

FIREFIGHTERS' RETIREMENT PLAN
MINUTES
BOARD OF TRUSTEES MEETING
THURSDAY, JANUARY 28, 2016
1:30 PM
1114 MARKET STREET, ST. LOUIS, MO 63101
CARNAHAN COURTHOUSE
ROOM 746

Regular Meeting pursuant to call.

St. Louis, Missouri; January 28, 2016

Trustees met at 1:30 p.m.

Meeting Held In: Room 746, Carnahan Building

Present: John Costello, Chairman; Paul Payne, Bridget Halquist, Beverly Fitzsimmons, Michael Pollihan, Jeffery Glorioso and James Sondermann, Trustees; and Richard Frank, Secretary.

Also present were Barry Bryant, Dahab and Associates; Janice Fairless and Andy Leaser, Firefighters' Retirement Plan; Mike Garvin & Mallori Allen, City Counselor's Office; Scott Harper, Denise Droege and Richard Olliges, ERS; Steve McElhaney and Janet Cranna, Cheiron; and Sherry Browning, Vocational Services.

Chairman Costello called the meeting to order at 1:35 p.m.

Chairman Costello presented the minutes of the regular meeting of December 17, 2015.

Trustee Payne moved to approve the minutes of December 17, 2015, as presented. Motion seconded by Trustee Glorioso and carried by a 6-0-1 vote with Trustees Sondermann abstaining.

Chairman Costello presented the minutes of the special session of January 11, 2016.

Trustee Pollihan moved to approve the minutes of January 11, 2016, as presented. Motion seconded by Trustee Payne and carried by a 6-0-1 vote with Trustees Halquist abstaining.

Chairman Costello called on Mr. Frank for an update on the Vocational Rehabilitation Counselor RFP. Mr. Frank explained the committee received two responses and does have a recommendation. The committee recommends Vocational Services/Sherry Browning. Mr. Frank introduced Sherry Browning to the BOT. Sherry spoke to the Board about the work she does and is thrilled to work with the FRP.

Trustee Glorioso moved to approve the selection of Vocational Services/Sherry Browning as the Vocational Rehabilitation Counselor for the FRP pending successful contract negotiations. Motion seconded by Trustee Fitzsimmons and carried by a 7-0 vote.

The Chairman then called on Mr. Bryant to discuss the Investments. Mr. Bryant presented the preliminary quarterly report. (Attachment 1) The Portfolio's return for the year was slightly negative at -0.8%. This was better than the St. Louis Manager Shadow Index of -1.2%. Mr. Bryant noted that every sector came in a small percentage better than the shadow indexes with the exception of the Vanguard 500 which matched the return of the S&P 500 index. Mr. Bryant explained the timing issue on closing of International funds which accounted for the difference in the Vanguard FTSE All World Ex US variance.

Trustee Glorioso moved to accept the Preliminary Performance report for December 31, 2015 as presented. Motion seconded by Trustee Pollihan and carried by a 7-0 vote.

The Chairman then asked Mr. Bryant to discuss the asset allocation. Mr. Bryant explained that with the next allocation the Board may want to consider investing in real estate and therefore, he would like to present a primer on real estate investments at the next meeting. He indicated real estate is very much like bonds as it is relatively stable principle but can appreciate and performs better in a rising environment. Mr. Bryant will go into more depth at the next meeting.

Mr. Bryant presented Chairman Costello with a draft of a "Handbook for Trustees" which includes a section on how to read a research report. Chairman Costello appreciated the work and will review it further.

Next, Chairman Costello recognized Mr. Steve McElhaney and Ms. Janet Cranna from Cheiron. to present the 2015 Actuarial Valuation Report (Attachment 2 – Presentation; and Attachment 3 – Actuarial Valuation Report as of October 1, 2015). Mr. McElhaney explained the actuarially determined City contribution increased from \$7.4 million (21.65% of payroll) to \$9.1 million (26.15% percent of payroll). The Unfunded liability increased from

\$38 million to \$63 million. The Plan's funded ratio is 33.7%. Asset return for the year was -4%. Based on a 5 year smoothing this is an actuarial loss of \$0.6 million. The plan has 26 people in DROP, and pays 31 retirees, 4 disableds and 2 beneficiaries.

Discussion followed on the Asset return for the year of -4% as it relates to interest on DROP accounts. In the ordinance it states "plus or minus"; however, in the technical corrections bill it has been changed to "plus no less than 0%". If this change is required by tax law we may be required to implement it immediately and not wait for the technical corrections bill to pass. So we have asked legal to look into this. If the change is not required by tax law, then it would be implemented with the approval of the technical corrections bill.

Trustee Pollihan moved to accept the 2015 Valuation report as presented. Motion seconded by Trustee Payne and carried by a 7-0 vote.

In was the consensus of the Board to lay over the vote on the DROP interest rate until further clarification from Tax Counsel.

The Chairman then asked Mrs. Fairless to present the DROP allowances. Six DROP allowances were presented for Firefighters Harrith, Sweeney, Whitlock, Rezek, Suzor, and Connor (Attachment 4).

Trustee Payne moved to approve the DROP allowance as presented. Motion seconded by Trustee Glorioso and carried by a vote of 7-0.

