

**FIREFIGHTERS' RETIREMENT PLAN**  
MINUTES  
BOARD OF TRUSTEES MEETING  
THURSDAY, MARCH 31, 2016  
1:30 PM  
1114 MARKET STREET, ST. LOUIS, MO 63101  
CARNAHAN COURTHOUSE  
ROOM 746

Regular Meeting pursuant to call.

St. Louis, Missouri; MARCH 31, 2016

Trustees met at 1:30 p.m.

Meeting Held In: Room 746, Carnahan Building

Present: John Costello, Chairman; Paul Payne, Beverly Fitzsimmons, Michael Pollihan, Jeffery Glorioso Trustees.

Excused: Bridget Halquist and James Sondermann, Trustees, Richard Frank, Secretary

Also present: Also present were Steve Roth, Dahab and Associates; Janice Fairless and Andy Leeser, Firefighters' Retirement Plan; Rich Olliges, ERS, Mallori Allen, City Counselor's Office

Chairman Costello called the meeting to order at 1:31 p.m.

Chairman Costello presented the minutes of the regular meeting of February 25, 2016. Counselor Allen commented on the OFI contract. Her understanding was the contract was given the go ahead at the last meeting as the majority of her work on it was completed. Since no record exists of approving this motion and the item is on today's agenda the Board decided not to amend the minutes, but to vote on the contract at today's meeting. Counselor Allen's work on this issue is appreciated and noted.

Trustee Glorioso moved to approve the minutes of February 25, 2016, as presented. Motion seconded by Trustee Pollihan and carried by a 5-0 vote of all Trustees present.

Chairman Costello called Steve Roth from Dahab to discuss Preliminary Performance and Market Values as of March 18 (Attachment 1), and present the asset allocation recommendation. (Attachment 2).

The total portfolio is up .7% for the quarter and down .7% since inception. Lots of uncertainty in the market with oil, China, currency, yet modest economic growth and unemployment is down. Elections this fall also will impact the market. It is speculated that if Kasick or Clinton wins it would be best for the market, Trump a distant second, and Sanders or Cruz would have the most negative impact on the market.

Mr. Roth then proceeded to present the Asset Allocation Study of March 2016. Nine mixes were presented to the Board. They ranged from 30-25% Large Cap, 20-10% SMID, 30-20% Foreign Equity, 0-10% Real Estate, and 20% Fixed Income. Two which appeared most promising were mix 2: 30% Large Cap Equity, 20% SMID Cap Equity, 5% Real Estate, and 20% Fixed Income and a mix 3 30% Large Cape, 20% SMID, 25% Foreign, 5% Real Estate, and 20% Fixed Income. The 10 year scenario for both of these projects returns of 7.6% and 8.9% over 20 years. After further discussion the Chairman called for a motion.

Trustee Payne motioned to approve and adopt Mix 2; however, the new mix would not take affect until the selection of a Real Estate manager:

- 30% Large Cap Equity
- 20% SMID Cap Equity
- 25% Foreign Equity
- 5 % Real Estate
- 20% Fixed Income.

Motion seconded by Trustee Glorioso and carried by a 5-0 vote of all Trustees present.

Since no motion had been made to accept the investment report, Chairman called for a motion.

Trustee Pollihan moved to accept the investment report. Motion seconded by Trustee Glorioso and carried by a 5-0 vote of all Trustees present.

Mr. Roth also shared the rebalancing done in March has succeeded in bringing the SMID allocation into line, and recommended the Board return to their previous allocation.

Trustee Glorioso motioned for staff to return to the previous asset allocation until a Real Estate manager is in place at a future date. Motion seconded by Trustee Pollihan and approved by a 5-

0 vote of all Trustees present.

Trustee Pollihan then motioned for Dahab to issue a RFP for core Real Estate with funding of approximately \$3 Million, pending legal's review and approval of the RFP. Motion seconded by Trustee Glorioso and carried by a 5-0 vote of all Trustees present.

At this time item 14 on the agenda, the update on the OFI contract was moved up. A question came up because Oppenheimer and Company was recently in the news with some unfavorable press regarding 20% of the financial advisors with misconduct issues. Steve Roth presented a letter to the Board (Attachment 3) which explains Oppenheimer Funds (OFI) the company we selected for our international equity is not the same company as Oppenheimer & Company. The letter clearly indicates the firms are not related.

Trustee Glorioso moved to accept the OFI contract as presented. Motion seconded by Trustee Pollihan and motion carried by a vote of 5-0 of all Trustees present.

Mrs. Fairless reported the shadow account has been set up at Northern Trust for the OFI investment; however, it is not funded.

Trustee Glorioso then moved to liquidate the MFO Vanguard FTSE All World Ex-US Fund currently held at Northern Trust to fund the OFI account. Motion seconded by Trustee Payne and carried by a 5-0 vote of all Trustees present.

