

RETIREMENT COMMISSION MINUTES

The Retirement Commission met on Wednesday, September 24, 2025. The following members were present: Jason Vandever, Samuel Sanders, Chris Cullinan, Brian Pinkston, Ben Cullop, Casey Parker, Lindsay Ideson, Phillip Garber, Josh Bontrager, Joe Gilkerson. Absent: Tony Newberry. Others present: Lisa Burch, Sara Butler, Jamie Valencia, Greg McNeillie.

This meeting was held in the CitySpace Large Conference Room.

Call to Order

Jason Vandever called the meeting to order at 8:33 AM. On a motion by Brian Pinkston, seconded by Chris Cullinan, the Commission unanimously adopted the meeting agenda.

Approval of Minutes

The minutes from the August 2025 meeting were approved unanimously.

Annual Financial Review

Greg McNeillie from Dahab introduced himself, reviewed the investment returns for the Charlottesville Retirement System Defined Benefit plan portfolio for the period ending 6/30/2025, and answered questions from the Commission members. The gross return at the end of the fiscal year was 12.2% and the net return was 11.7%. He noted that the Charlottesville retirement system outperformed VRS this fiscal year. As of 6/30/2025, the assets in the DB plans totaled \$251,926,273.

Closed Session

Pursuant to section 2.2-3712 of the Virginia Code, Chris Cullinan made a motion that the Charlottesville Retirement Commission should close the meeting and convene in a closed session to discuss a Public Safety Disability Retirement claim.

On a motion by Chris Cullinan, the Retirement Commission certified by a unanimous recorded vote that to the best of each Commissioner's knowledge only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the Motion convening the closed session were heard, discussed or considered in the closed session.

Disability Retirement Claim

The Retirement Commission voted unanimously to deny the Public Safety Disability Retirement claim that was discussed in closed session.

New Business

Phil Garber pointed out that about 2% of total payments to retirees were made to disability retirees.

Lisa Burch noted that the November meeting will be combined with the December meeting and will take place on December 3, 2025.

Adjournment

The meeting adjourned at 9:44 AM.

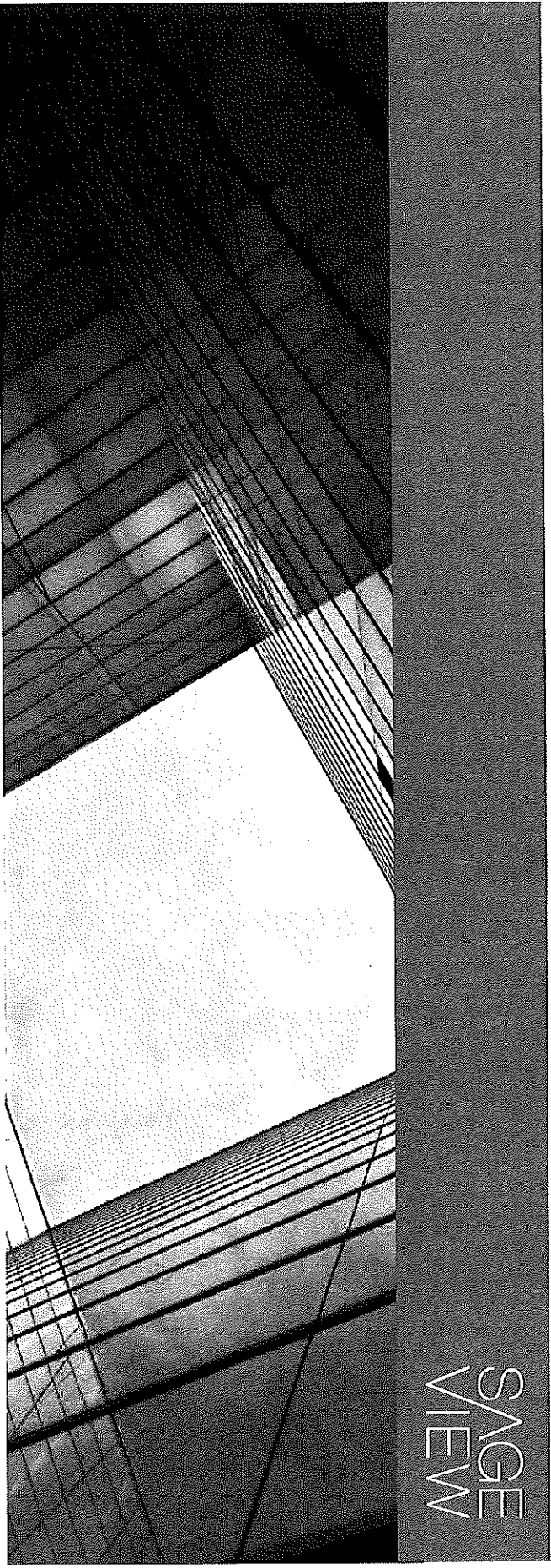


City of Charlottesville

Retirement and Postretirement Benefits Plans

July 1, 2025 Valuation Results

October 22, 2025

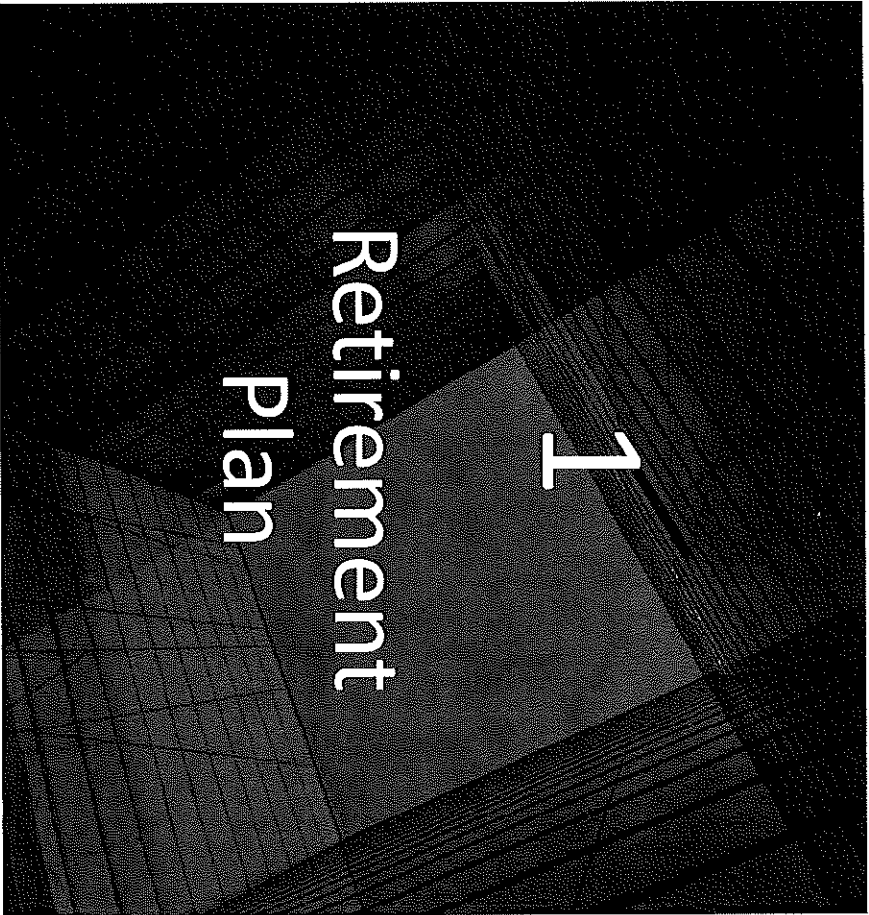




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Commentary

- Investment performance
 - Return on Fiduciary Net Position was 11.00% for financial reporting.
 - Return on Actuarial Asset Value was 5.61%.
 - 4-year smoothing for contribution rates.
 - Assumed return is 7.50%.
- Net Pension Liability for GASB reporting
 - Decreased from \$77.2M to \$60.7M due to investment performance in excess of assumed, an additional \$1.1M employer contribution for Teamsters pay increase and additional employer contributions to aid the funded status.
 - The GASB 67/68 funded status increased from 69.1 to 76.2%.
- Actuarially Determined Contribution (ADC)
 - Decreases from 22.18% (fiscal 2026) to 19.44% (fiscal 2027).





