

FIREFIGHTERS' RETIREMENT PLAN
MINUTES
BOARD OF TRUSTEES MEETING
THURSDAY, JUNE 25, 2015
1:30 PM
1114 MARKET STREET, ST. LOUIS, MO 63101
CARNAHAN COURTHOUSE, ROOM 746

Regular Meeting pursuant to call.

St. Louis, Missouri; June 25, 2015

Trustees met at 1:30 p.m.

Meeting Held In: Room 746, Carnahan Building

Present: John Costello, Chairman; Patrick Brown, Jeff Glorioso, Paul Payne, James Sondermann, John Zakibe, Trustees; and Richard Frank, Secretary.

Also present were Steve Roth, Dahab and Associates; Denise Droege and Rich Olliges, Employees Retirement System; Janice Fairless and Andy Leeser, Firefighters' Retirement Plan.

Excused: Michael Pollihan, Trustee.

Chairman Costello called the meeting to order at 1:33 p.m.

Chairman Costello introduced Mr. James Sondermann, the newly appointed Trustee. Mr. Sondermann is currently a Trustee for the FRS and works at the Water Division. The Board welcomed Mr. Sondermann.

Trustee Brown joined the meeting at this point in time.

Chairman Costello presented the minutes of the May 28, 2015 meeting.

Trustee Payne moved to approve the minutes of May 28, 2015 as presented. Motion seconded by Trustee Glorioso and carried by a 5-0-1 vote of all Trustees present, with Trustee Sondermann abstaining.

Chairman Costello recognized Steve Roth from Dahab. Mr. Roth indicated he had two matters to discuss. First he presented a Preliminary Performance and Market Values Report as of May 31, 2015 (Attachment 1), noting that the total portfolio return is 1.8% QTD, 3.9% YTD and 4.2% FYTD. Mr. Roth indicated the U.S. Market is flat and to expect some market volatility. He stated there is talk of interest rates going up in September; however, he would expect this to be for just one quarter. Discussion followed on the situation in Greece. He said to expect U.S. treasury demand.

Next Mr. Roth presented Dahab's recommended Asset Allocation Mapping Report (Attachment 2). He is recommending the plan use a staggered approach to selling assets to fund the SMID manager and to move money to the newly recommended products shown on the report. The following is where funds will be allocated per the recommendation:

- Large Cap 30% - Vanguard (S & P 500) VFIAX (Attachment 2a)
- SMID Cap 20% - Great Lakes (release funds once contract approved)
- International 30% - Vanguard (FTSE All World ex-US) (Attachment 2b)
- Fixed Income 20% - Garcia Hamilton

Trustee Zakibe moved to approve the Investment Advisor's Asset Allocation Mapping Report as presented and to approve the Plan's investment in the Vanguard FTSE All World ex-US mutual fund and the Vanguard S&P 500 Index mutual fund as shown on said report. Motion seconded by Trustee Glorioso and carried by a 6-0 vote of all Trustees present.

Chairman Costello recognized Mrs. Fairless who presented the revised Investment Policy (Attachment 3). Mrs. Fairless explained the new asset allocation adopted at the May meeting is the major update, with updates to page numbers on the table of contents page and the appendix listing revisions.

Trustee Glorioso moved to approve the Investment Policy as presented. Motion seconded by Trustee Payne and carried by a 6-0 vote of all Trustees present.

Chairman Costello recognized Mrs. Fairless and Mr. Leeser who presented the new Fiduciary Insurance Policy. Our Fiduciary Insurance carrier Altera, a Markel company, was acquired by Markel Group in 2013. The renewal on our policy of last year is now with Markel American Insurance Company (Attachment 4). Discussion followed. The broker is still the Crane Company. The renewal amount is \$19,418 which is a couple of hundred dollars higher than last year.

Trustee Zakibe moved to approve renewal of the Fiduciary Insurance Policy with Markel American Insurance Company for an annual

premium of \$19,418 as presented. Motion seconded by Trustee Glorioso and carried by a 6-0 vote of all Trustees present.

