



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

**Non-Uniformed and Police & Fire Employee's Retirement System
October 20, 2020 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: **Patrick Wall, Frank Reedy, James Stutz, Joel Myers, Ewald Winker, Edward Deitzler, Tony Westbrooks, Thomas Jennings, Brian Isenberg, James Stutz; non-voting – Steve McMahon, Gregory Rose**

Member(s) Absent:

Member(s) Excused:

Others in Attendance: **Wiley Angell and Todd Davis– Ziegler Capital Management
Duncan Reynolds and Michael Ribble – Buck Consultants
Heather Mehta – Greensfelder, Hemker & Gale P. C**

**Keith Cole –Treasurer
Tiffany Paul – Staff Liaison**

Agenda

Chairman Reedy called for an approval of the agenda.

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

Minutes

Chairman Reedy called for an approval of the minutes. Member Winker was listed excused and in attendance. Minutes should reflect that he was not in attendance. Member Jennings' first name was misspelled. Minutes should reflect Member Jennings' first name is Thomas.

Member Jennings moved to approve the minutes with the necessary corrections. The motion was seconded by Member Isenberg and approval carried unanimously.

Quarterly Portfolio Review

Wiley Angell of Ziegler Capital Management provided an overview of the previous quarter's Non-Uniformed and Police and Fire portfolios. He commented the key to this period is five factors. They are the stimulus, expectation for a strong recovery, dominance of tax stocks, return on individual investors, and momentum trade. He also discussed that the bond market is up about 5.6% YTD. Gross stocks are up 20% and value stocks are negative. They are minus

11.5%. Names like Google, and Facebook were added to our portfolio. They were added because they are doing well during this time of COVID. The bond market has been incredibly stable due to the feds buying. Bond returns for the quarter have been modest with a YTD over 7% which is way beyond the yield. Volatility in the stock market remains high.

Performance in the 3rd quarter are stock performance because of the adjustments that were made in April. The quarter is very strong, the performance was up 9.3%, covered call was up 6.1%. Interest was almost unchanged for the quarter. The excess return came from corporate bonds and mortgage backed securities.

Member Stutz asked if there were any specific moves Ziegler may or may not make because of the election depending on which way it goes? Wiley commented that they are building different types of stocks however they are not predicting the election. They are going to wait until after the results are tallied.

Member Stutz moved to accept the report. The motion was seconded by Member Jennings. Acceptance of the reports was unanimous.

Annual Actuarial Valuation Review

Michael Ribble of Buck Consultants provided an overview of the 2020 Actuarial Valuations. There was no change in the plan provisions. Duncan Reynolds commented on the Police & Fire population system and related that it reflected a decrease in total members. This was due to a greater number of non-vested terminations and retiree deaths. He also commented on the different components of the benefits and related that the average age, service and annual benefits were in line with the prior year. However, there was a significant increase in the base pay which is going to translate into larger than expected benefits from the system for retirement. For the Police & Fire, they are using the RP-2014 Blue Collar Mortality Table. In January 2019 the SOA published the Pub-2010 Public Retirement Plans Mortality Tables Report. The study included several versions of mortality tables based on job types within the public sector and income levels (above and below median) based on mortality experience for employees of public employers from 2008 to 2013. For the Police and Firefighters' Retirement System, they recommend that we use the Pub-2010 tables for Public Safety employees and retirees with below median income.

For 2019, the MP-2017 mortality improvement scale was used in conjunction with the RP-2014 table and applies adjustments to reflect mortality improvements in years after the study. For the Police and Firefighters' Retirement System, they recommend updating to the MP-2019 mortality improvement scale to reflect two additional years of data.

The impact on results will be changing the mortality assumption from the RP-2014 Blue Collar Mortality Table projected generationally using scale MP-2017 to the Pub-2010 Below Median Public Safety Mortality table, with separate rates for employees and retirees, and projected generationally using scale MP-2019 decreases the liabilities by approximately \$184,000 and decreases the required contribution by about \$21,000.

The increase in average annual compensation of 15.5%, also increased both the normal cost and accrued liability for the plan. Total unfunded accrued liability increased from \$8,230,922 to \$8,466,092 and the funding policy contribution increased from \$1,452,047 to \$1,560,137.

Duncan Reynolds discussed the considerations which are to follow the actuarial standards of practice recommendation that experience reviews be conducted every 3-5 years. Our last review was conducted in 2015. Also economic and demographic actuarial assumptions should be reviewed to determine if they are still appropriate. The review of methods and things to consider going forward are:

- Amortization Method – Currently a 15-year Open Amortization of the Unfunded Actuarial Accrued Liability
- Industry standards are moving away from open amortization periods
- Consider a closed 15-year amortization or closed 20-year amortization
- Other variations could be considered as well
- Actuarial Value of Asset (AVA) Methodology
- Currently the AVA will only converge to the MVA when the return on Market Value is something other than 6.50%
- Smoothing is 20% per year, which spreads gains and losses over a long period of time
- Consider moving to a traditional smoothing method, which recognizes asset gains and losses over a shorter period (e.g., 3, 4 or 5 years)

Michael Ribble then provided an overview of the 2020 Actuarial Valuations non-uniformed employees. Increased unfunded actuarial accrued liability by about \$140,000. There was an increase in the average annual compensation of 12.7%, which increased both the normal cost and accrued liability for the plan. The actual contributions were less than the 2019 funding policy contribution. The market value had returns of 23.1%. The actuarial value of assets used a smoothing methodology that resulted in an actuarial return of 7.6%, compared to 6.5% assumed. The funding policy contribution increased from \$945,390 to \$1,213,698. The total unfunded accrued liability also increased from \$5,585,988 to \$6,924,748.

