RETIREMENT COMMISSION MINUTES

The Retirement Commission met on Wednesday, September 25, 2024. The following members were present: Chris Cullinan, Brian Pinkston, Ben Cullop, Tony Newberry, Lindsay Ideson (remotely), Phillip Garber, Josh Bontrager. Absent: Jason Vandever, Sam Sanders. Others present: Lisa Burch, Sara Butler, Jamie Valencia, Greg McNeillie.

This meeting was held in the CitySpace Large Conference Room.

Call to Order
Chris Cullinan called the meeting to order at 8:33 AM.

Lindsay Ideson requested to attend the meeting remotely. A motion was made to approve her request and the motion was approved unanimously.

Approval of Minutes
The minutes from the August 2024 meeting were approved unanimously.

Annual Financial Review
Greg McNeillie from Dahab reviewed the investment returns for the Charlottesville Retirement System portfolio for the period ending 6/30/2024 and answered questions from the Commission members. The total return at the end of the fiscal year was 12% and the net return was 11.4%.

Administrative Updates
Lisa Burch informed the Commission that City Council approved the fire department's request to allow EMS only employees to be eligible for the public safety supplement. She also made the members aware that a training on Roberts Rules of Order shall be scheduled in the near future. She advised the Commission that the November/December meeting will be held on December 11 at CitySpace. Finally, she let members know that there is a pending disability retirement case for a 401a employee and more information will be presented to the Commission on this matter in the next month or two.

New Business
No new business was discussed.

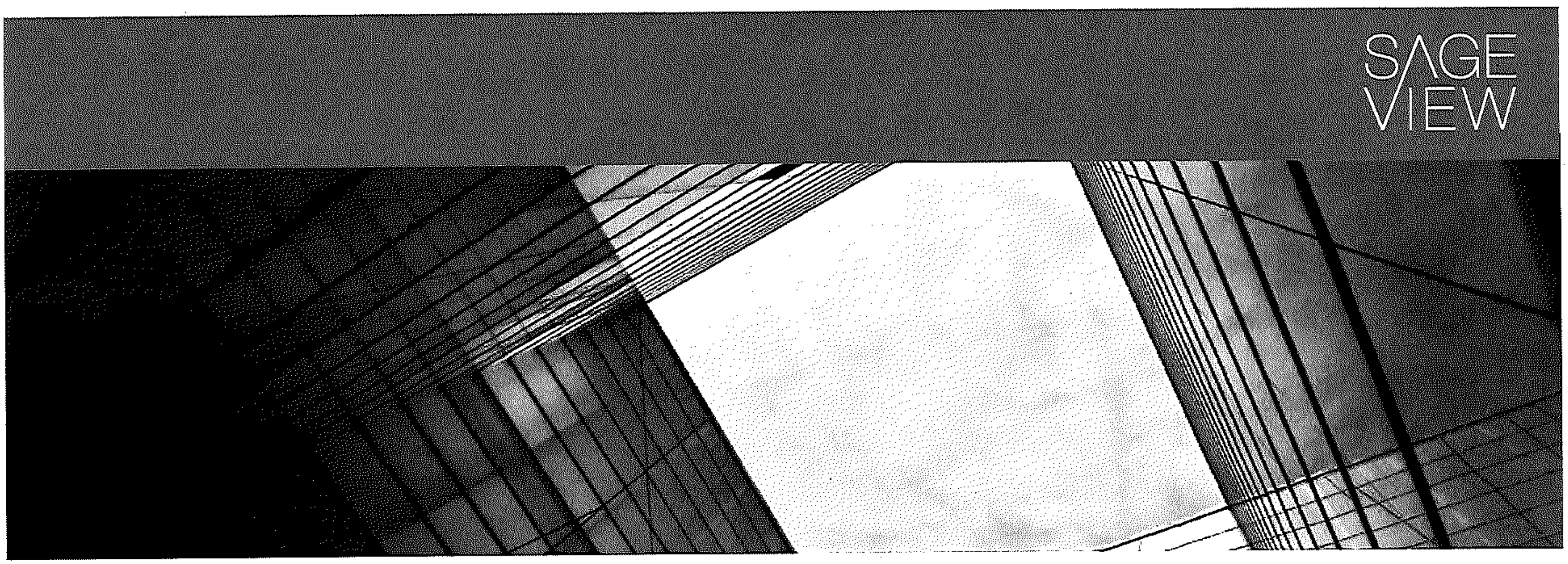
Adjournment
The meeting adjourned at 9:31 AM.

City of Charlottesville

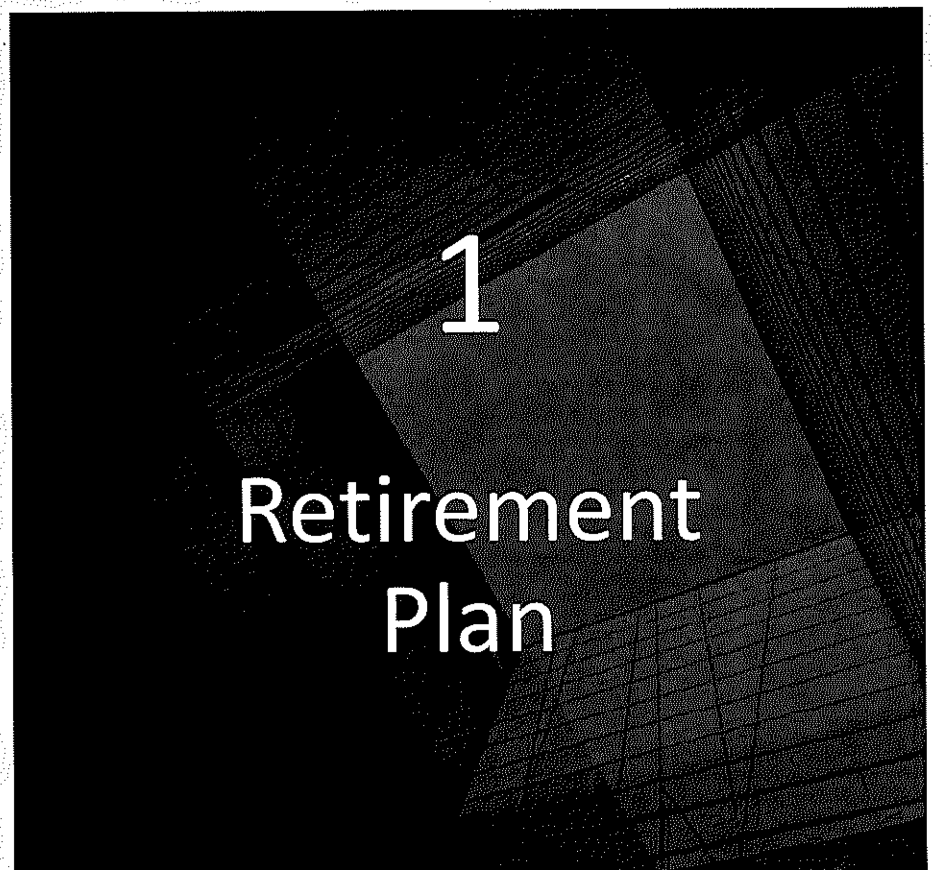
Retirement and Postretirement Benefits Plans

July 1, 2024 Valuation Results

October 23, 2024



Contents


1
Retirement
Plan

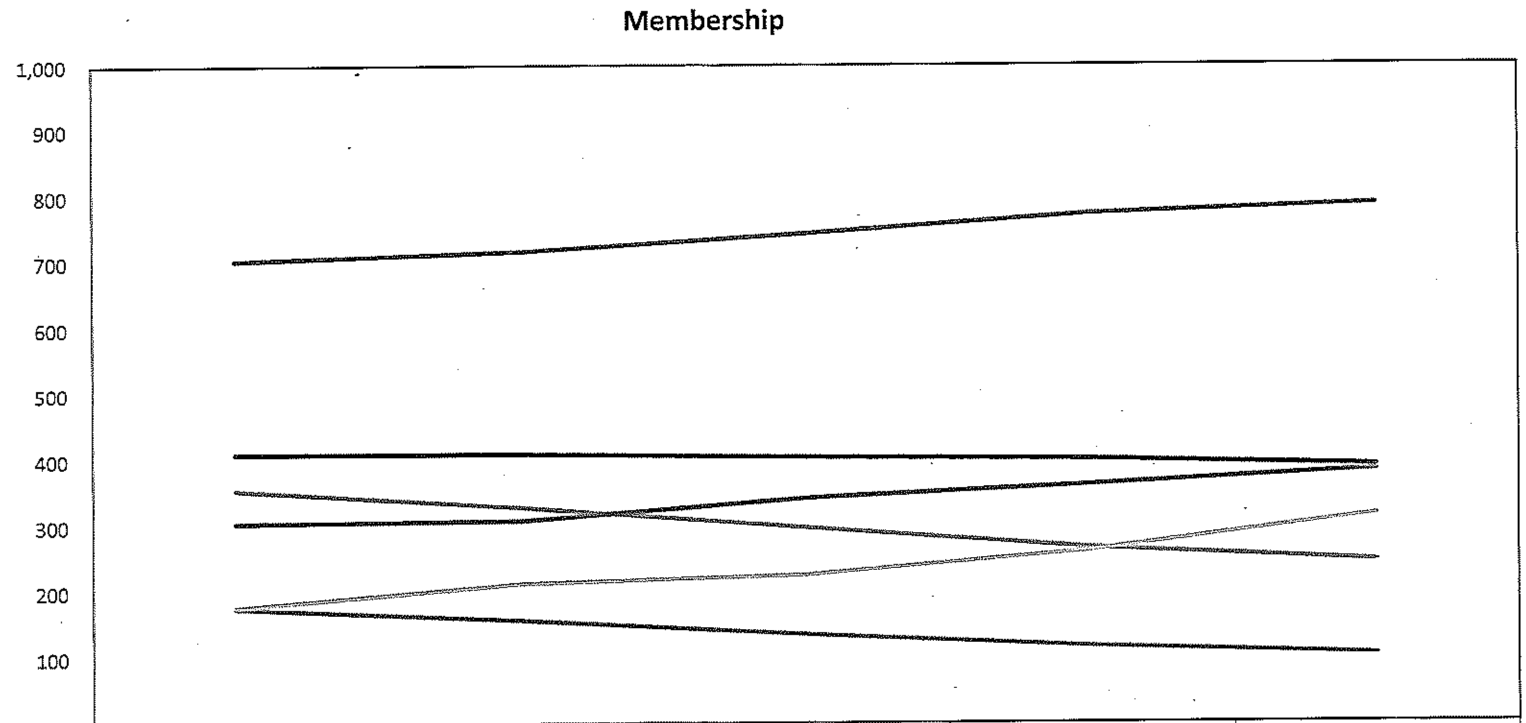
Commentary

- Investment performance
  - Return on Fiduciary Net Position was 11.49% for financial reporting.
  - Return on Actuarial Asset Value was 8.28%.
    - 4-year smoothing for contribution rates.
  - Assumed return is 7.50%.
- Net Pension Liability for GASB reporting
  - Decreased from $88.6M to $77.2M due to investment performance in excess of assumed and an additional $9.1M employer contribution for collective bargaining impact.
  - The GASB 67/68 funded status increased from 62.2% to 69.1%.
- Actuarially Determined Contribution (ADC)
  - Decreases from 25.93% (fiscal 2025) to 22.18% (fiscal 2026).

Commentary

- Actuarial assumptions and methods
  - The next experience study to review all assumptions and methods will be completed in June 2025.
  - To determine contribution rates, the unfunded liability as of June 30, 2020 is being amortized over a period of 15 years consistent with the previous experience study methodology.
    - 11 Years remaining as of July 1, 2024.
  - Future actuarial gains (losses) are also amortized over a period of 15 years.
- Plan provisions
  - There have been no changes since the last valuation.
  - Increased employee contributions are not being used to offset future employer contributions.
  - A COLA of 1% was granted effective July 1, 2024; equal to our 1% assumption.

