

STUDY SESSION
Uniformed Pension Plans
CITY HALL, Fifth Floor
6801 Delmar Blvd., University City, Missouri 63130
Monday, February 9, 2026
5:30 p.m.

AGENDA

1. MEETING CALLED TO ORDER

At the Study Session of the City Council of University City held on Monday, February 9, 2026, Mayor Terry Crow called the meeting to order at 5:30 p.m.

In addition to the Mayor, the following members of Council were present:

Councilmember Stacy Clay
Councilmember John Tieman
Councilmember Steven McMahan
Councilmember Lisa Brenner
Councilmember Dennis Fuller
Councilmember Bwayne Smotherson

Also in attendance were Interim City Manager Brooke A. Sharp, City Attorney John Mulligan, Jr., and Andrew Belknap, Managing Director of Baker Tilly.

2. CHANGES TO REGULAR AGENDA

Ms. Sharp requested that Item K (4), Ratification - MGT - Budget Consultant, be moved to the City Manager's Report.

3. UNIFORMED PENSION PLANS UPDATE

Ms. Sharp stated that Andy Belknap of Baker Tilly is here to provide Council with a presentation on the Police and Fire Pension Analysis.

Mr. Belknap stated that he has been a Consultant to local governments for fifteen years, first with a company called Management Partners and with Baker Tilly since 2022. He stated that he has managed bankruptcies for three municipalities, and his background in local government is that he has worked for three cities in the County as a Finance Director, Public Works Director, and City Manager.

He stated that he prepared this report on the Police and Fire Pension Analysis at the request of Mr. Rose, with whom he has worked with in three different cities going back to 2005. So, he's sorry to miss him tonight, but happy that he has successfully retired after all these years.

Mr. Belknap stated that the first time he looked at this pension plan, he told Mr. Rose that he did not think it was that bad, but he's a very careful man and wanted to make sure he had another set of eyes on it because there were some flashing yellow warning signs. The fund is not in critical condition, but he will go through everything with Council tonight and talk about his recommendations.

Background

- There are 130 public pension systems operating in Missouri, 16 Statewide systems and 114 locally administered plans
- The Missouri Local Government Employee Retirement System (LAGERS) is the biggest, serving 861 agencies and 247 cities
- 50 cities in the State administer one or more pension systems
- In addition to University City, 15 other cities have a police and fire pension system

- St. Louis metro area cities, Brentwood, Clayton, Jennings, Ladue, and Maplewood either had or have such systems

Condition of U City's Police and Fire Pension Fund

- The University City Police and Fire Retirement System (UCPFRS) was below 80% funded, 73%, and 77% in Fiscal Years 2024 and 2025
- Anything less than 80% funded is considered a warning sign
 - Very few systems are funded at 100%
- For comparison, the non-uniform pension system is
 - 96.7% funded
- The UCPFRS is experiencing negative cash flow on an annual basis; it pays out more than it takes in
- On the plus side, the market value of assets under management has increased in 2024 and 2025
- The situation is concerning but not critical

Mr. Belknap stated that he conducted numerous interviews with people who worked with the pension system, and the good thing is that this is a well-known problem that no one was surprised to hear about.

UCPFRS Findings

- a. The system is viewed as underfunded and structurally outdated
- b. Many believe the system needs a structural overhaul and steps to ensure long-term solvency
- c. Administrative costs are high due to the small size of the system
- d. The City lacks a complete view of retirees' retirement benefits, limiting its ability to assess adequacy
 - This is kind of a confusing pension system because it is one part of a larger retirement system for the police and fire, and you really don't know what their retirement situation is because there is a private component and a public component, and you don't have visibility into the private component
- e. Turnover is a challenge in fire and especially the police, and some of that is linked to the uncertainty regarding the pension's stability
 - Typically, people stay with the Fire Department for their entire career
- f. Recruitment is negatively impacted by concerns with pension stability
- g. Employees lack an understanding of the system
 - Trying to read the description of the system is confusing
- h. There is a strong desire for fairness and transparency with any changes
- i. Governance and decision-making can be painstaking
- j. Funding solutions are constrained

UCPFRS Competitiveness

- a. Generally, University City offers a competitive pension program when compared to other cities
- b. The City employees contribute less to the pension system than some other comparable cities
 - The impact is putting less money into the system
- c. Higher turnover in University City may not be due to inferior pension benefits, but a perception that the pension system itself is not as strong as in other communities

Outlook for UCPFRS

- Recent results for UCPFRS have been good, with earnings above 8%
 - The earning presumption is 6.8%
- However, with the status of current funding, the Plan has not been able to offer an inflation adjustment since 2007
 - This is not a good thing for retired annuitants

