

**Public School Retirement System
of the City of St. Louis (PSRSSTL)**

**Minutes of the
Special Board of Trustees Meeting**
(conducted by video conferencing)

April 28, 2020

Louis Cross, Chairman of the Board of Trustees, called the meeting to order at around 1:45 p.m. The meeting was conducted by video conferencing through Zoom and a Livestream on YouTube, a first for the retirement system.

Roll Call was taken and Trustees Angela Banks, Christina Bennett, Darnetta Clinkscale, Louis Cross, Sheila Goodwin, Donna Jones, Yvette Levy, Bobbie Richardson and Albert Sanders participated in the special meeting. There was a quorum present. Trustees Joseph Clark and Justin Stein were absent. Executive Director, Andrew Clark, NEPC Investment Consultant, Kristin Finney-Cooke, and PSRSSTL Attorney Representative, Matt Gierse, were also present at the meeting.

The Chairman asked the Executive Director and Investment Consultant to review the announcement by Chicago Equity Partners of the decision to close the firm's investment business on May 31, 2020. The Executive Director presented a letter from Chicago Equity Partners notifying the retirement system of this decision. The Investment Consultant then discussed with the Board of Trustees the closure announcement and a plan of action on "how to" move forward with the retirement system's assets invested through Chicago Equity Partners. The Investment Consultant made a recommendation to make an in-kind transfer of the investment assets from Chicago Equity Partners to The Edgar Lomax Company, which also manages a Large Cap Value Domestic Equity portfolio for the retirement system. There was discussion by the Trustees that the in-kind transfer would include stock transfers to Edgar Lomax and a cash transfer to the retirement system to help cover pension payments. The discussion continued until it appeared the Board of Trustees reached a consensus.

Louis Cross made a motion, seconded by Christina Bennett, to terminate the investment management agreement with Chicago Equity Partners and move the assets to the Edgar Lomax Company's custodial account at U.S. Bank.

A roll call vote was taken.

Angela Banks	Yes	Christina Bennett	Yes	Darnetta Clinkscale	Yes
Louis Cross	Yes	Sheila Goodwin	Yes	Donna Jones	Yes
Yvette Levy	Yes	Bobbie Richardson	Yes	Albert Sanders	Yes

With nine yes votes, motion carried.

The Board of Trustees then discussed a similar situation involving Progress Investment Management Company. The Executive Director reminded the Trustees that, up until the pandemic crisis, the Board had been on track in a search to hire a money manager to replace Progress Investment Management Company, which had made a decision at the end of 2019 to close the firm by the end of May 2020. Progress is the retirement system's current manager of five emerging money managers of global equity. The Executive Director suggested the scheduling of a Special Board of Trustees Meeting to interview two competing money managers

to replace Progress. By consensus, the Board of Trustees decided to schedule a Special Board of Trustees Meeting for 3:30 p.m., Tuesday, May 5, 2020.

The Executive Director then reported on the retirement system's fiduciary liability and crime insurance renewals through Arthur J. Gallagher Risk Management Services, Inc. from a Memorandum to the Board of Trustees. The Executive Director informed the Trustees that a search was conducted by the insurance broker and only the current insurance carrier, Travelers, was willing to bid on the fiduciary liability and crime insurance policies. The Executive Director commented on the 2019 request made by the Trustees to search for a D & O insurance policy as part of the 2020 insurance renewal process. The Executive Director stated that the lack of interest from insurance carriers to bid on the retirement system's insurance coverage could probably be attributed to the current pandemic crisis. It seems that insurance companies are being cautious and steering away from bidding on unknown risk until the crisis passes. There was discussion by the Trustees on the current renewal coverages and future searches for D & O insurance coverage. The Executive Director then recommended that the Board of Trustees accept the renewals as presented.

Christina Bennett made a motion, seconded by Louis Cross, to accept the renewal of the fiduciary liability and crime insurance with Travelers as presented by the Executive Director.

A roll call vote was taken.

Angela Banks	Yes	Christina Bennett	Yes	Darnetta Clinkscale	Yes
Louis Cross	Yes	Sheila Goodwin	Yes	Donna Jones	Yes
Yvette Levy	Yes	Bobbie Richardson	Yes	Albert Sanders	Yes

With nine yes votes, motion carried.

The Executive Director made a public service announcement on the availability in St. Louis of COVID-19 antibody testing.

