

**Minutes of Meeting
Board of Trustees
Non-Uniformed Employees' Retirement Fund
May 9, 2006**

A meeting of the Board of Trustees was called to order at 7:09 p.m. in the Century Two room at Heman Park Centennial Common, 7210 Olive.

Members in attendance: Catherine Smith, Julianne Niemann, Diane Sher, Alison Markenson, Lela Fitch, Doris Johnson

Members absent: Gordon Myers (excused)

Others in attendance: Frank Ollendorff, City Manager & Board Secretary
Yolanda Williams, HR Director
James Rubie, Actuary
Councilmember Michael Glickert
Carol Jackson, Uniformed Pension Board Member
Don Miner, Uniformed Pension Board Member

Minutes

Member Smith moved to approve the Board minutes of January 17, 2006. The motion was seconded by Member Fitch and carried.

Vouchers

None prepared at this time.

Applications for Membership

None

Applications for Retirement

None

Fiduciary Asset Management Report

Member Niemann commented that the funds are still doing well relative to the market as a whole.

Annual Actuarial Report

Actuary Jim Rubie reviewed the annual report with the board. He explained that the new ordinances changing the benefit factor to 1.5% and 1.6% will be reflected in next year's valuation since the ordinance effective date was January 1, 2006. The plan is no longer fully funded. This year a \$425,169 contribution is required, which is 6.13% of payroll. The Library requires a \$40,141 contribution, which is 6.44% of payroll.

City Manager Frank Ollendorff asked the board to consider making a recommendation to the City Council to change the assumptions from 6% to 6.5%--6% is too conservative. Member Smith moved to make a recommendation to the City Council to change the assumptions to 6.5%. The motion was seconded by Member Fitch and carried.

City Manager Frank Ollendorff also said he will make a recommendation to the City Council to increase the employee's pension contribution from 2% to 3%. \$70,000 is about 1% of payroll so this would offset the City's contribution this year and in future

years. Employees were put on notice some time ago that their contribution may increase to help cover the costs of the plan improvements. Ollendorff added that it is normal for cities to make an annual contribution and the city has not had to in 15+ years.

Other Matters

Member Niemann remarked that it may be time to review and amend the investment strategies/allocations. She added that the significant growth of late had been in international stocks and we have none in our portfolios so perhaps we should look at adding international exposure. Member Sher added that the introduction of international stocks would provide better diversification, and that historically the addition of international stocks has actually reduced volatility/risk. Member Niemann will contact Fiduciary Asset Management to find out if they have International funds. If not indexing could be viable. Member Sher agreed to investigate some International Managed Accounts to consider along side indexes.

HR Director Yolanda Williams was asked to provide a copy of the Investment Policies & Objectives to each board member for review prior to the next meeting.

Next Meeting Dates

The Board affirmed the following meeting dates for 2006: July 18 and October 17.

Adjournment

There being no further business, the meeting adjourned at 7:30 p.m.

Respectfully submitted,

Frank Ollendorff
Secretary