

**Minutes of Meeting
Board of Trustees
Police & Fire Employees' Retirement Fund
May 3, 2011**

A meeting of the Board of Trustees was called to order at 8:16 p.m. in the EOC room Basement Level, City Hall, 6801 Delmar Blvd.

Members in Attendance: Diane Sher, Anne Silverstein, Jaime Mendez, James Carr, Fred Kramer, Tom Deken

Members Absent: Mark Winer

Others in Attendance: Council member Michael Glickert, Council Liaison
Steve Siepman, Actuary
Janet Watson, Deputy City Manager (Treasurer)

The meeting began by Member Carr asking to change the order of the agenda to move item #2 after item #7, stating this change would save time. Member Sher suggested moving through the agenda, except for the items regarding minutes. The Board generally agreed to move the order of the agenda.

Approval of Disbursements (Vouchers)

The attached listings of disbursements for July – September 2010 , October – December 2010 and January – March 2011 were reviewed. Ms. Watson stated that items had been corrected on these reports from the previous presentations. There were discussions regarding these changes. The process is standardized now and the reports should be complete when submitted to the Board for approval. Member Mendez made a motion to approve the disbursements as presented at this meeting. Member Deken seconded the motion and it passed, with one abstention.

Applications for Membership

Two new membership applications were presented to the Board which were Jay Simpson in the Police Department and Shawn VanWinkle in the Fire Department. No action was required.

Applications for Retirement - None

There were no applications for retirement to approve.

Actuarial Report – Steve Siepman, Buck Consultants

Chairperson Sher introduced Steve Siepman, Buck Consultants, to present the annual actuarial report. Mr. Siepman was scheduled to attend the previous meeting but was unable to attend. Mr. Siepman focused on the summarized information on Schedule B - Page 2 of the Police & Fire Plan. The investment return was approximately 6.5%, but is reduced due to the 5-year smoothing effect still occurring because that period still includes the low 2008 return, even though 2009 and 2010 had investment returns at or above the plan assumptions. Active participants increased and the costs increased and, accordingly, the cost increased slightly. The Unfunded Liability increased and the funded percentage did decrease slightly to 91.5%.

The contribution required is \$812,812 and is higher than the previous year. Chairperson Sher stated that Ms. Watson had said the contribution amount is still below the amount of the annual property tax levy.

Chairperson Sher asked how our plans' funding level compares to other plans. Mr. Siepman stated many plans' funding levels were low due to the economy but are now recovering. He stated that the national reaction about crisis in pension plans has been overstated as most have recovered to a reasonable funding level. Chairperson Sher asked whether the City should make greater contributions than required to help the funding level. Mr. Siepman stated that any additional contributions which would definitely improve the funding level and would provide more choices for City funding in the future, such as skipping a contribution when needed. He said that the Police & Fire plan had an above average funding level at 91.5%. The information on page 5 further describes the assets and liabilities.

Mr. Siepman also provided information that the Governmental Accounting Standards Board (GASB) has a possible pronouncement that may change the methodology of accounting for governmental pensions in future years. He will keep us apprised of these changes. Member Mendez asked about the footnote on the life insurance. He previously thought the plan was self insuring, but now chose to place the footnote in the plan including the cost. They believed this provides a better presentation of costs.

Member Carr asked Mr. Siepman about the definition of when an item is an increase in benefit. Mr. Siepman stated the State of Missouri has a definition of "significant" which is 0.25%. Mr. Carr asked whether such items would be considered an increase in benefit. Mr. Siepman responded that he personally believed that if a cost is associated with a change, then the provision of the plan that is changing would be considered a benefit increase. But he went on to state that there could be arguments on either side of this issue.

Minutes

Correct September 16, 2010 Minutes

Member Carr provided a motion to amend the minutes as stated below. Member Silverstein seconded the motion.

Motion: To correct the September 16, 2010 minutes by adding the following wording at the end of the motion under Plan Changes, "This change will be effective as of July 1, 2010.

Member Silverstein stated it is clear to her that this proposed change better documents the Board's decision. Member Carr stated that this was the reason for the November 9, 2010 meeting and it is outlined in the discussion in the minutes. Member Silverstein called the question and it was seconded by Member Carr. The call of the question passed. There was brief discussion as to whether a "call of the question" needed a vote. Following that discussion, a vote was taken on the original motion to correct the September 16, 2010 minutes and it passed. Ms. Watson stated that she will ask the City Clerk if a "call of the question" needs a vote.

