



**JOINT WORK SESSION MEETING
AGENDA
CITY OF CREVE COEUR
CITY COUNCIL AND EMPLOYEE PENSION BOARD
300 NORTH NEW BALLAS RD
NOVEMBER 27, 2017
6:00 PM**

CALL TO ORDER

ROLL CALL

DISCUSSION ITEMS

- 1. Work Session Minutes Dated November 13, 2017**
- 2. Actuarial Valuation Report for Creve Coeur Defined Benefit Pension Plan**
Summary: Actuarial Valuation Report prepared by Conduent for the Creve Coeur Defined Benefit Pension Plan
- 3. Overview of the Creve Coeur Defined Benefit Plan Per the Pension Chairman**
Summary: The Employee Pension Board will provide an overview of the City Pension Plan, which covers employees hired prior to June 1, 2006.
- 4. LAGERS Administration of the Legacy Pension Plan**
Summary: Preliminary discussion of whether to consider moving the administration of the Legacy Pension Plan to LAGERS. This option will not be available to the City until mid-2018 or later.

Pursuant to Section 610.022 RSMo., the City Council could, at any time during the meeting, vote to close the public meeting and move to closed session to discuss matters relating to litigation, legal actions and/or communications from the City Attorney as provided under Section 610.021(1) RSMo. and/or personnel matters under Section 610.021(13) RSMo. And/or employee matters under Section 610.021(3) RSMo. and/or real estate matters under Section 610.021(2) or other matters as permitted by Chapter 610.

Posted: _____ posted 11/22/2017
Deborah Ryan, MPCC
City Clerk



City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 11/27/17 06:00 PM
Department: Legislative /City Clerk
Category: Report
Prepared By: Debbie Ryan
Initiator: Debbie Ryan
Sponsors:

DRAFT MINUTES (ID # 2780)

DOC ID: 2780

Work Session Minutes Dated November 13, 2017



**JOINT WORK SESSION MEETING
MINUTES
CITY OF CREVE COEUR
CITY COUNCIL AND FACILITIES TASK FORCE
300 NORTH NEW BALLAS RD
NOVEMBER 13, 2017
6:00 PM**

Present: Mayor Glantz, Council Members Hoffman, Lawrence, D'Alfonso, Faron, Saunders, Baseley, Ruzicka and Travers.

Also Present: Dick Kutta, Margie Richter, Jeff Rosenthal of the Facilities Task Force, Roy Mangan of Arch Images, Collette Herman and Todd Sweeney both from Navigate

Staff Present: Mark Perkins City Administrator, Carl Lumley City Attorney, Chief Eidman, Jason Jaggi Community Development Director, Lori Obermoeller Finance Director, Jim Heines Public Works Director and Deborah Ryan City Clerk.

1. Work Session Minutes of October 30

Council Member Hoffman moved, seconded by Council Member Baseley to approve work session minutes dated October 30, 2017.

Approved by unanimous vote.

2. Police Building Design Presentation & Final Review

Roy Mangan of Arch Images and Navigate made a presentation regarding the proposed Police Building.. The group discussed construction, parking, site logistics and safety and reviewed the schedule timeline and the bidding process. (Exhibit A)

Adjourned at 6:45 p.m.

Respectfully submitted:

Deborah Ryan
City Clerk



City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 11/27/17 06:00 PM
Department: City Council
Category: Presentation
Prepared By: Lori Obermoeller
Department Head: Lori Obermoeller

STAFF REPORT

Actuarial Valuation Report for Creve Coeur Defined Benefit Pension Plan

Actuarial Valuation Report prepared by Conduent for the Creve Coeur Defined Benefit Pension Plan

City of Creve Coeur

Retirement Plan for Employees of the City of Creve Coeur

Actuarial Valuation Report

Plan Year July 1, 2017 – June 30, 2018

September 2017



231 S. Bemiston Avenue
Suite 400
St. Louis, MO 63105

September 2017

Board of Trustees
Retirement Plan
City of Creve Coeur
300 N. New Ballas Road
St. Louis, Missouri 63141

Dear Members of the Board,

Conduent has been retained to complete the actuarial valuation for the Retirement Plan for Employees of the City of Creve Coeur for the plan year beginning July 1, 2017. This report presents the results of the valuation.