Commentary

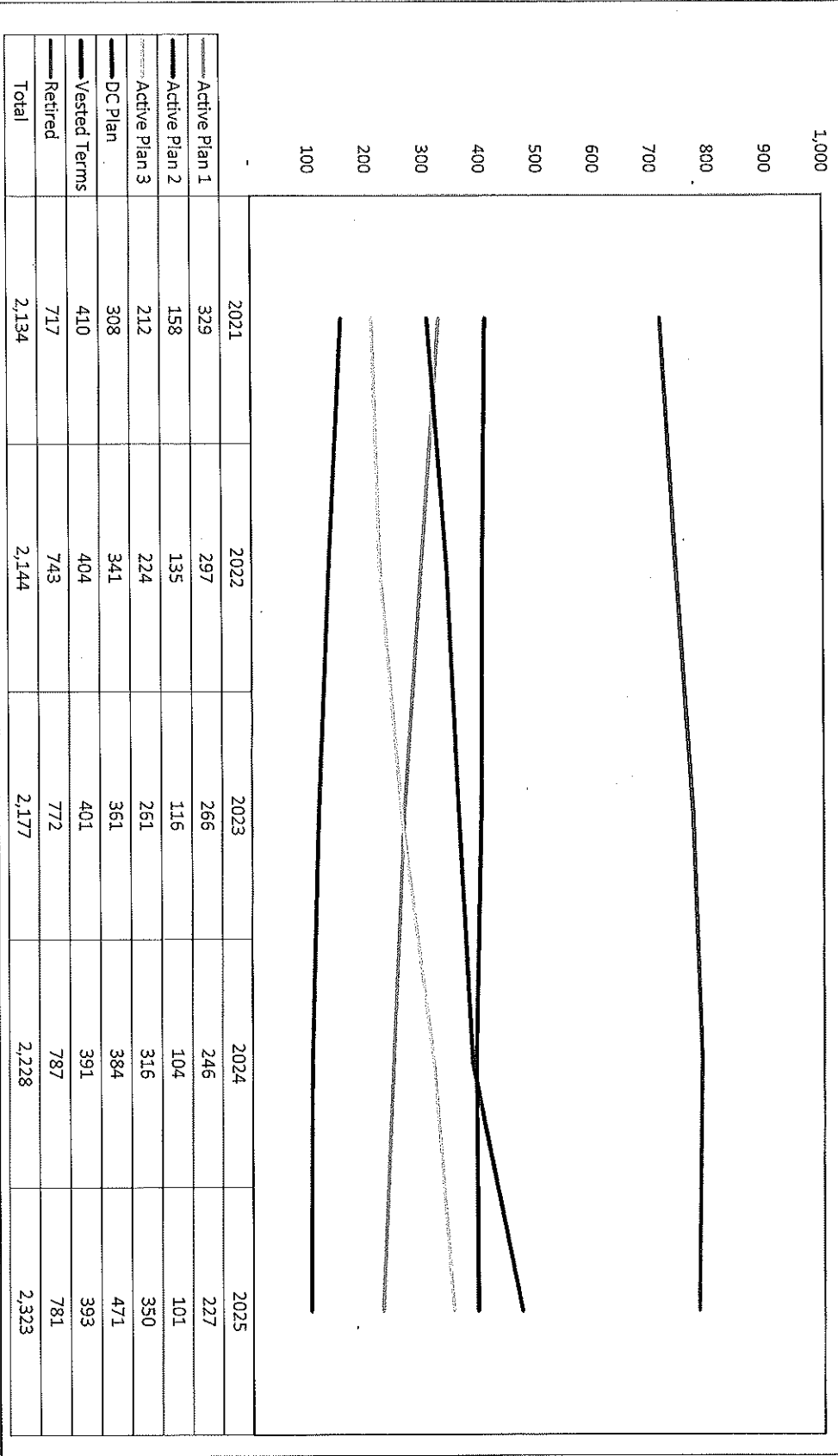
- Actuarial assumptions and methods
 - An experience study was completed for the 5-year period ended June 30, 2024, resulting in changes to several assumptions used to complete the valuation.
 - The net increase in liability due to the assumptions changes was \$941K.
 - To determine contribution rates, the unfunded liability as of June 30, 2020 is being amortized over a period of 15 years consistent with the previous experience study methodology.
 - 10 Years remaining as of July 1, 2025.
 - Future actuarial gains (losses) are also amortized over a period of 15 years.
- Plan provisions
 - The plan was amended to allow 401(a) sworn public safety employees to be eligible for the pension plan's disability benefits. The increase to liability was de minimis and was funded through excess employer contributions
 - Increased employee contributions are not being used to offset future employer contributions.
 - A COLA of 1% was granted effective July 1, 2025; this was equal to our 1% assumption.





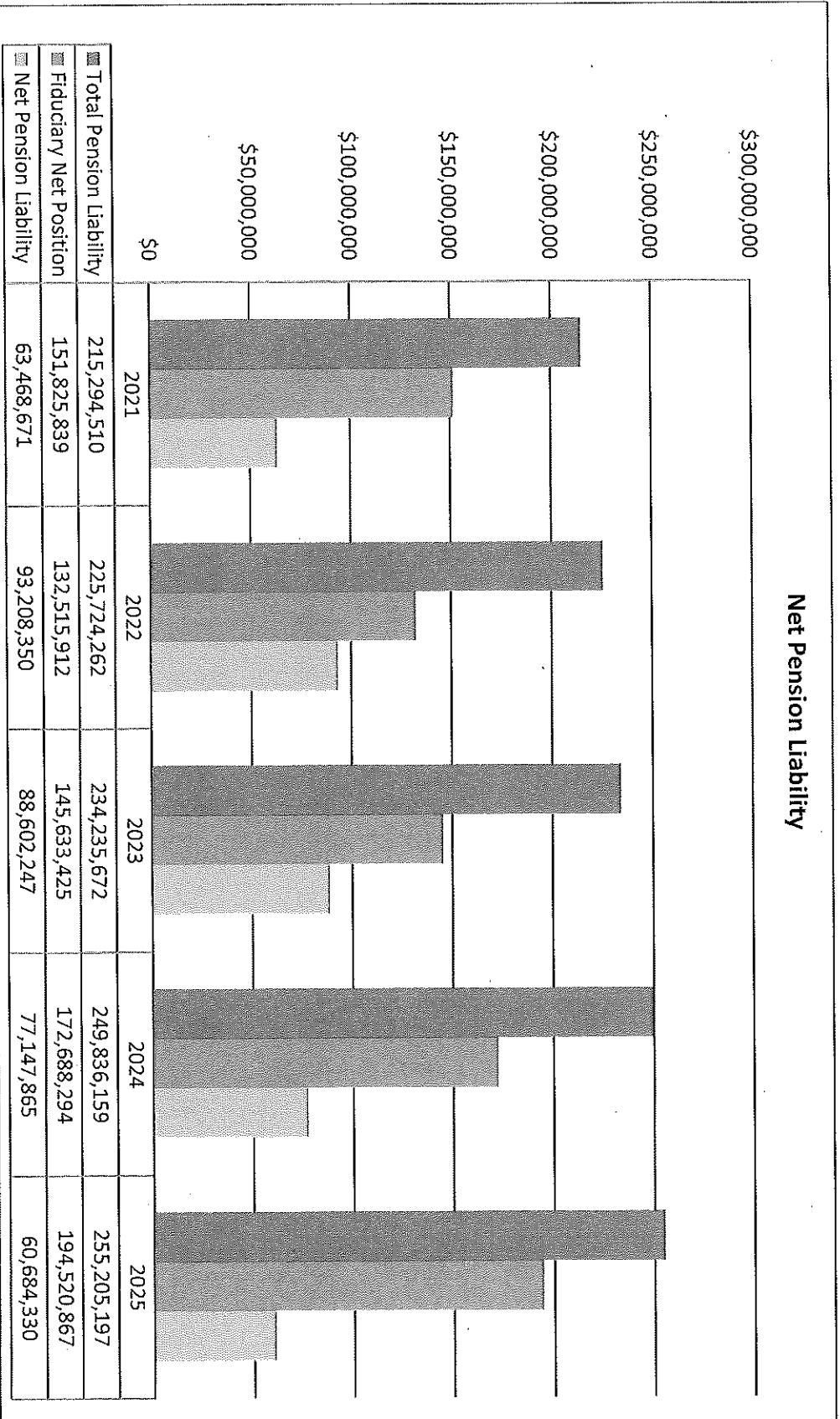
Current Results and Historical Information