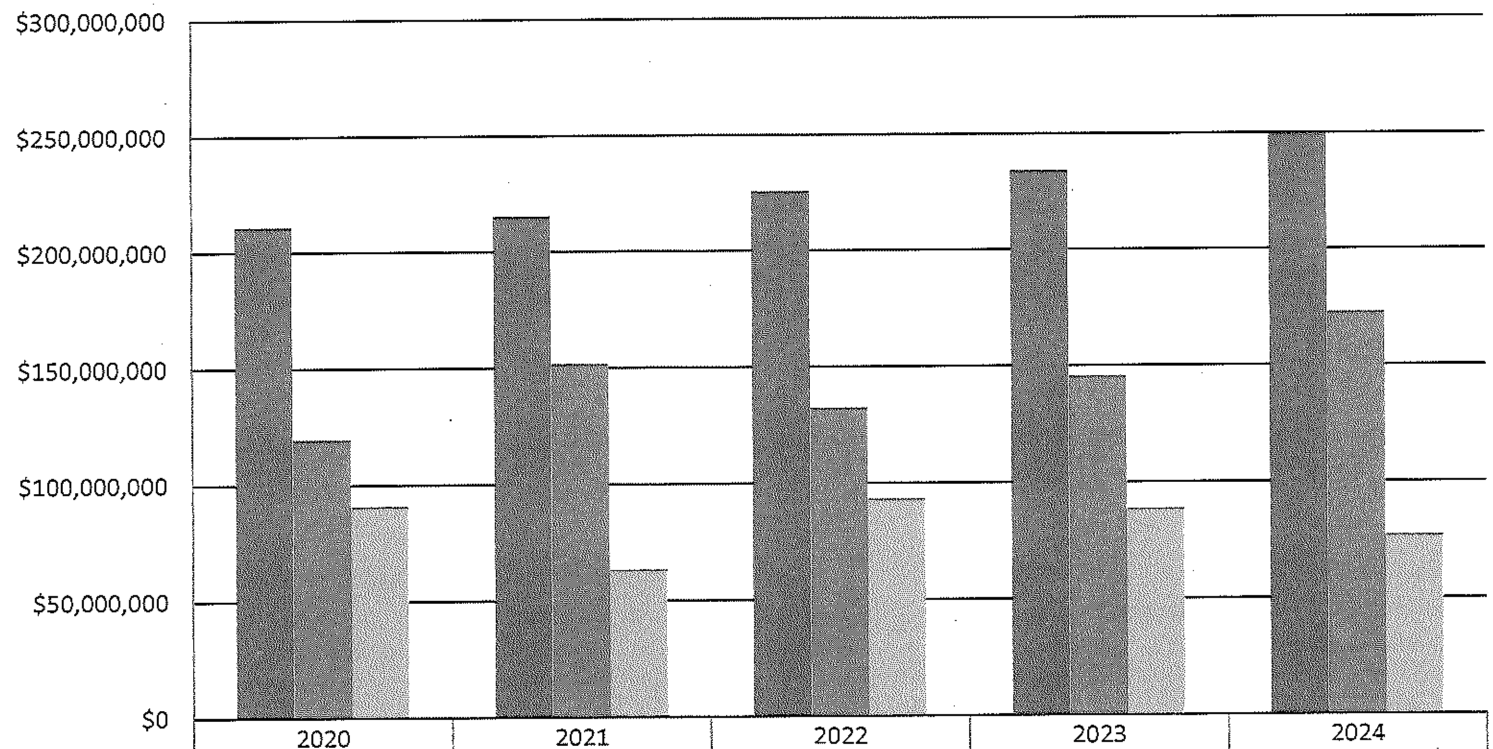
Current Results and Historical Information



	2020	2021	2022	2023	2024
Active Plan 1	356	329	297	266	246
Active Plan 2	177	158	135	116	104
Active Plan 3	178	212	224	261	316
DC Plan	305	308	341	361	384
Vested Terms	411	410	404	401	391
Retired	704	717	743	772	787
Total	2,131	2,134	2,144	2,177	2,228

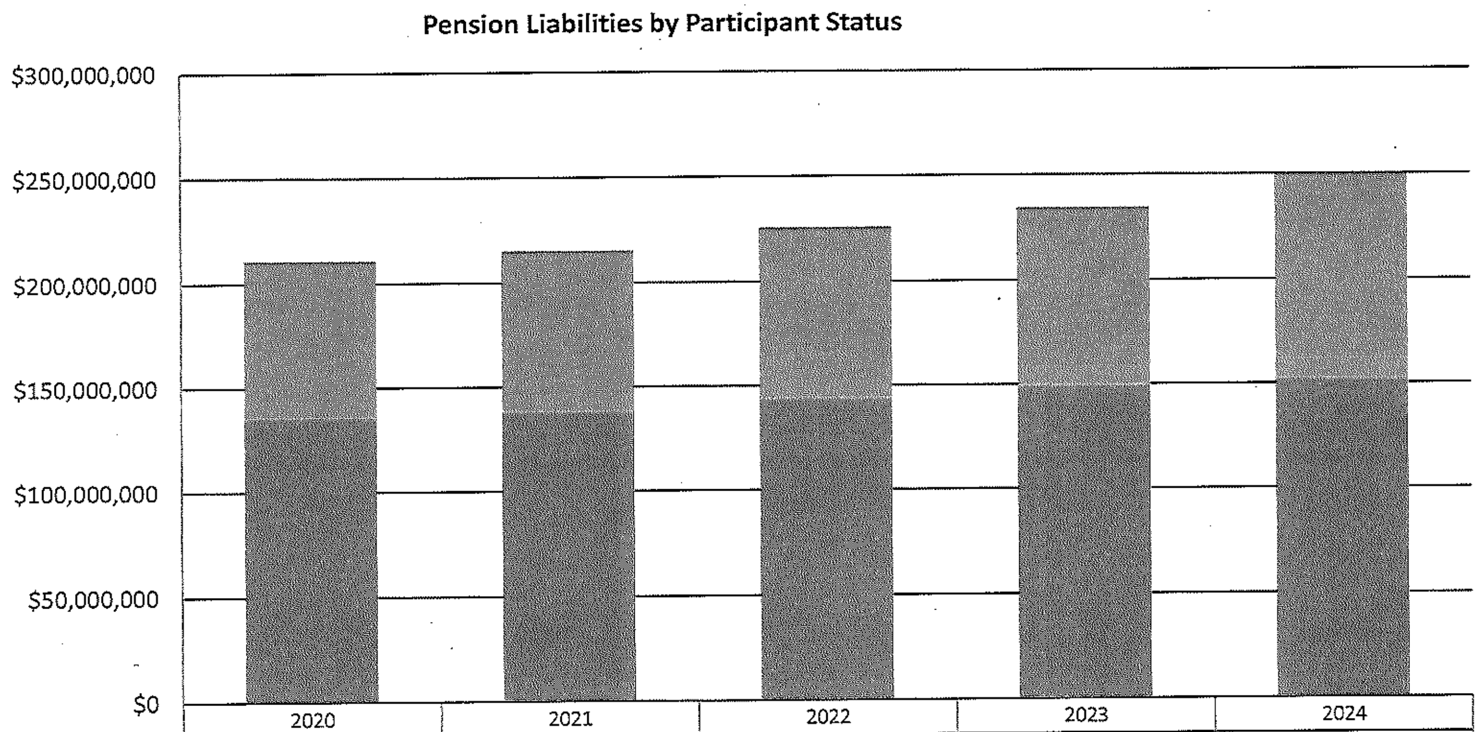
Current Results and Historical Information

Net Pension Liability



	2020	2021	2022	2023	2024
Total Pension Liability	211,072,055	215,294,510	225,724,262	234,235,672	249,836,159
Fiduciary Net Position	119,920,421	151,825,839	132,515,912	145,633,425	172,688,294
Net Pension Liability	91,151,634	63,468,671	93,208,350	88,602,247	77,147,865

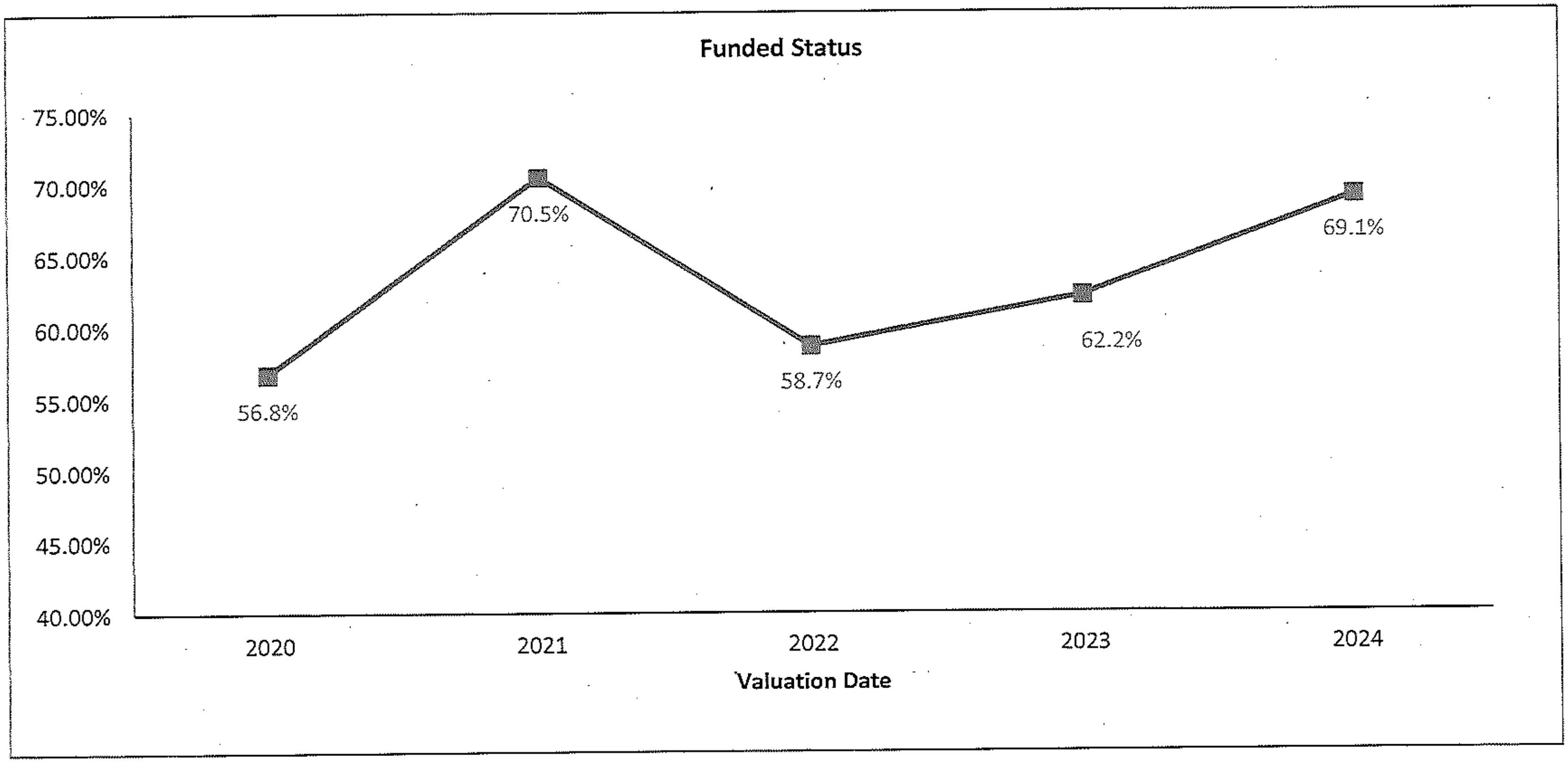
Current Results and Historical Information



	2020	2021	2022	2023	2024
Pension Liability - Active	66,992,615	68,592,268	73,239,736	75,627,122	88,030,878
Pension Liability - Term Vested	8,582,624	8,726,227	8,750,199	9,320,214	9,891,379
Pension Liability - Retired	135,496,816	137,976,015	143,734,327	149,288,336	151,913,902

In 2024, Retired and Terminated Participants account for 65% of the Total Pension Liability.

