrey seconded the motion and it carried.

There was a brief discussion about posting the minutes within two weeks of the meeting and that they should only be posted after approval.

Investment Manager (FAMCO) Update – Charles Walbrandt, FAMCO

Chair Sher stated Mr. Angell was unable to attend, but Charles Walbrandt is here to address the investment management personnel change. Mr. Walbrandt provided his background and stated he appreciated the plans' long-term relationship with his firm. He stated there had been a change in portfolio management. Mike Helgerson was assigned responsibility for the plan at the end of the last year, but he has left the firm. This should not affect the portfolio. Mr. Walbrandt stated that Wylie Angell and Mr. Walbrandt will be the individuals directly responsible for the University City portfolio.

Member Carr asked about a lawsuit with General Dynamics. Mr. Walbrandt stated there was a 2007 lawsuit against General Dynamics and most other defense contractors. The lawsuit stated that General Dynamics was overcharging on fees on a savings plan. He stated the court records would show that the fee rates were well below industry average. FAMCO was never accused of wrong doing, but was brought into the lawsuit because of their relationship with General Dynamics. At the end, General Dynamic chose to settle the lawsuit and they insisted FAMCO settle, as well.

In summary, the change of personnel should not affect the investment philosophies of the plans. He stated the premise they are using is that foreign investments are projected to have higher growth than domestic investments. Government changes may be a fiscal depressant on the economy. They would hope to get into large cap high quality and grow the earnings at approximately the GDP growth rate. In the near future, inflation may be below average for the economic situation. They will implement the philosophy by using large cap stocks, which have the most predictable earnings, with above average yield. It will be a defensive portfolio plan.

Actuarial Report

Mr. Siepman was unable to be present due to a delayed flight. Ms. Watson presented brief information from the annual valuation reports. On the Non-Uniformed plan, the report shows the plan has fewer employees and fewer retirees. This caused the plan actuarial liabilities to be lower and the actuarial value of the assets has increased in value. These two issues combined resulted in a lower annual City contribution for the plan for next fiscal year. Member Sher asked where the plan fell regarding funded percentages and percentage of total contributions. Ms. Watson said she would locate information on this issue. Member Carr asked who is tracking when the City might convert to a defined contribution. Member Silverstein objected to the Board discussing the issue. Member Sher stated that the original request to investigate the issue had come from the City Council. Member Carr wondered whether the City Council might look at this again. Ms. Watson stated that they may. Member Sher asked about the Library, and Ms. Watson stated that they are such a small group, that they had little change this year.

On the Police and Firefighter plan, they had a higher number of active employees and retirees were less. The liabilities went down slightly and the actuarial value of assets was slightly higher. The funded percentage went down slightly. The City contributions are still being covered by the property tax levy. Member Silverstein wanted to know why the actuarial value of the assets has decreased and Member Mendez asked about the notation about the \$100,000 life insurance benefit. Ms. Watson stated she would find out this information from the actuary. Ms. Watson asked if the Board wanted the actuary, Mr. Siepman, to attend a later meeting. The Board had consensus for him to attend the next meeting.

Approval of Investment Consulting Services and Money Management Services Request for Proposals (RFP)

Member Mendez stated that the working group of Diane Sher, Lehman, Walker, Janet Watson and he put together draft RFP's that were submitted to the Board. Chairperson Sher stated that although they considered other resources available in the community, they decided to do it ourselves. She thanked the group for their efforts.

Member Carr stated he thought the drafts looked good, and wondered how we will handle the information when we receive proposals. Member Silverstein stated she was willing to send them out. Member Humphreys stated he thought the drafts were extensive and included everything the board had discussed.

A motion was made by Member Humphreys and seconded by Member Deken to issue the RFP's. Chairperson Sher called for discussion.

On the Investment Consulting Services RFP, Member Mendez requested that on page 5, the item X.D requesting Form ADV's, should be taken out since the request was duplicative to other parts of the document.

On the Money Management RFP, Member Mendez stated he was not sure if we should include #2 under "Duration of Contract" stating the contract had a duration of two years, although he did like the wording for the three year review. Member Silverstein suggested the wording about retaining the consultant for two years should be taken out. Member Carr stated he felt the timeframes were informative to bidders. Chairperson Sher stated she does not like locking in services for two years. After comments from several board members, there was a suggestion to take this statement out both places mentioning the two year timeframe in both RFP's.

Member Mendez questioned whether we are issuing both RFP's at the same time as it would seem more appropriate to have the consultant in place before choosing the money manager. Chairperson Sher stated that firms might bid on both and simultaneous bids has a tendency to get all interested groups together at the same time. Member Carr stated the Board could probably do it as parallel processes, but likes getting the consultant on board, who may or may not be used as the money manager. Member Mendez suggested the consultant might assist us in policies/objectives and how we should be investing our money and that information might be useful when choosing the money manager. Member Humphrey stated he liked the idea of issuing the consultant RFP first and thought the Board should take our time and not rush the process and weigh the consultant fee against what they would do for the Board. Member Sher stated she would like to have all of the data at once. Member Silverstein believed the question should be called.

Attorney Mulligan offered that in light of the changes, a possible solution would be to move the "Duration" section to "General" or "Statement of Work" section. Member Silverstein suggested that the "Duration" section seems most appropriate. Mr. Mulligan clarified that the suggestion was to take out the two sentences which mentioned the two year period. He stated the actual contracts could control the time period of the contract. These were in the Duration of Contract section in both Items 1 and 2. The Board discussed that this change was needed in both RFP's.

