

Mr. Chairman and members of the committee, thank you for taking the time today to listen to the members of the ERS on this important issue. My name is John Barmore, I am currently the Chairman of the Employees' Retirement system Board, but I am before you today simply as a member. The Board was not notified in time to have a meeting, ask for and receive a legal opinion, and then come to a consensus as to their standing. I'm sure that can be addressed going forward.

It will probably come as no surprise to you, but I do not like this proposal. I would ask that you please give me the discretion to explain to you why. First off, I would like to point out what may be a misconception, what does the Board do? The Board DOES NOT increase or decrease benefits, the Board holds the funds in trust for the promises that were made by the city in lieu of current compensation thru prudent investments and sound actuarial principles. We make sure those that deserve a check get one, and those that don't, don't. No more, no less. With that said, very simply, this proposal is not fair and will ill serve the members whose funds are being held in trust. This proposed Board would be seven city members and four employee members. The six members confirmed by the common council representing the city would constitute a quorum and a voting majority, or a "Bloc" if you will. In fact, due to the vagueness of this proposal, all six of those members could in fact be common council members. This would disenfranchise the employee and retiree elect members that were rightly elected to represent the interests of the members of the system to secure and hold in trust the monies set aside for the deferred compensation they have earned. The current Board, by comparison has an elegant design by your very thoughtful forefathers to this body, an independent Board that is neither dominated by the plan sponsor, or the beneficiaries, with four employee representatives and four city members. Any idea that is introduced to this Board must have the merit to appeal to a majority or it fails. This process has served this system well for decades, and had led us to be one of the best funded, if not the best funded municipal pension system in the country. The thought that a bigger Board is necessarily a better Board ascribes to the notion that McDonald's must have the best hamburgers because they make the most. It's just not true, fiduciary studies put the most efficient Boards in the seven to nine person range, with a very compelling reason to have eight as mention previously.

Also, the thought that seats should be divvied up and set aside for different groups, and yet somehow these members will still be expected to represent all fund members to the highest fiduciary standard with vastly diminished voting representation is a challenge at best. I find it difficult to understand from my experience that the members being elected are not who the members want. The general city employees have a larger group than any other. I do in fact believe they are voting in their best interests. When I talk to groups I encourage the best qualified to always come forward and participate in this process. I myself defeated a police officer against cries of "It couldn't be done!" I sit today here as proof that it can be done. But honestly, I do not look forward to a "set aside" seat with very little input, but very high time, reading, meeting and liability demands. At the end of the day, as much as I am enriched by serving in this capacity, it is an unpaid volunteer assignment.

If the city is unhappy with a recent member election, and is trying to right that perceived wrong through legislative maneuvers and power grabs, then that to me smacks very closely of

voter suppression. It seems as if the retiree election had gone the other way we would not be here today.

I would like to quickly run through the attachment to this file that was titled: MUNICIPAL PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS) COMPOSITION OF BOARD OF TRUSTEES and was presented as supporting evidence for Mayoral control of an independent pension Board.

Looking at the data there are 17 plans presented. I eliminated one because the numbers didn't add up and two more because the at large members could not be attributed to being either more representative of the plan sponsor or beneficiaries, leaving me with fourteen plans in the sample. The aggregate numbers were 59 "employees" and 50 "City" Trustees, for an average of 4.2 employees and 3.6 city members on each Board, which makes the average Board size 7.8, right where we are.

Which brings me to my most grievous concern, the proposed change to chapter 36.15.15, this seemingly innocuous change, crossing out a five and putting in a six, what could be the harm? Who the heck even knows what I'm talking about? The person that proposed this knows exactly what my concern is. This is the funding policy and crosses the divide on what is the separation between the plan sponsor as a non-fiduciary settlor and an independent Board of Trustees. A funding policy allows a Board to determine an appropriate actuarial contribution to pay for benefits promised and to maintain the Trust funding. When this amount is determined it is given to the city. The plan sponsor is then fully entitled to determine how to make this contribution, whether it be reserves, taxes, budget cuts or other revenue. The current funding plan requires five out of eight members to make a change to 36.15.15, or 75% of the Board members. The proposed number of six out of eleven is 73%, but more importantly, the plan sponsor, the city, could change the funding policy with their six members whether any other Trustees showed up or not. I think we have seen the results of this paternalistic behavior in other states and cities. I would go out on a limb here and say politicians don't always know best.

You have before you today retiree and labor leaders that represent thousands of members that say they think this is NOT a good idea. I appreciate that wisdom of age and experience.

I have been reminded by the chair that I myself am also a sort of "Politician", since in fact I am elected to my volunteer position, fair enough. That is why I say to you today; What is the rush? Where is the best practices? Where is the outside independent study that supports this drastic change to the best funded and running system in the country?! I respectfully ask this committee to vote this down now and not forward file 131162 to the full council. If it remains active I strongly encourage that it be held until such time as a proper professional Independent study can be done to compare best practices for Board size and composition. I appreciate your time and thoughtful deliberation in this matter. Thank you.

John Barmore