Current Results and Historical Information



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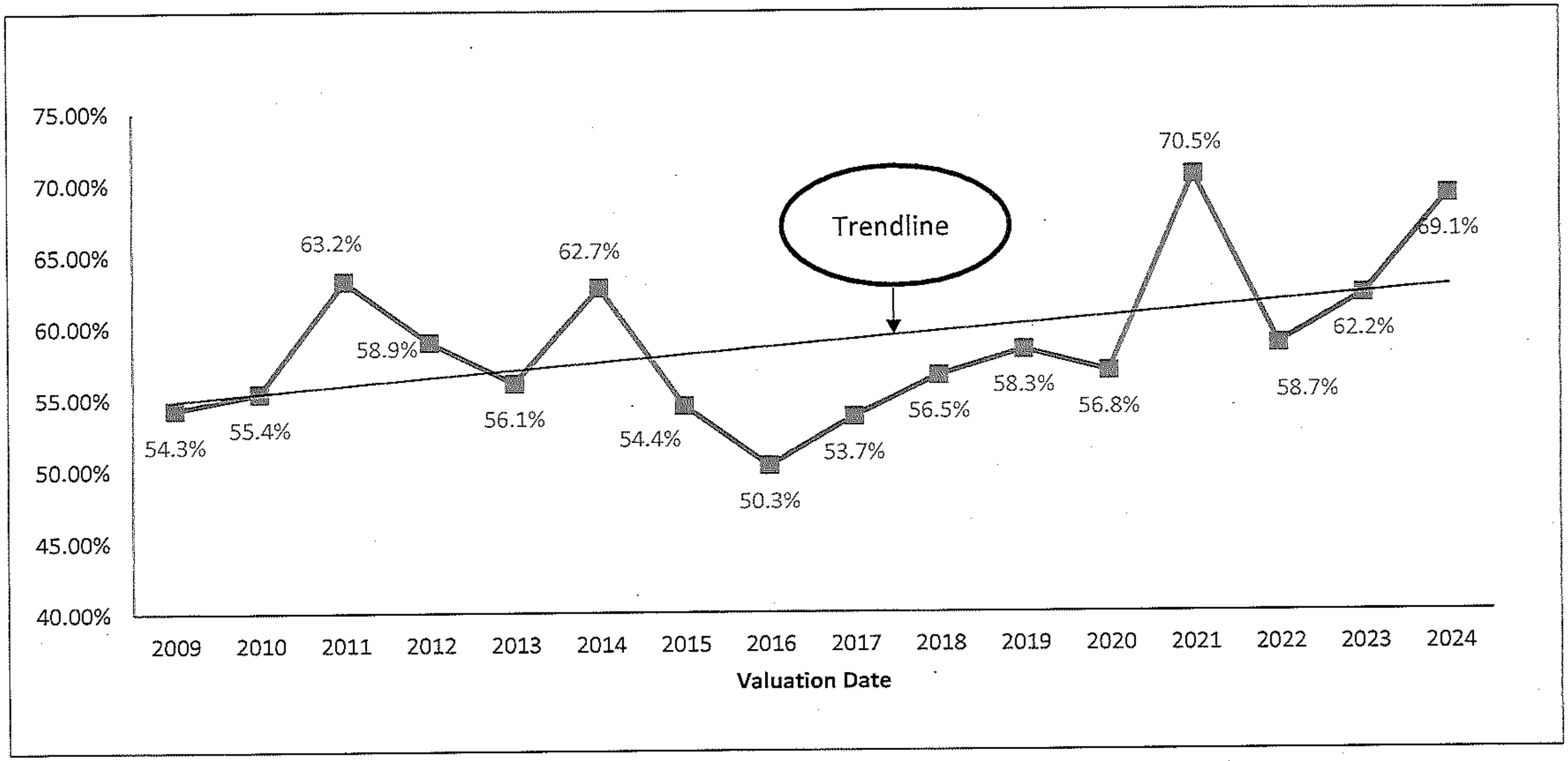
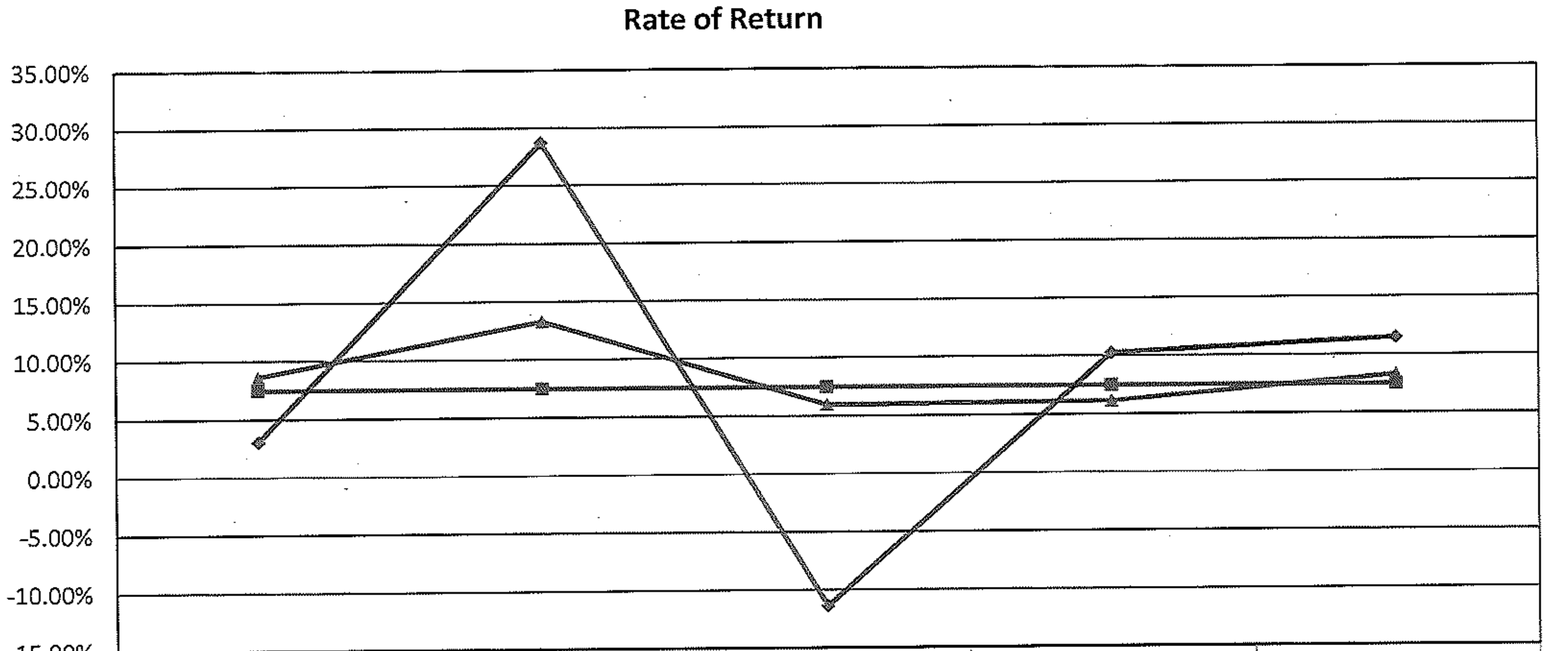


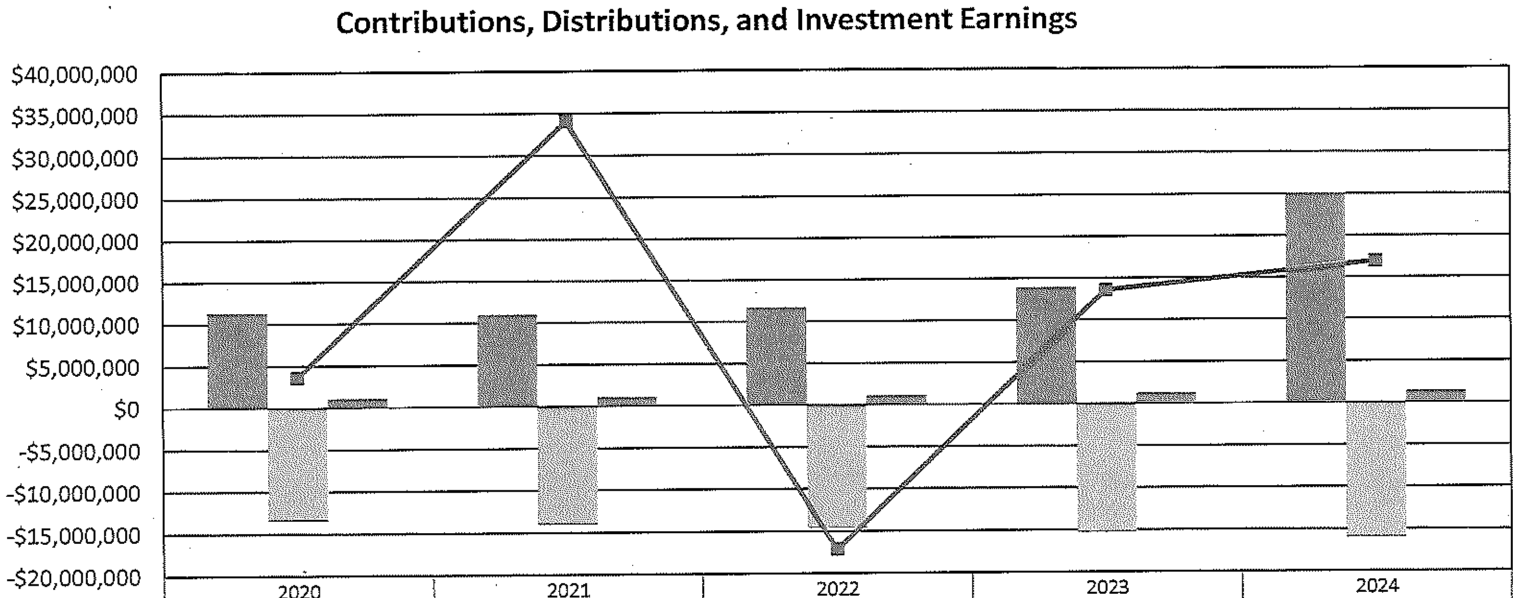
Current Results and Historical Information



	2020	2021	2022	2023	2024
MV Return	3.08%	28.70%	-11.40%	10.26%	11.49%
AAV Return	8.64%	13.30%	5.95%	6.12%	8.28%
Assumed	7.50%	7.50%	7.50%	7.50%	7.50%