There was discussion on the expectation that the Trustees will be able to pick-up a regular meeting schedule starting in June. There was clarification that, until it is safe to congregate in the board room, meetings of the Board of Trustees will be conducted through Zoom, regardless of the lifting by state or local officials of any stay-at-home orders.

Sheila Goodwin made a motion, seconded by Darnetta Clinkscale, to adjourn the meeting.

By voice vote, the meeting adjourned at around 2:35 p.m.

Attachments:

- Letter from Chicago Equity Partners, April 17, 2020
- Fiduciary Liability & Crime Insurance Renewal Memorandum



April 17, 2020

Mr. Andrew Clark
St. Louis Public School Retirement System
3641 Olive Street, Suite 300
St. Louis, MO 63108

RE: Public School Retirement System of the City of St. Louis, Missouri

Dear Andrew:

I hope you and your family are healthy and doing well through these difficult times.

Our team at Chicago Equity Partners has been together for over 30 years and have truly enjoyed serving you and all our clients. We have and will continue to value the strong relationships and partnerships that have developed over the years. Unfortunately, in the face of a variety of headwinds, it is with heartfelt regret that we have decided to begin the process of winding down our investment business. While the recent COVID-19 event has been trying for all businesses, it did not impact our decision.

Pursuant to your investment management agreement, CEP will continue to manage your account as we always have until May 31, 2020. Following that date, CEP personnel are available to provide any assistance we may offer during this transition. Should you have any questions or require access to any records related to your account, Anjie Wroblewski or Jim DeZellar will be available to assist you.

We thank you for your business as it was a true pleasure working with you and your team at the Public School Retirement System of the City of St. Louis. We have made many strong friendships over the years and will treasure them always. Please do not hesitate to call if you have any questions, concerns, or if there is anything at all that we can do to help you through this transition.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Lynch", with a stylized flourish at the end.

Patrick Lynch
President

cc: Kristin Finney-Cooke, NEPC
Jim DeZellar
Anjie Wroblewski

MEMORANDUM

Public School Retirement System
of the City of St. Louis
3641 Olive Street, Suite 300
St. Louis, MO 63108-3601
Voice: (314) 534-7444
Fax: (314) 533-0531

To: Angela Banks
Joe Clark
Donna Jones
Bobbie Richardson
Christina Bennett
Darnetta Clinkscale
Sheila Goodwin
Justin Stein
Paula Bentley
Louis Cross
Yvette Levy

FROM: Andrew Clark

RE: **Fiduciary Liability & Crime Insurance Renewals**

DATE: April 28, 2020

The insurance broker, Arthur J. Gallagher Risk Management Services, Inc., has submitted the renewals of the retirement system's Fiduciary Liability & Crime Insurance for the period from May 20, 2020 - May 21, 2020. If accepted by the Board of Trustees, the insurance carrier and coverage for both types of insurance will remain the same for 2020 according to this summary:

Carrier	Coverage Type	Coverage Limit	Coverage Retention	Current (2019) Premium/Fee	Renewal (2020) Premium/Fee
Travelers	Fiduciary Liability	\$10,000,000	\$0	\$63,100	\$63,703
Travelers	Crime	\$2,000,000 / \$100,000	\$15,000 / \$5,000	\$ 1,881	\$ 1,710
Broker Fee				\$15,000	\$15,000
Total Cost				\$79,981	\$80,413

The 2020 total renewal cost for the three components above is 0.5% or \$432 more than the 2019 cost, and (4.1)% or \$(3,487) less than the budgeted amount for 2020. The lower than expected cost can probably be attributed to the lower market value of the System's assets at the end of 2018, which can be found in the System's last available audited financial statements at the time the evaluation was made by the insurance carrier.

Regardless, Arthur J. Gallagher Risk Management Services, Inc., in cooperation with Travelers Casualty and Surety Co., continues to constrain the system's annual fiduciary liability insurance premium cost, especially when the 2020 cost of \$63,700 is compared to the system's highest premium cost of \$71,518 in 2008 for the same coverage.

Additional Comments: During these unprecedented and uncertain times caused by the COVID-19 pandemic, the only carrier willing to provide fiduciary liability and crime insurance is the System's existing insurance carrier (Travelers). During the renewal process, including Travelers, no insurance carriers appear to be underwriting new D & O policies. A D & O policy will once again be investigated as part of the renewal process in 2021.

Recommendation: To accept the renewal of the Fiduciary Liability & Crime Insurance with Travelers as presented by the Executive Director.