

**Minutes of Meeting
Board of Trustees
Non-Uniformed Employees' Retirement Fund
August 14, 2007**

A meeting of the Board of Trustees was called to order at 7:05 p.m. in the EOC Room, Basement Level, City Hall, 6801 Delmar.

Members in attendance: Julianne Niemann, Diane Sher, Anne Silverstein, Jaime Mendez, Doris Johnson, Lela Fitch

Members absent: Mark Winer (excused)

Others in attendance: Yolanda Williams, Human Resources Director (Acting Secretary)
Janet Watson, Deputy City Manager/Finance Director (Treasurer)
Michael Glickert, Council Liaison
Steve Siepman, Actuary

Minutes

Member Sher moved to approve the Board minutes of April 17, 2007. The motion was seconded by Member Johnson and carried.

Vouchers

The attached listing of vouchers was reviewed. Member Johnson moved to authorize payment of these vouchers. The motion was seconded by Member Sher and carried.

Applications for Membership

Petree Eastman – Administration
Brenda Scruggs – Community Development
Randy Bouse – Community Development
Robbie Dudley – Parks
Jason Boyer – Parks

Member Fitch moved to accept the above applications for membership. The motion was seconded by Member Sher and carried.

Applications for Retirement

An application for retirement from Ronald Allen was reviewed. The applicant had worked for the City for 40 years. The monthly retirement benefit will be \$2,398.15.

Member Sher moved to accept the above application for retirement. The motion was seconded by Member Johnson and carried.

Fiduciary Asset Management Report

Reviewed and accepted.

Actuarial Valuation Summary

Steve Siepman, the City's new actuary with Buck Consultants, presented the Board with the January 1, 2007 plan valuation summary, accruing the City & Library contributions made after January 1, 2007 but included in the FY 2006-2007 budget. The largest change to the valuation was an increase in the Unfunded Accrued Liability (UAL) due to the

recent plan improvements from a 1.4% benefit factor to 1.5 % and then a 1.6% benefit factor. He also provided information related to the plan's assumptions which were the same used in the last valuation. The investment rate assumption used was 6.5% and the salary increase assumption was 3%. When questioned about whether these rates were appropriate, Mr. Siepman stated that the rates used were less important than the difference between the two assumption rates. He also stated that the full reports would be available soon.

The City employee portion of the plan's UAL increased from \$918,704 in 2006 to \$2,800,306 in 2007 due to the change in benefit factor. The required City Contribution also increased from \$316,592 to \$483,233.

The Library employee portion of the plan's UAL increased from \$52,490 in 2006, which had already been paid by the Library, to \$172,864 in 2007 due to the change in benefit factor. The required Library Contribution also increased from \$31,526 to \$44,596.

There was much discussion regarding the increase in UAL and required contributions, including some comments from the public in attendance. Ms. Watson stated that the current budget for the City and Library contained less than the required contributions included in this valuation report.

Cost Studies

COLA for Retirees

Ms. Williams mentioned that at the April 17, 2007 retirement board meeting, the board requested that the actuary provide a cost study for an automatic COLA for retirees of up to 2% annually, based on the CPI with a maximum lifetime adjustment equal to 25%. The report could not be completed until the January 2007 valuation, presented this evening, was complete. In light of the financial status of the pension fund, Mr. Siepman commented that an automatic COLA would substantially increase liabilities, increasing the UAL. In addition, a new or proposed Missouri State law could limit future plan enhancements. Mr. Siepman was unsure if the law was passed at this point, but it would provide for no plan enhancements unless plans were at least 80% funded, and if an enhancement was made the law would require the plan to remain at least 75% funded after the enhancement. The non-uniform plan is currently 84% funded.

Rule of 80 or 85

Ms. Williams mentioned that at the April 17, 2007 retirement board meeting, the board requested that the actuary also provide a cost study based on allowing normal retirement following the rule of 80 or 85 and out. This study was to be performed after the January 2007 valuation was complete.

Ms. Watson commented that in light of the recent layoffs, administration was also investigating providing a brief window of opportunity for full retirement for non-uniformed employees who currently have years of service plus age of at least 85. Now that the January 2007 valuation was complete Mr. Siepman will determine the financial impact of this small window of opportunity.

In light of the increase in the UAL, the Board agreed not to have the cost studies performed at this time for the automatic COLA and the permanent rule of 80 or 85 and out.

One-time COLA

Ms. Williams asked the Board to consider giving a one-time across the board COLA to retirees as customarily provided every two to three years in the past. Member Nieman motioned for the actuary to advise them of the maximum amount of increase, up to \$25.00, such that it would not require a full cost study. The motion was seconded by Member Sher and carried.

Other Matters

Member Mendez noticed page 5 of the Statement of Policies and Objectives is inconsistent with the January 2007 amendment to page 6 of the document wherein the equity diversification was changed to include “large cap global”. At the next meeting the board will review this discrepancy and amend the document appropriately.

Next Meeting Dates

The Board affirmed October 16, 2007 as the next meeting date.

Adjournment

There being no further business, the meeting adjourned at 7:55 p.m.

Respectfully submitted,

Yolanda Williams
Acting Secretary