The computations herein were performed as of July 1, 2017. They were determined on the basis of employee data and financial data furnished by the City. These data elements were not audited by Conduent but were reviewed for consistency. The accuracy of the valuation results is dependent upon the validity of the underlying participant and financial data provided.

All actuarial assumptions and methods are the same as those used in the previous valuation. A summary of the assumptions and methods is found in Schedule G. These assumptions have been adopted based upon a continuing review of the emerging experience. There have been no changes in plan provisions since the previous valuation and a brief summary of key plan provisions is presented in Schedule H.

Comments on the Valuation Results

The employer's normal cost decreased from \$223,035 as of July 1, 2016 to \$207,438 as of July 1, 2017. As a percentage of covered payroll, the normal cost decreased from 5.84% to 5.83%. The employee contribution rate remained 3.0%.

The recommended contribution for 2017-2018, based on the normal cost plus a 10-year amortization of the unfunded actuarial liability as of July 1, 2015 and a 15-year amortization of the incremental change since July 1, 2015, is \$1,159,936 (as of July 1, 2017). The recommended contribution increased nominally from \$1,139,751 in the prior year.

The overall plan experience for the 2016-2017 plan year resulted in an actuarial loss to the plan of \$339,294. The experience may be broken into two components: an investment component and a non-investment component. The investment component was a loss of \$567,799, due to the fact that the rate of return on the actuarial value of fund assets was 4.47%, as compared to the assumed rate of 7.0%. The return on the market value of assets was approximately 11.43%. Since the actuarial valuation is based upon assets which are smoothed to reduce volatility associated with varying investment results, because of the recognition of previously deferred losses the annual return based upon the actuarial value of assets was below the valuation rate of 7% even though the return on a market value of assets basis was 11.43%. There was also a liability gain of \$228,505 which is chiefly attributable to salary growth experience less than assumed.



Board of Trustees
Retirement Plan City of Creve Coeur

September 2017
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Where presented, references to “funded ratio” and “unfunded accrued liability” typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded actuarial liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities.

Funded Level

Based on a 7.0% interest rate, the present value of current accumulated benefits exceeds the market value of plan assets by approximately \$3.6 million. The accumulated benefit funded ratio increased from 81% to 87%.

GASB

The required information for GASB Statement 67 and 68, which applies for financial disclosures with respect to the plan as of June 30, 2017, will be presented in a separate communication as needed.

Purpose of This Report

This report is prepared for the Pension Board of Trustees of the City of Creve Coeur for use in its review of the operation of this plan. It is expected that the Board will use the results of this report for the purpose of determining contributions to be made to the plan, as well as the funding status of plan benefits. The report is to be used in the preparation of an audited financial report prepared by the plan accountant, if any. The use of this report by other parties and/or for other purposes is not recommended without advance review of the appropriateness of such application by Conduent. The attached pages should not be provided without a copy of this cover letter.

Actuarial Status of the Plan

The actuarial assumptions and methods used to value the plan are individually and in the aggregate reasonable and, in combination, represent my best estimate of anticipated experience under the plan. The cost and actuarial exhibits presented in this report were determined in accordance with generally accepted actuarial procedures and appropriately disclose the actuarial position of the plan. Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. Because of limited scope, no analysis of the potential range of such future differences was performed.



Board of Trustees
Retirement Plan City of Creve Coeur

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Actuarial Certification

This report was prepared under the supervision of Wendy Ludbrook, a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries, who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. She is available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

CONDUENT

A handwritten signature in black ink that reads "Wendy Ludbrook".

Wendy Ludbrook, F.S.A., M.A.A.A.