Chairman then called on Mrs. Fairless who presented the fees from IceMiller and a copy of the engagement letter we entered into with them describing the nature and scope of their services. (Attachment 4a) Based on what Ice Miller was hired to assist the Board with their bill seems very much in line. The total bill was \$8923.05. (Attachment 4) Mary Beth Braitman appeared before the subcommittee as our expert witness and on a conference call where the Union had their legal representatives arguing the points in our legislation. The technical corrections bill. CS280 was approved and the tax determination letter has been submitted. Chairman Costello reiterated that staff needs prior approval before authorizing any charges outside the contract. Staff is aware of this and follows this policy. All items in this relate to activities necessary for attaining tax qualification.. Discussion followed. Trustee Pollihan pointed out we hired tax professionals to work on getting the Plan's IRS determination letter. The ordinance needed changes/clarification to meet the IRS guidelines. The ordinance has passed and the determination letter is with the IRS waiting on approval. Ice Miller has done what we asked of them. The Board should approve the expense. Mrs. Fairless noted if we chose not to pay at this time the Plan would incur a 1.5% late fee.

Trustee Glorioso moved to approve the Ice Miller invoice as presented. The motion was seconded by Trustee Pollihan and approved 4-0-1 with Chairman Costello abstaining.

Chairman Costello recognized Mrs. Fairless for approval of DROP allowances. Mrs. Fairless presented two DROP allowances-one for Firefighter Steve Reynolds and one for Firefighter Orlando Ambus.(Attachment 5)

Trustee Pollihan moved to approve the DROP allowances as presented. Motion seconded by Trustee Fitzsimmons and approved by a 5-0 vote of all Trustees present.

Chairman Costello then called on Mrs. Fairless for approval of refunds of contributions. Two retirees were overpaid their refund of contribution and a revised refund is being requested for Bernard Bruno and Steven M. Nienhaus. (Attachment 6). Mrs. Fairless shared the Plan has a new calculator which automatically computes contributions. After checking the first 5 contributions, it appeared to be working properly; however, when Private Bruno and Chief Nienhaus retired it was inaccurate because they were the first firefighters in DROP on 2/1/2013 to retire with the new calculator. The FRS did not return the contributions for those in DROP on 2/1/2013 for the period of 2/1/2013-6/30/2013, so when Private Bruno and Chief Nienhaus retired both were reimbursed contributions for 2/1/2013 - 6/30/2013 from the FRS and the FRP. Mrs. Fairless has contacted both men who understood the overpayment and agreed to repay the FRP for the overpayment. Both asked the FRP just to apply their monthly benefit to the overpayments until paid in full. The calculator has been corrected to remove these contributions held by FRS.

Trustee Payne moved to approve the revised refund of contributions and repayment plan as presented. Motion seconded by Trustee Glorioso and approved by a 5-0 vote of all Trustees present.

Chairman Costello called on Mrs. Fairless to present Pension allowances. Included with pension allowances are sick leave benefits and refunds of contributions. (Attachment 7) Captain David Scott, Private Orland Ambus and Private Mark Wroblewski have retired. Mrs. Fairless reminded everyone that Firefighter Wroblewski is changing his retirement from a Disability benefit with his benefit retroactive to May 29, 2015. This was approved at the February BOT meeting. Attached is a copy of the letter the FRP has sent to the FRS requesting the FRS to pay the overpayment of benefits the FRP made to Firefighter Wroblewski when he accepted the disability benefit based on erroneous information. (Attachment 8) The FRS BOT meets next week, so we should know at that time if the FRS is agreeable to our request.

Trustee Pollihan moved to approve the Pension Allowances as presented including Sick Leave and Refund of Contributions. Motion was seconded by Trustee Payne and carried by a 5-0 vote of all Trustees present.

Mrs. Fairless also presented the Line of Duty 100% Disability Allowance as approved for Carl Roy at the February 25, Board meeting.(Attachment 9) At that time Firefighter Roy was awarded a line of Duty disability from an ordinary disability.

Trustee Glorioso moved to approve the Line of Duty 100% Disability for Firefighter Carl Roy retroactive to November 6, 2015 as presented. Motion seconded by Firefighter Pollihan and carried by a 5-0 vote of al Trustees present.

Chairman Costello asked Mrs. Fairless for an update on the clean up of AFC in Preparation for IT Conversion and new administrative processes. Mrs. Fairless explained staff is currently reviewing every DROP and Pension benefit. She is concerned over the lack of consistency in data. Often a retiree will give one date for last day on and retirement day the FRS will confirm it and then when the status sheet comes in from payroll it contains a different date. Then all calculations must be redone since our AFC are based on exact days. Start dates have also come into question where she has seen FRS with one date, the firefighter thinks it is another day and the payroll roster cards shows a third date. These issues are popping up as we are getting ready to implement our new data system. Discussion followed.