Membership



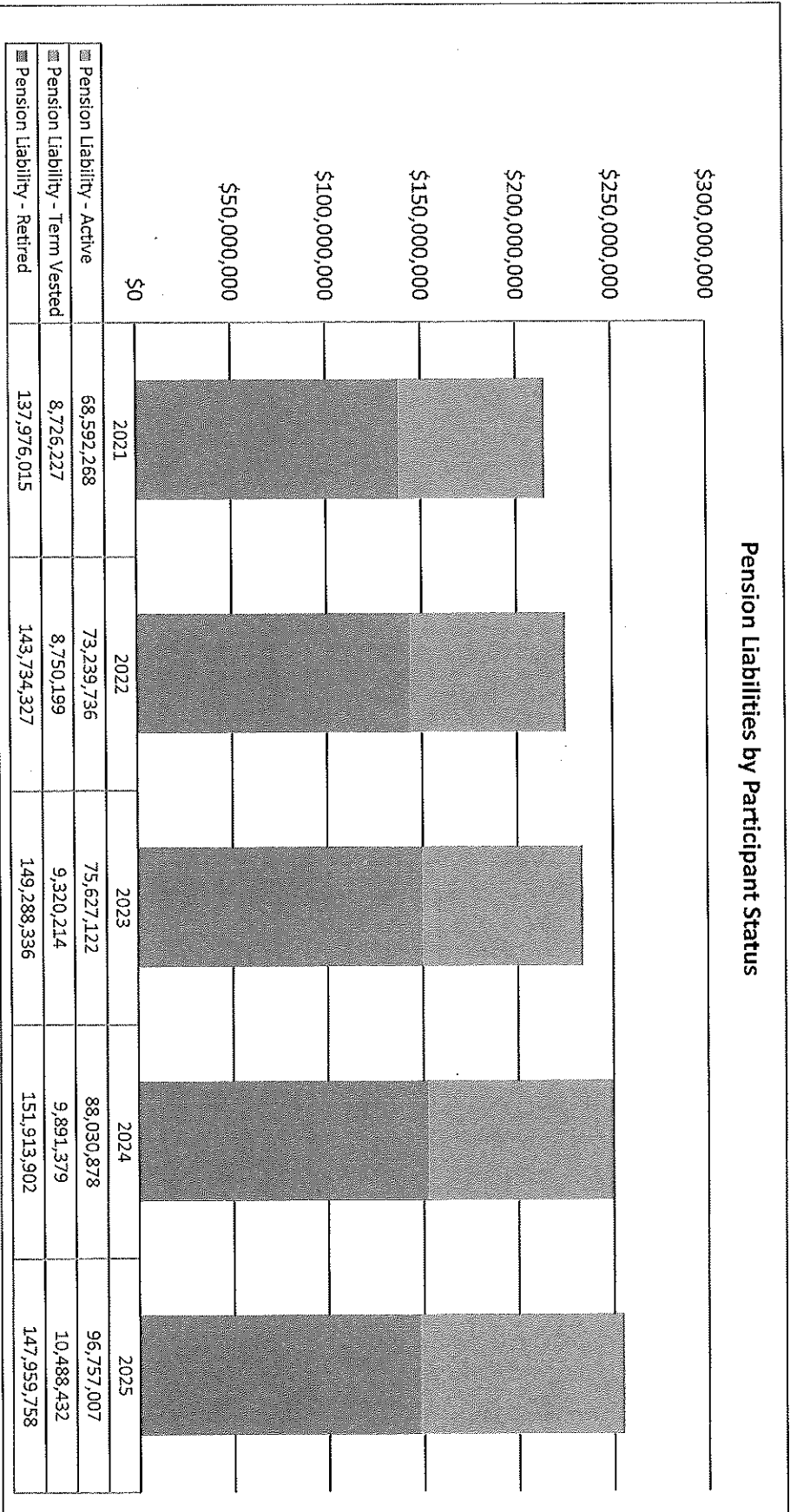


Current Results and Historical Information





Current Results and Historical Information

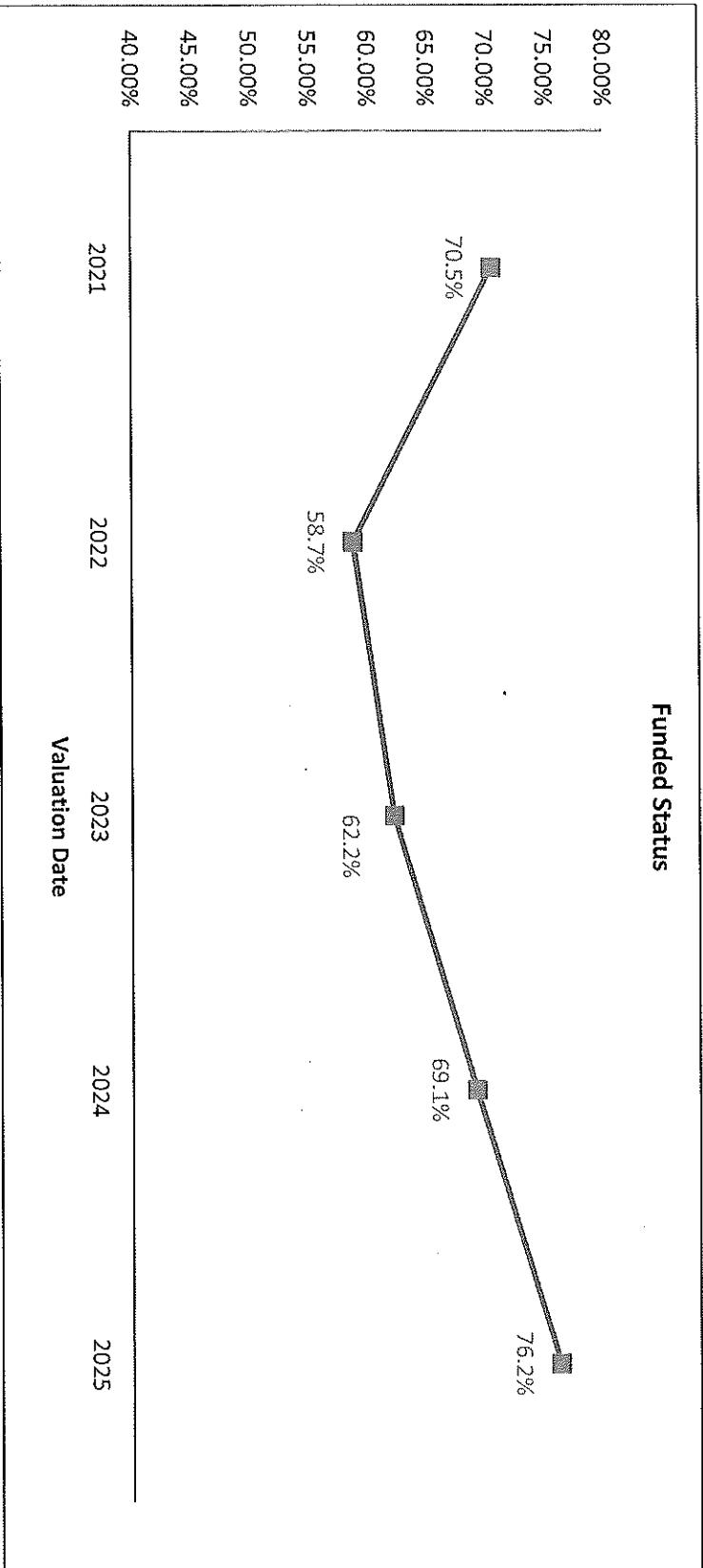


In 2025, Retired and Terminated Participants account for 62% of the Total Pension Liability.



