

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS**

MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING

February 27, 2006

I. ROLL CALL AND ANNOUNCEMENT OF A QUORUM

The February meeting of the Board of Trustees of the Public School Retirement System of the City of St. Louis (PSRSSTL) was called to order at 5:00 p.m., Monday, February 27, 2006. The meeting was conducted in the PSRSSTL offices. Paulette McKinney, Chairperson of the Board of Trustees, was the presiding officer.

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

Trustees Vincent Schoemehl and Cynthia Warren were absent.

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

II. APPROVAL OF MINUTES OF LAST MEETING

Lois Jean Turner made a motion, seconded by Louis Cross, to approve the minutes of the Board of Trustees Regular Meeting of December 19, 2005.

Lois Jean Turner had a question on page 4 of 7, in the Report of the Executive Director, concerning the SLPS employer contributions of \$22,027,854 expected to be remitted by the end of 2005. Trustee Turner asked the Actuary to clarify the contributions. The Actuary clarified that the figure includes the expected payment for the sick leave conversion program. The Actuary explained that his figure of \$18 million plus did not include the amount expected for the sick leave conversion. There was discussion on the way this figure was reported and the difference between the Actuary's report and the figure in the Report of the Executive Director. Joe Clark asked that the minutes reflect the difference between the two figures. The Attorney stated that it would not be appropriate to go back and change the minutes to reflect the difference between the two figures because that is not the way it was reported but it would be appropriate for the difference to be documented in the minutes of this meeting.

Lois Jean Turner had a question about the request made by Vince Schoemehl for the Actuary to prepare a letter to the Board of Trustees explaining the arrangement with CCA Strategies. The Chairperson pointed out that this was a discussion to approve the minutes and requested a roll call vote.

A roll call vote was taken.

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

With nine yes votes, motion carried.

III. SEATING OF NEW MEMBERS

The Chairperson welcomed Kathryn "Katie" Lamb and Donald L. Glenn, Sr. to the Board of Trustees and stated that she, Paulette McKinney, was a returning Trustee.

IV. READING OF COMMUNICATIONS TO THE BOARD OF TRUSTEES

The Chairperson referred the Trustees to two letters from the Actuary, Jim Rubie, concerning CCA Strategies, and asked the Trustees if there were any questions. There were no questions. The Chairperson then referred the Trustees to a letter to the Executive Director from Lois Jean Turner. The Chairperson asked Trustee Turner to address her letter. Trustee Turner read the letter to the Executive Director and expressed that she would like answers to her questions.

V. PRESENTATIONS BY INTERESTED PARTIES

The Chairperson recognized Erma Nevels and asked the interested party what her topic was going to be. Ms. Nevels stated that her topic was about pension benefits and asked the Board of Trustees if there had been any talk about the St. Louis Police Department, the St. Louis Fire Department or any other group joining the pension board. Ms. Nevels submitted her question in writing for a response.

The Chairperson recognized Delores Mills and her topic as the purchase of the new building. Ms. Mills requested copies of all minutes from the meetings about the purchase of the new building and asked whether there is a mortgage or if the purchase was made with retirement funds. Ms. Mills submitted her request in writing for a response.

VI. CONSENT AGENDA

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Retirements and Benefits of December 2005 and January 2006.

The Chairperson asked the Board of Trustees for discussion. Lois Jean Turner asked about a payment to John LaBarge, Jr. The Accounting Specialist and the Attorney explained that it had to do with an assignment of a lien against the retirement account in question.

Lois Jean Turner had a question about checks written to CCA Strategies within a short period of time. Marlene Davis requested a point of order. The Chairperson asked Trustee Turner to explain what she needed. Trustee Davis cautioned the Trustees to use discretion when asking questions about contracts and stated that it would be appropriate to ask the Executive Director about contract issues outside a regular meeting. Joe Clark asked the Actuary for clarification on the bills from CCA Strategies. The Actuary explained the bills to the Board of Trustees. Lois Jean Turner referred the Board of Trustees to a letter from CCA Strategies for clarification. The Attorney explained that the agreement is with Jim Rubie of CCA Strategies and that further discussion should be referred to the Personnel and Professional Committee. Joe Clark had additional questions of the Actuary who explained the retainer and other parts of the agreement.

A roll call vote was taken.

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

With nine yes votes, motion carried.

Lois Jean Turner made a motion, seconded by Katha McKinney, to approve the Refunds and Bills of December 2005 and January 2006.

A roll call vote was taken.

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

With nine yes votes, motion carried.

VII. UNFINISHED BUSINESS

Lois Jean Turner stated that Item X. on the agenda suggests that the Investment Consultant is to make a report at regular meetings. Trustee Turner requested consideration for removing Item X. from the agenda or the Investment Consultant's presence at regular meetings. The Attorney pointed out that a rule change needs to start in new business as a first reading. Joe Clark stated that Item X. either needs to be removed from the agenda or the Investment Consultant needs to be present at regular meetings. Christina Bennett confirmed the request. There was further discussion concerning the Investment Consultant.

VIII. REPORT OF THE CHAIRPERSON

The Chairperson addressed committee assignments and requested the new Trustees to participate in at least one committee. Joe Clark stated that he would be at all committee meetings. Donald Glenn stated that he would like to participate in the Personnel & Professional Committee as well as the Investment Committee. There was discussion about the Investment Committee Meeting schedule. Christina Bennett expressed interest in participating at Investment Committee meetings.