Other consideration to consider are:

- Performing an experience review of actuarial assumptions
- Changing the amortization period and/or methodology
- Resetting the asset valuation method

Member Stutz moved to accept both reports. The motion was seconded by Member Isenberg.

Discussion and Direction on Schwab cash accounts

Treasurer Keith Cole related that the Police & Fire Schwab account has roughly \$346,000 cash in it and the Non-Uniformed has \$206,000 cash in that one. Wiley Angell recommended that we move part of the cash balance into investments. Member Stutz asked if this was a result from the dividends? Treasurer Cole related that the money is from what has been accumulated from what has been invested over time. Treasurer Cole will meet with Wiley and discuss the options and bring it back to the board.

Greensfelder Legal Comment

Heather Mehta announced that there are no pending federal or state legislation that would impact our plan. She also mentioned that next month, Greensfelder will be holding their annual trustee fiduciary training. Be on the lookout for an invitation.

Council Liaison/City Manager Remarks

Council Liaison Steve McMahon thanked Mr. Reedy for his service on the Board and consenting to attend one last meeting. He also related that the space needs study has been completed. Member Isenberg asked if there were any updated development on the 170 and McKnight project. Councilman McMahon stated that they are still working with the developer regarding this project.

Other Matters

Chairman Reedy commented that his tenure on the Board has ended and this is his final meeting. He would need to depart from the meeting at 7:30 p.m. The Board will have to elect a new Chair and Vice Chair. Member Stutz will serve as the Acting Chair for the duration of this meeting.

Next Meeting Date(s)

January 19, 2021, April 20, 2021, July 20, 2021, October 19, 2021

Adjournment

The meeting adjourned at 7:25 pm., with a motion by Member Jennings, seconded by Member Isenberg and passed with unanimous consent.



**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF MEETING
Non-Uniformed Employee's Retirement System
October 20, 2020**

A meeting of the Board of Trustees via Zoom was called to order by acclamation at 7:25 p.m.

Members in Attendance: James Stutz, Tony Westbrooks, Edward Deitzler, Patrick Wall, Frank Reedy, Ewald Winker, and Thomas Jennings; non-voting—Gregory Rose (City Manager), and Steve McMahon (Council Liaison)

Member(s) Absent:

Member(s) Excused:

Others in Attendance: Brian Isenberg— Police & Fire Board member
Joel Myers – Police & Fire Board member
Keith Cole –Treasurer
Tiffany Paul –Staff Liaison

Minutes

Member Stutz acting as chair called for an approval of the July 20, 2020 minutes. Minutes were motioned by Member Jennings, seconded by Member Deitzler and approved with unanimous consent.

Disbursement Approval

Acting Chair Stutz asked Treasurer Cole if last year the City Council did not approve any City contributions? Treasurer Cole related that the employer does not make the contributions, it is the employees. The employee makes contributions every pay period, and that amount is sent over to the plan.

Acting Chair Stutz called for approval of the disbursements. Disbursements were motioned by Member Winker, seconded by Member Jennings and approved with unanimous consent.

New Member Applications – Informational

- Justine Stone – Police Dispatcher

Approval of Retirements

- Michael Martin – Lead Mechanic

Member Stutz acting as chair, called for the approval on the retirement application of Michael Martin. Member Winker moved that the Board approve the retirement application for Michael Martin. The motion was seconded by Member Jennings and passed with unanimous consent.

Other Matters

N/A

Next Meeting Date(s)

January 19, 2021, April 20, 2021, July 20, 2021, October 19, 2021

Adjournment

The meeting adjourned at 7:34 p.m., with a motion by Member Deitzler. The motion was seconded by Member Winker and passed with unanimous consent.



**BOARD OF TRUSTEES FOR UNIVERSITY CITY PENSION PLAN
MINUTES OF MEETING
Police & Fire Employee's Retirement System
October 20, 2020**

A meeting of the Board of Trustees via Zoom was called to order by acclamation at 7:34 p.m.

Members in Attendance: Thomas Jennings, Tony Westbrooks, Edward Deitzler, James Stutz, Brian Isenberg Joel Myers; non-voting— Steve McMahon (Council Liaison), Gregory Rose (City Manager)

Member(s) Absent:

Member(s) Excused:

Others in Attendance: Patrick Wall – Non-Uniformed Board member
Keith Cole –Treasurer
Tiffany Paul – Staff Liaison

Minutes

Member Stutz acting as chair called for approval of the July 20, 2020 meeting minutes. Minutes were motioned by Member Jennings, seconded by Member Deitzler and approval carried unanimously.

Disbursement Approval

Member Stutz acting as chair called for approval of the disbursements. Disbursements were motioned by Member Isenberg, seconded by Member Westbrooks and approved with unanimous consent.

New Member Applications – Informational

- Evan Zych – Paramedic/Firefighter
- Raymond Hussmann – Police Officer
- Richard White – Police Officer
- Donald Norman Jr – Police Officer
- Brian Schwertmann- Paramedic/Firefighter

Approval of Retirements

N/A

Other Matters

Member Isenberg asked if there is a way a person can pay back the money that they were given if they reached their ten year and was vested, so that there is not an offset when they retire? Member Stutz acting as chair related that this matter was discussed a few years ago as a proposed change, but the matter was not approved.

Next Meeting Date(s)

January 19, 2021, April 20, 2021, July 20, 2021, October 19, 2021

Adjournment

The meeting adjourned at 7:40 p.m., with a motion by Member Jennings seconded by Member Isenberg and passed with unanimous consent.