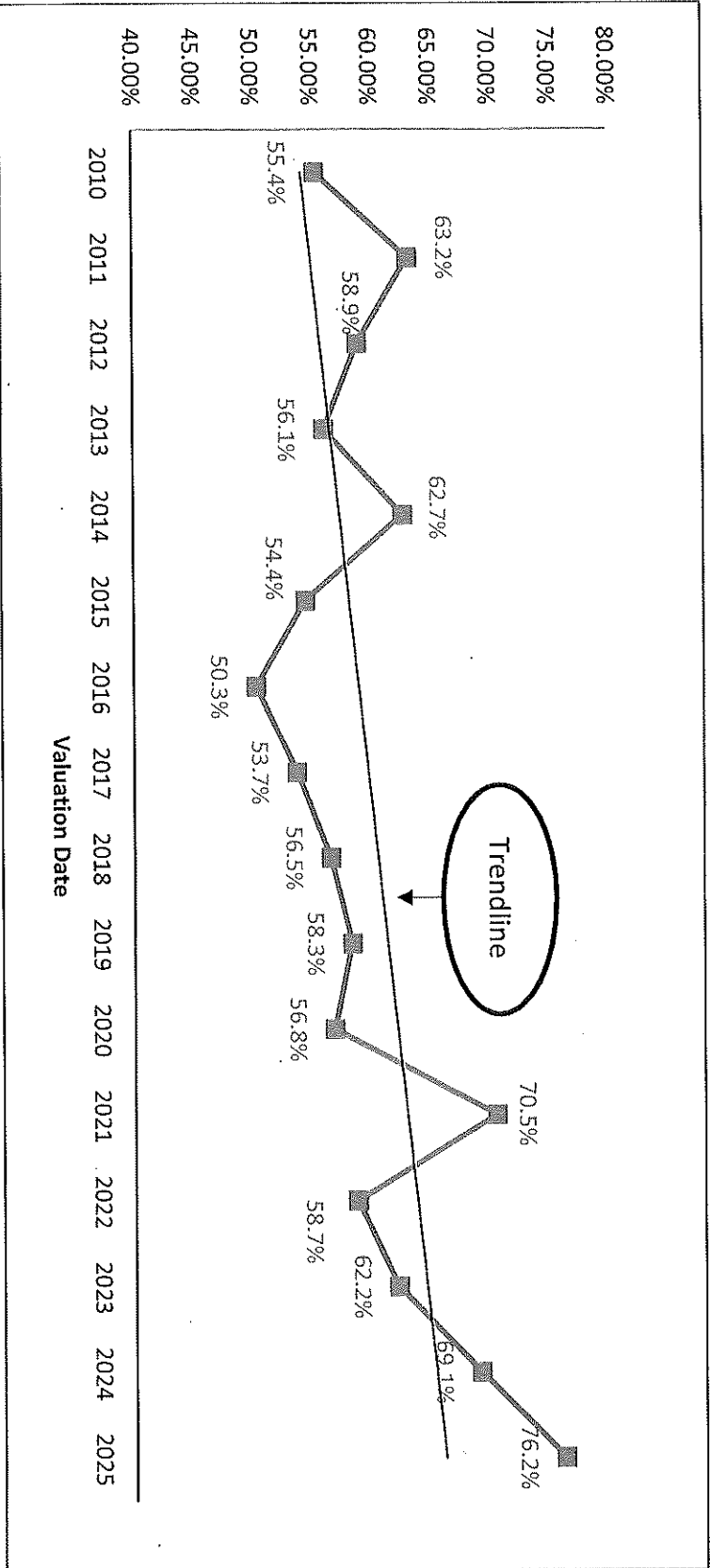


Current Results and Historical Information



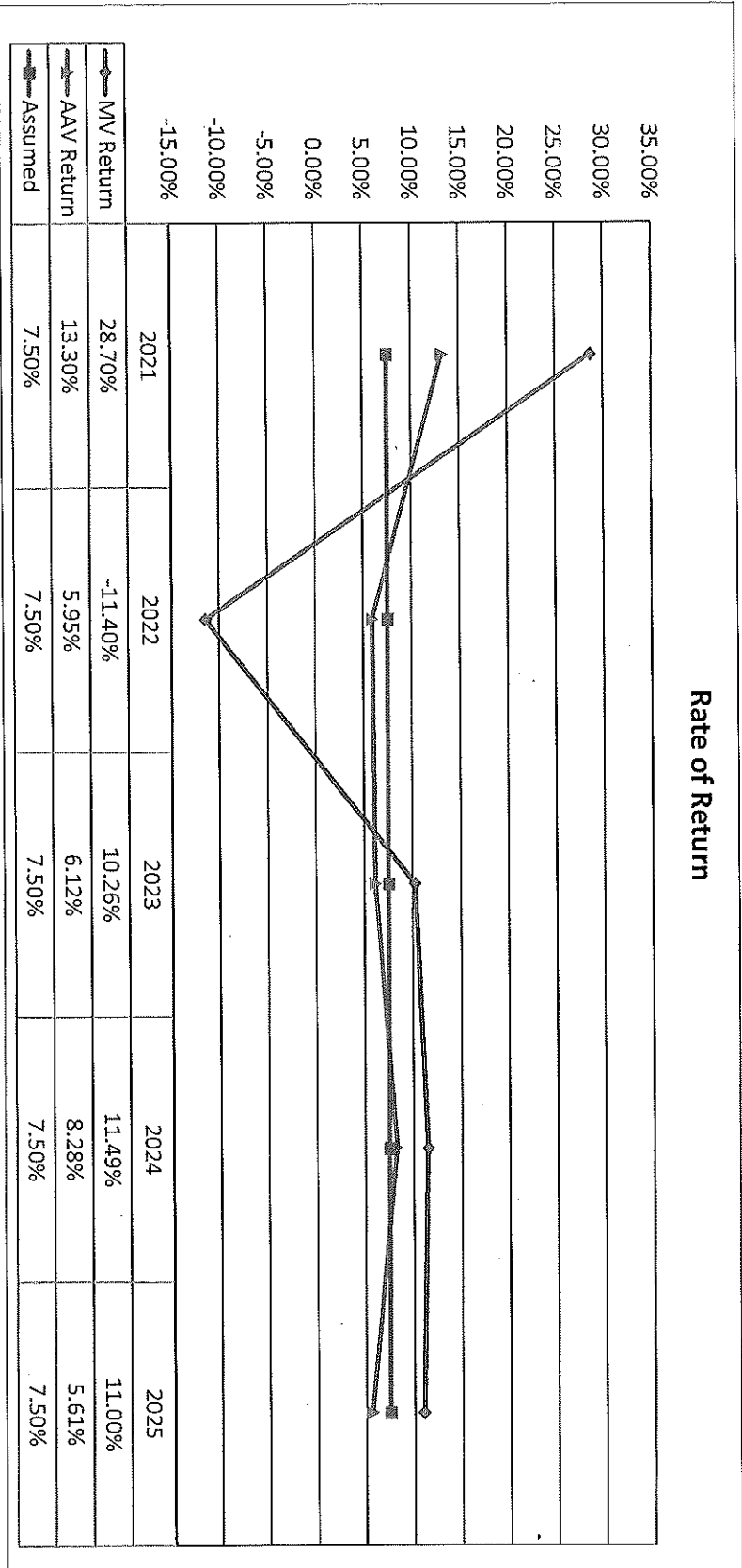


Current Results and Historical Information





Current Results and Historical Information



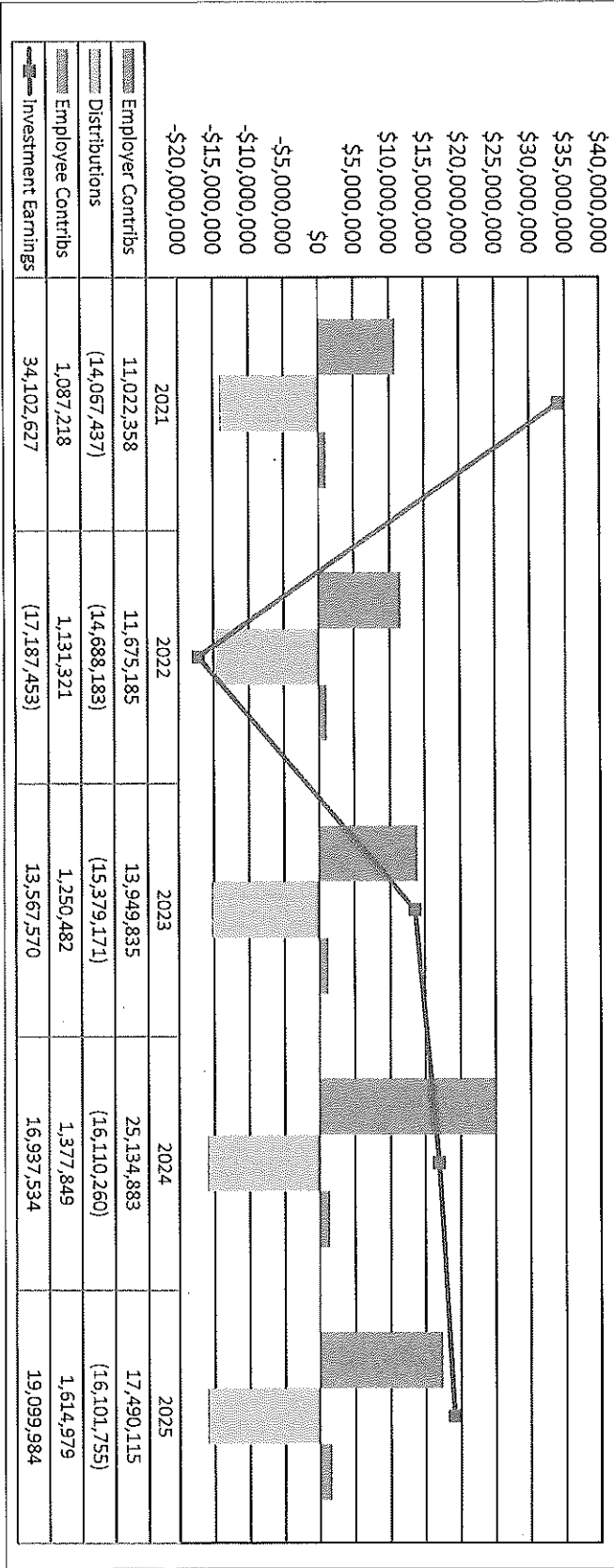
- The 5-year average returns as of June 30, 2025 were as follows:
- Market Value: 10.01%
- Actuarial Asset Value: 7.85%





Current Results and Historical Information

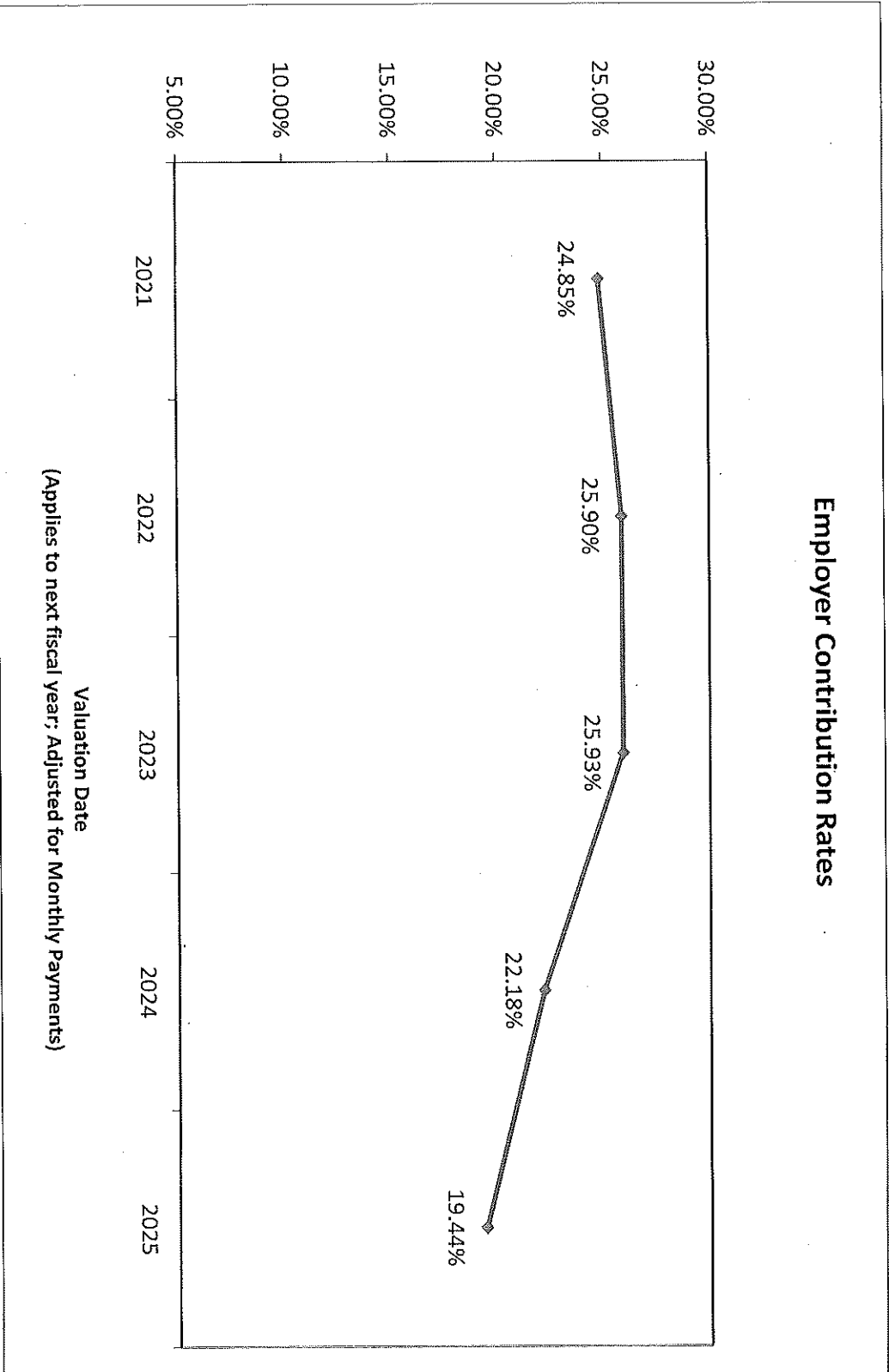
Contributions, Distributions, and Investment Earnings





Current Results and Historical Information

Employer Contribution Rates





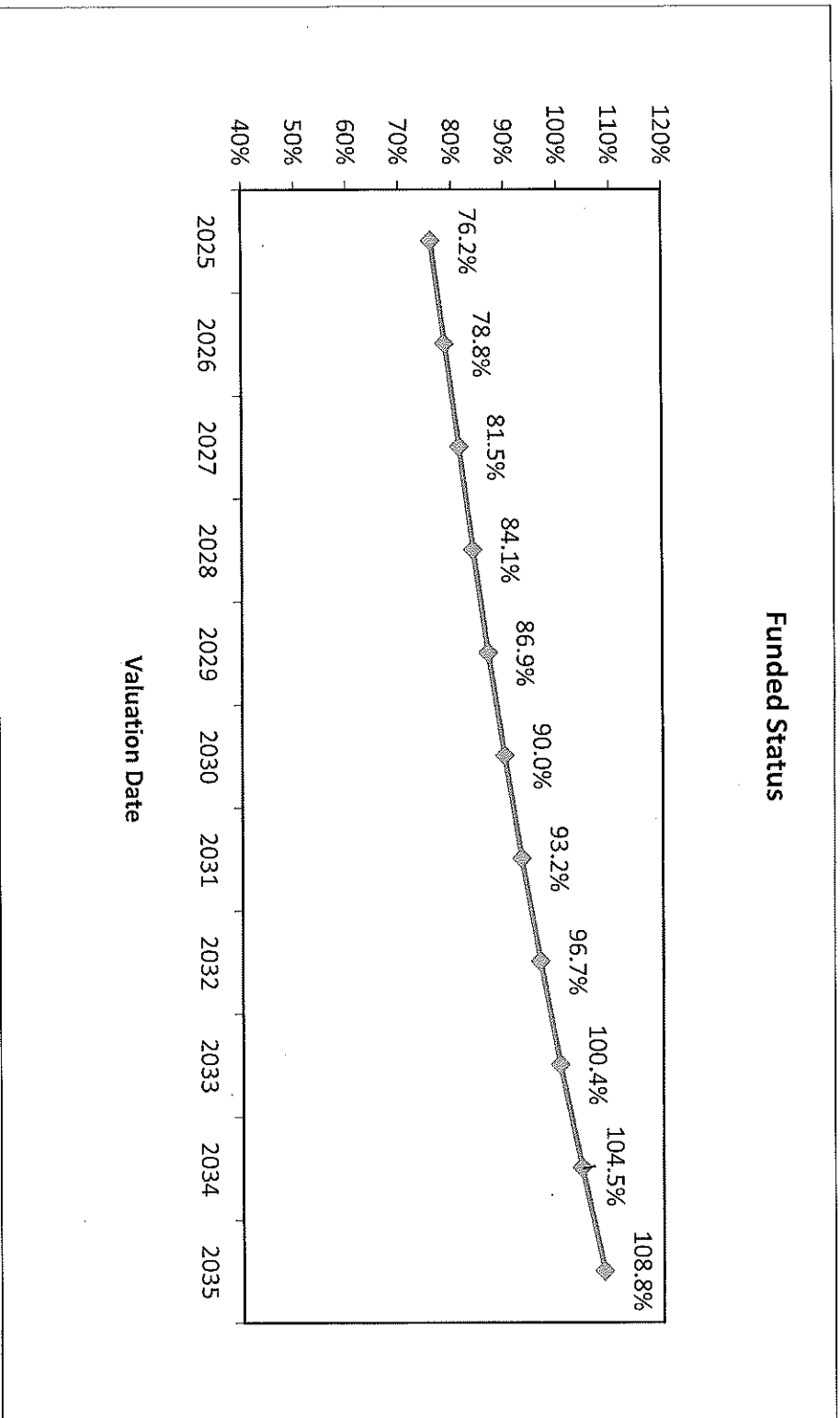
10 Year Projections

- 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 3.5% 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