Discussion Regarding November 9, 2010 Minutes

Member Carr asked why the November 9, 2010 minutes were not approved immediately per the amendment at the January 25, 2011 meeting. Ms. Watson said she had spoken to Member Carr about this, but would inform the Board of that discussion. She stated that at the time she believed her notes did not accurately reflect the changes made at the meeting. Mr. Carr emailed the attachments and audio of the meeting to all members. After review, Ms. Watson made the changes and the updated minutes were distributed to the Board. Chairperson Sher stated she believed there were several issues stated in the emails and recommended discussing the issues at the next meeting and no one disagreed by email. Members Silverstein and Carr felt strongly that the minutes should have been resolved and posted quicker. Member Deken agreed. Member Carr stated that he would like to use parliamentary procedure used more correctly. Chairperson Sher agreed that we could all use the procedures better. Ms. Watson stated that recording of the meetings will be beneficial.

Motion to Rescind the November 9, 2010 Board decision Recommending a Change to Retirement Benefits for Uniformed employees

Member Carr made a motion to rescind a motion passed at the November 9, 2010 meeting and it was seconded by Member Silverstein.

Motion: The Uniformed Pension Board rescinds the motion of November 9, 2010, "Change in Requirement for Service Retirement which resulted in Bill 9105. The intent is to withdraw any recommendation to City Council regarding changes to Uniformed Employee's retirement benefits and to eliminate Bill 9105 (and any restatement under any bill number) from consideration by City Council.

Member Carr asked to read his statement which is attached to these minutes as he believes this will explain his strong thoughts on the subject. Member Silverstein stated that she did not think this Board had the authority to discuss City Council bills in our motions. Member Deken stated his concern that statements by Member Carr were incorrect regarding Mr. Siepman's independence. Member Deken stated that he believed the change in service requirement had merit and the cost was small and he was ready to vote on the amendment.

Member Carr amended his motion to the following and it was seconded by Member Mendez.

Motion: The Uniformed Pension Board rescinds the motion of November 9, 2010, "Change in Requirement for Service Retirement". The intent is to withdraw any recommendation to City Council regarding changes to Uniformed Employee's retirement benefits.

After further discussion, there was a vote on the amendment with the following results.

Vote on Amendment: Yes – 3 No – 0 Abstention – 3 (Failed)

Member Carr believed the reference to bill clarified the motion. Chairperson Sher stated she recalled the original motion to pass the retirement change was unanimous. Member Deken agreed. Member Carr stated that he was surprised, at the time, by the full support of the Board and thus felt compelled to vote "yes" and went along unanimously as a gesture to the

Board, even though he believed parliamentary procedure may not have quite been followed. Member Deken stated he was asked directly by a Member Carr as to what he wanted, and he responded. Chairperson Sher stated that it was a long discussion, facts were compiled, it was taken seriously by the Board, and the vote was taken with sincere concern regarding citizens and employees. If parliamentary procedure was not quite perfect, the intent was still the result. There was continuing discourse between Chairperson Sher and Member Carr and the vote on the original motion was taken.

*Vote: Yes – 1 No – 5 (Failed) Roll call requested by Carr
 Yes – Carr No – Sher, Silverstein, Mendez, Deken, Kramer*

Ms. Watson stated that she was unaware that this bill would be taken up in the future and since the issue was the Executive Summary, possibly this should be addressed.

January 25, 2011 Minutes

Chairperson Sher asked if everyone had an opportunity to review the January 25, 2011 minutes. Member Carr recommended adding the following wording at the end of the topic of Update on Death Review Process, “Member Carr noted that he had originally requested that in order to maintain the ‘surprise’ factor for the investigation, we use a pension beneficiary roster from March 31, 2010, prior to his April 2010 motion to make this inquiry. Member Carr made a motion to amend the minutes. It was seconded by Member Deken and passed. The motion to approve the minutes, as amended, was made by Member Deken. It was seconded by Member Mendez and it passed.

Member Silverstein asked how much information should be in the minutes. Ms. Watson stated her understanding was that only the votes must be recorded. Mr. Glickert stated he sees Boards differ in how much discussion is included in the minutes.

Other Matters

Member Kramer stated that he has previously stated he believes the 401 and 457 plan investments are too restrictive and still asking who controls the individual investment options allowed. Ms. Watson stated that while the 457 – Deferred Compensation plan is not mentioned in the pension plan descriptions, she will check with the City Attorney on the issue. There was further discussion regarding the handling of individual employee investments options and that this would be discussed in the future.