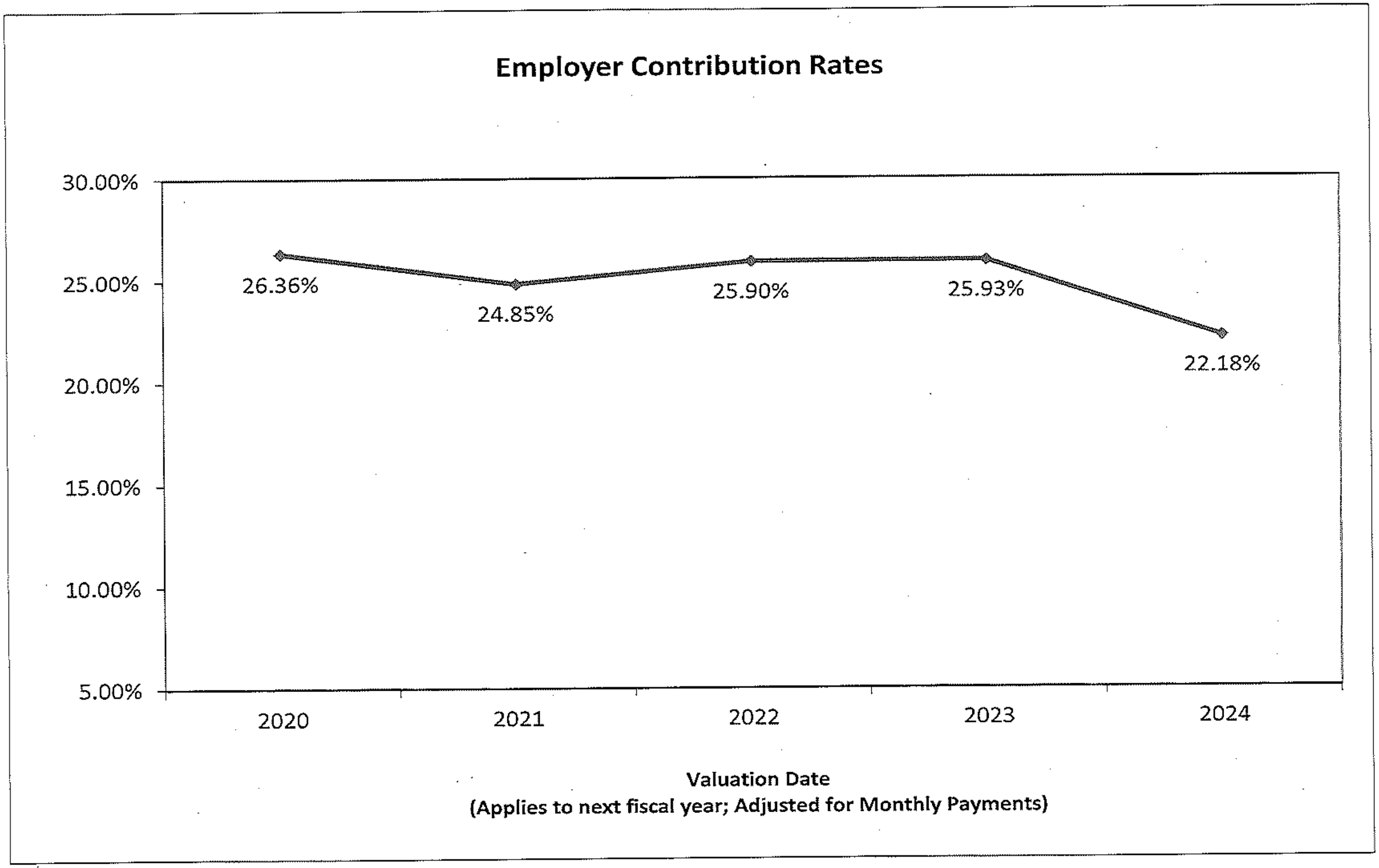
- The 5-year average returns as of June 30, 2024 were as follows:
  - Market Value: 8.43%
  - Actuarial Asset Value: 8.46%

Current Results and Historical Information



	2020	2021	2022	2023	2024
Employer Contribs	11,391,629	11,022,358	11,675,185	13,949,835	25,134,883
Distributions	(13,412,920)	(14,067,437)	(14,688,183)	(15,379,171)	(16,110,260)
Employee Contribs	1,098,813	1,087,218	1,131,321	1,250,482	1,377,849
Investment Earnings	3,605,139	34,102,627	(17,187,453)	13,567,570	16,937,534

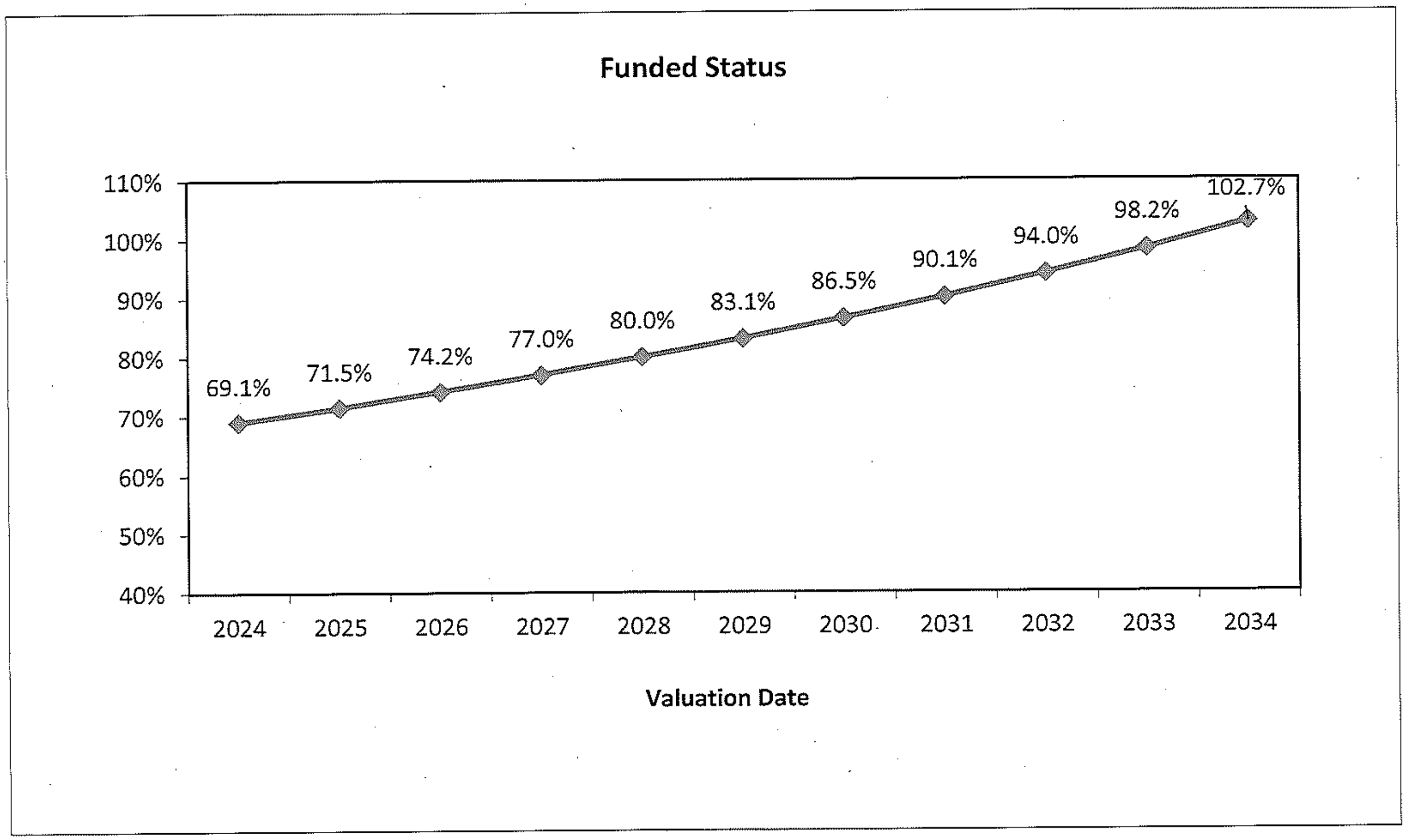
Current Results and Historical Information



10 Year Projections

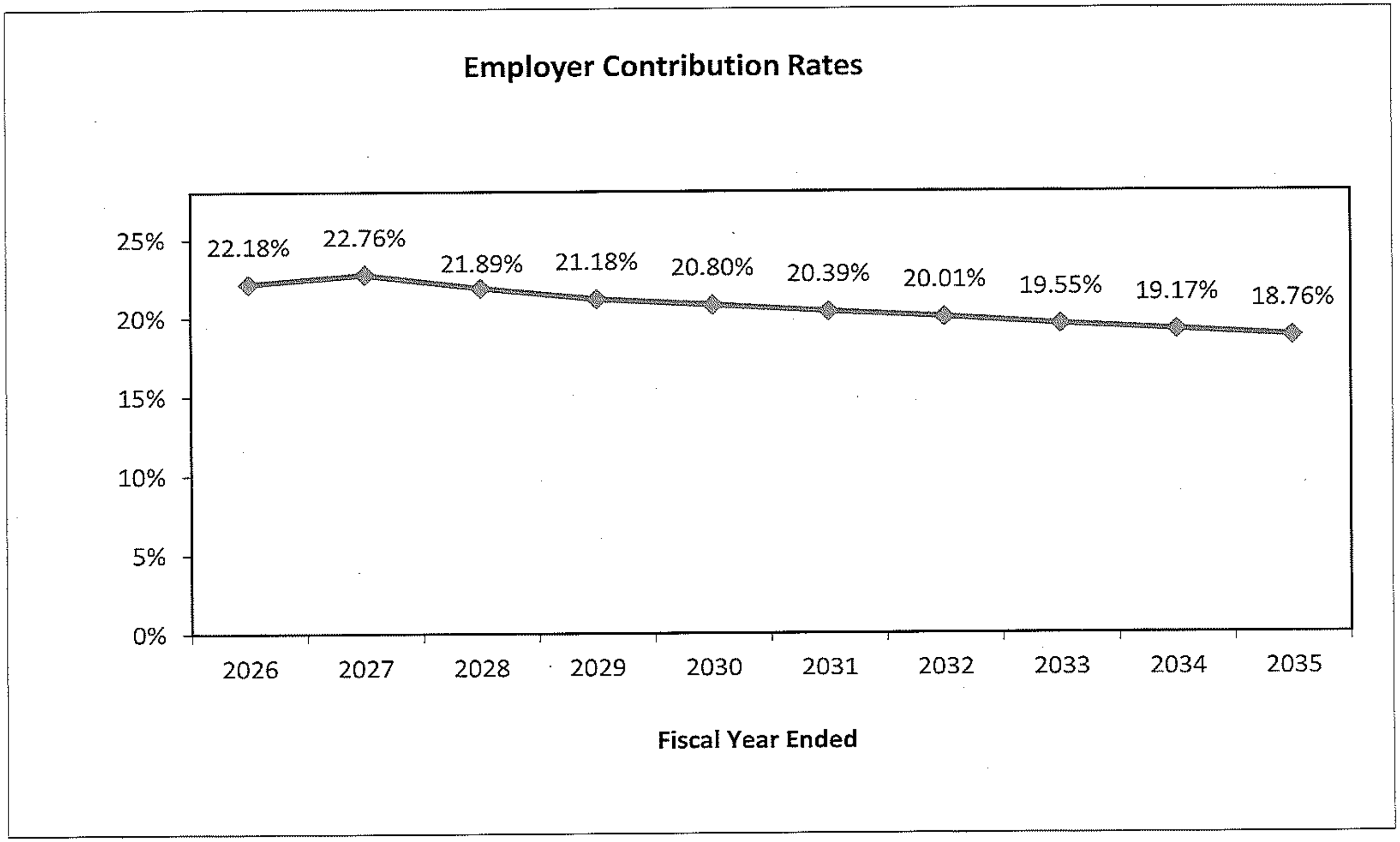
- Assume no changes in plan provisions or contribution strategies.
- Active population assumed to remain at current levels.
- Assets assumed to return 7.5% each year in the future.
- Covered Payroll increases 3% per year.
- All other actuarial assumptions assumed to be realized.
- It is assumed that the City will continue to fully fund the Actuarially Determined Contribution (ADC) each year.