Senior Consultant, Wealth Consulting Actuary

Conduent



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Schedule A: Contribution Schedule

(For the 2016 / 2017 Plan Year)

	As of <u>7/1/2017</u>	As of <u>6/30/2018</u>
<u>Funding Policy Contribution:</u>		
Amortization of Unfunded Actuarial Liability as of July 1, 2015 over 10 Years plus any incremental change subsequent to that date over 15 years, plus Normal Cost	\$ 1,159,936	\$ 1,241,132*

* This is the beginning of the year contribution with 7.0% interest to the end of the plan year.



Schedule B: Summary of Valuation Results

(As of July 1 of Applicable Year)

	<u>2016</u>	<u>2017</u>
1. Number of Participants		
Active	50	46
Retired & Beneficiaries	68	72
Vested Terminations	<u>30</u>	<u>29</u>
Total	148	147
2. Covered Payroll	\$ 3,816,272	\$ 3,557,984
3. Annual Benefits Payable to Retired Participants and Beneficiaries	\$ 1,487,033	\$ 1,544,165
4. Actuarial Liability - Entry Age Normal		
Active	\$ 12,055,864	\$ 12,163,546
Retired & Beneficiaries	15,591,791	16,014,879
Vested Terminations	<u>1,934,052</u>	<u>2,007,664</u>
Total	\$ 29,581,707	\$ 30,186,089
5. Plan Assets - Actuarial Value Basis	\$ 23,220,080	\$ 24,015,386
6. Unfunded Actuarial Liability (UAL)	\$ 6,361,627	\$ 6,170,703
Outstanding UAL from July 1, 2015	\$ 6,463,761	\$ 5,924,125
Outstanding UAL after July 1, 2015	\$ (102,134)	\$ 246,578
7. Total Normal Cost	\$ 337,523	\$ 314,178
8. Expected Employee Contributions	\$ 114,488	\$ 106,740
As a Percentage of Covered Payroll	3.00%	3.00%
9. Employer Normal Cost	\$ 223,035	\$ 207,438
As a Percentage of Covered Payroll	5.84%	5.83%
10. 10-Year Amortization of UAL from July 1, 2015	\$ 927,196	\$ 927,196
11. 15-Year Amortization of Additional UAL after 7/1/15	\$ (10,480)	\$ 25,302
12. Total Employer Cost (with Amortization of Unfunded Actuarial Liability)	\$ 1,139,751	\$ 1,159,936
As a Percentage of Covered Payroll	29.9%	32.6%
13. Funded Ratio (5) / (4)	78.5%	79.6%



Schedule C: Valuation of Accumulated Plan Benefits

(As of July 1)

	<u>2016</u>	<u>2017</u>
A. Actuarial Present Value of Accumulated Plan Benefits:		
1. Vested Benefits		
a. Retired Participants and Beneficiaries Receiving Payments	\$ 15,591,791	\$ 16,014,879
b. Vested Deferred	1,934,052	2,007,664
c. Active	<u>8,912,928</u>	<u>9,287,367</u>
Total	\$ 26,438,771	\$ 27,309,910
2. Non-Vested Benefits	\$ 636,211	\$ 526,131
3. Total Actuarial Present Value of Accumulated Plan Benefits	\$ 27,074,982	\$ 27,836,041
B. Plan Assets - - Market Value Basis	\$ 21,987,225	\$ 24,250,103
C. Accumulated Benefit Funded Ratio (B/A)	81%	87%
D. Number of Active Employees Fully Vested	50	46
E. Number of Active Employees Partially Vested	0	0
Interest Rate	7.0%	7.0%

Changes in the Actuarial Present Value of Accumulated Plan Benefits During the 2016 – 2017 Plan Year

Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2016		\$ 27,074,982
Increase for Interest	\$ 1,841,777	
Benefit Payments	\$ (1,544,910)	
Benefits Accumulated and Other	\$ 464,792	
Assumption Changes	<u>\$ 0</u>	
Subtotal		\$ 761,059
Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2017		\$ 27,836,041

Schedule D: Pension Assets

Assets as of 7/1/2016:

Commerce	\$ 6,246,359
Schwab	\$ 15,740,866
Total	\$ 21,987,225

Assets as of 7/1/2017:

