

Minutes of Meeting
Board of Trustees Joint Meeting
Non-Uniformed and Policemen & Fire Employees' Retirement System
April 22, 2014

A meeting of the Board of trustees was called to order at 6:30 p.m. at Heman Park Community Center, 975 Pennsylvania Avenue, University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Edward McCarthy, Kevin Good, Tom Deken, Keith Cole, Steve McMahan, Holston Black,

Frank Reedy, Juli Niemann and Councilmember Terry Crow

Others in Attendance: Elaine Williams-Board Secretary
Tina Charumilind-Treasurer
Patty Boyd and Sean Hughes -FAMCO Representatives
Tom Mug and Mary Khouri, Greensfelder, Hempker & Gale, P.C.
Steve Siepman, Actuary, Buck Consultants

Excused: Patrick Wall

Agenda

At the request of Chairman Carr, Ms. Charumilind handed out an updated agenda that had removed a confusing phrase and the introduction of a new member, Patrick Wall, who was not present.

Chairman Carr explained that we have three guests and to accommodate their time, we will put the expected shortest presentations first, and move on to the actuarial review. This means the discussion of Police & Fire regarding "Investment Account" will take place during the Joint Meeting. If the Boards agree, the meeting minutes will show a notation that it was actually discussed during the joint meeting but the content will be in the meeting minutes for Police & Fire.

This order of business and the April 22, 2014 agenda were approved.

Meeting Minutes

The January 28, 2014 minutes were approved

Chairman's Comments

None.

FAMCO Portfolio Review

Patty Boyd introduced Mr. Sean Hughes, Portfolio Manager. Mr. Hughes referred to the Quarterly Reports provided to Board members. He gave an overview of the economy and projected 2014 growth to be similar to 2013. He covered the first quarter, the stimulus, international affairs, US employment and housing. The plan portfolio showed 69% for equity and 31% for fixed income. The overall equity focus remains on high quality companies with stable earnings and dividends. Due to dollar strength expectations, the recent emphasis has been moving toward companies with a heavier US focus and away from those focusing overseas. For the first quarter of 2014, fixed income and equity grew 1.6% and 2.1%, respectively. The combined FAMCO portfolio grew 1.9%. The total portfolio including the international fund that is not managed by FAMCO achieved 1.7% return.

Amended Police & Fire Pension Plan Section 2.62.630 paragraph C – Investment accounts

This matter was discussed at this time to accommodate guests. The details are recorded in the Police & Fire meeting.

A motion was included on our agenda. Chairman Carr asked Ms. Charumilind to hand out a revised version of the motion. Minor changes were made to the handout motion and Mr. Mug’s draft language. Mr. Mug will follow up with a clean copy.

Annual Actuarial Valuation Report

Steve Siepman, Buck Consultants, reviewed the Actuarial Valuation reports provided to Board Members by starting with the Non-Uniformed report. Although 2013 was a good year and the plan actually achieved a 17% return, because we use the smoothing method, it keeps us from realizing the full benefit. As a result, the actuarial performance for 2013 was just over our 6.5% target.

Mr. Siepman referred to Schedule B on page 2 of the report:

Line M, in 2014, the amount of \$713,303 is the contribution required to fund the City’s plan while it was \$587,330 in 2013. This increase is partially due to the Board changing the amortization of the unfunded accrued liability (UAL) from 30-year to 15-year. Without this change, the 2014 contribution would be very similar to 2013. The Library fund, showing on page 3, has a similar result; the 2014 contribution increased from \$33,984 to \$50,783.

Line O, indicated the percentage of funding at 79.0% or just under the 80% rate restriction by the State of Missouri to be eligible to make any changes to the plan. Many plans are funded between 75% to 85%, so the City’s plans are in the “mainstream” of funding percentages in Missouri. In addition, the plan growth assumption of 6.5 % also indicates a better plan when compared to other plans with the same percentage funded, but growth assumption of 7.5% or higher. The 15-year amortization resulted in a higher contribution, but did not directly change the funded percentage. Investment returns and contributions are the only options to grow the fund. To illustrate, we could use a one (1)-year amortization, which means pay the entire unfunded liability (p4, schedule C, \$4,786,970) and be fully funded.

Changes to the mortality table, reflecting people living longer, increase our costs, and is an on-going discussion among actuaries. Public plan mortality may be different from general population mortality. In the next few years, there may be a new mortality table.