10 Year Projections

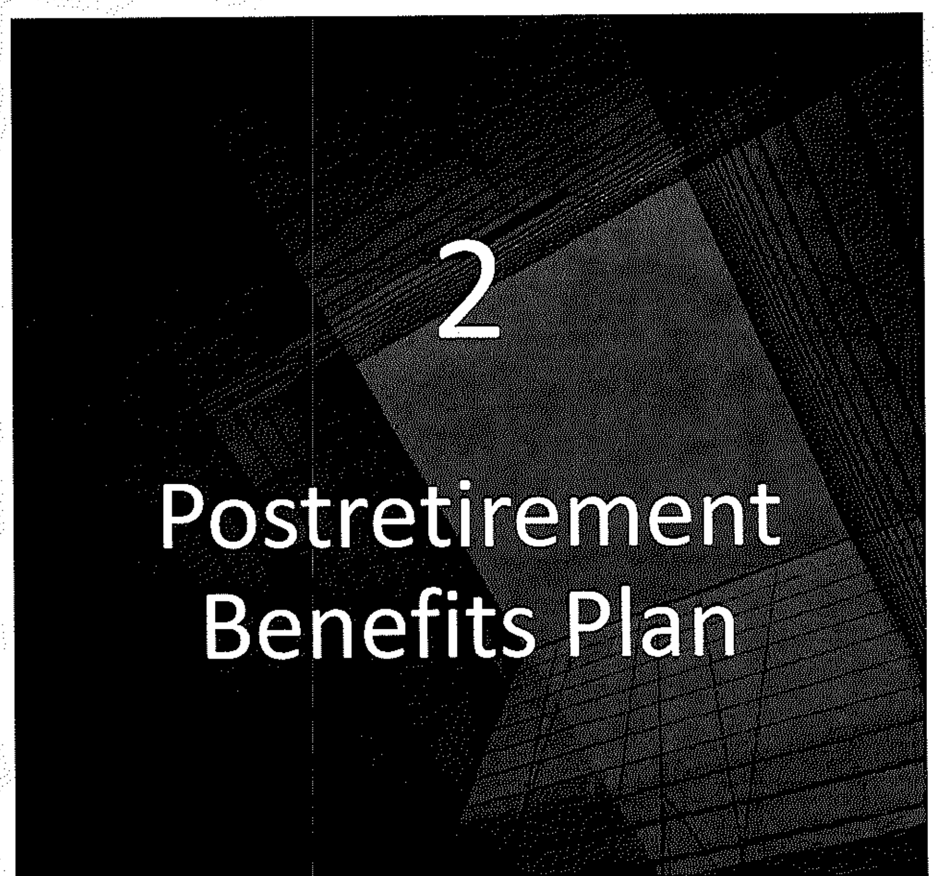


The funded status is projected to increase to 80.0% in 2028 and 100.0% by 2034 assuming an annual return on assets of 7.5% and full funding of the ADC.

10 Year Projections



Contribution rates are expected to increase next year before beginning to decline as the funded status improves, if all assumptions are realized.


2
Postretirement
Benefits Plan

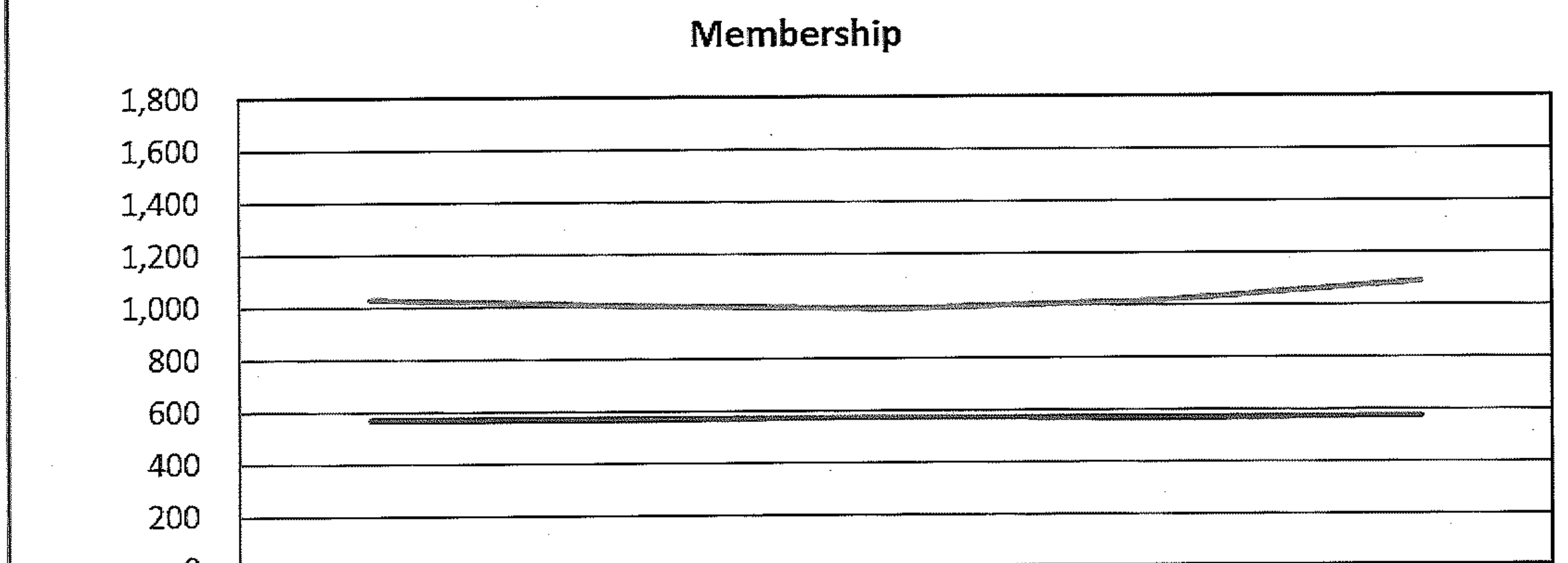
Commentary

- Actuarial assumptions and methods
  - The trend assumption was reset from last year.
- Claims Experience
  - We updated our approach to determine future claims experience last year.
- Plan provisions
  - No changes since the last valuation.

Commentary

- Investment performance for 2023-2024 plan year
  - Assumed return on assets of 7.50%.
  - Estimated return was 11.49%.
  - This resulted in a $2.1 million gain for the year.
- Funded status
  - Increased from 90.3% to 93.3% primarily due to the strong investment return.
- Annual Required Contribution
  - Decreased from 6.58% (fiscal 2024) to 2.85% (fiscal 2025) and further decreased to 2.83% (fiscal 2026).
  - There was a supplemental contribution from the City during the fiscal year ending June 30, 2024 of $167,000.

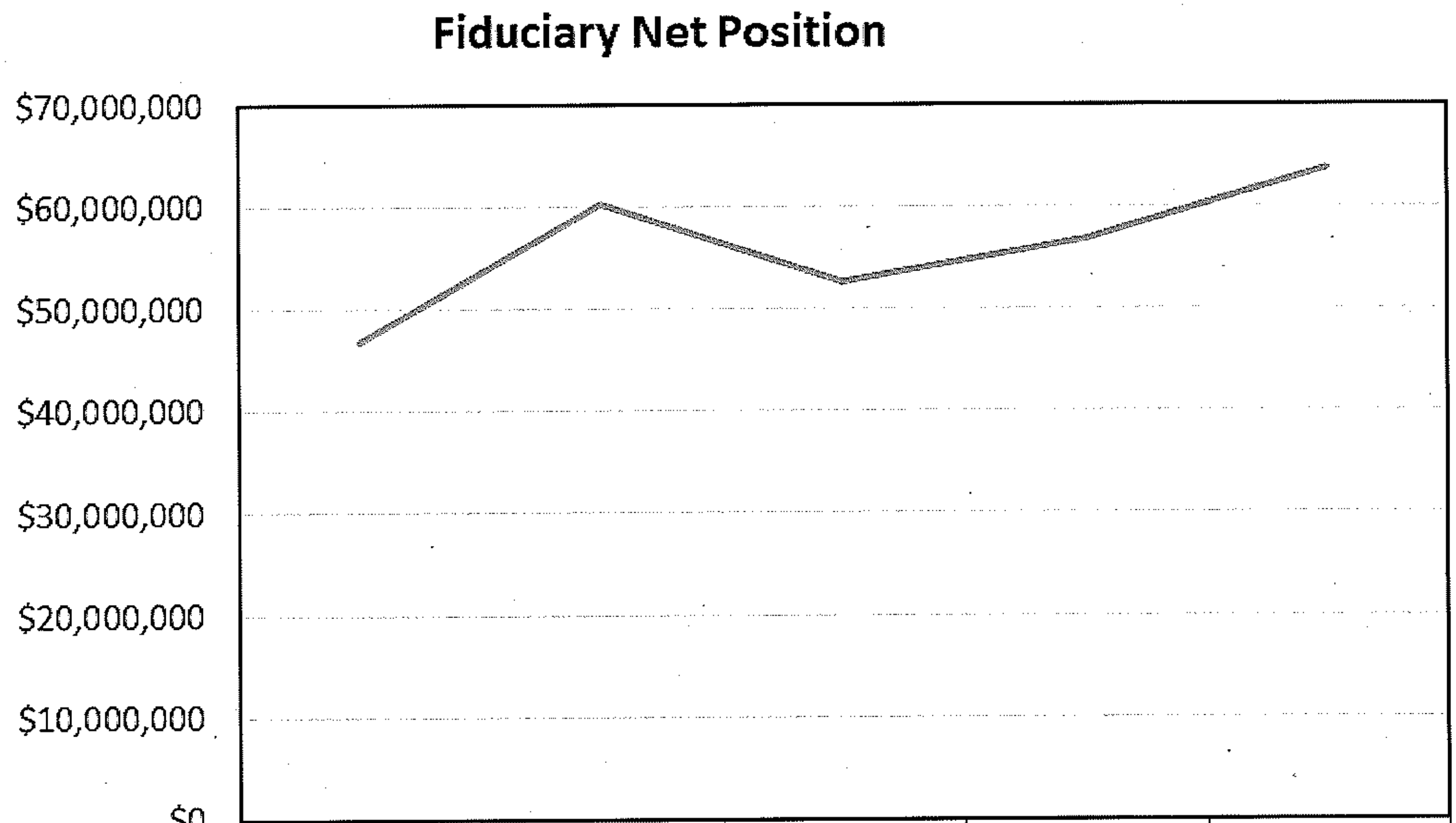
Current Results and Historical Information



	2020	2021	2022	2023	2024
Active	1,028	1,001	991	1,012	1,090
Retired	568	567	573	571	573
Total	1,596	1,568	1,564	1,583	1,663

Of the 1,090 actives at 7/1/2024, there are 140 (157 last year) grandfathered, 173 (183 last year) non-grandfathered Plan 1 participants and 777 (672 last year) Plan 2 participants.

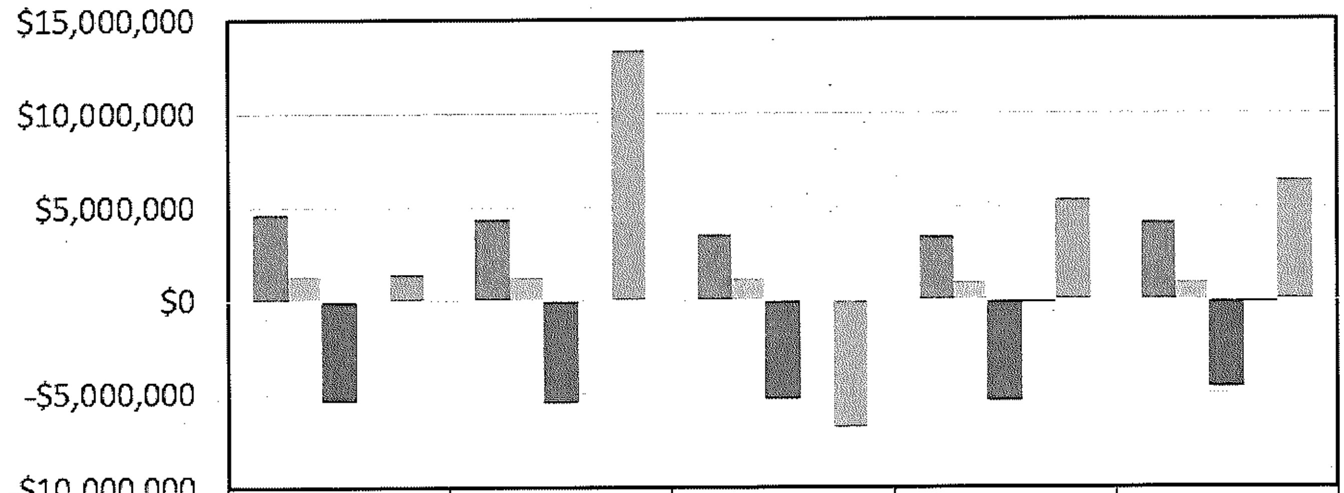
Current Results and Historical Information



	2020	2021	2022	2023	2024
Fiduciary Net Position	46,819,166	60,184,815	52,542,550	56,742,510	63,563,821

