

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

Regular Meeting pursuant to call.

St. Louis, Missouri; April 28, 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, Bridget Halquist, James Sondermann Trustees; and Richard Frank, Secretary.

Also present: Also present were Barry Bryant, Dahab and Associates; Janice Fairless and Andy Leeser, Firefighters' Retirement Plan; Denise Droege, ERS; Mallori Allen, City Counselor's Office; and Lindsey Emmel, HR Intern.

Chairman Costello called the meeting to order at 1:32 p.m.

Chairman Costello presented the minutes of the regular meeting of March 31, 2016.

Trustee Glorioso moved to approve the minutes of March 31, 2016, as presented. Motion seconded by Trustee Sondermann and carried by a 5-0-1 vote with Trustee Sondermann abstaining.

Trustee Halquist joined the meeting at this point.

Chairman Costello called on Mr. Bryant from Dahab to present the quarterly report (Attachment 1). The quarter could best be described as "odd". The total portfolio is at \$31,952,357. Contributions/withdrawals totaled \$449,886, Income \$175,211, Capital Gains/Losses \$214,749 and the Market Value as of 3/31/2016 was \$31,952,357. Both

Great Lakes (SMID Cap manager) and Garcia Hamilton (Core Fixed manager) outperformed the shadow indexes.

Staff presented the Investment manager fees to the Board (Attachment 2). Discussion followed as to the need for this information as this appears to be a clerical function. The fees are agreed upon in the contracts. Staff explained this is simply information to share with the Trustees. When managers outperform then the amount budgeted for fees is understated which is a good thing for the Plan since the Plan gained more than expected, but which will reflect in the year end budget being over on the investment fee line. Mr. Bryant asked the Board if they would agree to Dahab presenting future quarterly performance reports 2 months after quarter end. The month after quarter end a preliminary report would be prepared but often all the numbers are not available for a final report to be presented the month immediately after quarter end. The Board agreed to this.

Trustee Pollihan moved to accept the quarterly report for period ending 3/31/16 as presented; and further, to accept future quarterly reports to be presented two months after the end of quarter, with a preliminary report to be presented the month immediately following quarter end. Motion seconded by Trustee Glorioso and carried by a 7-0 vote.

Mr. Bryant then proceeded to present the revised Investment Policy (Attachment 3). All changes were highlighted and tabbed. The revised target asset allocation was included as well as updates to allow “commingled funds” and “real estate & other real assets”, and authorizing the Board to rebalance when needed.

Trustee Glorioso moved to approve the revised Investment Policy as presented. Motion seconded by Trustee Payne and carried by a 7-0 vote.

Chairman Costello then called on Mrs. Fairless for an explanation of the request to ratify the action of the Secretary in moving funds to cover quarterly fees. She explained that at the end of March, Northern Trust automatically withdrew their quarterly fees out of our cash account. The cash account did not contain enough cash to cover the fees, so rather than continue to assess fees until the next automatic deposit, \$1600 was transferred from the Garcia cash account. When the next deposit came in the \$1600 was transferred back to the Garcia account. The recommendation has been made to maintain a minimum balance of \$5000 in our Northern Trust Cash account to cover future fees.

Trustee Pollihan moved to ratify the action of the Secretary in moving funds to cover quarterly expenses and going forward to maintain a \$5000 minimum cash balance to prevent shortages in the future. Motion seconded by Trustee Glorioso and carried by a 7-0 vote.

The Chairman then asked Mr. Bryant for an update on the Real Estate Manager RFP. The RFP is posted and will close shortly. Mr. Bryant asked the Trustees how they would like to proceed. Mr. Bryant said Dahab could present a “short list” at the next meeting and also invite the short list to make presentations to the Board of Trustees. Discussion followed. The Board agreed Dahab should present a short list with a back-up of information and screening criteria used on the candidates – similar to past searches. The Board definitely wants to hear discussion and review why the finalists were selected. Then the top three will present at the next regular Board meeting.

The Chairman next called on Mrs. Fairless who deferred to Trustee Fitzsimmons, who is the Deputy Comptroller, to explain the Cost Allocation Plan Summary billing from the City (Attachment 4). Mrs. Fitzsimmons explained this is an annual bill received from the City for the indirect costs associated with shared City services such as “computers, legal, and multi-graph, benefits.” The share the FRP is responsible for is \$20,585.

Trustee Pollihan moved to approve the Cost Allocation billing from the City as presented. Motion seconded by Trustee Glorioso and carried by a 7-0 vote.

Next item on the agenda was a discussion on the Authorization of Expenditures. Secretary Frank and Chairman Costello reiterated that the BOT must be notified if work outside of a contract is requested. Staff is aware of this and does not approve anything without Board approval. The Board asked legal to draft a resolution on this issue.

Chairman Costello recognized Mrs. Fairless who presented one refund of contributions for Firefighter Eric Larry noting the years of service should reflect 18.54, not 18/54 (Attachment 5).

Trustee Payne moved to approve the refund of contributions with the service noted as 18.54 years. Motion seconded by Trustee Glorioso and carried by a 7-0 vote.

Chairman Costello then recognized Counselor Allen regarding a resolution allowing a one-time election of DROP interest for members currently in DROP since the revised ordinance now offers choices of DROP interest (Attachment 6). This would be for interest going forward, the first year being the interest applied to the balance as of September 30, 2015 which is applied on October 1, 2016. The election statement would go out with the DROP statements for FYE 2015 which should be sent out in May. A letter explaining the situation should also go out with the mailing. The Board agreed to lay this over until the next meeting for final approval.