On a different topic, Chairperson Sher stated she did not understand how a discussion between two members could affect “Board Policy” regarding the Executive Summary since there was not a quorum present. Member Deken also stated that he had asked the City Attorney whether he had violated the Sunshine Law, and the City Attorney stated that he had not because there was not a quorum present. He stated he did understand that appearances are important. Member Silverstein made the following motion. It was seconded by Member Deken and it passed.

Motion: The Board acknowledges that the Executive Summary referring to the change in requirement for service retirement adopted by the Board on November 9, 2010 was not reviewed and approved by the majority of the Board and it was submitted to the City Council without the approval of the majority of the Board.

Member Carr asked Council member Glickert to provide this information to the City Council. Member Carr made the motion to ask the City Manager to not include the Executive Summary with any package to the City Council. There was general discussion, but the motion died as there was no second.

Member Carr handed out draft bylaws for the Board to discuss at a future date. There was general discussion that this topic should be considered on the next agenda.

Member Silverstein stated she was glad she had the opportunity to serve on the Board and the other Board members thanked her.

Next Meeting Date

The Board agreed on the next regular meeting to be held on July 26, 2011. The remaining meeting in 2011 will be October 25.

Adjournment

There being no further business, the meeting was adjourned.

Attachment: Member Carr's statement

University City Uniformed Employee Pension Board

A Motion to Rescind the Motion of November 9, 2010, which resulted in U-City Bill 9105. The November 9 motion replaced the original September 16, 2010 motion on the same subject.

The Motion

The Uniformed Pension Board rescinds the motion of November 9, 2010 "Change in Requirement for Service Retirement" which resulted in Bill 9105. The intent is to withdraw any recommendation to City Council regarding changes to Uniformed Employee retirement benefits and to eliminate Bill 9105 (and any restatement under any bill number) from consideration by City Council

I. The Board needs much improvement on the fundamentals of what we do. Known shortcomings cast doubt on our ability to properly conduct business and address important matters.

A. This Board has numerous clearly stated requirements where we are non-compliant.

1. We are required to have regular Board member training on all aspects of our work and we do not comply. RSMO 105.666
2. We are required to train new board members within 3 months of joining the Board but we do not comply. RSMO 105.666
3. We are required to train on and comply with Sunshine Law and we do not comply. RSMO 610
4. We are required to review the Plan Policies and Objectives annually and I can find no evidence of that being done in recent years, and certainly not during my time on the Board (nearly 3 years). (Required by the Statement of P&O itself)
5. We are required to elect a Chairman and Vice Chairman. We have only a Chairman. (Charter 2.50.010)
6. Since our meeting on "Roles and Responsibilities" (March 23, 2010) we have done little to correct the weaknesses we discovered, and we did not identify all regulations that govern us. (We missed RSMO 105.666; Training)
7. Minutes are a continuing problem. It is difficult for interested Board members and citizens to participate using approved minutes. In March 2011, we were over one year behind on posting of final minutes to the U-City web site.

B. If we cannot comply with clearly stated requirements, I don't believe we are capable of effectively considering a motion as complex as that of 11/9/2010.

Moreover, in our discussions, Board members voiced the concern several times that we were not qualified to handle this complex matter.

C. Our Parliamentary Procedures were and are flawed. This may sound like silly detail or technicality but it has great effect on the outcome of decisions.

1. In general, Board members do not understand the basics of rules of order. The Board has tolerated interruptions, one-on-one arguments and domination by a minority of members, all of which discourage open sharing of ideas. (RONR)
2. The Board allowed a "discussion" of the subject to continue for at least a year. The fact that we discussed this for a year or more does not support the motion but rather is an indictment of our poor Parliamentary process (RONR p.32 4.15-27)

3. The arguments in favor of the motion, a complex matter relating to retirement benefits, uniformed force structure, pay, hiring, actuarial concepts, and city budget concerns; were strictly verbal, except for the letters from the actuary. At no time did we have the entire argument in favor of the motion in one place at one time. Much of the time we devoted to this matter was spent trying to understand it.

4. Instead of the advocates bearing the burden of persuading Board members, the reverse happened. Board members spent most of the time trying to *understand* the subject, asking questions, and trying to persuade the proponents that the idea had flaws or that there were issues they had not addressed. By the time we voted, most of our objections had effectively been put aside through this vague process of "discussion." The minutes of the September 16, 2010 meeting (at which the original motion was passed) show minimal debate.