Commerce	\$ 7,127,531
Schwab	\$ 17,122,572
Total	\$ 24,250,103

Development of 6/30/2017 Asset Balance

Beginning Balance - 7/1/2016	\$ 21,987,225
Employer Contributions for 2016-2017 Plan Year	\$ 1,200,992
Employee Contributions for 2016-2017 Plan Year	\$ 107,272
Investment Income	\$ 566,466
Realized and Unrealized Gains/(Losses)	\$ 1,998,900
Benefit Payments	\$ (1,544,910)
Expenses	\$ (65,842)
Ending Balance - 6/30/2017	<u>\$ 24,250,103</u>

The annual rate of return for the fund, net of expenses, is 11.43%.

Development of Actuarial Value of Assets

Actuarial Value 7/1/2016	\$ 23,220,080
Employer Contributions	\$ 1,200,992
Employee Contributions	\$ 107,272
Expected Investment Income	\$ 1,514,386
Benefit Payments	\$ (1,544,910)
1/3 of Asset Gain/(Loss) for 2014-2015 (Total = \$(1,166,327))	\$ (388,775)
1/3 of Asset Gain/(Loss) for 2015-2016 (Total = \$(1,266,118))	\$ (422,039)
1/3 of Asset Gain/(Loss) for 2016-2017 (Total = \$985,140)	\$ 328,380
Actuarial Value 7/1/2017	<u>\$ 24,015,386</u>

The annual rate of return for the actuarial value, net of expenses, is 4.47%.

Schedule E: Summary of Investment Yield Performance

Market Value			
<u>Year</u>	<u>Value at July 1st of Year</u>	<u>Net Investment Increase</u>	<u>Annual Rate of Return</u>
1996	\$ 7,506,635	\$ 1,364,803	18.08%
1997	\$ 8,958,881	\$ 1,557,487	17.31%
1998	\$10,595,433	\$ 896,648	8.46%
1999	\$11,500,658	\$ 1,063,706	9.27%
2000	\$12,519,833	\$ (718,764)	(5.76)%
2001	\$11,701,538	\$ (1,260,504)	(10.64)%
2002	\$10,734,082	\$ 172,200	1.59%
2003	\$11,097,976	\$ 1,504,361	13.39%
2004	\$12,869,365	\$ 804,065	6.21%
2005	\$13,846,042	\$ 1,196,773	8.62%
2006	\$15,122,849	\$ 2,523,493	16.67%
2007	\$17,676,455	\$ (1,414,603)	(8.15)%
2008	\$15,626,437	\$ (2,838,994)	(18.25)%
2009	\$12,646,331	\$ 1,540,884	12.16%
2010	\$14,236,005	\$ 2,740,399	19.62%
2011	\$16,439,757	\$ 37,260	0.23%
2012	\$16,444,937	\$ 2,093,063	12.87%
2013	\$18,172,067	\$ 3,245,641	17.86%
2014	\$21,428,602	\$ 426,117	1.99%
2015	\$21,810,257	\$ 521,339	1.15%
2016	\$21,987,226	\$ 2,499,524	11.43%
2017	\$24,250,103		

The average rate of return for the last twenty years is 5.6%, and for the last ten years is 4.9%.

Annual Rate of Return is computed assuming investment yield is received at end of year and on the actual or approximate date of contributions, benefit payments, and expenses.

Schedule F: Development of Actuarial Experience Gain (Loss)

A. Asset gain (loss)	
1. Actuarial value of assets 7/1/2016	\$ 23,220,080
2. Contributions (Total)	1,308,264
3. Benefit payments	(1,544,910)
4. Interest on (1), (2), and (3) at 7.0%	<u>1,599,751</u>
5. Expected actuarial value of assets as 7/1/2017	\$ 24,583,185
6. Actual actuarial value of assets as of 7/1/2017	24,015,386
7. Gain (loss) due to assets: (6) - (5)	(567,799)
B. Liability gain (loss)	
1. Actuarial liability as of 7/1/2016	\$ 29,581,707
2. Normal cost as of 7/1/2016	337,523
3. Benefit payments	(1,544,910)
4. Interest on (1), (2), and (3) at 7.0%	<u>2,040,274</u>
5. Expected actuarial liability as of 7/1/2017	\$ 30,414,594
6. Actual actuarial liability as of 7/1/2017 (prior to assumption changes)	30,186,089
7. Gain (loss) due to liabilities: (5) - (6)	228,505
C. Total actuarial gain (loss): A + B	(339,294)