Mrs. Fairless noted that renewal of the Fiduciary Insurance policy requires a copy of the final Audit which was approved at the May 28, 2015 Board meeting; however, the Audit document in final format was just received last week. Copies of the final Audit and accountant's letter (Attachments 5, 5a, 5b) were distributed to the Board members.

Chairman Costello then recognized Mrs. Fairless for an update on the SMID Investment Manager contract. The contract with Great Lakes Advisors is very close to approval. The legal team reviewed the contract Great Lakes submitted and returned it to Great Lakes last week with our corrections. Great Lakes agreed to the terms with one question surrounding their use of "soft dollars" to pay for research. Since the legal team is at the NAPPA Convention in Austin, Texas it will be next week before this point can be resolved.

Chairman Costello moved to approve the Great Lakes Advisors contract subject to final approval by the FRP legal team. Motion seconded by Trustee Zakibe and carried by a 6-0 vote of all Trustees present.

Mrs. Fairless shared with the Trustees the form she will use to open a Northern Trust Account for Great Lakes Advisors (Attachment 6). No funds will be directed to the account until the contract is approved. The Board agreed this falls under the umbrella of administrative details; and therefore, Board approval is not needed for each such form.

Chairman Costello recognized Mrs. Fairless who presented two new pension allowances for approval: Captain Vincent Webb, and Captain James Morgan. Captain Morgan also is entitled to a sick leave accrual benefit. Mrs. Fairless noted Captain Webb had his choice of a Disability-Ordinary Pension or his regular pension and opted for his regular pension. Ms. Fairless noted Captain Morgan reached 30 years of service under FRS, so his FRP monthly benefit reflects only the increase in his frozen benefit due to pay increases since 2/1/2013 (Attachment 7).

Trustee Payne moved to approve the pension allowances and sick leave payment as presented. Motion seconded by Chairman Costello and carried by a 6-0 vote of all Trustees present.

Secretary Frank shared with the group that Counselor Garvin met with the FRS this past week. This was a follow-up meeting on the FRS inquiry regarding the possibility of some sort of consolidation/merging of the plans or operations as well as the sick leave settlement. This past week a question had come up on payment of Disability and

Death/Survivor benefits. The FRP's staff understands that all Disability and Death/Survivor benefits are to be paid by the FRP. Counselor Garvin was going to ask the FRS if they had any interest in paying a portion of Disability and or Death/Survivor benefits especially on Grandfathered Vested participants who may have 90% of their pension benefit being paid by the FRS. Staff response to Counselor Garvin was we believe FRP pays these benefits and "furthermore, our understanding is the Board of Trustees should authorize any negotiation such as this prior to presenting to the FRS". The outcome of the meeting was the FRS agrees all Disability and Death/Survivor benefits are payable by the FRP.

Chairman Costello recognized Mrs. Fairless who presented two refunds of contributions: Captain Vincent Webb and Captain James Morgan, retirees with over 20 years service prior to 2/1/2013 (Attachment 8).

Trustee Glorioso moved to approve the refunds of contributions as presented. Motion seconded by Trustee Brown and carried by a 6-0 vote of all Trustees present.

Chairman Costello recognized Mrs. Fairless who presented two new DROP allowances for approval for Firefighters Ronald Kirk and Myron Gilmore (Attachment 9).

Trustee Payne moved to approve the DROP allowances as presented. Motion seconded by Trustee Brown and carried by a 6-0 vote of all Trustees present.