5. Mr. Siepman (Buck Consultants) is the Board's actuary whom we pay. The Board allowed the Policemen's Association to pay Mr. Siepman for an analysis, which shows the cost of the November 9 Motion. I believe this created a conflict for Mr. Siepman. When he attended our meeting to discuss that analysis, for whom was he working; The Board or the Policemen's Association? I believe this may have prevented a more thorough discussion and understanding of cost issues.

5. Throughout, based on a review of minutes and the best of my recollection, only the two employee members and no citizen members argued in favor of the motion. Citizen Member concerns and objections were voiced along the way, but due to the way this was handled, the September 16, 2010 and November 11 minutes show little substantive discussion or debate. This gives an incorrect impression and ever since this motion passed, the concept of "summarizing" our discussion has been an issue.

II. The Board is not in agreement on our role and relationship with City Council, nor are we in agreement as to what the November 9 motion says.

A. When the "Employee Representatives' Executive Summary" (EES) came into the picture, followed by e-mails from Diane Sher, Chairman, it became clear that we do not have agreement as to what the motions says and does.

1. Ms. Sher's December 13, 2010 e-mail asserts that the change is "not an increase in benefits." That has not been determined and I believe this is flatly incorrect. The change will cost something because it IS an increase. (Siepman Letter, 11/5/2010)

B. The EES and Ms Sher's E-mails (11/9/10 and 12/13/10) sound like the intent is to sell this Bill to CC or "get it through." That was not and is not the policy on which the Board voted.

III. Our Process Looks Bad.

We have created a mess and it could look like we are failing in our fiduciary responsibilities.

A. Sloppy meetings and failure to follow protocol allow for bad decisions and potential manipulation.

- B. The process that created the EES and the associated e-mails, in my opinion, violate standards of conduct and Sunshine Law (we need a judge to determine lawbreaking).
- C. Following the debacle with the EES, Ms. Sher did her best to explain things in her e-mail of December 13, referring to her message of November 11. The two messages clarify nothing and actually create more confusion, as one message does not support the other. The assertion that the motion is not an increase in benefits creates a new "fact" that the Board did not establish and which is incorrect.
- D. The Board Members and interested parties who were involved in the EES project failed to ensure a proper review of the project with the rest of the Board, though a review by all was implied, yet there was no plan described for convening a meeting in which the Board could approve the EES.
- E. Due to citizen objections and expression of concern by Board members, Mr. Walker chose to remove this motion and bill from The City Council agenda, commenting (via Ms. Watson) that a study session could be in order. One member of this board felt that was not necessary and we should deal with it in a Board meeting, but the matter was not on the agenda for the January meeting. Moreover, the decision on whether this Board works with Mr. Walker in a study session should be a Board decision, not one person's.
- F. I asked Mr. Walker, by e-mail, about the status of the motion (Bill 9105). He did not respond, though through Ms. Watson, he answered two questions of lesser importance. We know that we sent a recommendation to City Council and it was changed along the way. We do not know what the status is and we have not yet taken any action to correct the problem created by the EES. I feel that this motion has taken on a life of its own and to me, represents a problem, which can re-emerge at a later time.
- G. Even as the Board has tried to clean up the mess we have had trouble. I cite the series of e-mails regarding simply appending a few documents to the November 9 minutes. We have been assured that there has been "nothing conspiratorial" going on, but having spent far too much time trying to figure out what went wrong, I find a trail of errors, probably unintentional, that could be easily interpreted as manipulation of this Board and cover-up of wrongdoing.

Summary

We have created a mess. There are too many glaring errors and concerns over the process that got us here to let it go any further. We should NOT embarrass ourselves nor put Council in the position of trying to make a decision on this matter, knowing the serious flaws in our process and procedure and the lack of sufficient information. We have nothing but the Siepman letter as evidence to show City Council, and that clearly shows a COST of this change.

I respect and appreciate our uniformed employees, and want the best benefits for them, but that goal does not stand alone. We need to be fair to current and future uniformed employees and retirees by protecting the Pension Fund, and we need to be fair to citizen taxpayers.

I am greatly concerned that Council will at some point return to this motion and change retirement benefits for the wrong reasons due to misinformation or lack of information.

I recommend we take responsibility for this problem, pass this motion, and put the matter to rest.