Schedule G: Actuarial Assumptions

Mortality: RP-2000 Combined Healthy Table with a 70% Blue Collar adjustment with a fully generational projection of mortality improvement using Scale BB.

Interest Rate: 7.0%, net of expenses.

Salary Increase: Current Year: 4.0% per annum.

Prior Year: 4.0% per annum.

Turnover: Sample rates are as follows:

<u>Age</u>	<u>Percent Turnover</u>
25	10%
35	8%
45	4%
55	0%
65	0%

Disability: None assumed.

Retirement: For uniformed police officers, rates are as follows:

<u>Age</u>	<u>Percent Retired</u>
Under 55	0%
55	60%
56-61	5%
62 and over	100%

For other participants, 60% retirement is assumed at Normal Retirement Age or Unreduced Early Retirement Age, if the participant is eligible prior to Normal Retirement Age first. A retirement rate of 100% is assumed at age 65 with retirement rates of 5% between the Unreduced Early Retirement Age (if applicable) and age 65.

Asset Valuation: A three-year smoothed value, with difference between actual investment return and expected investment return recognized in equal installments over a three-year period.

Expense Provision: No explicit loads. The interest rate is net of administrative expenses which are anticipated to be approximately .10% of the market value of assets.



Schedule G: Actuarial Assumptions (continued)

Valuation Method:

Entry Age Normal. Benefits are projected and spread so that the total normal cost will be a level percentage of salaries from date of hire to date of termination. The normal cost assigned to the City reflects the schedule of mandatory employee contributions, so as the employee contributions increase as scheduled, the employer normal cost will decrease. Due to the two-year eligibility requirement, new entrants to the Plan display a positive Actuarial liability for service from date of hire to date of entry.

Summary of Changes from the July 1, 2016 Valuation

None.

Schedule H: Brief Summary of Retirement Plan Provisions

Plan Dates:

Adoption: Ordinance 5203 – Restatement of plan adopted July 11, 2011

Amendments: Ordinance 5267 – August, 2012

Eligibility for Participation:

A full-time employee of the City becomes a Participant on the July 1 following attainment of age 21 and 2 years of continuous service. Employees hired after June 1, 2006 are not eligible to participate.

Credited Service:

Years and completed calendar months of uninterrupted full-time employment measured from date of hire to the date of:

- A. termination of employment, or
- B. interruption of Credited Service, if earlier.

Credited Service is subject to special rules regarding leaves of absence, transfers and re-employment.

Final Average Monthly Earnings:

A Participant's monthly rate of compensation, averaged over the 60 consecutive months out of the last 120 months preceding retirement or Interruption of Service, if earlier, which give the highest monthly rate. Compensation shall include base pay, but exclude bonuses, commissions, overtime pay, expense allowances and similar items.

Normal Retirement Date:

The first day of the month coincident with or next following attainment of age 55 if the Participant is a uniformed police officer. The first day of the month coincident with or next following attainment of age 65 if the Participant is not a uniformed police officer.

Unreduced Early Retirement Date:

The first day of the month coincident with or next following the date on which the sum of age and Credited Service equals 85, but in no case later than Normal Retirement Date.

Schedule H: Brief Summary of Retirement Plan Provisions (continued)

Amount of Normal Retirement Benefit:

The product of A times B below:

- A. 1.7% of Final Average Monthly Earnings (or 2.0% if elected by the individual participant as of July 1, 2001 in lieu of participating in the City's defined contribution plan.)
- B. Years of Credited Service, not to exceed thirty (30) years.