Chairman Costello asked Mrs. Fairless for an update on “approval of revised

pension allowances due to additional sick leave". Ms. Fairless advised staff is still working with the IT vendor to review every benefit and is not ready to present at this time. She requested this be laid over to a future meeting. Mrs. Fairless added this also applies to the AFC cleanup in preparation for IT conversion.

Chairman Costello then called on Trustee Fitzsimmons who indicated she had one of her team members in the Comptroller's office review the Capitalization Policy presented at the last meeting and all seems in order (Attachment 7).

Trustee Glorioso moved to approve the Policy on Capitalization of Assets as presented. Motion seconded by Trustee Pollihan and carried by a 7-0 vote.

Chairman Costello then recognized Mrs. Fairless who discussed the upcoming elections. She explained that in July the terms expire for Trustee Costello, one of the active firefighter Trustees, and Trustee Pollihan, the retired firefighter Trustee. Mrs. Fairless shared a tentative timeline and sample letters to notify the retirees and the actives of the elections. At this time the target date is May. A special session will be required to finalize the election documents. Discussion followed on getting bids from auditors to handle the election process. Staff will get at least two bids to present to the Board. FRP staff will send out the notifications for the elections. Those wishing to file as a candidate for Trustee must appear in person at the FRP office to complete the necessary forms declaring their candidacy. Other election rules were discussed.

Trustee Payne moved for an independent auditor to handle the election process and for staff to obtain two bids to present to the Board for consideration. Motion seconded by Trustee Pollihan and carried by a 7-0 vote.

Chairman Costello asked Mrs. Fairless for an update on the Service Transfer/Purchase. This sparked a lively discussion. Mrs. Fairless reported she spoke to John Brewer at FRS who advised that the FRS attorney recommended FRS add the language for the Service Purchase to their Statute. On April 4th Mr. Brewer told Mrs. Fairless the legislative session ends soon, and he was not sure if it would happen this session or not. Counselor Allen noted the City Counselor's office was contacted and asked to provide an opinion on the language the FRS wanted to use for the Bill. The City Counselor's office contacted Counselor Harper who works for ERS and has quite a bit of experience dealing with Service Purchase agreements. Counselor Harper added some suggestions. The City Counselor's office is not certain the language the FRS wants to add is pertinent for a closed plan. Suggestions were made by both the City Counselor's Office and Counselor Harper with ERS. Mr. Brewer received a reply a week after asking for feedback and notified the City Counselor's office it was now too late for this session. Discussion ensued.

Citing Counselor Harper's experience in this area, Trustee Glorioso moved to have Counselor Harper assist the FRP in matters regarding Service Purchase related issues with FRP reimbursing ERS for his time, and the City Counselor's Office should recuse themselves from this matter. Discussion continued and the motion failed for lack of a second.

Mr. Fairless shared an e-mail received from a member asking if FRP would consider proceeding with service purchases without the FRS's concurrence (Attachment 9). Lively discussion continued. At this time FRP is waiting for the FRS notification they can accept Service Purchases. The FRP actuary was contacted and stated they have never received a copy of the final methodology FRS plans to use. When office staff asked they were instructed to check with the FRP Chairman. Chairman Costello says the FRS is not incurring any additional actuary expenses until the language for Service Purchase is added to their statute.

Chairman Costello then recognized Mrs. Fairless who presented the resolution regarding official signatory for the FRP (Attachment 10). The Chairman or Secretary would be authorized to sign. Trustee Payne thought this was in place already. Mrs. Fairless cannot find any record of a general resolution. In the past specific forms were required by Commerce Bank and Northern Trust designating the signatory for the account, so it is possible that is what the Trustees are remembering. This will be on file in the office and serve going forward.

Trustee Glorioso moved to approve the Secretary and Chairman as the authorized signers for FRP. Motion was seconded by Trustee Pollihan and carried by a 7-0 vote.

The Chairman then moved on to the revised Travel Policy recognizing Mrs. Fairless. Mrs. Fairless explained due to the new Auto coverage insurance travellers will no longer need to purchase the additional auto collision and liability insurance. One other change regarding airport parking requiring Trustees to use "long-term" airport parking or off-airport parking lots instead of short-term parking was incorporated into the revised travel policy as well (Attachment 11).

Trustee Glorioso moved to approve the revised Travel Policy as presented. Motion was seconded by Trustee Pollihan and carried by a 7-0 vote.

Mrs. Fairless asked that the update on the Audit Services RFP be moved to after

closed session.

Chairman Costello then asked Mrs. Fairless for an update on the beneficiary information being included in the annual enrollment package. Mrs. Fairless stated the beneficiary form was included in the enrollment package and it has generated several calls. FRP has received several completed forms (Attachment 12).

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

Closed session minutes are confidential and recorded separately.

Return from closed session at 3:35 p.m.

Trustee Sondermann was temporarily excused from the meeting at this point.

Chairman Costello asked for an update on the Audit Services RFP. Mr. Frank reported the selection committee recommended and in closed session the BOT agreed upon the selection of the firm of Kerber, Eck, and Braeckel, LLP, pending successful contract negotiations.

Chairman Costello called for any further business.

Trustee Glorioso repeated the motion he made and which was approved in closed session to approve Line of Duty 100% Disability Allowance for Firefighter Jerix Durham. Mrs. Fairless then presented Firefighter's Durham's Line of Duty benefit for approval (Attachment 13).

Trustee Glorioso moved to approve the Line of Duty 100% Disability for Firefighter Jerix Durham. Motion seconded by Chairman Costello and approved by a 6-0 vote of all Trustees present.

At this point Trustee Sondermann reentered the meeting.

Chairman Costello called for any additional 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 Glorioso and carried by a 7-0 vote of all Trustees present.

Meeting adjourned at 4:09 p.m.



Richard R. Frank, Secretary



Date