Member Silverstein stated the major part of the motion was whether to issue the RFP's simultaneously. Member Carr asked to amend the motion to approve the RFP's as amended. Member Deken seconded the motion. Member Silverstein asked whether the amendment had a timeframe attached to it and did not like the wording about issuing the RFP's simultaneously.

Member Carr stated he was still unclear as to the motion. Member Humphreys withdrew the original motion. Member Mendez stated he believed the schedule might need to be adjusted in the Money Management Services RFP. Member Silverstein stated she had difficulty with the paragraph on coordination of services and believed it should be taken out.

Member Silverstein made the following motion and it was seconded by Member Carr.

Motion: Issues simultaneously RFP's for Money Management Services and investment Consultant Services.

Member Carr stated he would like to get all of the information back and then the schedule could be adjusted, if needed.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 3</i>	<i>No – 2</i>	<i>(Failed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 2</i>	<i>No – 4</i>	<i>(Failed)</i>

Member Humphreys suggested taking out the paragraph on coordination of the RFP. Ms. Watson restated the other amendments which were to: take out the second and third sentences in the first paragraph on the second page; move the “Duration of Contract” section under the “Statement of Work” section, taking out the two mentions of two-year contracts; and take out section X.D because it is duplicative.

Member Mendez made the following motion and it was seconded by Member Humphreys.

Motion: Accept the Investment Consulting Services RFP as revised.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 4</i>	<i>No – 0</i>	<i>Abstention -1 (Passed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 5</i>	<i>No – 0</i>	<i>Abstention -1 (Passed)</i>

Member Humphreys made the following motion and it was seconded by Member Deken with the same revisions as the prior contract.

Motion: Accept the Money Management Services RFP as revised.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 4</i>	<i>No – 0</i>	<i>Abstention -1 (Passed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 5</i>	<i>No – 0</i>	<i>Abstention -1 (Passed)</i>

Member Humphreys made the following motion and it was seconded by Member Mendez.

Motion: Send out the Investment Consulting Services RFP as soon as possible.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 5</i>	<i>No – 0</i>	<i>(Passed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 6</i>	<i>No – 0</i>	<i>(Passed)</i>

Member Humphrey stated that he thought we could wait before issuing the Money Management Services RFP. Chairperson Sher said that she was concerned about the process.

Member Silverstein made the following motion and Member Deken seconded the motion.

Motion: The Money Management Services RFP will not be sent out until Board authorized.

Member Sher stated she thought the board had a desire to move forward on these items. Member Deken stated he felt the motion was clear.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 5</i>	<i>No – 0</i>	<i>(Passed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 6</i>	<i>No – 0</i>	<i>(Passed)</i>

Pensioner Death Review Report

Ms. Watson stated that the review had been performed through a company providing these services. The results showed three retirees with incorrect social security numbers, two deaths in 2011 for which the City had been notified, and one death where the City was still sending retirement benefits since 2007. The City stopped the benefit payment and the case was turned over to the police for investigation in a different jurisdiction. Ms. Watson stated staff will do this review annually.

Member Carr made the following motion and it was seconded by Member Deken.

Motion: The City should look for dead pensioners annually.

<i>Vote:</i>	<i>Police & Fire</i>	<i>Yes – 5</i>	<i>No – 0</i>	<i>(Passed)</i>
	<i>Non-Uniformed</i>	<i>Yes – 6</i>	<i>No – 0</i>	<i>(Passed)</i>

Board Member Terms

Member Deken stated that his term was misstated on the handout and that it began in January 2008. Member Carr stated the City Council has a new process for appointing board members and noted that all members end their terms in July. Member Silverstein stated she believed it was not the Board's responsibility to determine the terms. There was further discussion regarding terms with no action.

Ms. Watson noted that three members' terms were expiring which were Silverstein, Mendez and Winer. Mr. Mulligan stated that members continue in office until they are replaced, unless they resign. All three members stated they did not want to be reappointed. Member Humphrey stated that City employees would need to vote on his seat.

Member Sher asked how many members needed to be present for a quorum. Mr. Mulligan stated that the Board could make a rule regarding the number of members needed for a quorum.

After discussion, Member Carr made the following motion and it was seconded by Member Humphrey.

Motion: To establish an absolute minimum of four voting members as a quorum for each Board.

There was further discussion that votes cannot be taken as a joint board, but only as individual boards. Ms. Watson stated that this would change one of the votes taken earlier this evening, which was on sending out the RFP's simultaneously.

Member Deken voted to have the Police & Fire Board reconsider the motion and Member Mendez seconded the motion.

Motion: To reconsider the motion on sending out the two RFP's simultaneously.

Vote: Police & Fire Yes – 5 No – 0 (Passed)

The motion was restated.

Motion: Issue Simultaneously RFP's for the Money Management Services and Investment Consulting Services.

Vote: Police & Fire Yes – 1 No – 4 (Failed)

Member Carr stated that we still have the motion on the table regarding establishing four members as a quorum for each Board.

Vote: Police & Fire Yes - 5 No – 0 (Passed)
Non-Uniformed Yes - 6 No – 0 (Passed)

Adjournment

Member Mendez made the following motion and it was seconded by Member Silverstein.

Motion: Adjourn the meeting

Vote: Police & Fire Yes – 5 No – 0 (Passed)
Non-Uniformed Yes – 6 No – 0 (Passed)

The meeting was adjourned at 9:25 p.m.

(Due to the lateness of the hour, the Board decided to delay the Police & Fire Board meeting and the Non-Uniformed Board meeting to an agreed upon date in the future.)