- With current funding levels, the Plan does not appear to be on a trajectory to obtain 80% funding and be able to offer benefit improvements
- It is possible the Plan could fall below a 70% funded status in down years when it's not earning above 6.8%, which would put the Plan on the State's "watch list"
- All this makes it clear that additional funding needs to be directed to funding the Plan to obtain at least an 80% funded status
- The City has already asked for a voter-approved tax measure to direct more funding to the Plan, but it failed to gain approval
 - The City needs to demonstrate that it is making steps to strengthen the pension system, which could put it in a better position to go back to the voters

Recommendations for UCPFRS

- a. Continue providing discretionary General Fund support of approximately \$545,000 annually to UCPFRS
- b. Negotiate with police and fire employees to provide a similar level of support annually
 - They are not paying into the pension now, and many other jurisdictions are
- c. With recommendations 1 and 2 in place, which will demonstrate a commitment from the City at or beyond what similar cities make, place another ballot measure before voters for police and fire service enhancements and additional pension system support for approximately \$700,000, which would really strengthen the fund and get it above the 80% threshold
- d. In recognition of support from employees, commit to a COLA adjustment study once the funded status reaches 80%
- e. Once UCPFRS is stabilized, approach LAGERS about transitioning into that system, with a pledge that reduced administrative costs will be channeled into COLA benefits or similar improvements for retired annuitants

Mr. Belknap stated that he does not know how much the City would really benefit from relinquishing local control of its pension system. However, when this pension plan was started, LAGERS did not exist as it does today. So, while there are 15 municipalities with this type of plan, over time, most of the cities in Missouri have migrated towards LAGERS.

Councilmember Brenner posed the following questions to Mr. Belknap:

Q. Did you say that Maplewood and Jennings have migrated to LAGERS?

A. Yes.

Q. Do you have a sense of what the process would be like to move from a local pension plan to a state plan?

A. *It is not terribly complicated because many cities in Missouri have migrated into LAGERS. But you have to be financially healthy. You have to be well-funded because they do not want to take on a sick pension fund. It's just beneficial to migrate because it keeps the administrative costs low, and it is a well-managed, good state pension system.*

Councilmember McMahon thanked Mr. Belknap for his work to help the City map out a plan because, as the liaison to the Pension Board, this has been a discussion even with some of the officers who were on the Board. They acknowledged that if the City needed a shot in the arm, they would be willing to talk to their folks about contributing because they understood that it was about getting the fund back on track. Councilmember McMahon then posed the following questions to Mr. Belknap:

Q. So, just doing the math off the top of my head, you're thinking that by taking multiple steps over time, about 1.7 million dollars would really put the fund on solid ground?

A. *It would put the fund on really solid ground.*

Q. Absent that, a couple of years with a bad market could drop the plan down under 70%?

A. *Yes. The City has been overachieving in its earnings. The plan is designed to get a 6.8% return annually, and the last two years it's been over 8%. If you keep doing that, you could conceivably grow your way out over a number of years. But I don't think that is going to happen because you're bound to hit a down year, and you could probably have a year where your return might be under 6.8%.*

So, because of the way this plan is constituted, that could get pretty ugly, especially if it occurred in multiple years. The looming issue would be if you fall under 70% for more than one year, then you would be placed on the State's "watch list," which is bad for your reputation. While it's not clear to him exactly what the State would have in store, obviously, they would not want the pension to fail, and they might start telling the City what it has to contribute towards the pension. So, in his experience, it is always better to get ahead of any state intervention.

Q. If there is a delay in reaching an agreement with the officers, would that change the numbers we're looking at today and cause the need for their contributions to be even higher?

A. Well, I think the common cause here is that you, the officers, and the firefighters almost certainly don't want the state to come in here and start telling the City what to do. So, while there is some common ground, at the end of the day, it's a negotiation.

Q. Let's say we can negotiate a number with our public safety officers that is less than what you've recommended. Does that mean that all of those moving components will fluctuate?

A. Yes, but this is just my recommendation, and it's not necessarily dispositive. It is true that in other jurisdictions the employees are contributing, but the other thing is you've got to offer a competitive pension to get good officers.

Q. Have you had experience with a municipality that had a hybrid system with public and private components, as we have, rolling into LAGERS?

A. Yes.

Q. So that's not an impediment?

A. No. In fact, two of the cities that had a similar pension plan did that, and you can retain the private aspects and still go into LAGERS, which is fine. But, this plan has got to get above 80%. So, it is going to be a couple of years before U City is in a healthy enough situation to even sit down and talk about it with them.

Mayor Crow thanked Mr. Belknap for this presentation and the very detailed information Council received prior to this session. He then posed the following questions to Mr. Belknap:

Q. You've mentioned the administrative costs several times, and perhaps I missed it in the reading, but what is LAGERS administrative cost?