Notwithstanding the above, for an employee hired before July 1, 1994, the greater of the amount determined above and the amount equal to multiplying C by D below, then adding E:

- C. 37% of Final Average Monthly Earnings
- D. Credited Service, not in excess of twenty (20) years, divided by twenty
- E. Eight dollars (\$8.00) multiplied by Credited Service.

For employees hired before October 24, 1988, sixteen (16) shall be substituted for twenty (20) in subsection D.

Early Retirement Eligibility:

20 years of Credited Service. Benefits may commence at age 50 or later.

Amount of Early Retirement Benefit:

Actuarial equivalent of Normal Retirement Benefit, with Final Average Monthly Earnings and Credited Service determined as of Early Retirement Date.

Amount of Late Retirement Benefit:

Calculated in same manner as Normal Retirement Benefit, but recognizing service and compensation at Late Retirement Date.

Schedule H: Brief Summary of Retirement Plan Provisions (continued)

Form of Payment:

The benefits calculated above are payable for the life of the Participant, with 120 monthly payments guaranteed. Optional forms of equivalent payments are available. These are:

- A. monthly income while both Participant and spouse are living, with one-half (1/2), two thirds (2/3) or full continuance to the surviving spouse following the death of the Participant; and
- B. income for the life of the Participant with no further payments following the Participant's death.

Vesting under Plan:

Participant is vested in retirement benefits according to the following table:

Sum of Participant's Age as of Last Birthday and Years of Credited Service	Vesting Service
50	50%
51	60%
52	70%
53	80%
54	90%
55 and thereafter	100%

Notwithstanding the above table, a Participant with 8 or more years of Credited Service is fully vested on and after December 11, 1989.

Vested Deferred Retirement Benefit:

Payable at Normal Retirement Date to any fully or partially vested Participant who terminates prior to eligibility for Normal or Early Retirement.

Amount of Vested Deferred Benefit:

The product of A times B times G below:

- A. 1.7% (or 2.0% if elected by the individual participant as of July 1, 2001) of Final Average Monthly Earnings determined as of the date of Interruption of Service

Schedule H: Brief Summary of Retirement Plan Provisions (continued)

Amount of Vested Deferred Benefit: (Continued)

- B. Years of Credited Service to the date of Interruption of Service, not to exceed thirty (30) years.

Notwithstanding the above, for an employee hired before July 1, 1994, the greater of the amount determined by multiplying A by B above and the amount equal to multiplying C by D by E below, then adding F. The greater amount is then multiplied by G:

- C. 37% of Final Average Monthly Earnings determined as of the date of Interruption of Service
- D. Credited Service to the date of Interruption of Service divided by Credited Service projected to Normal Retirement Date
- E. Credited Service projected to Normal Retirement Date, not in excess of twenty (20) years, divided by twenty
- F. Eight dollars (\$8.00) multiplied by Credited Service to the date of Interruption of Service
- G. The applicable vesting percentage.

For employees hired before October 24, 1988, sixteen (16) shall be substituted for twenty (20) in subsection E.

Pre-retirement Death Benefit:

Payable with respect to a Participant who separated from service on or after attaining Early Retirement Age but has not commenced benefits, or who continues in employment after Normal Retirement Date, or who is actively employed and vested and has not reached Normal Retirement Age, and dies.

If the Participant is eligible for retirement at date of death, the monthly benefit is payable to the surviving spouse as if the Participant retired at date of death, elected a 2/3 joint and survivor payment form and died immediately. If there is no surviving spouse, the monthly benefit is the amount under the life with 120 payments guaranteed payment form, and is payable for 120 months to the designated beneficiary.

If the Participant is not eligible for retirement, the benefit is payable to a surviving spouse as if the Participant separated from employment on date of death, survived to the earliest retirement date, elected to begin receiving the 2/3 joint and survivor payment form, and died immediately. If there is no surviving spouse, no benefit is payable.