The City reports all expenses to Buck Consultants. The total expenses show on page 7 and includes insurance premiums, professional fees among others. The plan also provided Life and Disability insurance premiums.

Page 6, shows some good news. The Net Unfunded Accumulated Plan Benefits (Line C) have improved from \$2,075,805 to \$606,645. This decrease indicates a one-year improvement in the value of accumulated benefits for active participants (current beneficiaries and vested employees). This is another indicator to measure funding, and it shows an improvement.

Mr. Siepman also reviewed the Police & Fire report. The overall numbers are very similar. The change of amortization from 30-year to 15-year resulted in a higher contribution. Otherwise, the 2014 contribution would have been slightly lower than 2013.

Chairman Carr asked Mr. Siepman to summarize the assumptions which are used to determine the required contribution. The following actions would increase the contribution and the reverse action would decrease the contribution:

- 1) Adopt the new mortality table as soon as it becomes available.
- 2) Lower the amortization period to be less than 15-year.
- 3) Change the growth assumption to be lower than 6.5%.
- 4) Change the assumption of pay increase to be higher than 3%.

Mr. Siepman responded to questions that have been submitted prior to the meeting date.

- 1) *Can an employee estimate the retirement benefit if they chose to retire early?*
A non-uniformed employee could estimate his benefit if he retires early by using the table of “Early Retirement Factors” that was handed out at this meeting (see attached).
For Police & Fire employees, the calculation is more complex because of the “Ten-year vested transfer”, the offset amount from defined contribution at the assumed rate of return at 7%, the mortality and the present value of the future benefit.
- 2) *Why do two Police & Fire employees with same year of service and pay but different ages receive different benefit even if they retire at the same time?*
The benefits are the same for these two employees. However, the older employee is discounting the benefit over fewer years, so the result is a larger value.
- 3) *Pension obligation of active employees in comparison to retirees who are collecting benefits.*
The present value (PV) of active employees’ future benefits is constantly growing while the PV of retirees’ benefits declines over times.
- 4) *Liabilities of the plans are very predictable while the performance of the fund accounts is not.*
Chairman Carr added that paying out the fixed obligations of the portfolio during times of market weakness has an additional negative impact on achieving growth goals.
- 5) *Member Deken asked a question about employees nearing or at the official retirement age or service levels. Can the retirement benefit go down?*
Mr. Siepman will investigate and get back to Board members.

Council Liaison’s Comments

Councilmember Crow reminded the Boards that the City Council meeting will be held on Monday, April 28th. Budget matters are being considered. Pension contributions are part of the budget and he encourages Board members to attend if possible. He also added that Council Liaison to these Boards may change as a normal rotation, and he is not certain if he will continue to be the liaison.

Mr. Crow complimented the Boards on the serious and methodical way of conducting business.

Other Matters

Member Black referred to the complexities of what we do on these Boards and suggested the need of additional training and references for new members who join in the Boards.

Next Meeting Dates

July 22, 2014 and October 28, 2014

Adjournment: The meeting adjourned at 8:22 p.m.

Minutes of Meeting
Board of Trustees Non-Uniformed Retirement System
April 22, 2014

A meeting of the Board of trustees was called to order at 8:23 p.m. at Heman Park Community Center, 975 Pennsylvania Avenue, University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Edward McCarthy, Juli Niemann, Holston Black, Keith Cole, Frank Reedy, Steve McMahon and Councilmember Terry Crow

Excused: Patrick Wall

Others in Attendance: Kevin Good and Tom Deken
Elaine Williams-Board Secretary
Tina Charumilind-Treasurer

Agenda

The April 22, 2014 agenda was approved.

Meeting Minutes

The January 28, 2014 minutes were approved

Disbursements

Chairman Carr had a question on the Non-Uniformed disbursement report on page 1 of 1, under expense line account 6580 – Insurance Fiduciary. He asked if this was an expense for fiduciary insurance we were paying for Board members. Ms. Charumilind stated this is a payment made to Daniel & Henry for the insurance renewal for Fiduciary Plan. Chairman Carr mentioned that at one point the copy of the plan showed only one of the plans. Ms. Charumilind would bring a revised plan to the next meeting. Member McCarthy believed this was corrected in 2011. Chairman Carr asked for clarification on whether this policy was specific for these Boards, or an umbrella plan that covers the City plus Boards and Commission members. Ms. Charumilind stated at the request from the Library, the Library was also added in the last revision. Chairman Carr also added that we should eventually change the line for account 9550 – Margin Cost to be Unrealized Losses. Member McCarthy moved and Member Fillo seconded to approve the disbursements.

