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FIREFIGHTERS' RETIREMENT PLAN
MINUTES
BOARD OF TRUSTEES MEETING
THURSDAY, MAY 26, 2016
1:30 PM
1114 MARKET STREET, ST. LOUIS, MO 63101
CARNAHAN COURTHOUSE
ROOM 746

Regular Meeting pursuant to call.

St. Louis, Missouri; May 26, 2016.

Trustees met at 1:30 p.m.

Meeting Held In: Room 746, Carnahan Building.

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

Also present: Also present were Steve Roth, Dahab and Associates; Janice Fairless and Andy Leeser, Firefighters' Retirement Plan; Denise Droege, ERS; Mallori Allen, City Counselor's Office; and Firefighter Zach Fite.

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

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

Chairman Costello presented the minutes of the regular meeting of April 28, 2016. Trustee Glorioso stated his motion on hiring Counselor Harper to assist on service purchases/transfer matters also included a second point whereby the City Counselor's office was to recuse themselves from the service purchase/transfer issue.

> Trustee Glorioso moved to approve the minutes of April 28, 2016, as amended. Motion seconded by Trustee Pollihan and carried by a 4-0 vote of all Trustees present.

Chairman Costello presented the minutes of the Special Session of May 10, 2016.

Trustee Glorioso moved to approve the minutes of May 10, 2016 Special Session as presented. Motion was laid over as there was not a quorum who attended the Special Session present.

Chairman Costello recognized Mrs. Fairless who presented one revised DROP allowance for Firefighter Suzor (Attachment 1).

Trustee Glorioso moved to approve the DROP allowance as presented. Motion seconded by Trustee Pollihan and carried by a 4-0 vote of all Trustees present.

Chairman Costello then asked Mrs. Fairless to present the Pension allowance (Attachment 2). At this time one retirement benefit was presented for Firefighter Suzor. Firefighter Suzor has opted to keep his DROP accumulation in the FRP at this point in time. Captain Severino also retired; however, his numbers are not final as of this date. Trustee Fitzsimmons asked a question regarding length of time members stay in DROP. Mrs. Fairless explained some members stay the full five years, others choose to stay only a few months or days. Being in DROP gives the member the option to choose the application of Sick Leave – can elect 100% cash payment or can choose 50% cash/25% service/25% AFC option on the FRS side with FRP paying for any increase in benefit attributable to the increase in value of sick leave since 2/1/13. If the retiree was not in DROP then all sick leave must be added to service. Only DROP participants get the cash option.

Trustee Glorioso moved to approve the Pension allowance and Sick Leave benefit for Firefighter Thomas Suzor as presented. Motion seconded by Trustee Pollihan and carried by a 4-0 vote of all Trustees present.

The Chairman then asked Mrs. Fairless to present the Resolution regarding DROP election (Attachment 3). The resolution allows DROP participants as of 4/22/2016 a one time opportunity to make a new election on Interest Rates. They may select the 10 Year Treasury Bond Rate not to go below 0% or the Plan's Performance not to go below 0%. Currently the only option is the Plan's performance PLUS or MINUS with no 0% CAP on the low end. Discussion followed. The intent is for staff to mail out these election forms along with the DROP statements to members. This past year DROP had a negative interest rate. Making this one time election will prevent that from happening in the future; however, members need to understand this is not retroactive back to DROP entry date and will only affect future interest rates. In order to make sure all members receive notice of this change so they can make their DROP interest election, Trustee Glorioso requested a notification letter be sent via a mass e-mail through the Fire Department Communications Officer. Mrs. Fairless believes the DROP number is small enough that staff can reach out to each DROP participant to ensure all fill out a new election form.

Mrs. Fairless inquired about prior approval before mailing out any such notification letter and asked the Trustees if they would like to schedule a special Board meeting to review the letter. Discussion followed.

Trustee Glorioso moved to approve the Resolution with the response date amended to August 1st, 2016, and to authorize staff to send out a letter/e-email regarding this change without the Board reviewing the content prior to distribution. Motion Seconded by Trustee Pollihan and carried by a 4-0 vote of all Trustees present.

Chairman Costello then called on Mrs. Fairless to present the resolution on authorizations of expenditures (Attachment 4). The resolution reiterates prior Board approval is required before the Plan incurs any expense related to services outside of the contemplated scope of the Plan's executed contract with a third party service provider and if necessary, a special meeting shall be held in order to obtain such Board approval.

Trustee Glorioso moved to approve the Resolution on Authorization of Expenditures outside of Contracts. Motion seconded by Trustee Pollihan and carried by a 4-0 vote of all Trustees present.

