

**Minutes of Meeting  
Board of Trustees  
Non-Uniformed Employees' Retirement Fund  
January 26, 2010**

A meeting of the Board of Trustees was called to order at 7:05 p.m. in EOC room Basement Level, City Hall, 6801 Delmar.

Member in Attendance: Diane Sher, Anne Silverstein, Jaime Mendez, Mark Winer, James Carr, Donald Humphrey, Erich Haring

Members Absent: None

Others in attendance: Julie Feier, City Manager  
Yolanda Williams, Human Resources Director (Secretary)  
Janet Watson, Deputy City Mgr/Finance Dir (Treasurer)  
Police Rep Tom Deken,  
Fire Rep Fred Kramer  
Byron Price, Council Member Liaison  
Robert Wagner, Council Member  
Lynn Ricci, Council Member  
John Mulligan, City Attorney  
Several citizens

**Minutes**

Member Winer moved to amend the Board Minutes of November 17, 2009 to read "The Board discussed sending out an RFP" under the Financial Management Diversification item. The motion was seconded by Member Mendez and carried.

Member Winer moved to approve the Board Minutes of November 17, 2009 as amended. The motion was seconded by Member Mendez and carried.

**Vouchers**

Ms. Williams commented vouchers for the last period will be presented at the next meeting.

**Applications for Membership**

None

**Applications for Retirement**

None

**DC Plan Conversion Discussion with City Council**

Member Silverstein commented that she didn't feel comfortable with the charge handed down by Council.

Member Carr commented that he attended the study session when City Council reviewed and discussed the report provided by the Board and he got the impression there was some frustration about the report and Mr. Wagner did not get a complete answer as to what was

requested and perhaps there was a difference in what the Board thought it was asked to do and Council's expectations.

Ms. Feier commented that Council Member Glickert drafted the charge on behalf of the Council which was the main piece of unified direction.

Council Member Wagner commented that he expected the Board to advise Council on changing from a defined benefit plan to a defined contribution plan.

Ms. Watson commented that the Board took the charge exactly as presented and used resources already in place to explore the charge.

Member Silverstein commented that there could not be a productive discussion without reviewing the code to determine the Board's role and responsibilities. The Board shouldn't be designing plans—the Board should be administering the plan.

Council Member Ricci commented that she recognized the depth of the Board's responsibilities and the challenges and perhaps the statute should be revisited.

Member Sher said she was advised that a new idea of a hybrid plan came up at the City Council's study session.

Council Member Ricci commented that it is a matter of sharing the risk and perhaps a hybrid plan should be considered as an option.

Member Sher stated she wanted to make it clear that the hybrid option was not a part of the initial charge.

Member Carr thanked Council Member Ricci for recognizing the Board's responsibilities and challenges and he expressed reciprocity. He agreed with Ms. Silverstein that the Board should administer the plan—not advise Council on what plan to use. He asked if the Board appropriately accepted the charge from Council.

Mr. Mulligan stated the Board has authority to advise the City Council.

Member Sher commented that there is a precedent to help with funding issues as far as making recommendations but City Council makes the decisions.

Mr. Mulligan commented that the Board has a choice to do it or not to do it.

Mr. Carr commented that the Board does not work for the City Council.

Ms. Silverstein commented that the Board serves as trustees not as an advisory board.

Member Sher commented that the Board did an analysis but there was no clear cut reason to change to a defined contribution plan.

Member Winer stated that it had been a 12-month process for the Board and the members looked at options and there is no financial advantage to changing the plan design in terms of the cost of the plan.

Council Member Price commented that the essence of inquiry is a budgetary issue.

Council Member Ricci commented that there's a procedural challenge—Council has no exclusive management control.

Member Sher commented that the Board has no funding authority.

Council Member Ricci commented that there was a huge financial hit to the City's budget of almost \$1 million to fund the plan. She stated new employees should be on a different plan.

Council Member Wagner commented that there is an interface between the Board and Council. Further, as Council Member Ricci mentioned, plan contributions are steadily increasing and a DB plan may no longer be feasible—the private sector fled a long time ago.

Council Member Price commented that the Board has no funding authority. Council made a decision not to fund the plan for many years. Council needs to determine philosophy on direction of the plan.