Other Matters

None

New Member Applications

Original packets were presented to Member Fillo, who verified dates of birth via birth certificates. No votes were needed; votes occur only for retirement applications.

Packets were approved for the following members:

Mary White – Inspector, Community Development

Jodie Lloyd – Economic Development Manager, Community Development

Nikita Elder – Dispatcher, Police Department

Jason Eeten – Dispatcher, Police Department

Matthew Sinopole – Dispatcher, Police Department

William Coleman – IT Project Manager, Library

Chairman Carr reminded the Board to protect these personal information documents.

Retirement Applications

Eric Becton, former employee packet was approved.

Member McCarthy moved and Member Fillo seconded the motion to approve the retirement packet.

Next Meeting Dates

July 22, 2014 and October 28, 2014

Adjournment

The meeting adjourned at 8:31 p.m.

Minutes of Meeting
Board of Trustees Police & Fire Retirement System
April 22, 2014

A meeting of the Board of trustees was called to order at 8:32 p.m. at Heman Park Community Center, 975 Pennsylvania Avenue, University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Edward McCarthy, Kevin Good, Tom Deken, Steve McMahan, Juli Niemann, Holston Black, Frank Reedy and Councilmember Terry Crow

Others in Attendance: Keith Cole
Elaine Williams - Board Secretary
Tina Charumilind - Treasurer

Agenda

The April 22, 2014 agenda was approved.

Meeting Minutes

The January 28, 2014 minutes were approved

Amended Police and Fire Pension Plan – Investment Accounts

This matter was actually discussed and the motion approved during the Joint Boards meeting. This was done to accommodate guests. The minutes of this are included here.

.Chairman Carr explained that Ms. Charumilind and he had explored the background and found four people who were involved in the change back in 2001. This includes, Member Deken, Police & Fire representative on the Board. All agreed that the intent was to provide an option only for those employees who were vested at the time of the changes. After that, all uniformed employees had the same plan with no option.

Tom Mug, Pension Board attorney, was present to help our discussion of this matter. Mr. Mug introduced Mary Khouri, attorney, his colleague. Ms. Khouri may attend future meetings in place of Mr. Mug.

Mr. Mug explained the draft change. The draft removes much of the transitional language that no longer applies to new employees but does not make substantive change to the plan. The changes clarify the confusing parts about who was eligible to elect transfer or pension back in 2001.

A motion was made that Police & Fire Board recommends to City Council that Code section 2.62.630 be amended per the attached draft, prepared by Tom Mug, attorney for the pension plans. This amendment will resolve ambiguities in the language of section 2.62.630 to reflect the original intent at the 2001 transition to a hybrid retirement plan, i.e., to grant vested participants employed on May 1, 2001 (or as otherwise provided for vested participants reinstated after such date) the option to remain in defined benefit plan or to transfer to hybrid plan, and to provide that all participants vested after that date would automatically participate in the hybrid plan upon completing ten years of vesting service.

Member McCarthy moved and Member Niemann seconded this motion. The motion passed by unanimous vote.

Approval of Disbursements

Member McCarthy had a question regarding how much the Disability and Life insurance premium cost. Ms. Charumilind replied that each insurance costs approximately \$2,400 per month.

Disbursements were approved.

New Member Applications

Craig Canaan - Police Officer – Police Department, his packet was presented for information only.

A question was asked if former Officer Christopher Nappier was given a benefit statement before he discontinued employment. Ms. Charumilind stated that he did not request a statement but she forwarded the statement to him anyway.

A second question was asked if we tabled an application for a ten year vest as mentioned at the last meeting, in regards to Officer John-Henry Santos. Ms. Charumilind said that the City had already transferred the money prior to the meeting. Ms. Charumilind added that Officer Santos needed to take out a loan. The 30% transfer makes him eligible for the loan. Member Deken informed the Board that the City has to pay a certain percentage of interest if the money is held out from transfer, and the interest would be 7%.

Member McCarthy moved to approve Officer Santos ten (10) years vested to be rolled over into his defined contribution plan. Member Good seconded this motion. The motion passed.

Other Matters

None

Next Meeting Dates

July 22, 2014 and October 28, 2014

Adjournment

The meeting adjourned at 8:37 p.m.