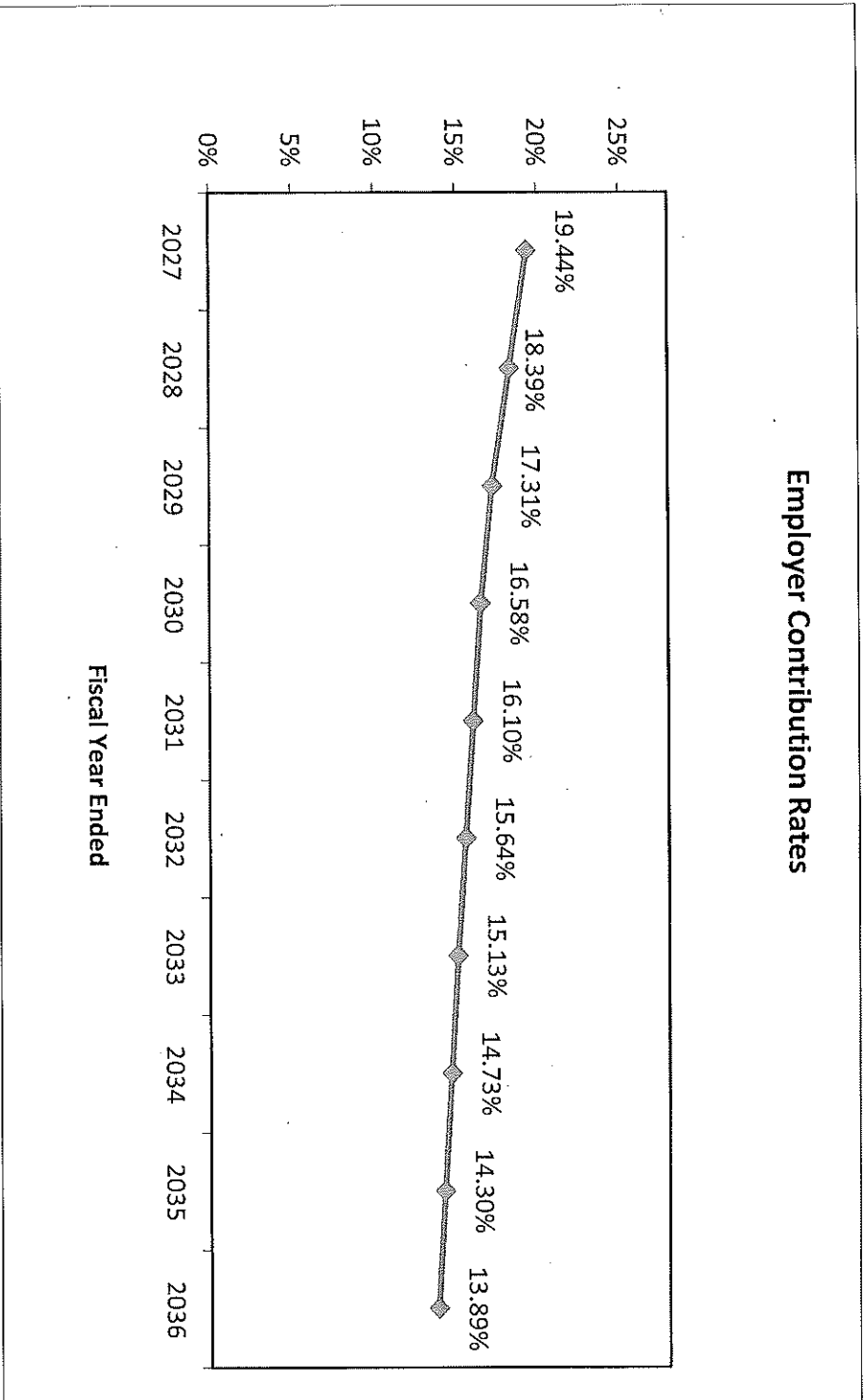
The funded status is projected to increase to 80.0% in 2027 and 100.0% by 2033 assuming an annual return on assets of 7.5% and full funding of the ADC.





10 Year Projections

Employer Contribution Rates



Contribution rates are expected to decline as the funded status improves, if all assumptions are realized.





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Postretirement Benefits Plan



Commentary

- Actuarial assumptions and methods
 - The trend assumption was adjusted from last year.
 - An experience study was completed for the 5-year period ended June 30, 2024, resulting in changes to several assumptions used to complete the valuation.
- Claims Experience
 - The claims experience resulted in a slight increase in premiums from the prior year
 - This increase produced an actuarial loss for the year of approximately \$2.5 million (3.53% increase)
- Plan provisions
 - No changes since the last valuation.





Commentary

- Investment performance for 2024-2025 plan year
 - Assumed return on assets of 7.50%.
 - Estimated return was 11.00%.
 - This resulted in a \$2.2 million gain for the year.
- Funded status
 - Decreased slightly from 93.3% to 93.0%.
- Annual Required Contribution
 - Decreased from 2.85% (fiscal 2025) to 2.83% (fiscal 2026) and then increased to 3.18% (fiscal 2027).
 - There was a supplemental contribution from the City during the fiscal year ending June 30, 2025 of \$66,000.





Current Results and Historical Information

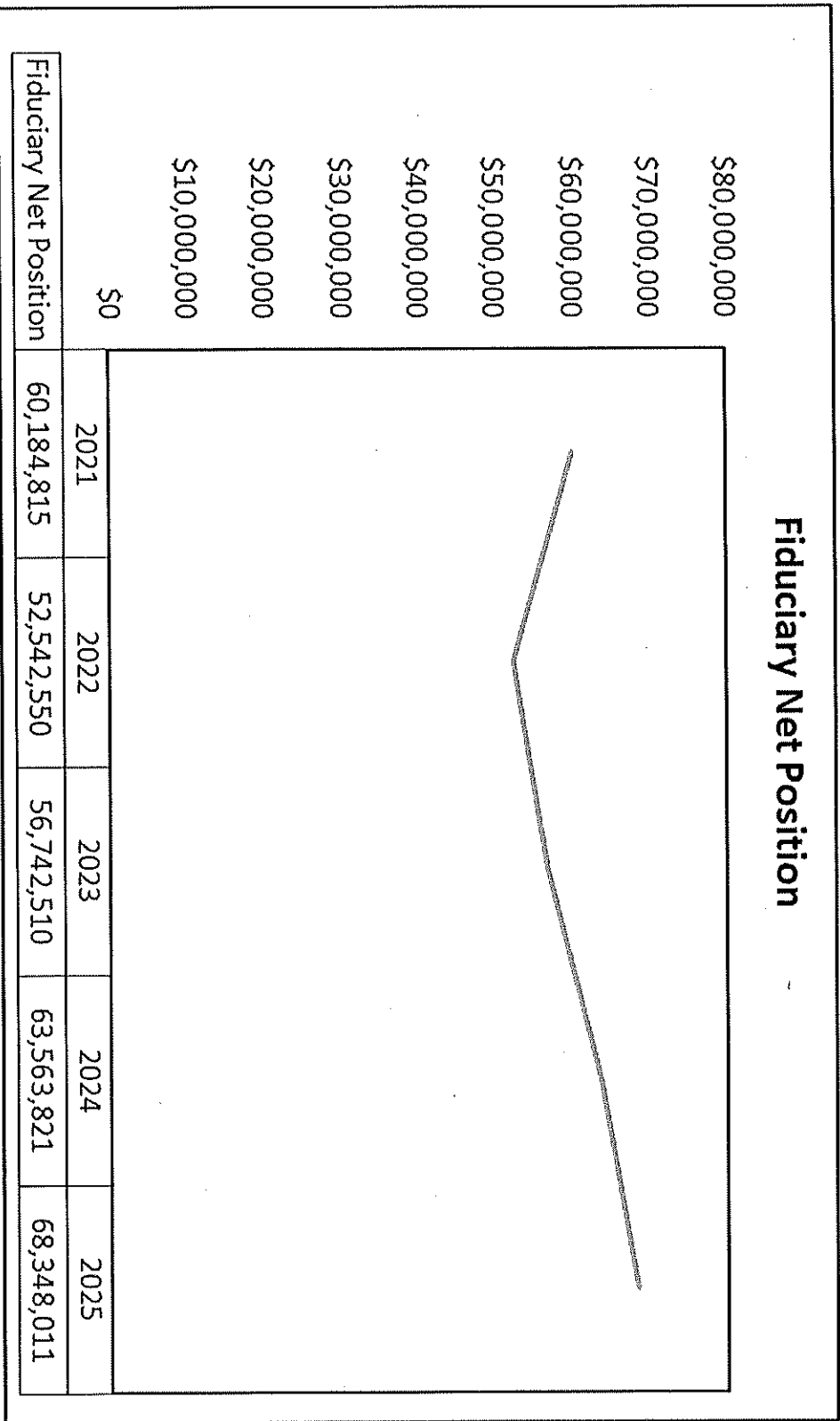
Membership					
1,800					
1,600					
1,400					
1,200					
1,000					
800					
600					
400					
200					
0					
	2021	2022	2023	2024	2025
Active	1,001	991	1,012	1,090	1,120
Retired	567	573	571	573	552
Total	1,568	1,564	1,583	1,663	1,672

Of the 1,120 actives at 7/1/2025, there are 124 (140 last year) grandfathered, 164 (173 last year) non-grandfathered Plan 1 participants and 832 (777 last year) Plan 2 participants.