Several Board Members commented they agree with Byron's statements.

Member Sher commented that the Board serves as the trustees of funds, not the employer, funder, or budgetary authority.

Member Mendez stated he doesn't want a charge to make a plan design decision. He wants to help Council with expertise to assist them in making the decisions.

Member Sher asked what was frustrating about the report.

Council Member Wagner stated it was not really frustration but the analysis did not go out far enough into the future.

Member Sher stated the Actuary was not comfortable doing projections beyond ten years—he felt it would not be good science.

Ms. Watson confirmed that the further out you go, the less reliable the numbers become.

Member Carr asked if Council was looking for a budgetary number ten years down the road and beyond.

Council Member Ricci answered yes—they want to put things in place today for incoming employees.

Council Member Price commented again it is a philosophical decision that Council has to make; some members agree that current employees should be held harmless.

Member Sher stated that even if a change is made for new employees, the City would still have obligations.

Council Member Wagner commented there is great concern with holding employees harmless on investment risk and the DB trends are scary while DC offers predictability of future City costs.

Council Member Price commented that in his opinion the issue has to go back to Council because the philosophy as to what should happen has not been resolved. If there was a miraculous turn-around in the economy the discussion would not have happened.

Citizen Ralph Bowser commented that when he was on the Board years ago, the Board would make recommendations to Council regarding changes to the plan and Council may or may not have agreed to implement the changes. Fiduciary responsibility is the responsibility of the Board.

Citizen and former Council Member Stephanie Brot commented that when she was on Council she was advised by the former City Manager that contributions weren't required and at that time she was concerned that the City wasn't looking long-term.

Retiree Timothy Hepler discussed former practices as an employee Rep.

Library Board Member Larry Nolan commented that increasing contributions are a concern for the Library Board.

### **Fiduciary Asset Management Report**

Executive Managing Director/Senior Portfolio Manager Wiley Angel and Portfolio Manager Tim Swanson of FAMCO were present and provided an overview/update on the portfolio performance.

Member Carr asked if it would benefit the portfolio to broaden the asset mix range.

Mr. Wiley responded that the University City's plans have the tightest constraint of any group they manage and that a broader range would be more beneficial.

Council Member Ricci commented that having all of the funds with a single company is a concern she has.

Member Sher commented that having one manager helps to contain costs.

Member Silverstein inquired about the reason for wanting to split up assets.

Council Member Ricci stated that it's not a good practice to put all your eggs in one basket.

Mr. Angel commented that UMB is the custodian and FAMCO serves as the managers.

### **Financial Management Diversification**

Member Carr made a motion to conduct an orderly search for money managers. The motion was seconded by Member Sher.

Member Silverstein made a motion to postpone further discussion of this item to a future meeting. The motion was seconded by member Carr.

### **Other Matters**

Member Silverstein commented that there is interesting information @ [www.jcper.org](http://www.jcper.org) and she suggested that Board Members take a look at the site.

Member Humphrey suggested that the Board think about being more flexible with guidelines for the investment manager especially in light of FAMCO's comments that the City's guidelines are the most rigid of their customers.

Member Carr said he agrees that the Board needs to discuss having a broader asset mix range.

Member Carr stated he has a list of questions to distribute for discussion and response and he recommended having a study session to do so and he's looking forward to working with the fiduciary checklist. He suggested having a Q&A meeting first and then follow-up with the checklist—he wants to do the job first and then go through the checklist to see if the Board is doing what its supposed to be doing.

Ms. Watson asked about the expectations for the next meeting.

Board Members commented that they will forward questions/concerns to Ms. Williams to be circulated with the agenda. Ms. Williams will poll the Board Members to determine study session meeting date.

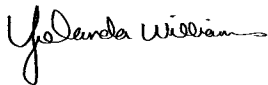
### **Next Meeting Dates**

The Board agreed on the following regular meeting dates for 2010: April 27, July 27, October 26.

### **Adjournment**

Member Humphrey moved to adjourn the meeting. The motion was seconded by member Mendez and carried. There being no further business, the meeting adjourned at 9:01 p.m.

Respectfully Submitted,



Yolanda Williams  
Secretary