Chairman Costello next called on Mrs. Fairless to present Cheiron's request for payment for expenditures outside of their contract (Attachment 5). Cheiron has asked the Board to approve $1,655 for expenditures related to the call on March 16, 2016 which the FRP asked Cheiron to attend with the FRS and GRS (FRS' actuary) regarding service purchase. Cheiron understands service calculations are included in the contract; however, discussing the methodology used to determine the FRS cost is out of scope. Discussion followed.

Trustee Pollihan moved to approve the additional Cheiron expense as requested. Motion seconded by Trustee Glorioso and approved by a 4-0 vote of all Trustees present.

At this point in time Trustee Payne, not previously in attendance, joined the meeting.

Chairman Costello asked the BOT to return to item 3, Approval of the Special Session minute of May 10, 2016.

Currently there is a motion on the floor from Trustee Glorioso to approve the minutes of May 10, 2016 Special Session as presented. The Motion was seconded by Trustee Fitzsimmons. The motion carried by a 4-0-1 vote with Trustee Pollihan abstaining.

Chairman Costello asked Mrs. Fairless about item 9, the taxation question for Ice Miller (Attachment 6). Mrs. Droege reviewed the question and noted that Ice Miller has responded to similar questions posed by ERS. She indicated she would review the information she has received from Ice Miller to see if it addresses the same issues FRP now has and if so, she will share with FRP staff. Discussion ensued.

Trustee Glorioso moved to get advice from Ice Miller regarding DROP account taxation issues if necessary. The Motion was seconded by Trustee Pollihan. The motion carried by a 5-0 vote of all Trustees present.

Chairman Costello asked for an update on elections. Mrs. Fairless noted the Retired Firefighters Employees' Union provided an updated list on retirees for address comparison with the mailing list used in 2013. This list is not all retirees; however it did include up-to-date addresses on many retirees. Mrs. Fairless asked the BOT if a thank you note should be sent to the retiree's group. Trustee Pollihan, a VP with the Retiree's organization, advised the Board to save a stamp and he would convey the Board's gratitude to them. To date one Retiree (Trustee Pollihan) has declared his candidacy.

The Chairman then asked Mrs. Fairless for an update on the new Audit contract (Attachment 7). The audit contract had gone back and forth to legal and Kerber, Eck and Braeckel, LLP (KEB) two times and a final contract was agreed upon this morning by KEB.

> Trustee Glorioso moved to approve the final Audit contract with Kerber Eck and Braeckel, LLP, as presented. Motion seconded by Trustee Payne and carried 5-0 by all Trustees present.

Chairman Costello called on Steve Roth with Dahab. Mr. Roth presented the Trustee Handbook to each Trustee (Attachment 8). The handbook is meant to provide Trustees with information including definitions to assist them in their duties. The BOT was pleased with the informative binder and complimented Dahab on a fine job. Mrs. Droege agreed and indicated the Employees Retirement System hasn't been provided with such a handbook.

Mr. Roth then presented an updated Manager Performance Summary-Gross of Fees Sheet which included the standings (Attachment 9), and a copy of the Asset Reallocation dated May 13, 2016 (date changed from March 31, 2016 / Attachment 10) to reflect where the funding will come from to fund the Real Estate manager. We currently have 3 finalists for Real Estate manager. Trustee Payne suggested it was time to move to closed session.

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 5-0 roll call vote of all members present.

Closed session minutes are confidential and recorded separately.

Return from closed session at 3:48 p.m.

Chairman Costello asked for an update on Selection of a Real Estate Manager.

> Trustee Glorioso moved to retain Principal Real Estate Investors subject to negotiating a mutually agreeable contract. Motion seconded by Trustee Pollihan and carried by a 5-0 vote of all Trustees present.

Chairman Costello called for any further business.

Mrs. Fairless provided a copy of a letter requested at the last meeting requesting Tax documents from Disabled Retirees. Counselor Allen has reviewed and edited the letter. She quoted the ordinance to confirm the need to review tax documents. Discussion followed. The BOT agreed the letter is acceptable.

Mrs. Fairless also mentioned one question for next meeting which was asked by a member. A Firefighter with less than 20 years prior to 2/1/2013 and who now has attained 20 plus years of service asked if he could apply for Retirement with FRS and start collecting his FRS pension, yet defer payment of his Retirement from FRP until he turns 55, so as to avoid the reduction of benefits. After a brief discussion the Board agreed this is to be an agenda item for next meeting.

Chairman Costello called for any additional business.

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

> Trustee Pollihan moved to adjourn the meeting. The motion was seconded by Trustee Payne and carried by a 5-0 vote of all Trustees present.

Meeting adjourned at 4:00 p.m.

Richard R. Frank, Secretary

8/26/16
Date