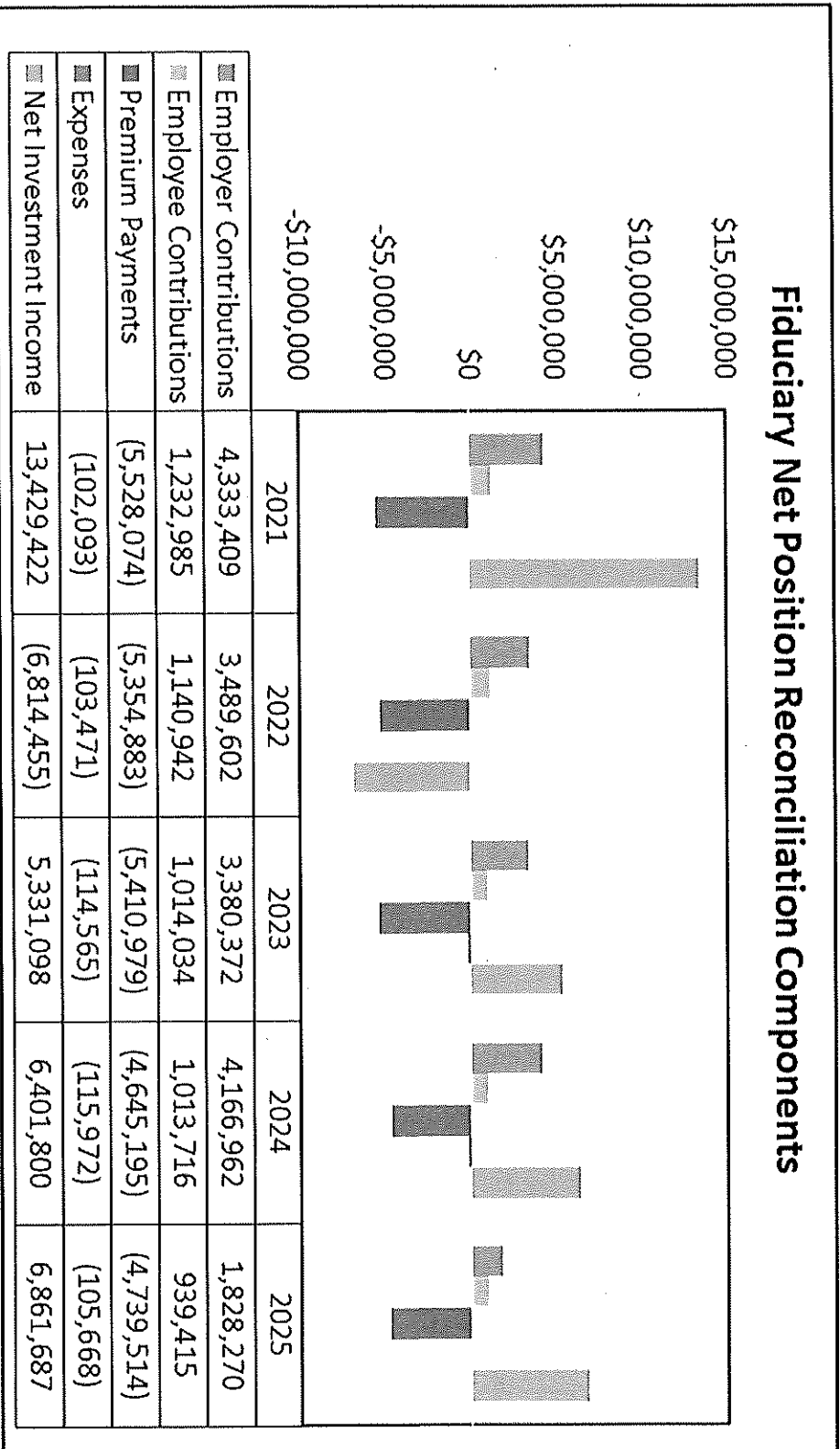
Current Results and Historical Information





Current Results and Historical Information

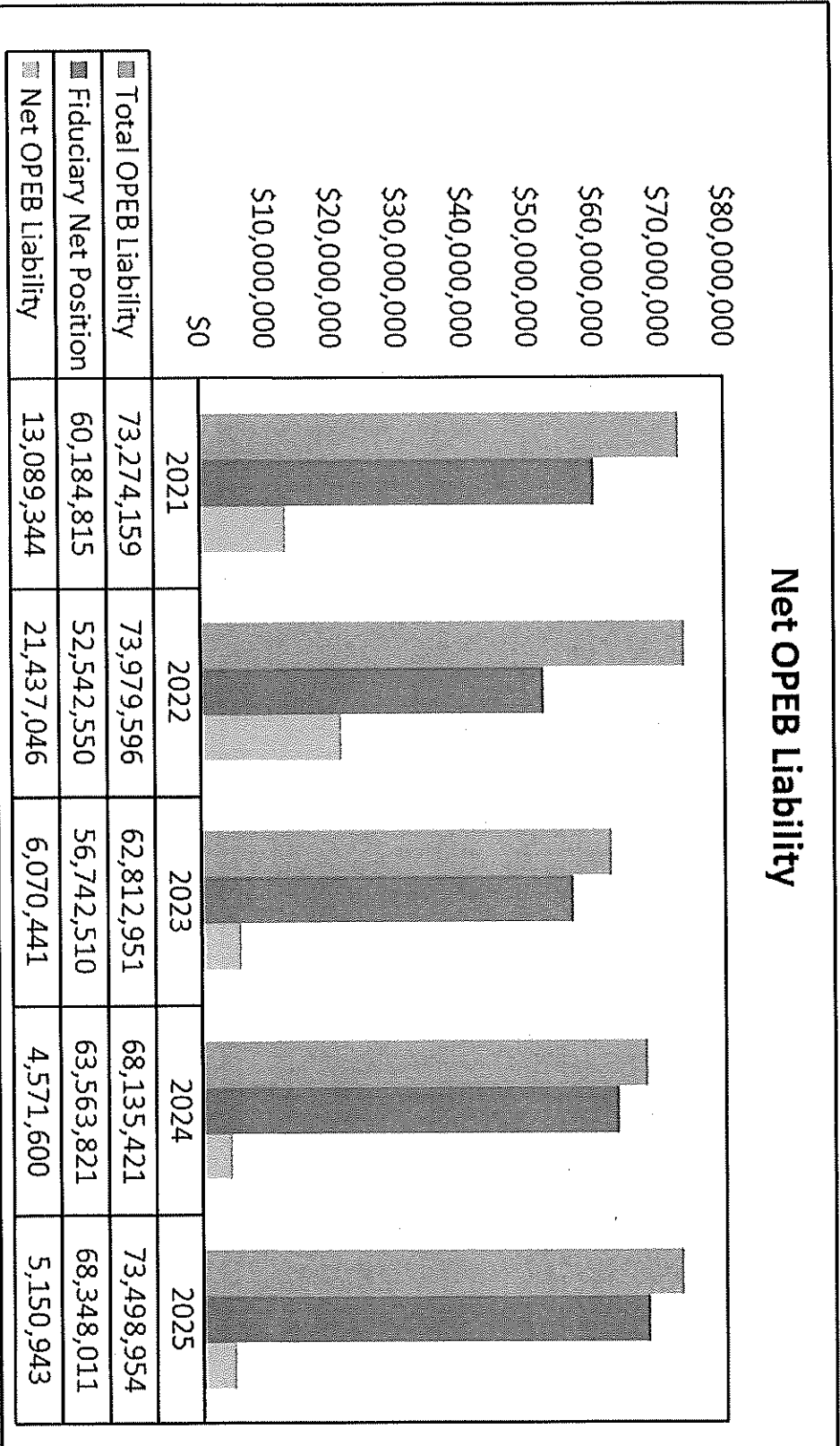
Fiduciary Net Position Reconciliation Components





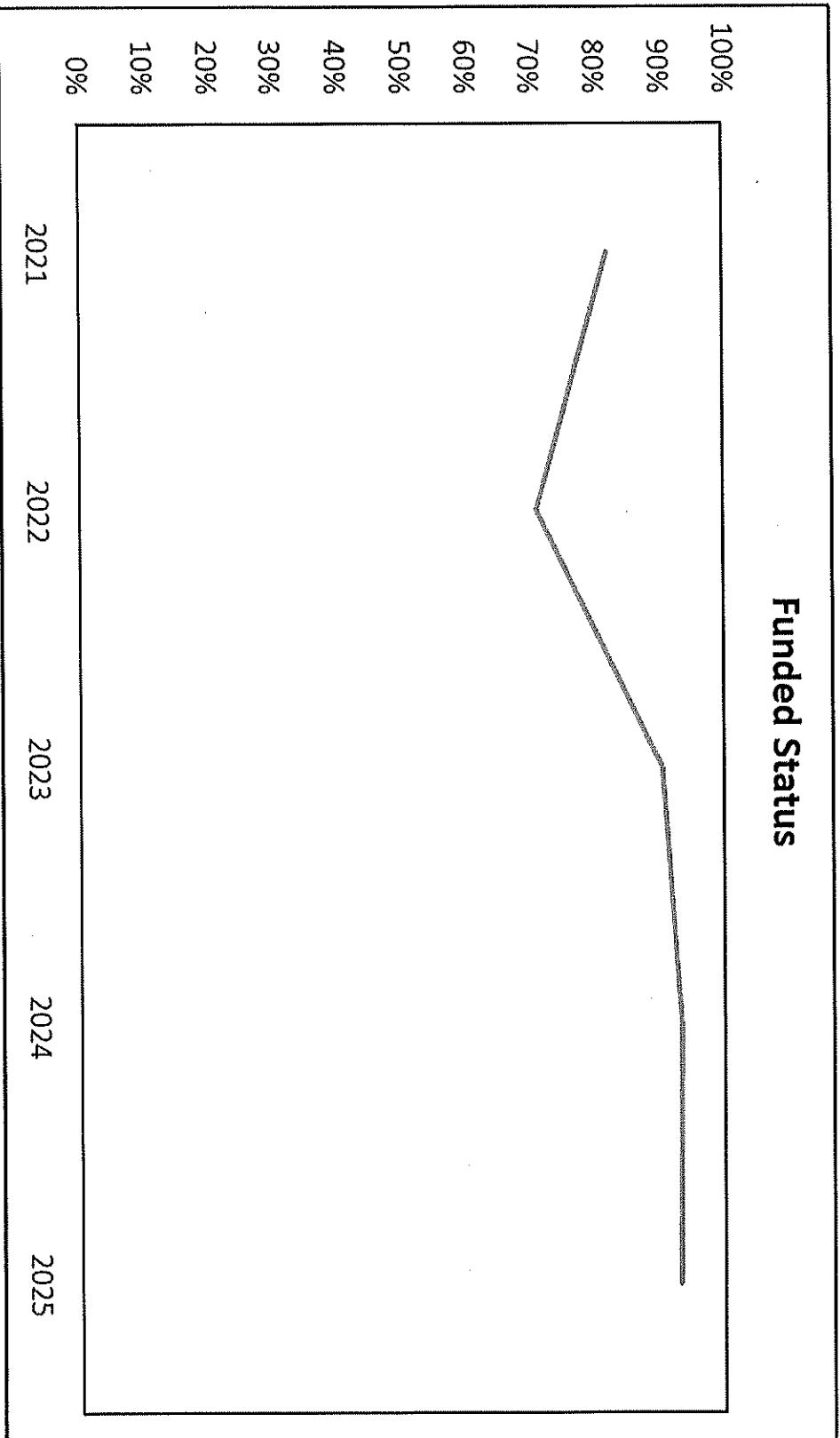
Current Results and Historical Information