Chairman Costello then recognized Mrs. Fairless for an update on Service Transfer/Buy Requests. To date, 29 Firefighters have requested calculations on transferring/buying service. Of these, 14 have vested service in the ERS from 5 to 14 years. Discussion followed and it was noted that several Firefighters who initially thought they were vested in ERS learned they weren't vested either because they terminated from ERS prior to 1989 when the vesting requirement was 10 years or because they had years of per-performance or limited term employment which doesn't count as creditable service under ERS. Some Firefighters are hoping to purchase a year or two to get to 30 years sooner and enter DROP or 20 years sooner to become vested. Firefighters need to understand that once total payment is received by FRP and extra service is added to their record the money is not refundable. They are getting service credit in exchange for the money paid. Purchasing service will cost a substantial amount of money and could be risky if a Firefighter is young and not vested as he/she may terminate employment before achieving 20 years of service. Once total payment is received the money is not refundable under any circumstance. The actuary is working on supplying estimates. Once received, the member will have a short

window to make a decision on whether or not they are interested in transferring/purchasing service.

Chairman Costello asked Mrs. Fairless to present the revised Travel Policy. (Attachment 10) Mrs. Fairless noted last meeting the BOT approved payment for lodging for the night before an event begins which has been added to the policy. She also reviewed the document and is recommending the following corrections: Sections 2a- add allowing option to drive instead of flying for those who prefer to drive at the IRS allowable rate up to the airfare rate & paying for driving to destinations in the Metro Area if outside the City Limits (i.e.-conference in St. Charles or Wentzville); 2c. -added language on paying for night before the convention; allows reimbursement of round trip travel to STL airport from home and parking of personal auto; 4 – allows submission of voucher within a week or at the next BOT meeting; 5. requests reimbursement of any prepaid expense if traveler is reimbursed & paying for travel

Trustee Glorioso moved to approve the revised Travel Policy as presented. Motion seconded by Chairman Costello and approved by a 5-1 vote with Trustee Payne dissenting.

Chairman Costello asked Mrs. Fairless if they needed anything for the upcoming MAPERS conference. Mrs. Fairless provided each attendee with a packet of information for the upcoming conference.

Chairman Costello recognized Mrs. Fairless for an update on training sessions at the Fire Department. No update at this time, but Mrs. Fairless believes she may need to just provide a list of dates and offer the training in the Carnahan Building if necessary. She added that she will be working mornings at the upcoming probationary Firefighter testing to be conducted at Fire Department Headquarters and will be prepared to answer Firefighter questions while there. Trustee Glorioso asked Mrs. Fairless to speak at the August Union meeting and she agreed to do so. She also has sent training info out to Trustee Glorioso, Chairman Costello, and Trustee Pollihan to aid them when explaining benefits to firefighters. Ms. Fairless indicated she is tweaking the PowerPoint training presentation and when it is finalized she will send it to Deputy Fire Chief Walsh for distribution to firefighters.

Chairman Costello recognized Mrs. Fairless who presented the second draft of the FRP logo design. The design now incorporates the Arch and the STL as requested. After a brief discussion on the lettering, the Chairman called for a motion.

Trustee Brown moved to approve the logo as presented. Motion seconded by Trustee Glorioso and carried by a 6-0 vote of all Trustees present.

Mrs. Fairless will proceed with ordering business cards for Trustee Glorioso, Pollihan and Chairman Costello with the new logo.

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 Brown moved to go into closed session. Motion seconded by Trustee Zakibe and carried by a 6-0 roll call vote of all Trustees present.

Closed session minutes are confidential and recorded separately.

Return from closed session at 2:39 p.m.

Chairman Costello called for other business.

Mrs. Fairless asked for clarification on appointment dates for Trustees. Discussion followed. The Mayoral appointees are 2 years and the Firefighter elected appointees are 3 years. The Mayoral appointee letters show the starting date of Feb. 1, 2013; however the first meeting didn't take place until June 13, 2013. Secretary Frank explained the appointment date for the Trustees should reflect the day they "take their oath". That is the day they are official appointees. It was also noted for Mayoral appointees they remain in office until they either resign or are replaced even if that date extends beyond their two year term.

Chairman Costello called for any further business.

There being no further business, Chairman Costello called for a motion to adjourn the meeting.

Trustee Zakibe moved to adjourn the meeting. The motion was seconded by Trustee Glorioso and carried by a 6-0 vote of all Trustees present.

Meeting adjourned at 2:43 p.m.



Richard R. Frank, Secretary



Date