

**Minutes of Meeting
Board of Trustees
Non-Uniformed Employees' Retirement Fund
August 23, 2005**

A meeting of the Board of Trustees was called to order at 7:05 p.m. in the conference room on the fourth floor of City Hall.

Members in attendance: Gordon Myers, Catherine Smith, Julianne Niemann, Diane Sher, Alison Markenson, Lela Fitch, Doris Johnson

Members absent: (Cassandra Colquitt, Council Liaison)

Others in attendance: Frank Ollendorff, City Manager & Board Secretary
Willie Norfleet, Finance Director & Board Treasurer
Yolanda Williams, HR Director
James Rubie, Actuary

Minutes

Member Smith moved to approve the Board minutes of May 5, 2005, as submitted. The motion was seconded by Member Sher and carried.

Vouchers

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

Applications for Membership

None

Applications for Retirement

An application for retirement from Willie Jones was reviewed. The applicant had worked for the City for years. The monthly retirement benefit will be \$1494.82. The optional (spouse) benefit will be \$1280.61.

An application for retirement from Kenneth McCullen was reviewed. The applicant had worked for the City for 30 years. The monthly retirement benefit will be \$1190.58.

An application for retirement from Gerald Whitrock was reviewed. The applicant had worked for the City for 18 years. The monthly retirement benefit will be \$906.74. The optional (spouse) benefit will be \$638.53.

An application for retirement from Kenneth Allen was reviewed. The applicant had worked for the City for years. The monthly retirement benefit will be \$2595.76. The optional (spouse) benefit will be \$2123.85.

An application for retirement from Manuel Clemon was reviewed. The applicant had worked for the City for 18 years. The monthly retirement benefit will be \$1165.78. The optional (spouse) benefit will be \$908.96.

After review Member Niemann moved to accept the above applications for retirement. The motion was seconded by Member Smith and carried.

Investment Advisors Report

Member Niemann commented that the returns are unfavorable and she would check with our Advisors, Fiduciary Asset Management, and report back to the Board via email prior to the next meeting.

Annual Actuarial Report

The Board reviewed and discussed the Annual Actuarial Report with the Actuary, James Rubie. Ruby reported that the City is about year away from having to make a contribution to the Fund and the Library was fairly close last year and this year it is necessary that they make a contribution.

Member Sher entered a motion that the Actuary’s recommendation be accepted that the Library contribute \$30,405 to their fund this year. The motion was seconded by Member Niemann and carried.

Based on the actuarial assumptions, surplus shrinkage, and optimistic prospect for returns, Member Niemann made a motion to make a recommendation to the City Council to be proactive and consider making a contribution to the fund this year.

Cost Studies

Actuary, Mr. Rubie, was asked to analyze the cost impact of three proposed changes in benefits, plus an increase in the employee contribution rate. The proposed changes are:

1. Change the based formula from 1.40% to 2.0% of final average compensation, for participants retiring after the effective date of the change.
2. Reduce the number of years for vesting from 10 to 5 years of service.
3. Add a funeral death benefit equal to one month of the employee’s salary.

The proposed changes would result in the following increase in actuarial liabilities or costs for the City, with the increase in the annual contribution shown without regard to any full funding limitation.

Proposed Change	Unfunded Actuarial Accrued Liability	Annual Normal Cost	Annual Contribution	Annual Contribution Rate
1	\$3,725,336	\$152,988	\$433,559	6.48%
2	\$ 0	\$ 2,347	2347	0.04%
3	\$ 65,068	\$ 4,908	9809	0.15%

The proposed changes would result in the following increase in actuarial liabilities or costs for the Library, with the increase in the annual contribution shown without regard to any full funding limitation.

Proposed Change	Unfunded Actuarial Accrued Liability	Annual Normal Cost	Annual Contribution	Annual Contribution Rate
1	\$360,969	\$20,353	\$47,539	7.64%
2	\$ 0	\$ 424	\$ 424	0.07%
3	\$ 4,513	\$ 340	\$ 809	0.13%

After some discussion about the impact to the plan, it was determined that each .1% increase would cost approximately \$75,000. Member Niemann made a motion that the Board recommend to City Council to change the base formula from 1.4% to 1.5% of final average compensation for participants retiring after the effective date of the change. The motion was seconded by member Smith and carried. Member Fitch asked that her opposition to this motion go on record—she would like to see a greater increase.

Members Sher and Niemann agreed to provide blended rates of returns and Rubie agreed to provide a more definitive cost impact to the fund. Member Sher requested that staff provide the number of non-uniformed employees eligible for normal retirement benefits now and/or within the next five years.

Proposed changes #2 and #3 were set aside. However, some board members suggested that the employee reps go back to the employees and ask if they would be willing to increase their contribution from 2% to 3% to increase the formula to 1.6% if Council approves the increase the 1.5%.

Death Benefit

The Finance department solicited bids from life insurance companies and one response was received from The Standard. The bid response was distributed for the Boards review and this item was tabled to the next meeting. Member Sher will contact Mr. Huffman with The Standard and request his presence at the next meeting to discuss the proposal.

Fiduciary Liability Insurance

Member Niemann asked if the City has fiduciary liability insurance for Pension Board Members. Yolanda Williams, HR, reported that Board Members should be covered under the City's Public Officials liability insurance, but she would check into and report back to the Board.

Next Meeting Dates

The Board set October 18, 2005 as the next meeting date.

Adjournment

There being no further business, the meeting adjourned at 8:15 p.m.

Respectfully submitted,

Frank Ollendorff
Secretary