Net OPEB Liability





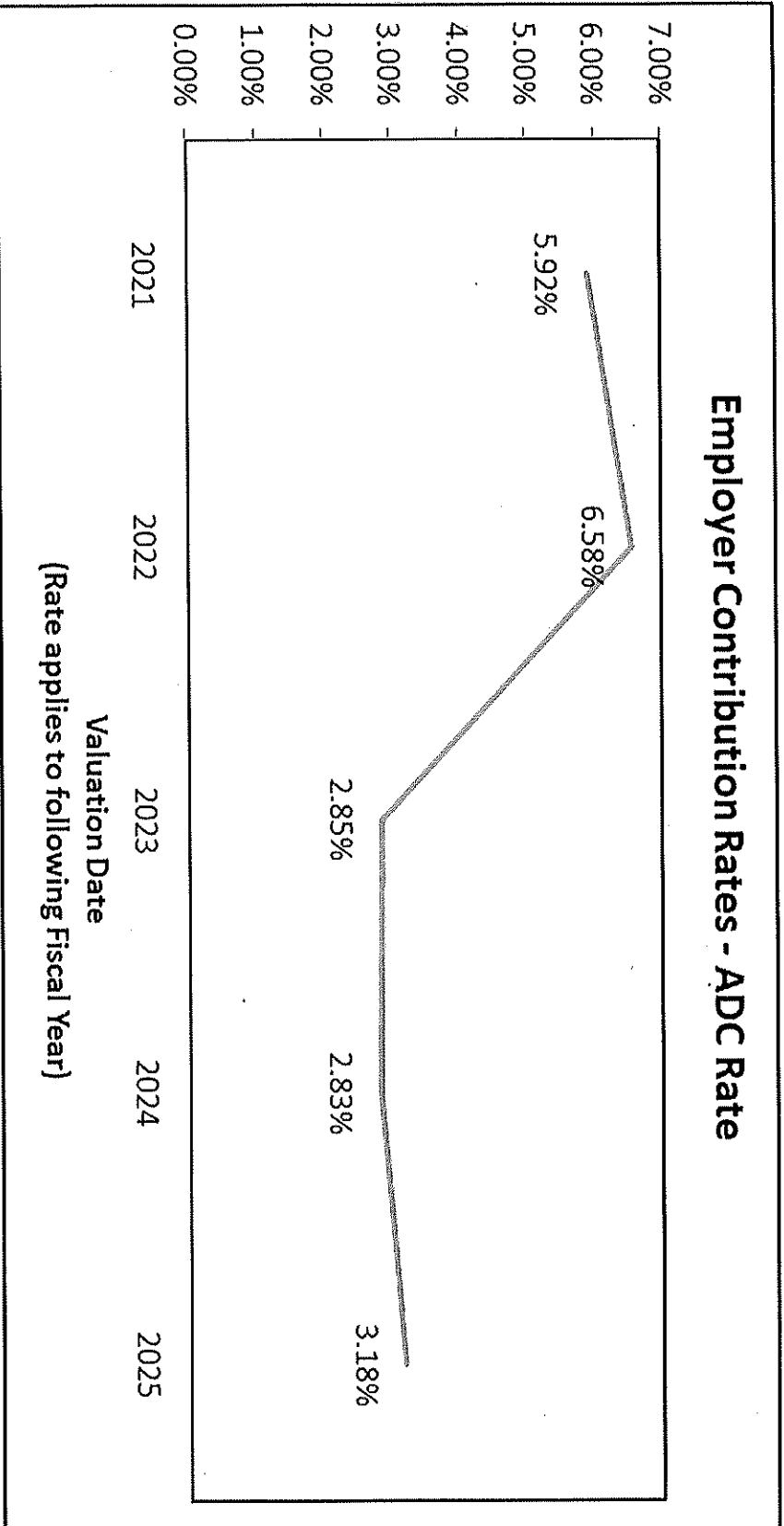
Current Results and Historical Information





Current Results and Historical Information

Employer Contribution Rates - ADC Rate





10 Year Projections

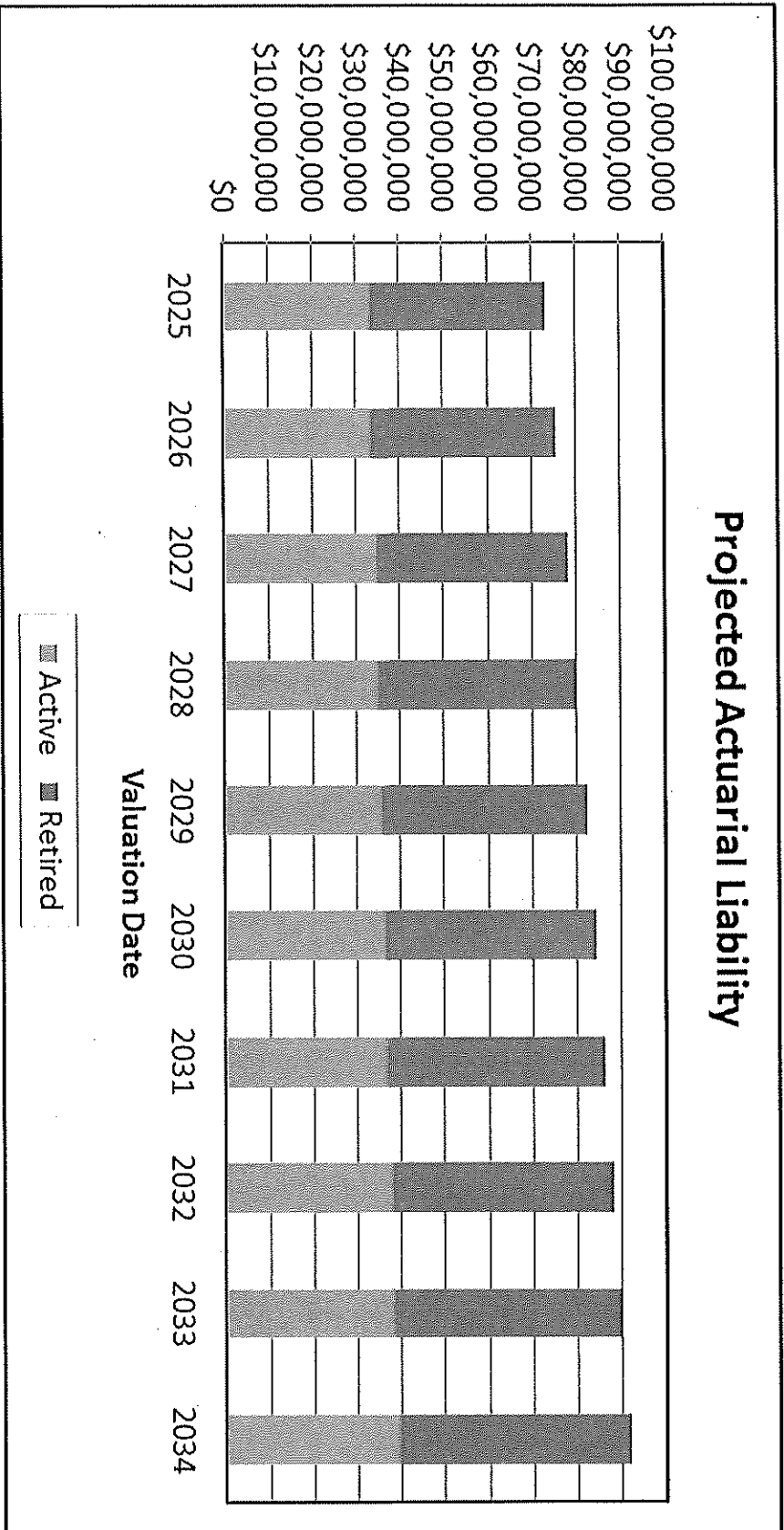
- Assume no changes in contribution strategies for the plan.
 - City assumed to contribute the ADC each year.
- Active population assumed to remain at current levels.
- Assets assumed to return 7.50% each year in the future.
- Medical trend assumed to be:
 - Pre-65: 8.00% year 1, decreasing to 5.00% after 20 years.
 - Post-65: 6.00% year 1, decreasing to 5.00% after 20 years.
- Dental trend assumed to be 4% per year.
- Covered payroll for amortization payment increases 3.50% per year.
- All other actuarial assumptions assumed to be realized.





