

**MINUTES OF APRIL 3, 2024 CITY OF ALEXANDRIA
SUPPLEMENTAL RETIREMENT BOARD
INTERIM BOARD MEETING**

PRESENT:

<u>Members</u>	<u>Others</u>
Cassandra Branch (Deputy Sheriffs)	Kadira Coley, Staff
Robert Gilmore (Deputy Sheriffs)	Denise Cummings, Staff
Julian Gonsalves (Management)	Diana Fuentes, Staff
Jean Kelleher ¹ (Management)	Catisha Jackson, Staff
Katherine Key (Management)	Nicole LaPoint, Staff
Jim Moore (General Schedule)	Arthur Lynch, Staff
Kendel Taylor (Management)	Leighann Maloney, Cheiron
Dana Wedeles, (General Schedule – Alternate)	Steve McElhaney, Cheiron
	Kathy Weaver, Cheiron

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Kelsea Bonkoski (Medic/Fire Marshal - Alternate)

Jina Edwards (General Schedule)

Jesse Maines (Management – Alternate)

James Mikell (Medic/Fire Marshal)

Sharath Rerreddy (Management - Alternate)

CALL TO ORDER

The meeting was called to order at 8:49 AM Wednesday, April 3, 2024.

Ms. Branch arrived at 9:01 AM, Ms. Kelleher arrived at 9:06 AM.

MEETING RECORD

Mr. Moore made a motion to:

Approve the March 14, 2024, minutes.

Ms. Wedeles seconded the motion. The motion was approved (6–0).

ACTUARIAL EXPERIENCE STUDY PRESENTATION

- Cheiron presented the experience study and their recommended assumption changes. An overview of assumptions studied was explained including economic standings, cost asset and amortization methods, and the City’s demographics.

- The baseline results, without assuming any recommended assumption changes, the funded ratio would decrease from 99% to 96.65% on an actuarial value and from 93.3% to 91.01% on a market value.
- The recommended employer contribution decreased to 4.07%, with no changes to assumptions. The decrease in the contribution rate was primarily driven by the original 2014 UAL being fully amortized as of this actuarial valuation.

Actuarial Methods Analysis

- This is the first valuation that new ASOP 4 guidelines are in effect. ASOP discusses having a reasonable actuarially determined contribution. The actuaries reviewed the plan's funding policy and determined that the current contribution calculation is reasonable and meets the requirements under ASOP 4. Thus, no changes are recommended to the actuarial methods.

Economic Assumptions

- Mr. McElhaney gave an overview of the market and actuarial investment returns for the last ten years.
- The actuary discussed the assumed rate of return and provided benchmarking data from other sources such as local jurisdictions assumptions and NASRA research. The Plan's 6/57% assumptions is in line with other jurisdictions assumptions.
- No changes are recommended to the Plan's inflation assumptions. However, the actuaries recommended reducing real wage growth to 0% from 0.50%.
- Recommended to reduce administrative expenses to 0.65% of payroll from 0.70%.

Demographic Assumptions

- The team reviewed the demographic assumptions and compared the assumptions to the Plan's historical data.
- Recommended changes to the assumptions are:
 - Recommend new retirement / termination/ and disability rates.
 - Termination will remain a service-based table but was adjusted slightly to better fit the Plan's actual experience.
 - Retirement assumptions were recommended to move to unisex tables and to separate the Medics and Fire Marshal's retirement table from all other employees. The actuaries recommended two separate tables to best fit the Plan's actual experience.
 - Disability tables were difficult for the actuaries to base on actual data because the Plan only had three disabilities during the study period. The actuaries recommend lowering the Disability rate to 50% and moving to a unisex table.
 - Mortality tables were recommended to be adjusted to the most recent public service tables. The move would be from the RP-2000 table to the PUB 2010 General table, headcount weighted with no adjustments. The actuaries also recommended we use the most recent generational mortality improvement scale, MP 2021 with no adjustments.
 - The Merit Salary Scale was recommended to be adjusted to be in line with actual experience.
 - Lump sum election rates have dropped since the previous experience study. Thus, the actuary recommends a decrease in active lump sum election assumptions to 50% for those before age 60 and 30% for those 60 and over and decrease the term vested lump sum election to 55%.
- Ms. Coley asked what effect using the headcount method versus the benefit method would have on the mortality assumption.

- With the benefit method someone with a higher benefit is projected to have a longer mortality assumption versus someone with a lower benefit. Cheiron does not have all the information needed to produce a benefit weighted table due to the VRS portion of the benefits. Thus, the actuary is recommending we use the headcount method for this Plan.
- Cheiron presented the cost impact estimate for the 2023 valuation results and how each proposed assumption change would affect the valuation results and recommended contributions.
- The actuary also presented the cost impact estimate if the assumed rate of return was reduced from 6.75% to 6.50% and all other assumption changes were elected.

Mr. Gonsalves made a motion to:

Approve the recommended assumption changes and to maintain the assumed rate of return at 6.75%.

Ms. Key seconded the motion. The motion was unanimously approved (7–0).

The actuaries will join us again in May for our regular interim board meeting to present the actuarial valuation results which will incorporate these recently approved and updated plan assumptions.

ADMINISTRATORS REPORTS

Regular Investment and Cash Flow Reports

None.

Other Items

The updated education listing was shared with the trustees.

COMMITTEE REPORTS

Technical Corrections and Plan Document Review Committee

No report was given.

Vendor & Service Provider Review Committee

No report was given.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

NEXT MEETINGS

- a. Wed. May 1st at 8:45 – Interim Meeting
- b. Thur. June 13th at 8:45 AM – Joint Due Diligence Meeting
- c. Thur. July 11th at 8:45 AM – Annual Educational Retreat

ADJOURNMENT

The meeting adjourned at 10:34 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Education Listing

Distributed to Board members at the meeting:

Cheiron 2015-2023 Experience Study