DROP Program:

Effective September 1, 2001 – August 31, 2008, a Participant eligible for Normal Retirement or Unreduced Early Retirement benefits may elect to enter a DROP program for a period of up to 36 months (or 60 months, effective August 1, 2004, or 72 months, effective September, 2006). Effective January 1, 2009 – December 31, 2011, a Participant eligible for Normal Retirement or Unreduced Early Retirement benefits may elect to enter a DROP program for a period of up to 36 months. During the DROP period the monthly payments otherwise due to the Participant as a retiree will be placed into a DROP account. At the end of the DROP period the account, credited with 5% interest, will be paid to the Participant as an annuity or as a lump sum.



Schedule H: Brief Summary of Retirement Plan Provisions (continued)

Employee Contributions:

Effective July 1, 2011, active Participants (excluding DROP Participants) must make required contributions in order to receive credited service, as follows:

- July 1, 2011: 1% of base wages including any longevity pay
- On each July 1 thereafter, the contribution rate increases by 0.5% until the rate becomes 3%.

Refund of Contributions:

Eligibility: Termination of employment when no vested benefit is payable

Amount: Accumulated employee contributions with 5% interest

Note: In addition, if the aggregate of benefit payments made to a Participant, spouse and/or beneficiary is less than the employee contributions with interest at date of commencement, the difference shall be payable to the beneficiary as an additional death benefit.

Retiree COLA:

Effective January 1, 2002, each retiree (and beneficiary) was given a cost-of-living adjustment. The increase in benefit was equal to 1.75% multiplied by the number of full years since the individual's (or for a beneficiary, the original participant's) retirement date.

Summary of Changes from the July 1, 2016 Valuation

None.

Schedule I: Statistical Information

Age by Salary

	Under 30,000	30,000 - 34,999	35,000 - 39,999	40,000 - 44,999	45,000 - 49,999	50,000 - 54,999	55,000 - 59,999	60,000 - 64,999	65,000 - 69,999	70,000 - 74,999	75,000 - 79,999	Over 80,000	Total
Under 20	-	-	-	-	-	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	-	2	-	2
40-44	-	-	-	-	-	-	-	-	-	2	2	1	5
45-49	-	-	-	-	1	-	-	-	1	2	1	2	7
50-54	-	-	-	-	-	3	1	1	-	3	1	3	12
55-59	-	-	-	-	4	1	2	-	-	1	-	4	12
60-64	-	-	-	-	-	1	-	1	-	1	-	2	5
65-69	-	-	-	-	1	-	-	-	-	2	-	-	3
70+	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	6	5	3	2	1	11	6	12	46



Schedule I: Statistical Information (continued)

Service by Salary

	Under 30,000	30,000 - 34,999	35,000 - 39,999	40,000 - 44,999	45,000 - 49,999	50,000 - 54,999	55,000 - 59,999	60,000 - 64,999	65,000 - 69,999	70,000 - 74,999	75,000 - 79,999	Over 80,000	Total
0-1	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-	-
10-14	-	-	-	-	3	1	-	1	1	3	2	-	11
15-19	-	-	-	-	1	1	-	-	-	3	2	4	11
20-24	-	-	-	-	-	2	1	-	-	2	1	3	9
25-29	-	-	-	-	2	1	1	1	-	2	1	1	9
30-34	-	-	-	-	-	-	1	-	-	1	-	3	5
35-39	-	-	-	-	-	-	-	-	-	-	-	1	1
40+	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	6	5	3	2	1	11	6	12	46

Schedule I: Statistical Information (continued)

Age by Service

	0-1	2	3	4	5	6	7	8	9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	2
40-44	-	-	-	-	-	-	-	-	-	2	2	1	-	-	-	-	5
45-49	-	-	-	-	-	-	-	-	-	3	1	3	-	-	-	-	7
50-54	-	-	-	-	-	-	-	-	-	2	3	2	4	1	-	-	12
55-59	-	-	-	-	-	-	-	-	-	1	2	2	4	3	-	-	12
60-64	-	-	-	-	-	-	-	-	-	-	2	-	1	1	1	-	5
65-69	-	-	-	-	-	-	-	-	-	2	-	1	-	-	-	-	3
70+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	11	11	9	9	5	1	-	46



City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 11/27/17 06:00 PM
Department: City Council
Category: Report
Prepared By: Lori Obermoeller
Department Head: Lori Obermoeller

STAFF REPORT

Overview of the Creve Coeur Defined Benefit Plan Per the Pension Chairman

The Employee Pension Board will provide an overview of the City Pension Plan, which covers employees hired prior to June 1, 2006.

