TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: Debra Figone
SUBJECT: Retirement Actuarial Valuations
DATE: November 30, 2009

INFORMATION

Over the last several months, I have provided the City Council information on the City’s retirement plans. Since the last actuarial valuation two years ago, the total market value of assets in the two retirement plans has declined by approximately $1.1 billion.

The two retirement plan actuaries are preparing the actuarial valuations that will be used to determine the contribution rates for the City and the employees for Fiscal Year 2010-2011. This includes potential changes to actuarial assumptions and methodologies. These very important items were on the October 2009 Board agendas.

During the November 12, 2009, Federated City Employees’ Retirement System meeting, the actuary gave a presentation on the actuarial studies; however, the Board requested that the actuary return to the December 2009 Board meeting with potential impacts of different assumed net rate of return scenarios.

During the November 5, 2009, Police & Fire Department Retirement Board meeting, the actuary gave a presentation on the actuarial studies. This included an extensive discussion on the economic assumptions. However, non-economic assumption items, which are also significant items in finalizing the contribution rates, were not discussed. A decision regarding whether to maintain the Market Value of Assets corridor was also not discussed during the meeting. These items were deferred to the board meeting scheduled for December 3, 2009.

The Police & Fire Department Retirement Board agenda was distributed on November 25, 2009. The original agenda contained actuarial related items, and it was anticipated that action would be taken on these items during the board meeting on December 3, 2009. However, an amended agenda was subsequently sent that excluded these two items. We understand that the Board Chair decided to defer these two items until January 2010 because of the absence of several Board members. The deferral of these two items will delay the establishment of the contribution rates.

Given the significant impact of the City's retirement contributions to the budget, the City Administration will continue to provide the City Council updates as information becomes available.

DEBRA FIGONE
City Manager