



**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF JOINT MEETING**

**Non-Uniformed and Police & Fire Employee's Retirement System
January 18, 2022, at 6:30 p.m.**

A meeting of the Board of Trustees via Zoom was called to order by acclamation at 6:30 p.m.

Members in Attendance: **James Stutz, Edward Deitzler, Tony Westbrooks, Patrick Wall, Joel Myers, Brian Isenberg, Gregory Rose-non-voting, Steve McMahon-Councilmember**

Member(s) Absent:

Member(s) Excused: **Thomas Jennings, Eric Whritnour**

Others in Attendance: **Todd Davis– Ziegler Capital Management, LLC
Heather Mehta – Greensfelder, Hemker & Gale PC
Mike Ribble – Buck Consultants
Duncan Reynolds – Buck Consultants
Keith Cole –Treasurer**

Agenda

Member Westbrooks motioned to approve the agenda. The motion was seconded by Member Myers. The motion was passed with unanimous consent.

Minutes

Chairman Stutz called for an approval of the October 19, 2021, minutes. Member Wall moved to approve the minutes. The motion was seconded by Member Westbrooks and approval carried unanimously.

Quarterly Portfolio Review

Todd Davis of Ziegler Capital Management LLC provided an overview of the previous quarter's Non-Uniformed and Police and Fire portfolios. Todd reviewed the Police and Firemen's Retirement Fund. The year, 2021, ended with stocks up 29%, third best. A little turbulence in capital markets thus far in the new year. There's uncertainty with inflation. Highest in 40 years. Question is, how long is it going to last. Feds raised interest rates 300 to 400 basis points. Federal Reserves are buying bonds. Mid-term elections are coming up so there may be sign of some uncertainty in the market. Overall, markets are doing well in the last year.

Your organization is doing very well. Focusing on page 4, equity is driving the markets. The YTD performance through the fourth quarter is at 11.2%, outperforming benchmark of 9.8%. Returns for the one year are at 27.5% versus the benchmark of 26.5%. Very good returns,

overall. Higher quality managed portfolio. Total portfolio at 18.5%, outperforming benchmark of 15.5%. Favorable stock selection, all stock positions were up. Cover call allocations doing very well. Looking ahead, the allocations are allocated correctly. Technology stocks are doing well.

On Page 9, Elements of growth and elements of valuation doing very well. Portfolio is sitting at 782.7 compared to S&P at 675.1.

On Page 10, equity diversified. High quality in tech sectors.

On Page 12, bonds have high quality exposure. Treasury bonds outperforming market

On Page 13, no surprises on the covered call.

Cost Study of Amortization Methods

Mike Ribble, from Buck Consultants, provided a review on the amortization methods for both plans. The amortization methods determine the payment schedule for the unfunded accrued liability which is the difference between the accrued liability minus the actuarial value of assets.

Previously, the plan was using a 15-year , open amortization period. With each actuarial valuation, open amortization method amortizes the remaining unfunded accrual liability over a new 15-year period at 6.5%.

Going forward, the payment period is a 15-year closed amortization period, meaning each actuarial valuation, the closed method amortizes the remaining unfunded accrued liability over a decreased time.

Options to consider extending amortization to longer periods, introducing layered amortization, keeping level dollar, and keeping 15-year period for initial unfunded accrued liability.

GFOA indicates amortization periods should be closed and never exceed 25 years. An overview of the layered amortization method was given and the basis of the impact of amortization was reviewed.

Member Westbrook ask follow up question about how the debt is being paid off. For the Uniform Pension Plan, City Manager Rose stated there are three revenue streams that are being used in this fiscal year. They are Property Tax, Transfer from General Fund, and Transfer from Public Safety Sales Tax. Member Isenberg asked how much of revenue is brought in just on property tax alone. Mr. Cole stated the city brings in around 800,000 – 900,000.

Chairman Stutz asked, what if the plan was fully funded, what happens with the amortization. Mr. Ribble stated the amortization piece would go to zero, but you must take into account of the gains and losses of the market.

To close, Mr. Ribble stated I would avoid going beyond the 20-year amortization period. Recommend staying the course with the 15 years. Add the layered funding approach. This would help in managing and with budgeting. Member Isenberg asked what percent funded was the Uniformed Pension Plan. Mr. Ribble stated it was 76.5 percent funded.

Authorization to Evaluate Pension Plans Competitiveness Within the Region

City Manager Rose stated, on December 13, 2021, Mayor and Council authorized him to take a close look at a competitiveness perspective. One of the challenges, currently, is the amount of time it takes to vest in both pension funds. How do we compare to other pension funds in the region? The intent to bring on a professional to evaluate the pension funds and compare with other plans in the region.

Legal Update from Heather Mehta

Heather Mehta shared on the uniformed plan about discrepancies on funeral benefits and disability. It appeared the plan has changed over past years, and there's some value in the old plan. Things to consider on funeral benefit is to pay out benefit in one month's salary when retired or pay one month's salary in today's salary scale. Disability: currently, if a participant passes away, there are no surviving benefits if retired as disability. A separate disability plan may provide for some of the benefits.

If amendments to the code would occur, it would need to be sent to Council for approval.

Council Liaison's/City Manager's Comments

Councilmember McMahon shared the ballot measure on the quarter cent sales tax which would impact the pension board. With the covid numbers being down, the hours at centennial commons are being increased. The city closed on property at North and South at Olive. QuikTrip bought the property for \$1.1 million dollars in comparison to last time it was sold for \$100,000. This present good news for new development.

Other Matters

- None noted

Next Meeting Date(s)

Next meeting dates will be April 19, 2022, July 19, 2022, and October 18, 2022, tentatively

Adjournment

The meeting adjourned at 7:29 p.m. with a motion by Member Myers, seconded by Member Isenberg and passed with unanimous consent.