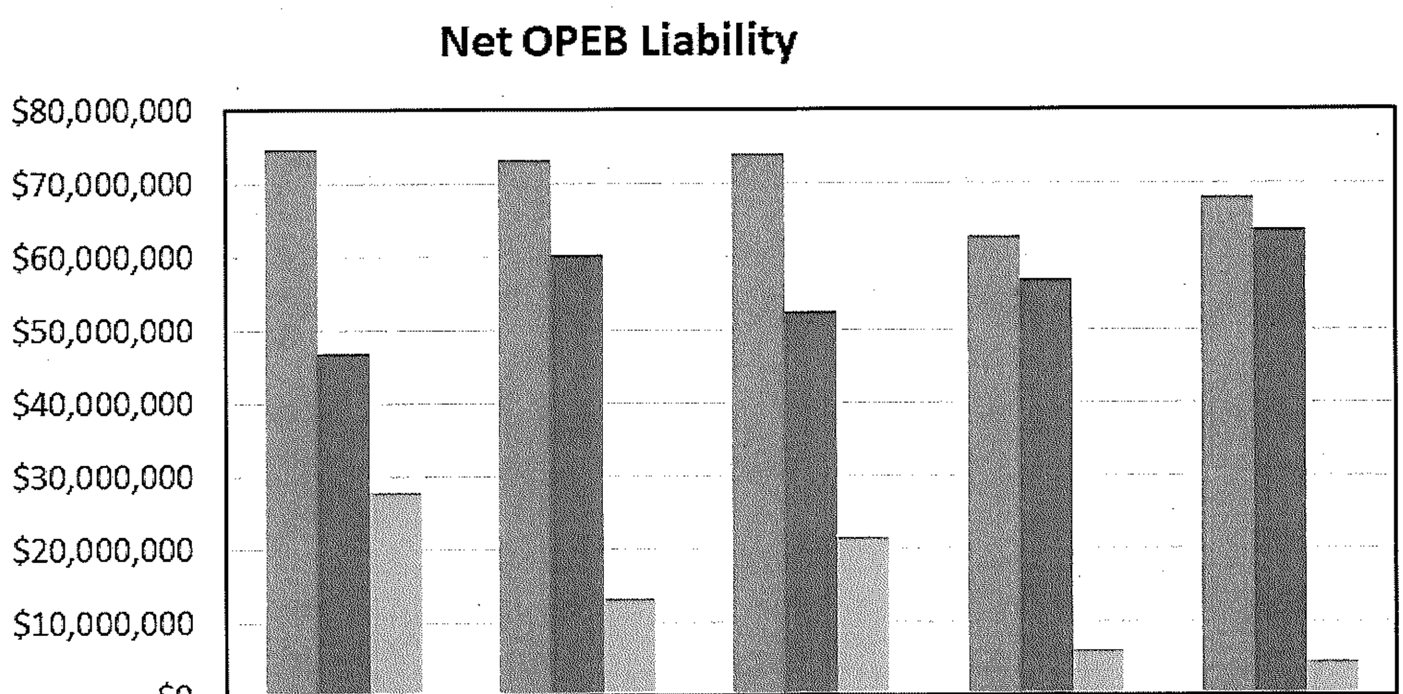
Current Results and Historical Information

Fiduciary Net Position Reconciliation Components



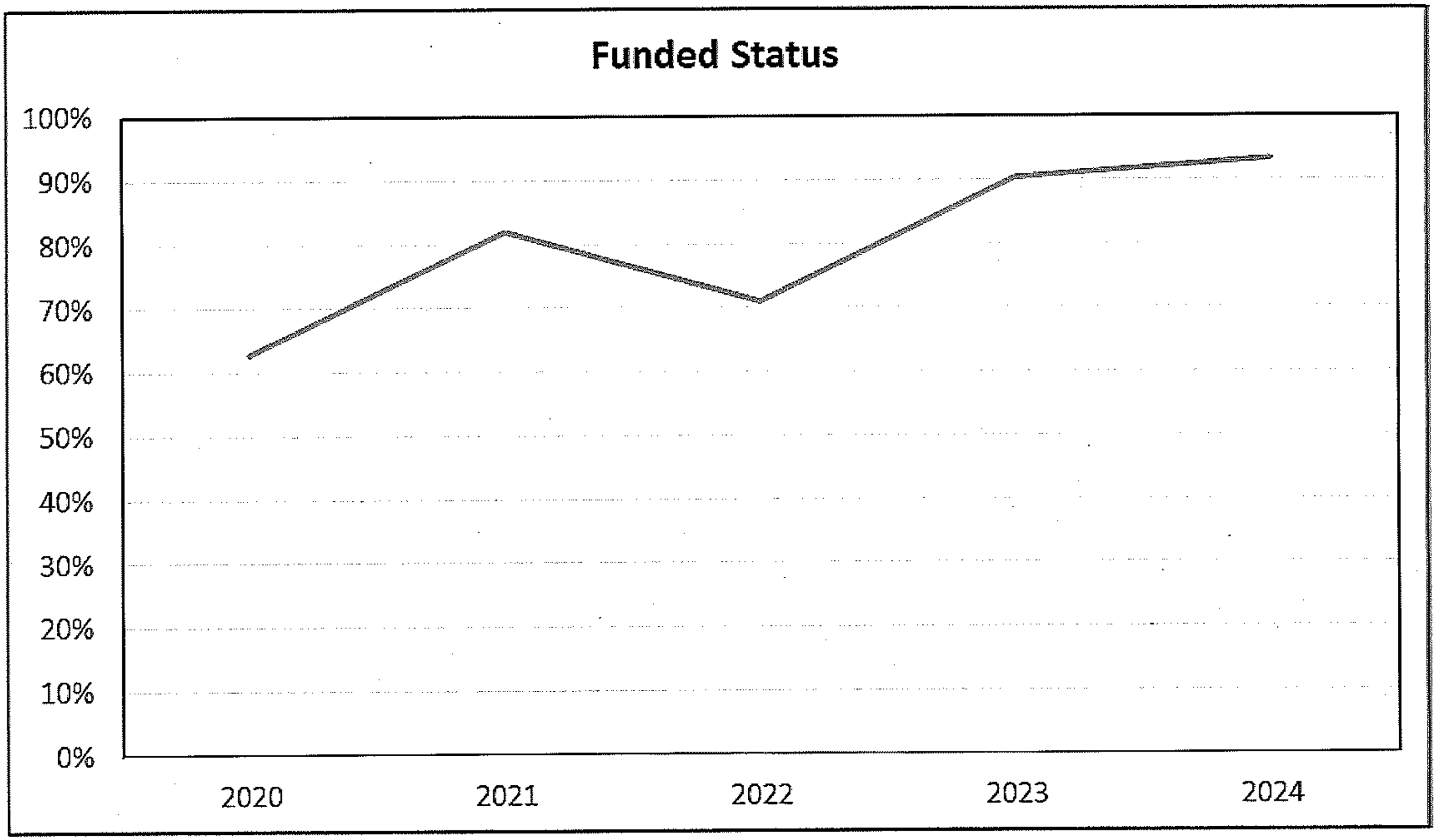
	2020	2021	2022	2023	2024
Employer Contributions	4,627,541	4,333,409	3,489,602	3,380,372	4,166,962
Employee Contributions	1,329,336	1,232,985	1,140,942	1,014,034	1,013,716
Premium Payments	(5,423,938)	(5,528,074)	(5,354,883)	(5,410,979)	(4,645,195)
Expenses	(100,184)	(102,093)	(103,471)	(114,565)	(115,972)
Net Investment Income	1,456,029	13,429,422	(6,814,455)	5,331,098	6,401,800

Current Results and Historical Information

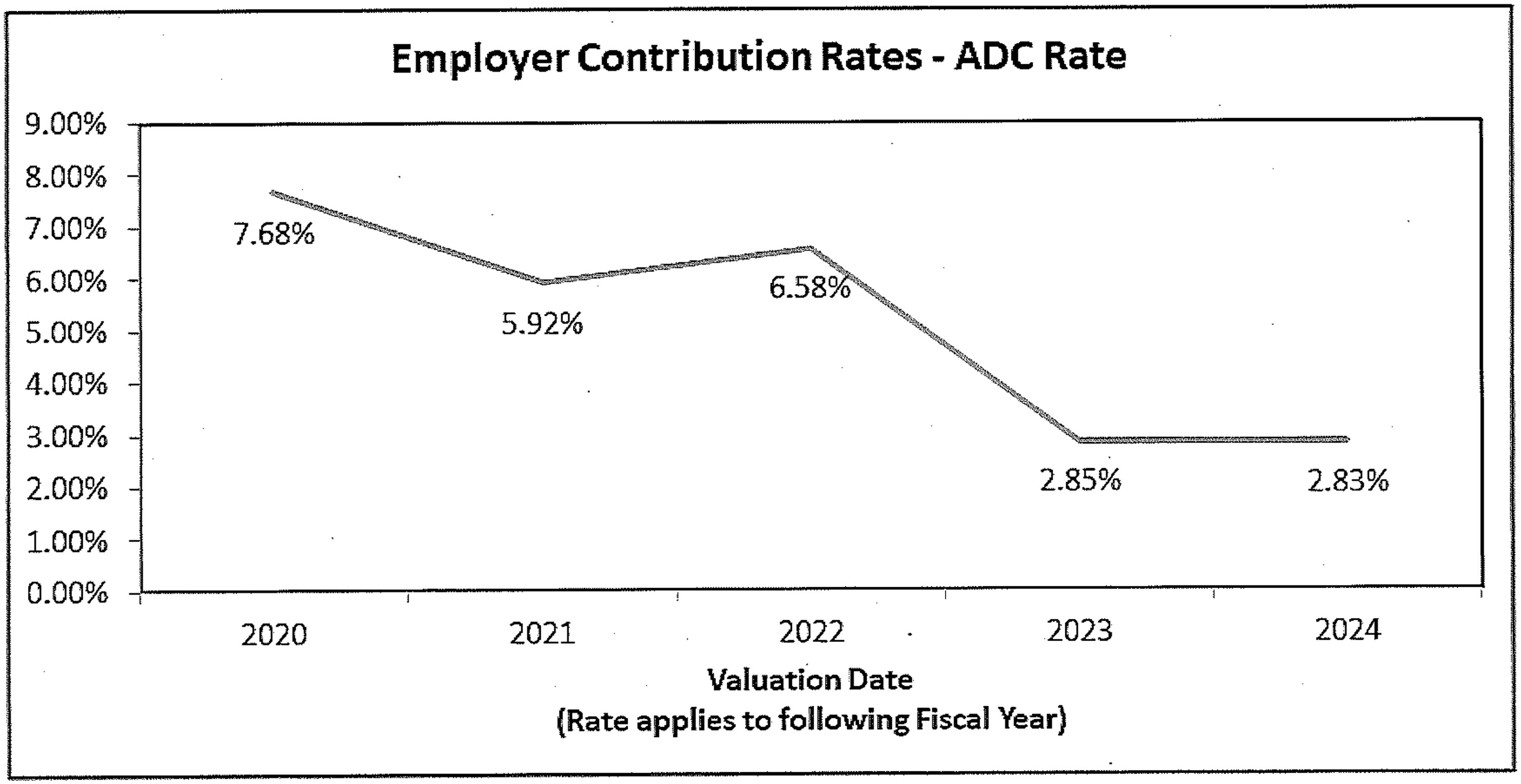


	2020	2021	2022	2023	2024
Total OPEB Liability	74,541,217	73,274,159	73,979,596	62,812,951	68,135,421
Fiduciary Net Position	46,819,166	60,184,815	52,542,550	56,742,510	63,563,821
Net OPEB Liability	27,722,051	13,089,344	21,437,046	6,070,441	4,571,600