CREVE COEUR EMPLOYEE RETIREMENT DEFINED BENEFIT PLAN (Closed June 1, 2006)

November 2017

Overview of the Plan

Market value of assets as of June 30, 2017: \$24,250,103

Current asset allocation: Equity 67%, Alternatives 6%, Cash and Fixed Income 27%

Equity investment style: Low-cost indexed asset allocation with market-driven rebalancing

Accumulated benefit funded ratio (June 30, 2017): 87%. In laymen's terms, this is the theoretical funding level if the plan terminated and paid out accrued benefits. It is higher than the actuarially determined funded ratio (79.6%) that assumes that the plan continues until the last retiree dies.

For the last nine years, the City's actual annual contribution has exceeded the actuarially required contribution. Employees also contribute 3% of their base salary.

Membership (June 30, 2017): 46 active employees, 29 terminated-vested, 72 retired

Advisors: Fiduciary Advisors and Commerce Trust Company

Custodian for equities: Schwab Institutional, a division of Charles Schwab & Co., Inc.

Investment Highlights

Assumption for future investment performance is 7.0%

Performance through September 30, 2017:

Calendar year to date: 14.0%

Last one year: 16.8%

Annualized three years: 8.5%

Annualized since 7/2/13: 10.2%

Amortization of unfunded liability as of June 30, 2015 is a 10-year fixed period. (Future unfunded liability would be amortized on a rolling 15 year amortization.)

Assumption for annual salary increases is 4%

Assumptions for life expectancy has increased (an industry-wide change)



City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 11/27/17 06:00 PM
Department: City Council
Category: Report
Prepared By: Lori Obermoeller
Department Head: Lori Obermoeller

STAFF REPORT

LAGERS Administration of the Legacy Pension Plan

Preliminary discussion of whether to consider moving the administration of the Legacy Pension Plan to LAGERS. This option will not be available to the City until mid-2018 or later.

Things to Consider Before Moving the Legacy Plan to LAGERS

The Pension Board continues to discuss and debate the relative merits of recommending that the Legacy Plan either move to LAGERS or stay in its current form. To date there has not been a motion or even a “Sense of the Board” resolution. The comments below are individual opinions of Board members, not the opinion of the Board itself. The Board believes that its decisions must consider issues that are very long-term in nature.

1. In the future there may be increasing competition among the City’s stakeholders for the City’s assets and cash flows. LAGERS may be a stronger and more persuasive fiduciary for the City’s employees and retirees than a citizens’ board. LAGERS has a senior claim on cash flows to the City, implying that the LAGERS plan will be funded, no matter what.
2. LAGERS has far greater administrative and operational resources than a volunteer board with no staff, which may allow LAGERS access to a wider range of investment options. LAGERS is much more likely to have “state of the art” investment instruments that may not even be conceived of today.

However, LAGERS’ resources have a higher cost to both the Legacy Plan and the City.

3. Pension management is increasingly complex. Risk-control strategies using alternative investments might be available to LAGERS but not to a separate plan.

As the Legacy Plan gets closer to termination (perhaps 30 to 40 years from now), its exposure to risky assets should be carefully monitored.

4. It may become increasingly difficult to find interested and experienced Pension Board members, particularly if fears of an impending national pension crisis increase.
5. Having two plan administrators could be inefficient and cause City employees’ needless duplication of effort. The administrative requirements of LAGERS for the Legacy Plan are not known at this time.
6. The City and the participants would lose local input and control over the Pension Plan. Specifically, the trustees would lose the flexibility to consider options which are not currently feasible but might be in the future, such as annuitizing the Plan or implementing strategies offered by insurance companies or other investment managers.

November 2017