

MINUTES OF THE RETIREMENT BOARD
January 16, 2014

A regular meeting of the Retirement Board convened on Thursday, January 16, 2013 at 8:34 a.m. in the Large Training Resource Center (TRC) Room. The meeting was called to order by President Doug Higashi.

Roll Call – The following Retirement Board Members were present: Timothy McGowan, Doug Higashi, Lloyd Sawchuk, Frank Mellon, William Patterson, and Alexander Coate.

The following staff members were present: Lourdes Matthew, Elizabeth Grassetti, Delores Turner, Eric Sandler, Scott Klein, Peter Law, Lisa Sorani, Dari Barzel, and Rod Deiter.

Others present were Andy Yeung and Dirk Adamsen from Segal, Eric White from PCA, and???

PUBLIC COMMENT

Joaquin Li, an EBMUD retiree, spoke to the Board regarding his desire for the Retirement System to allow for a special needs trust to be set up as a beneficiary option. Staff was directed to research this possibility and report back to the Board.

- 1 - 5. **Consent Calendar** – A motion was made by Frank Mellon and seconded by Tim McGowan to approve items 1, 2 and 4 of the Consent Calendar. The motion passed unanimously. A motion was made by Frank Mellon and seconded by William Patterson to approve items 3 and 5 of the Consent Calendar. The motions passed unanimously.

ACTION

6. **Adopt the Actuarial Valuation of the Retirement System as of June 30, 2013**

Andy Yeung of Segal presented the Actuarial Report. On June 30, 2012, The Retirement System had a Market Value of \$1,124,328, up from \$986,972,000 on June 30, 2012. The unfunded actuarial accrued liability, including HIB, increased from \$624.11 million as of June 30, 2012 to \$638.53 as of June 30, 2013. However, the funded ratio rose from 62.4% to 63.5%.

Staff recommended adopting the recommended District funding contribution rate of 44.06%, up from the current 43.7% for existing employees under the 1955/1980 Plan and also adopting the contribution rate of 37.35%, up from 36.47% for employees under the 2013 Plan. The contribution rates would take in effect for FY 2015 starting with paychecks issues on July 3, 2014.

Alex Coate moved acceptance of the Actuarial Valuation and the contribution rates for the 1955/1980 Plan and the 2013 Plan contribution rates, which will go into effect with paychecks issued on July 3, 2014. Frank Mellon seconded the motion and the motion was passed unanimously.

7. **Declaring the Interest Rate Credited to Member** – Section 4(d) of the Retirement Ordinance directs the Retirement Board to semi-annually declare the rate of interest to be credited to the accumulated Member contributions. Resolution No. 6774 declares that on December 31, 2012, interest will be credited to the balance of the Member contributions as of June 30, 2012 at the annual rate of 1.4% and that the rate credited to the Members account will be prorated to a semi-annual rate of .70%. Timothy McGowan moved acceptance of the Resolution, Doug Higashi seconded the motion, and the Retirement Board unanimously approved the motion.

7. **Annual Health Insurance Benefit Survey** – A memo to the Retirement Board with the results of the Annual Health Insurance Benefit Survey was provided for informational purposes. Results of the Health Insurance Benefit Survey are summarized below:
 - In fiscal year ending June 30, 2012, the Retirement System expenditure for the HIB was \$8,482,000, an increase of 5.0% over the previous year.
 - District 2013 premium rates for retirees under age 65 increased across all plans. Retirees over 65 also saw the biggest increase with Anthem Blue Cross at 8.3%. Retiree dental plans remained at the 2012 rates.
 - Agencies are increasingly asking employees to help pay for post employment benefits due to increasing unfunded liabilities for these benefits.
 - Most agencies are increasing their vesting requirements for new employees to require at least ten years of service to receive retiree health benefits.

Mr. Sawchuk asked the Board to make a formal report to the Retirement Board regarding the HIB and how it compares to the surveyed agencies. Mr. Coate asked that a report previously prepared by Segal on the cost of increasing the HIB, be brought back to the Retirement Board.

8. **Investment Fund Managers Fees** – Staff provided a list of the fees paid to the investment managers and other consultant fees for the Retirement Plan.

9. **Reports From the Board** - Alex Coate shared that a staff would be providing the Board of Directors a brief recap on Retirement Board actions in FY13 at the January 22nd Board of Directors meeting. Retirement Board member Doug Higashi requested a copy of that presentation.

ITEMS TO BE CALENDERED

- Quarterly Performance Report
- Revision of the Treasurers Statement of Receipts and Disbursement for November 2012
- Review type of asset liability study to conduct
- Franklin-Templeton update

ADJOURNMENT – Doug Higashi moved to adjourn the meeting at 11:47 am, William Patterson seconded the motion and the motion was unanimously approved.

President

ATTEST: _____
Secretary

3/21/2013