Trustee Payne moved to accept the start date as presented on the Roster card. Motion seconded by Trustee Fitzsimmons and carried by a 5-0 vote of all Trustees present.

The Board asked Mrs. Fairless to review all DROP and Pension benefits to insure the start date matches with the payroll card. All benefits should be recalculated using the roster card date. The Board wanted to hold off on approving the DROPS with adjustments due to changes in AFC, start dates and payroll card corrections until all Pension benefits are reviewed as well.

Chairman Costello asked Mrs. Fairless to present the Policy on Capitalization of Assets.(Attachment 10) Mrs. Fairless shared this was a recommendation of the Audit. The auditors told us to create a policy. Since they are no longer under contract the Plan did not want to go to them for additional direction as it would require pre-approval of additional services/costs. Andy Leeser our accountant found a sample policy and we have customized it to our needs. Trustee Fitzsimmons asked if we could lay this item over until the Comptroller's office can review this policy to see if it is in line with the City's Policy on Capitalization of Assets. Board agreed to lie this over till April.

Chairman Costello then asked Mrs. Fairless to present the recommendation on

additional insurance needs. (Attachment 11) Mrs. Fairless shared the auditors asked for our Workers Compensation, General Liability, Property Coverage Insurance Policies, and any Auto or Umbrella Liability coverage we had. We had none of those policies. Legal was contacted and they confirmed we were not covered under any City Policies for the above. Trustee Fitzsimmons confirmed since the Plan's staff's paychecks are not on the City payroll, but say FRP the employees would not be covered under the City Worker's Compensation Policy. James Concannon is our agent who provided Fiduciary Liability, Criminal Bond and Cyber Coverage for the Plan. He has put together a proposal which contains coverage for Workers' Comp, General Liability, Property Coverage, Business Auto and an Umbrella Policy. We have two bids one for a total of \$1395 with Selective Insurance and a second bid for \$1528 with Travelers. The Auto Policy would result in a change to our travel policy where travelers renting a car are required to purchase all the insurance coverages offered. Last year with two car rentals we incurred approximately \$300 in additional expenses which is more than the annual premium for the Auto portion of this proposal.

Trustee Pollihan moved to accept the Selective Insurance quote and to purchase the policy as written. Motion seconded by Trustee Glorioso and carried by a vote of 5-0 of all Trustees present.

The Chairman then asked to open discussion on the Authorization of Expenditures. Mrs. Fairless asked if this could possibly be laid over until the next meeting as Secretary Frank would like to be involved in this discussion since it involved administrative policies and procedures. The Board agreed to lay over.

Chairman Costello asked for an update on the technical corrections bill. Counselor Allen noted the technical corrections bill has been approved by the Board of Alderman. The Bill has been signed by the Mayor and will become law on April 22. The Board brought up the issue of the DROP interest. The Board would like to allow existing DROP members a one time option to make a DROP election for their remaining years in DROP.

Trustee Pollihan moved to allow existing DROP members a one time option make a DROP election for their remaining years in DROP. Motion seconded by Trustee Payne. Discussion followed and Legal has been asked to provide an opinion on this and has received the Board's approval to ask Ice Miller if need be for their opinion to see if there is any tax problem offering this to existing DROP participants. The Motion was tabled pending legal opinion.

Chairman Costello asked Mrs. Fairless for an update on the Service Transfer/Purchase. Mrs. Fairless reported today she spoke to John Brewer at the FRS. He believes a solution has been arrived at. His actuary has worked

out a methodology to be used in the calculation for the FRS. He has presented GRS' recommendation to his attorney for review, and will present it to the BOT next week at their meeting.

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 Payne moved to go into closed session. Motion seconded by Trustee Glorioso and carried by a 5-0 roll call vote of all Trustees present.

Closed session minutes are confidential and recorded separately.

Return from closed session at 4:05 p.m.

Chairman Costello called for any further business.

Trustee Glorioso asked staff if they are able to include a copy of the beneficiary information in the "annual enrollment packets" distributed annually to all Firefighters. Mrs. Fairless agreed to check with benefits and pursuer if possible.

Chairman Costello called for any additional business. Mrs. Fairless shared a copy of a letter received from the Battalion Chief Phillips thanking her for presenting the pension plan to the new recruits on March 9<sup>th</sup>.(Attachment 11) Mrs. Fairless thanked Mr. Myles who assisted her.

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 Glorioso and carried by a 5-0 vote of all Trustees present.

Meeting adjourned at 4:09 p.m.



Richard R. Frank, Secretary



Date