Current Results and Historical Information



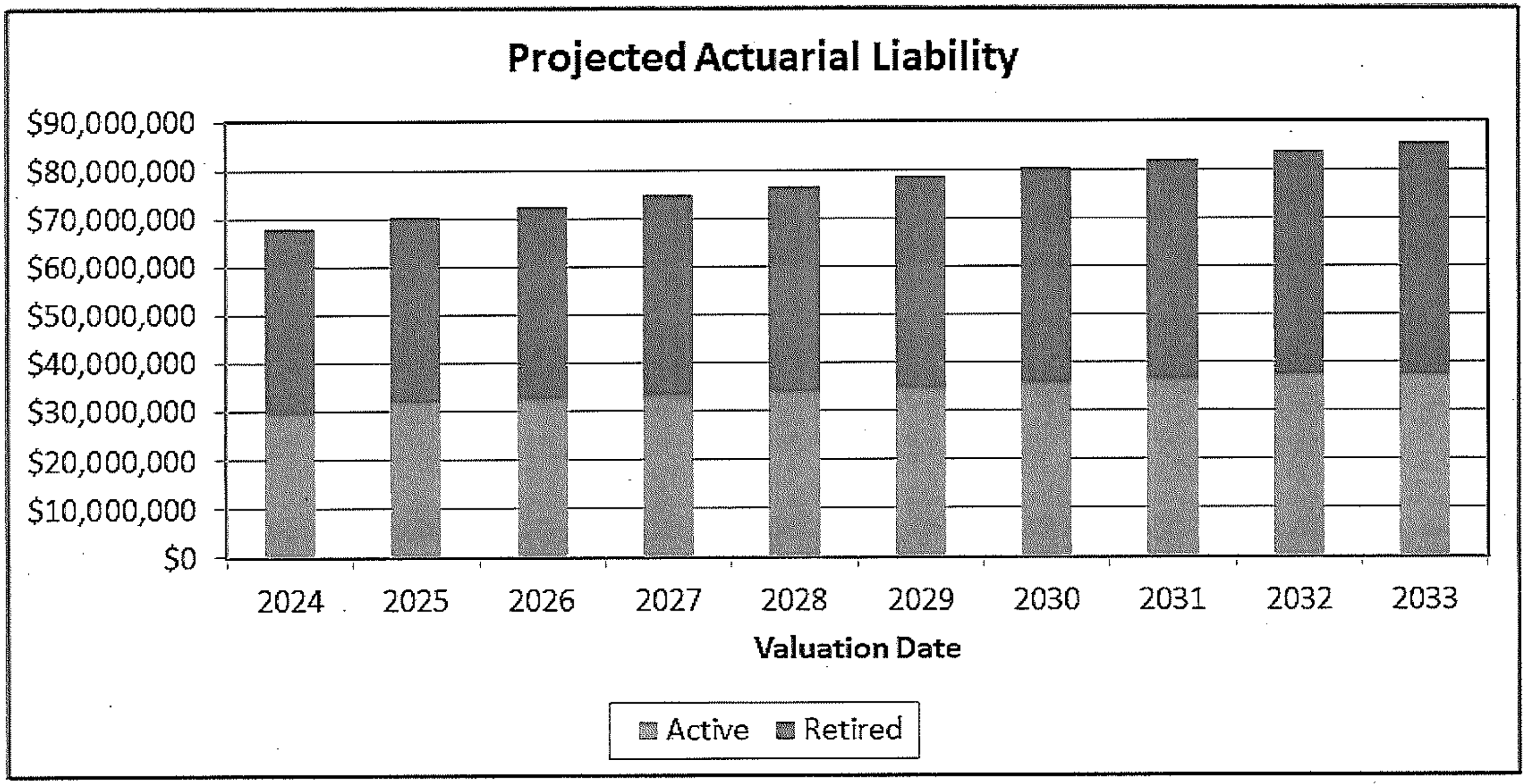
Current Results and Historical Information



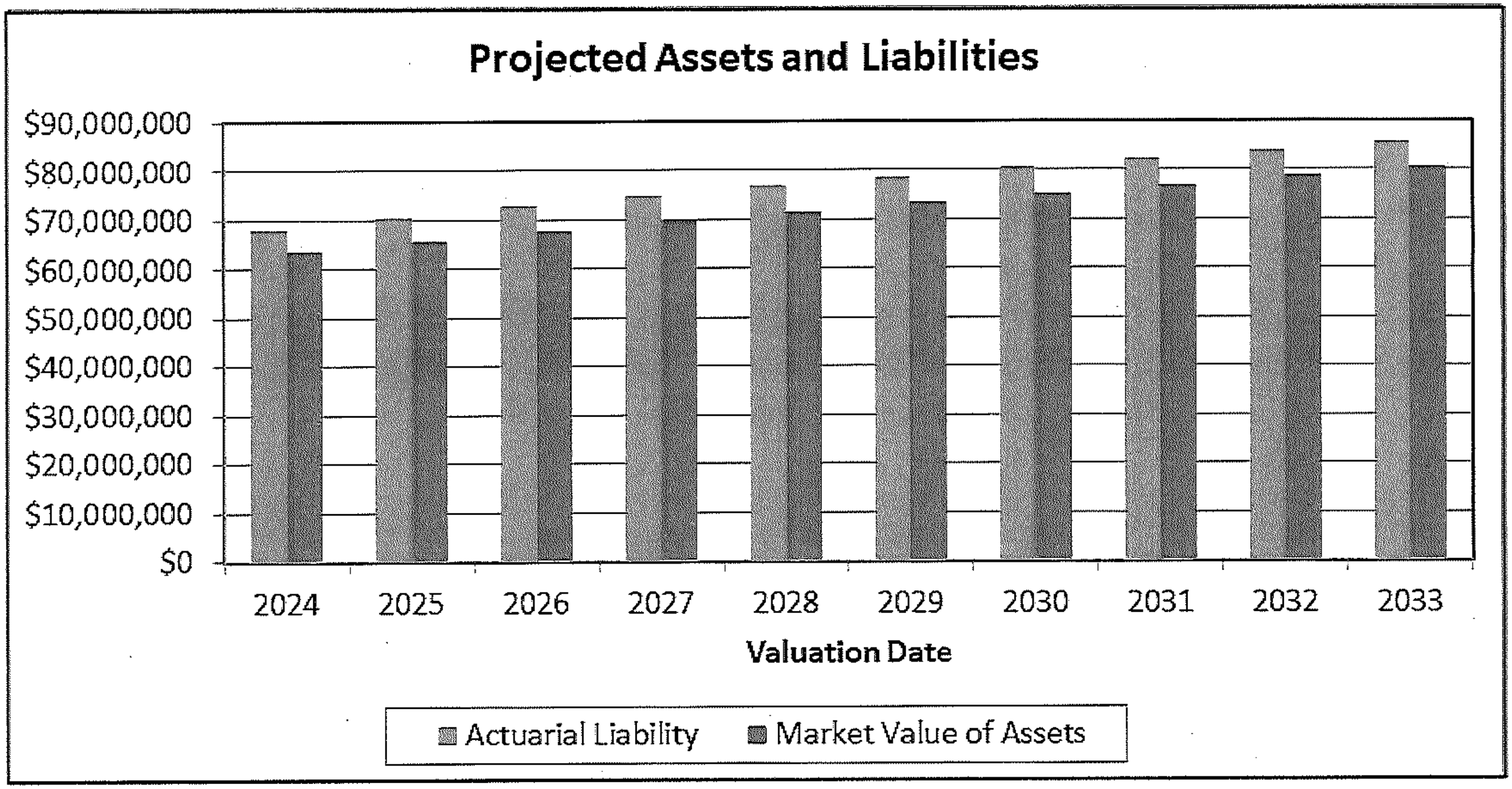
10 Year Projections

- Assume no changes in contribution strategies for the plan.
  - City assumed to contribute the ADC each year.
- Active population assumed to remain at current levels.
- Assets assumed to return 7.50% each year in the future.
- Medical trend assumed to be:
  - Pre-65: 7.50% year 1, decreasing to 4.50% after 20 years.
  - Post-65: 6.00% year 1, decreasing to 4.50% after 20 years.
- Dental trend assumed to be 4% per year.
- Covered payroll for amortization payment increases 3% per year.
- All other actuarial assumptions assumed to be realized.