IX. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director began the report by stating that investment training for the Board of Trustees took place in January and that more training is scheduled per the correspondence from the Investment Consultant handed out at the meeting. The Executive Director reported on the progress of hiring the replacement for the Insurance Benefits Specialist. The Trustees were referred to the monthly status report from the Project Manager for the new building project and that the construction schedule still commits to a completion date of July 14, 2006. There was discussion on the project reports and other project issues. There was discussion about training from the Actuary. The Executive Director reported that \$22 million in contributions were received from SLPS on December 30, 2005. The Executive Director suggested a Rules & Regulation Committee meeting to discuss making the waiting period for the reissue of checks to 10 business days. There was discussion about making direct deposit for retirees mandatory.

The Executive Director introduced the Technology Manager who gave a summary on the technology project including testing, data conversion, data integrity and other issues that have affected the project. There was discussion on how staff turnover has affected the project. There was further discussion concerning the use of the Internet and the number of actual and deceased retirees.

IX. REPORT OF THE INVESTMENT CONSULTANT

None

X. REPORT OF THE ACTUARY

The Actuary presented several items. The first item presented was the suggestion by the Actuary to set the interest rate payable on member contributions at 5% for 2005 and future years.

Marlene Davis made a motion, seconded by Katha McKinney, to accept the Actuary's recommendation and set the interest rate at 5% on member contributions for 2005 and future years until the Board of Trustees takes action to change it.

A roll call vote was taken.

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

With nine yes votes, motion carried.

The second item addressed by the Actuary was a discussion on the Board of Education's decision to move to a 12 month school year. The Actuary expressed concern that it could adversely affect the fund. Katie Lamb clarified that it is not an extended school year so it should not affect the fund.

The third item addressed was a response to several questions asked by Lois Jean Turner concerning SLPS employer contributions. The Actuary referred to a document that presented an Analysis of Contributions for the past five years. He stated that at this point he is unable to project contributions for 2007 because he does not have the data to make the calculation yet. There was discussion on Charter Schools and contributions. The Actuary clarified that the \$22 million in contributions paid by SLPS at the end of 2005 consisted of \$18.6 million in regular contributions and another \$3.4 million that the Retirement System bills SLPS for the sick leave conversion program. The Actuary answered all questions to the satisfaction of the Board of Trustees.

XI. REPORTS OF 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

Lois Jean Turner asked the Chair, Louis Cross, if the Committee had entertained the idea of increasing the health care subsidy from \$80 to \$100. The Chairperson asked the Executive Director to get with the Actuary to track down information from 2003 concerning the issue.

Budget Committee

None

Investment Committee

Marlene Davis, Chair of the Investment Committee, reported on the Investment Committee meeting of February 22, 2006. The Chair asked the Board of Trustees for a motion to accept the Committee recommendation to eliminate the investment with First Quadrant and move the funds to Blue Rock.

Joe Clark made a motion, seconded by Katha McKinney, to eliminate the investment with First Quadrant and to roll the funds into Blue Rock.

A roll call vote was taken.

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

With nine yes votes, motion carried.

The Chair discussed the suggestions made in the Investment Consultant's memo concerning action items and the transition plan including educational sessions, a look at the current Tactical Asset Allocation strategy, a look at private equities, a review of the investment policy guidelines and a review of manager performance.

Office Relocation Committee

Marlene Davis, Chair of the Office Relocation Committee, referred to the report of the Project Manager and highlighted several items. The Chair has referred several minority participation organizations to the Project Manager to bid on work needed on the project. The Executive Director commented that the ground has been broken, the foundation laid and the walls are being constructed. There was more discussion on minority participation on the project. Marlene Davis confirmed that KAI is a minority participation organization.

Personnel & Professional Committee

None

Rules & Regulations Committee

None

Trustee Travel Commission

None

XII. NEW BUSINESS

Lois Jean Turner made a first reading of a re-submitted new rule that states:

“Committee Chairs will endeavor to schedule Committee meetings on the opposite month from regularly scheduled Board of Trustees meetings.”

Joe Clark asked if there had been any conversations between the St. Louis Police Department, the Fire Department or any other parties with the Retirement System about joining the plan. The Chairperson responded with a “no.” There was more discussion concerning the question.

XIII. REPORT OF THE ATTORNEY

None

XIV. ADJOURNMENT

Marlene Davis made a motion, seconded by Katha McKinney to adjourn the meeting.

By voice vote, motion carried and the meeting adjourned at 6:55 p.m.

Attachments:

Retirements, Refunds & Bills Paid December 2005 and January 2006
Letter from Lois Jean Turner dated February 13, 2006 with response

Hand written note received on February 27, 2006 from Erma Nevels with response

Hand written note received on February 27, 2006 from Delores Mills with response

E-mail from Andrew Clark to Jim Rubie of CCA Strategies dated February 24, 2006

St. Louis Public School Retirement System Analysis of Contributions made by Jim Rubie of CCA Strategies

Memo to Lois Jean Turner from the Executive Director dated March 15, 2006

Memo to the Board of Trustees from Doris Ewing of NEPC dated February 27, 2006