Chairman Costello asked Mrs. Fairless to present the Pension allowances. Mrs. Fairless presented two pension allowances both which included the Sick Leave Refund and refund of Contributions for Firefighter Bernard Bruno and Battalion Chief Steven M. Nienhaus (Attachment 5).

Trustee Glorioso moved to approve the Pension allowance including Sick leave benefit as presented. Motion seconded by Trustee Pollihan and carried by a vote of 7-0.

Trustee Payne moved to approve the Refund of Contributions as presented. Motion seconded by Trustee Glorioso and carried by a vote of 7-0.

Chairman Costello called on Mrs. Fairless who requested the Board ratify the action of the Secretary in correcting a disability allowance. She explained that the allowance for Carl Roy presented at the 1/11/16 Special Board meeting was overstated by \$142.66 as the report reflected the total accrued benefit (\$1,426.62) instead of the true amount due

(\$1,238.96) which is 90% of the accrued benefit (Attachment 6). Mrs. Fairless noted the error was discovered and corrected before pension check was issued.

Trustee Glorioso moved to ratify the action of the Secretary in correcting Firefighter Roy's disability allowance from \$1,426.62 to \$1,238.96. Motion seconded by Trustee Pollihan and carried by a vote of 7-0.

Mrs. Fairless also asked the BOT to correct the DROP allowance for Firefighter Sean Monroe. Firefighter Monroe's average final comp has changed just slightly due to his start day and it reflected an increase of \$ 0.13. (Attachment 7)

Trustee Glorioso moved to approve Sean Monroe's corrected DROP allowance as presented. Motion seconded by Trustee Pollihan and carried by a 7-0 vote.

Chairman Costello called on Mrs. Fairless to begin discussion on the audit contract. Mrs. Fairless deferred to Mrs. Fitzsimmons who explained the Comptroller's office was required to submit GASB 68 reports this year (for City fiscal year ending June 30, 2015), and therefore FRP needed to complete GASB 68 reports based on its fiscal year ending September 30, 2014 to be part of the City's Audit. As this additional work was outside of the audit contract, FRP has received an estimate from Hochschild Bloom of approximately \$1,500 for the creation of these reports (Attachment 8). Mrs. Fitzsimmons indicated that since this was a City requirement for FYE 2015 but not for FRP for its FYE 2014, the Comptroller's office will agree to pay these fees. In the future, the FRP audit should include these reports as they are now required, and the FRP will receive no future City reimbursement for the inclusion of these reports. Mrs. Fairless explained to the BOT the contract for Audit services ends with the Hochschild's Bloom Auditor's report for 2015, which is scheduled for next meeting. She said we may either agree to extend their contract or we may want to go out for bid.

Trustee Fitzsimmons moved to create a selection committee for a search for an Auditor for the FRP. Motion seconded by Trustee Payne and carried by a 7-0 vote.

By consensus of the Board, Chairman Costello and Mr. Leeser (FRP Accountant) were selected to be the FRP reps on the selection committee for the auditor search.

Chairman Costello called on Counselor Allen who provided the resolution on retirement benefits for members who die with no survivors (Attachment 9). Discussion followed. It appears one item is missing from the document. There needs to be a statement "If no beneficiary is listed, and the Firefighter has no eligible children or wife, then all contributions would be refundable to the Firefighter's estate."

Trustee Glorioso moved to approve the resolution provided it included the missing statement to the affect "if no beneficiary (wife or dependant children) then all contributions would be refundable to the Firefighter's estate". Motion seconded by Trustee Payne and carried by a 7-0 vote.

Chairman Costello called on Mrs. Fairless for an update on the Service Purchase Agreement. As the Actuaries were in attendance, Mrs. Fairless asked the actuaries if they could update the Board on the status. Mr. McElhaney and Ms Cranna acknowledged they supplied GRS with answers to all their questions in December. They have not heard from GRS since that time. Mr. Frank asked if a letter should be drafted with the outstanding issues outlined. Cheiron does not know of any outstanding issues at this time. Chairman Costello and Mrs. Fairless will get in touch with Director Brewer at the FRS. If necessary a meeting of the actuaries will be requested.

Chairman Costello called on legal for an update on the contract with OFI. Counselor Allen reports she is very close on getting agreement. Counselor Harper with ERS has been assisting Counselor Allen on the contract. The contract has been sent back to OFI with some suggested changes/addendums.

Chairman Costello called on Counselors Garvin and Allen for an update on the Technical Corrections Bill. Legal, IceMiller, Demitris Alfred (Local 73 President) are scheduled for a conference call tomorrow at 2 pm, with Alderman Boyd who has presented this to a committee. Counselor Garvin invited the BOT & FRP staff to attend the conference call as well.

Chairman Costello called for a motion to go into closed session pursuant to Section 610.021 RsMo (Roll Call Vote) to discuss legal matters and matters of physical and mental health of members.

Trustee Pollihan moved to go into closed session. Motion seconded by Trustee Glorioso and carried by a 7-0 roll call vote of all Trustees present.

Closed session minutes are confidential and recorded separately.

Return from closed session at 4:00 p.m.

Chairman Costello called for any other business.

There being no other business, Chairman Costello called for a motion to adjourn.

Trustee Payne moved to adjourn the meeting. The motion was seconded by Trustee Costello and carried by a 7-0 vote of all Trustees present.

Meeting adjourned at 4:05 p.m.



Richard R. Frank, Secretary



Date