A. I looked it up, but I don't believe it is in the report. So, while I'll have to go back and look for the exact figure, it is much lower than the City's.

Q. I think for our purposes that it would be important to know. So, if you could provide that to the City manager or Chris, that would be great?

A. Sure.

Q. It would also be good to see what LAGERS' rate of return has been over the past couple of years?

A. Sure.

Q. Are all members of LAGERS currently above 80%?

A. Yes, they are.

Q. So, all of the municipalities with plans managed by LAGERS are above 80%?

A. Well, they don't manage individual plans because it's an amalgamated plan. So, you would become a member of that plan, just like many other local governments have.

Q. If it's amalgamated, does LAGERS have a number that shows its members what that plan is?

A. Yes, they publish annual statistics.

Q. I'm just trying to understand these numbers because I think that would be important information for us to have. On average, are all of the members 85% funded?

A. Of course, you would want to do your due diligence about LAGERS before you even thought about joining their plan, but it is a good, well-funded plan, well above 80%.

Q. The reality of this is, if in fact our public safety members are contributing to their private plan, then they can invest those funds with anyone they want, is that correct?

A. I believe so.

Q. Can they borrow against those funds?

A. I don't know.

Q. One of your comments in the written report says that one of the things you noted throughout the survey was that there was tension between the representatives of the different plans, and I'm just curious to know more about that comment?

A. *I don't recall.*

Q. Is Maplewood really funded at 200%?

A. *Yeah, that's what it said.*

Q. That's a heck of a lot of funding, and I'm trying to figure out what jackpot they hit to get 200% funding. Another option in your written materials would be to discuss increasing the retirement age of our uniformed officers from fifty to fifty-one or fifty-two. I think Clayton's is fifty-five. So I'm just trying to come up with as many arrows in our quiver as we possibly can to help make this as painless as possible for our employees and citizens. Do we have a number that demonstrates how you think that would help us ameliorate our deficit?

A. *Well, I think the typical retirement age in the state for police and fire is fifty.*

Q. Didn't you also say that the retirement age at Brentwood, Clayton, and Ladue is fifty-five?

A. *Yes, and it's also fifty-five in Maplewood. So I guess that could be something that you might want to talk about; however, you also have a bit of a recruitment advantage right now because you can retire at fifty.*

Mayor Crow stated that he would agree with that, and noted that he had found the comment he was referring to regarding the tension, at bullet point no. 9 on page 5. It says, *"There is also tension between uniformed and non-uniformed representatives, particularly around perceived inequities and how changes can be made."* He stated that he is trying to figure out the background for that comment, and if someone could provide him with that, it would be helpful, because he can understand that there would be tension if one plan can make a change and the other one can't.

Mayor Crow stated that he's been hearing about the pension plan for eighteen years, and would love to get this addressed for the benefit of their employees and their citizens. But, he does think that they at least have a map here, and he's hoping that they are going to be closer to 80% than they were, although we'll see how we do by the end of the year. He stated that they also have the benefit of some institutional knowledge because he was the pension liaison before Councilmembers McMahan and Brenner. So, he's wondering if his two colleagues would not mind sitting down with the City Manager to start going through some of these options to get the process started. Because this is kind of another item on Ms. Sharp's list that she's got to get her hands around since stepping into this role. Once we reach some conclusions, the next step would be for Ms. Sharp to have conversations with the Chiefs of both departments.

Ms. Sharp stated that is correct, especially since the City is currently in negotiations with the police and fire unions. So she thinks now is the prime opportunity to have those conversations.

Mayor Crow stated that he is okay with someone else replacing him or if another member wanted to participate in these conversations, although a fourth member would make it a quorum, and you may not want that, but perhaps the Chair of the Pension Board might want to join in. The bottom line is that he is appreciative of the roadmap Mr. Belknap has provided, and even though he's kind of volunteering Councilmember Brenner and Councilmember McMahan's time, he thinks this would be the shortest route to get from A to B.

Councilmember Brenner stated that she would be happy to help with these discussions, and since there are already discussions going on with the Union, her other thought was that maybe the first step should be for the administration and the Union to come up with some shared goals. That way, everyone will be on the same page about what we are trying to achieve. Of course, there may be some differences of opinion on how we get there, but at least we'll all be in agreement on the specific points that we want to get to. Councilmember Brenner stated that she thinks everyone would love to be able to provide a COLA each year, so perhaps that could be one of the goals established between both sides.

Mayor Crow stated that they probably have not done a good job of educating their citizens. The public safety numbers from the Citizen Satisfaction Surveys are always off the chart, yet they probably would not be nearly as happy to learn that our retirees have not had a COLA adjustment since 2007.

4. ADJOURNMENT

Mayor Crow adjourned the Study Session at 6:05 p.m.

LaRette Reese
City Clerk, MRCC