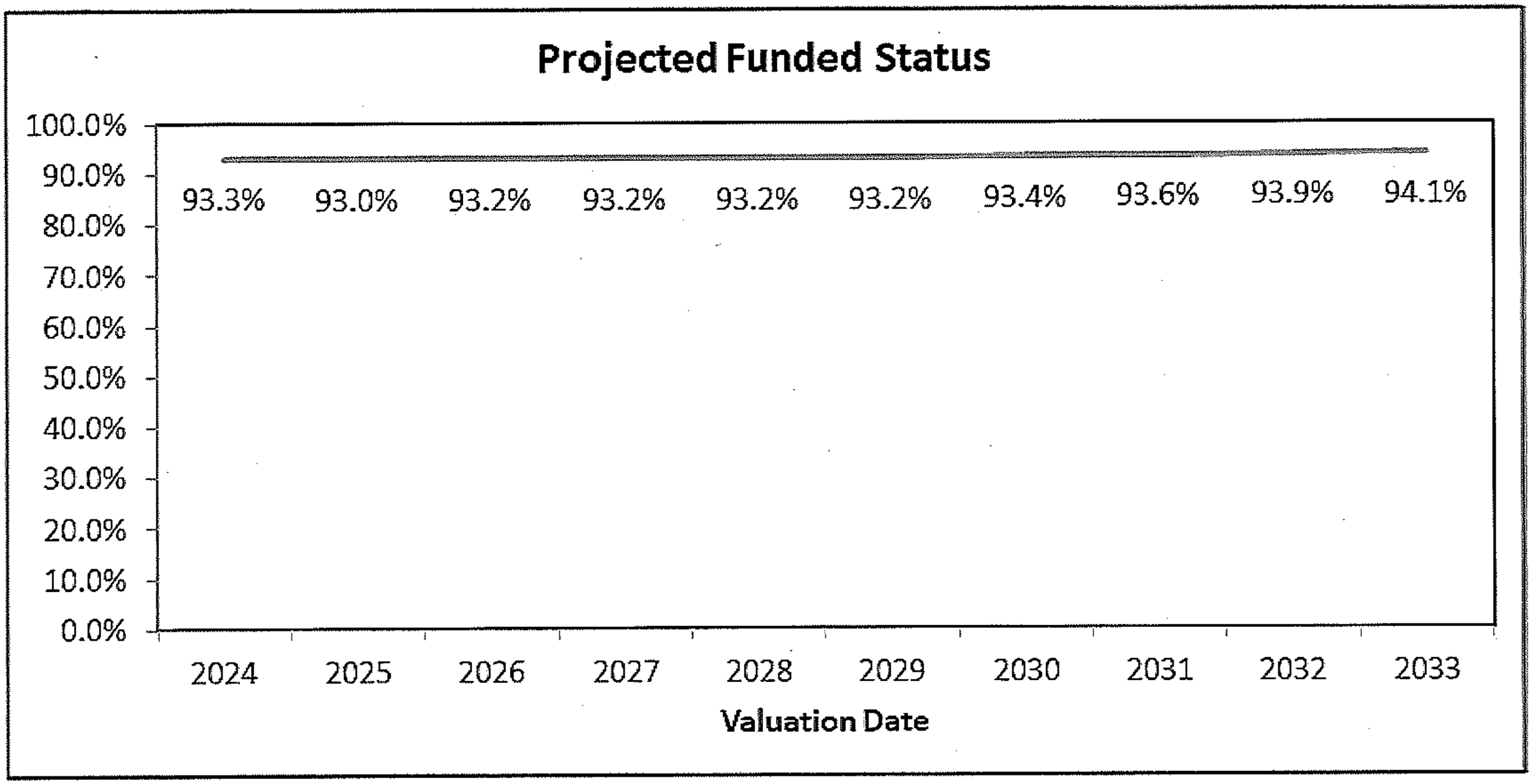
10 Year Projections



10 Year Projections

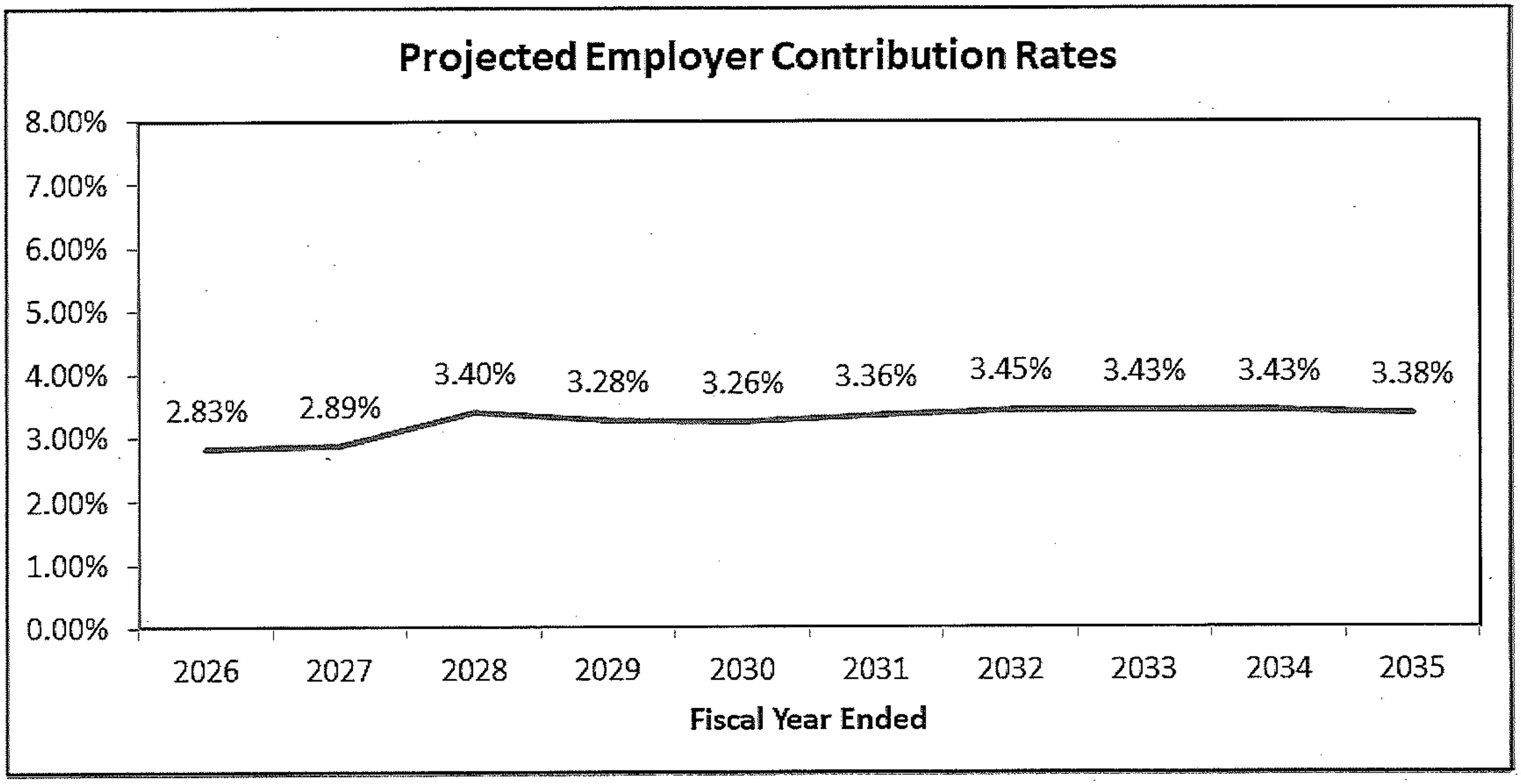


10 Year Projections

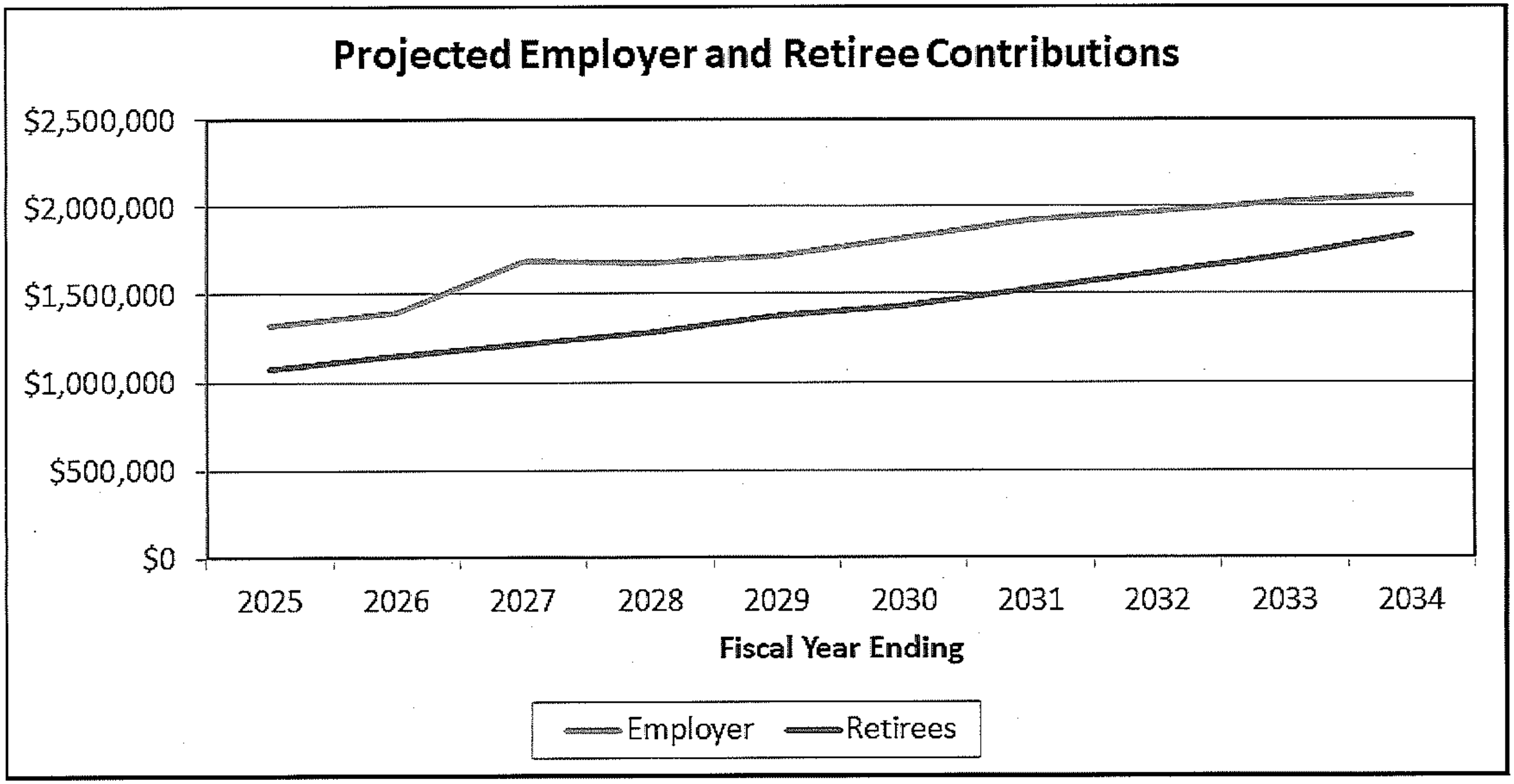


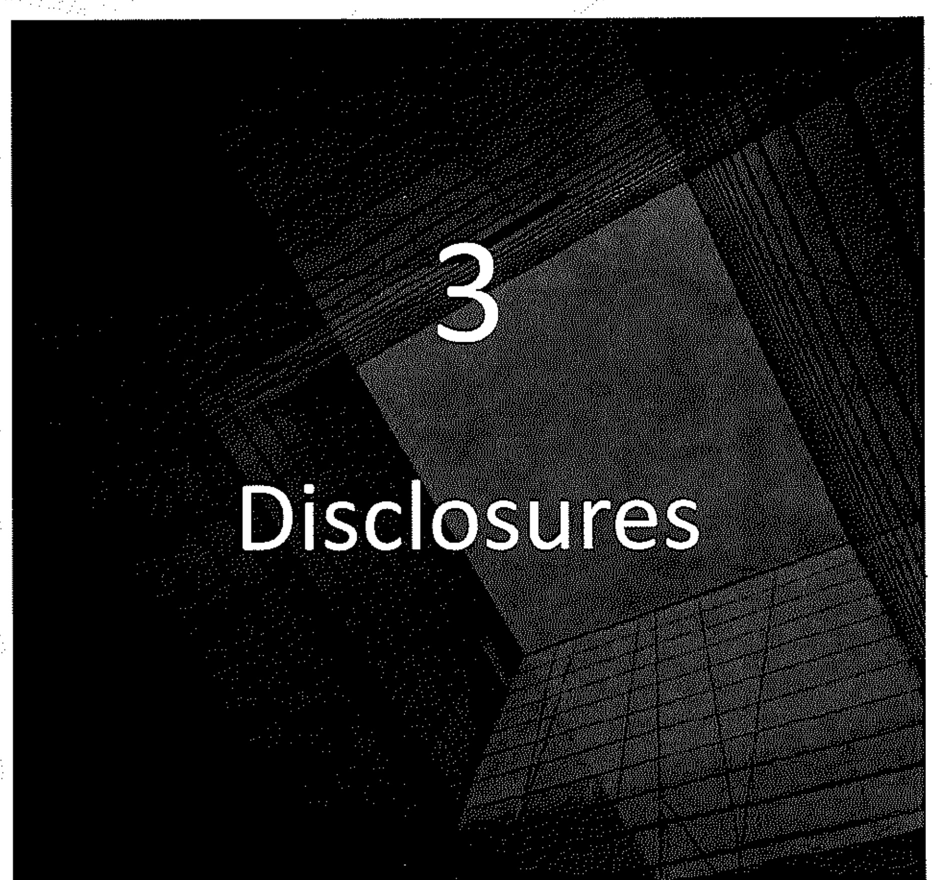
Funded status is projected to increase slightly, assuming the ADC is fully funded each year.

10 Year Projections



10 Year Projections




3
Disclosures

Plan Provisions, Assumptions and Methods

- All calculations have been made in conformance with generally accepted actuarial principles using assumptions and methods which are each individually reasonable based on past experience and expectations of future experience.

- A description of plan provisions, assumptions, census data and methods can be found in the most recent actuarial valuation report for the plans.

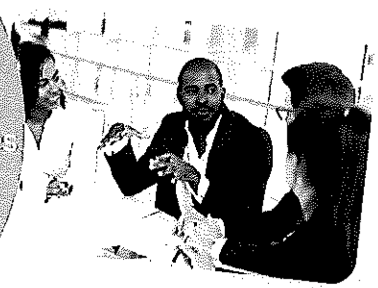
YOU'RE INVITED

NOVEMBER 21, 2024
1:00 - 2:30 PM
COUNCIL CHAMBER

Parliamentary Procedures Seminar

Who Should Attend?

- Staff liaisons to boards
- Board/Committee Chairs
- Board/Committee Secretaries or other designee
- Staff interested in running effective meetings



Walter C. Erwin, former Lynchburg City Attorney

Walter received his law degree from the T. C. Williams School of Law in 1976. He joined the Lynchburg City Attorney's Office in 1980 and served as the City Attorney until he retired in 2021. Walter has served as the president of the Local Government Attorneys Association and as president of the Virginia Council of School Attorneys. In 2007 he received the LGA's Edward J. Finnegan Award as someone who has made significant contributions to the practice of local government law. In 2016 was appointed by the Governor to serve on the newly created Virginia Conflict of Interest and Ethics Advisory Council and served a six-year term. In 2020 the Local Government Attorney's Association renamed its Special Projects Award as the Walter C. Erwin, Special Projects Award. Since he retired, Walter has been teaching a course on State and Local Government Law at Liberty University Law School. Over the years Walter has made numerous presentations on Robert's Rules of Order and parliamentary procedure to local government attorneys, local governing bodies, and a variety of public agencies.