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3/24/2011

Revised 3/24/2011

## Ad Hoc Retirement Benefit Advisory Group Proposed Work Plan

1. Purpose of Retirement Benefit Advisory Group (based on Resolution #2432):
  - a. To look at the need for any future changes to defined benefit pension plans created under the authority of the City Council,
  - b. To examine the current financial status of the City's pension funds,
  - c. To advise the City Manager and City Council Pension and Compensation Subcommittee on any options that should be considered to meet the following objectives:
    - i. To protect benefits already earned (accrued) by retirees and current employees,
    - ii. To ensure the City remains competitive in competing with neighboring jurisdictions for capable and effective public service employees,
    - iii. To provide an opportunity for City employees to save for and have a secure retirement,
    - iv. To consider the advantages and disadvantages of defined benefit vs. defined contribution pension plans and make recommendations on the structure of future plans, and
    - v. To create a fiscally sustainable plan for funding future benefits whether earned or to be earned in the future.
2. Expected Product
  - a. Report should evaluate need for changes based on financial status of City's pension plans based on
    - i. Outlook for future sustainability of those plans given actuarial outlook and investment risks and expected returns.
    - ii. Assessments of likely federal, state and GASB developments, to the extent known over the next 12 months, in accounting, disclosure and funding rules
  - b. Report should offer menu of options that should be considered by City Council to meet future challenges
  - c. Unanimity not required. Report may contain variety of potential options for consideration.
  - d. Each option should contain assessment of advantages and disadvantages vis-à-vis the objectives outlined above.
  - e. Included in the assessment should be a recognition of the ease or difficulty of administrative implementation of the options

### 3. Composition

- a. Mayor to appoint members
- b. 6 Employee Representatives
  - i. 2 members of Police/Fire Pension Plan
  - ii. 2 members of Deputy Sheriff/EMT Plan
  - iii. 2 members of VRS/City Supplemental Plans
- c. 6 Members of the public
  - i. 1 of whom shall be from BFAAC
- d. 1 Representative of the City Manager
  - i. Bruce Johnson CFO

### 4. Staff Support and Contractor Support Potentially Available

- a. Deputy City Manager, Michele Evans
- b. Deputy CFO/Finance Director, Laura Triggs, and Retirement Administration Director, Steven Bland
- c. Human Resources Director, Cheryl Orr
- d. Cheiron (actuarial services)
- e. Dahab Associates (financial advisor to Police/Fire Pension Board and trustees of other plans)

### 5. Schedule (suggested)

- a. January - Authorizing Resolution (January 24, 2011)
- b. March – Appointment of Members (by Mayor) (March 8, 2011)
- c. Initial organizing meeting (March 24, 2011)
- d. April - Briefings for Members on Public Retirement Plan Issues and Each Plan's Features
  - i. Public Retirement Plan Issues and trends
    - 1. GASB developments
    - 2. Federal Legislative developments
    - 3. Other State and other local government pension trends
    - 4. Local comparator jurisdictions
    - 5. VA developments re: VRS
    - 6. National trends
  - ii. Plan Features
    - 1. Participants
    - 2. Benefits
    - 3. Funding Sources
    - 4. Financial status as of 6/30/2010 (CAFR)
    - 5. Financial Status of Pension Funds under different future scenarios
    - 6. Investments - Asset Allocation/Investment Strategy
- e. May/June – Discussion of possible options for consideration
- f. July/August –

- i. Review of Options with Employees and Opportunity for Public Comment
  - ii. Development of Detailed Assessments of Options Based on Council's Objectives for Group
- g. September – Formulation of Recommendations Based on Employee and Public Input and Detailed Assessments
- h. October – Advisory Group Presentation to City Council Compensation Subcommittee
- i. November -- Presentation of Recommendations of City Council Subcommittee to Full City Council (in time for use in developing FY 2013 Budget Guidance)