10 Year Projections

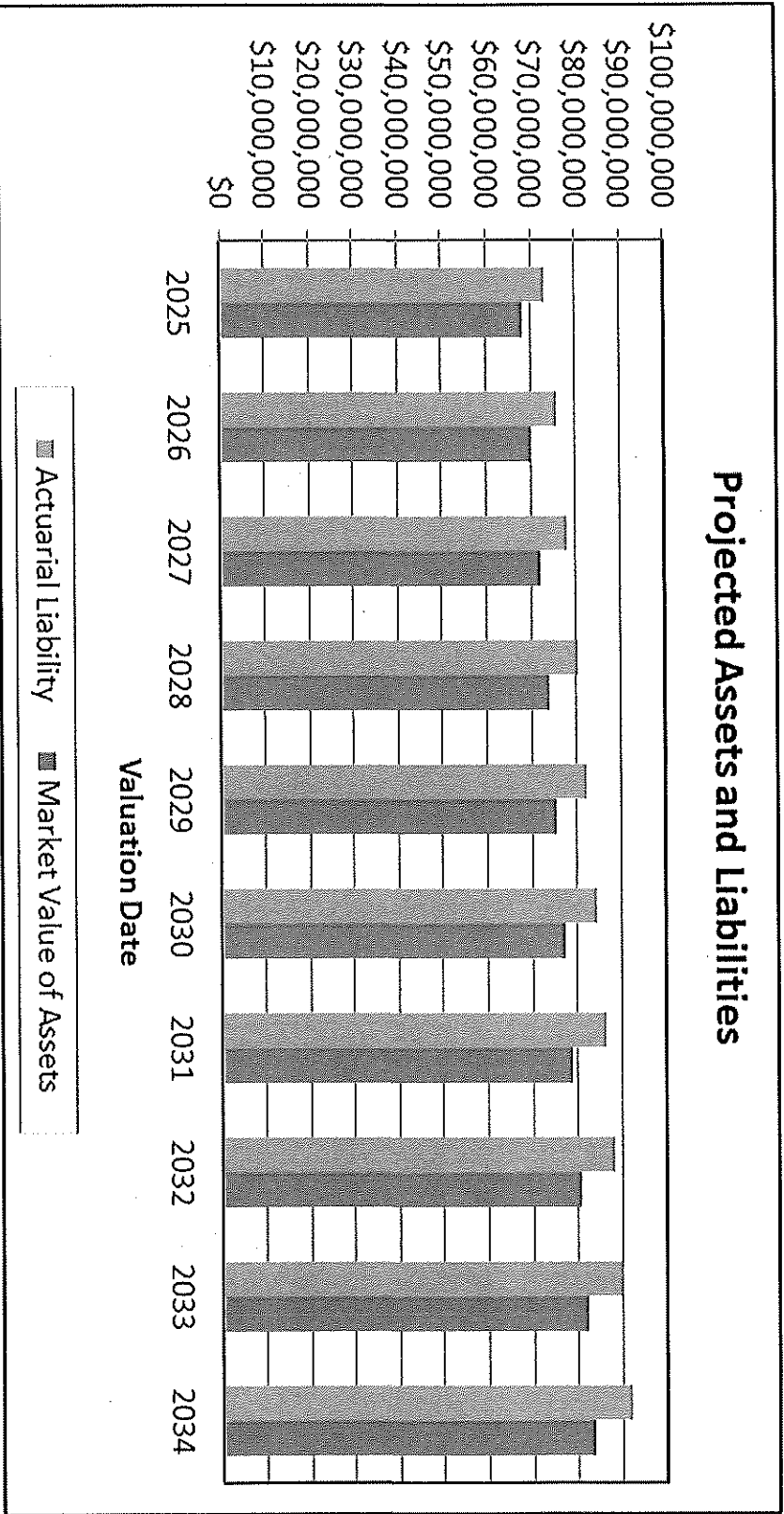
Projected Actuarial Liability





10 Year Projections

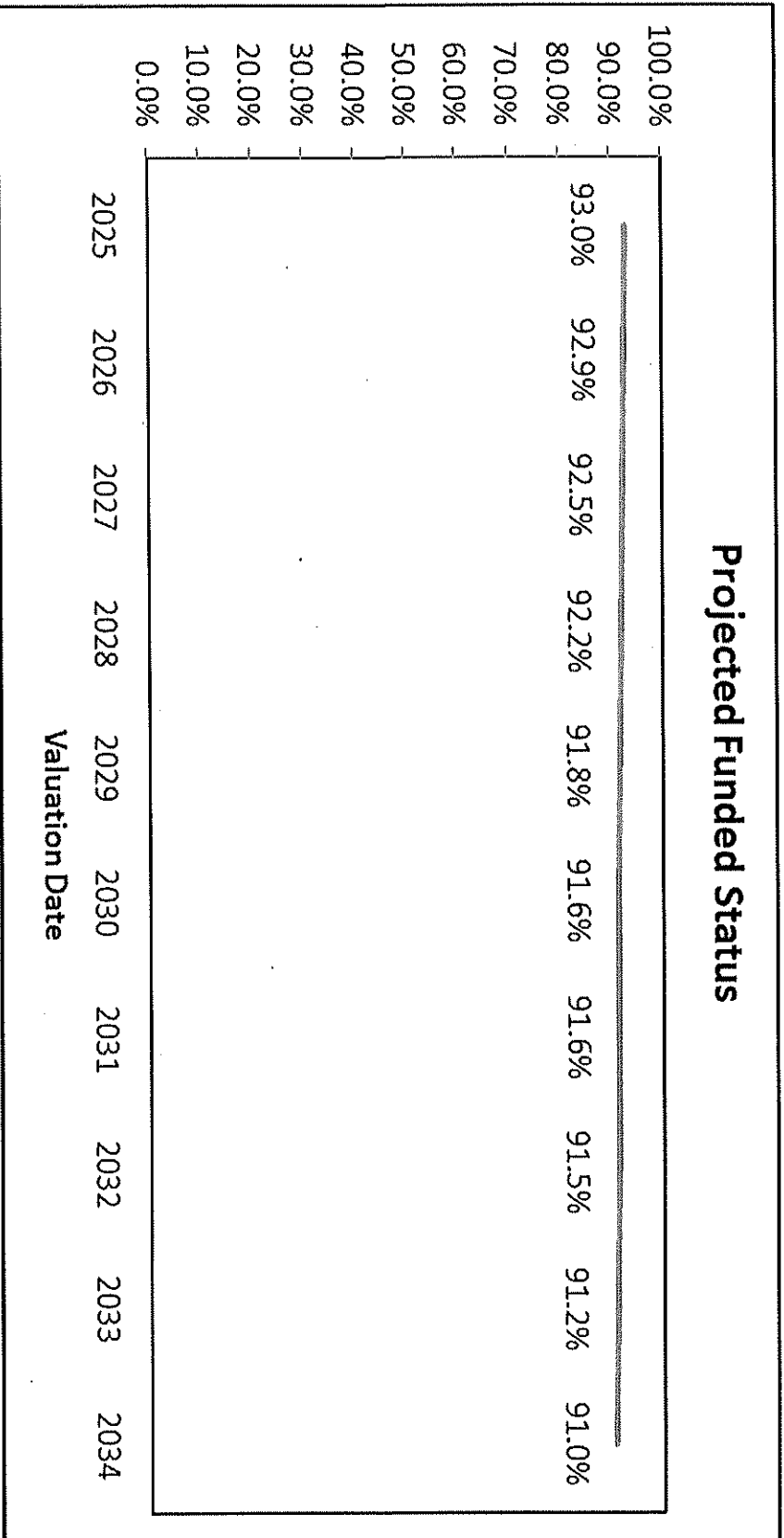
Projected Assets and Liabilities





10 Year Projections

Projected Funded Status



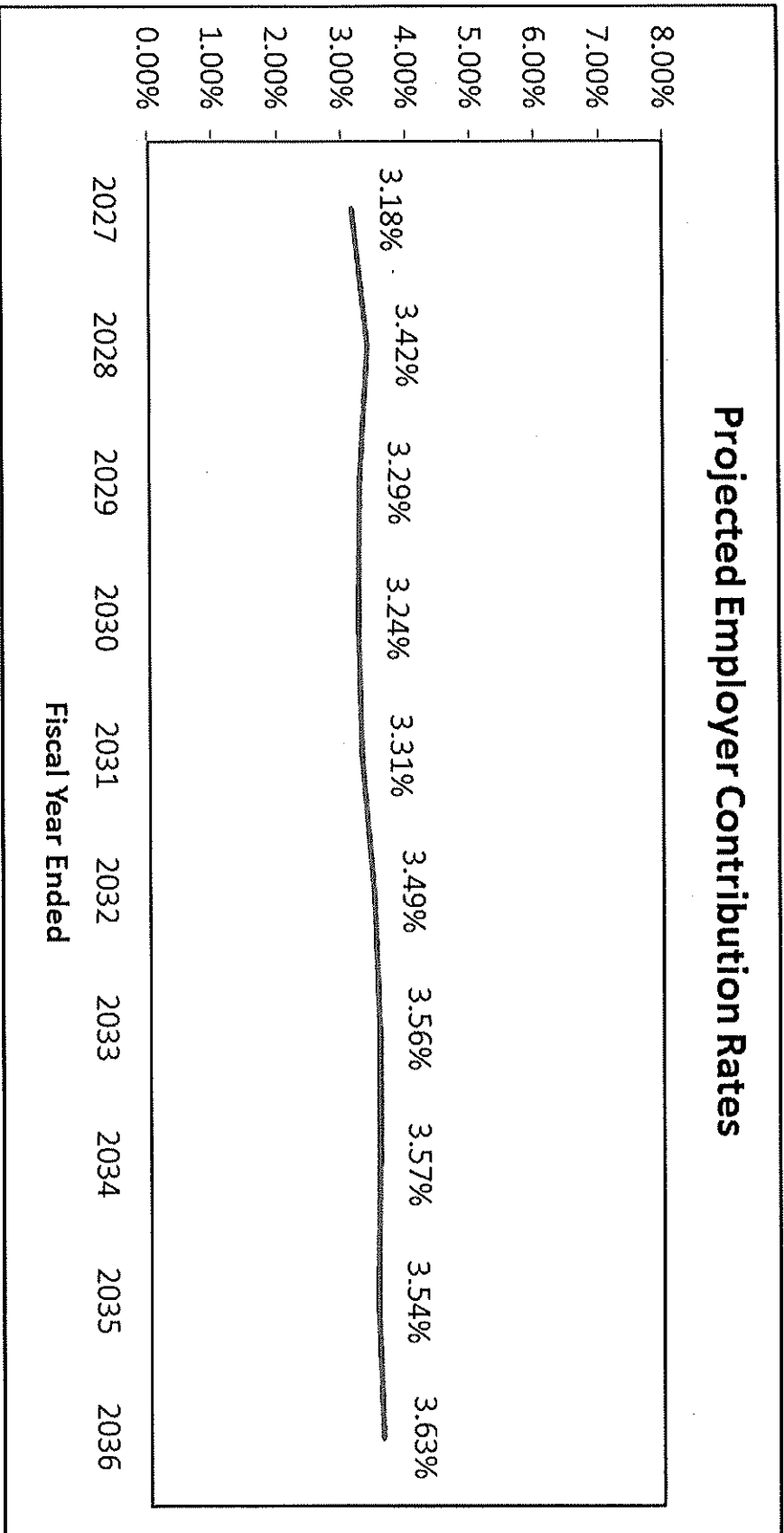
Funded status is projected to decrease slightly, assuming the ADC is fully funded each year.





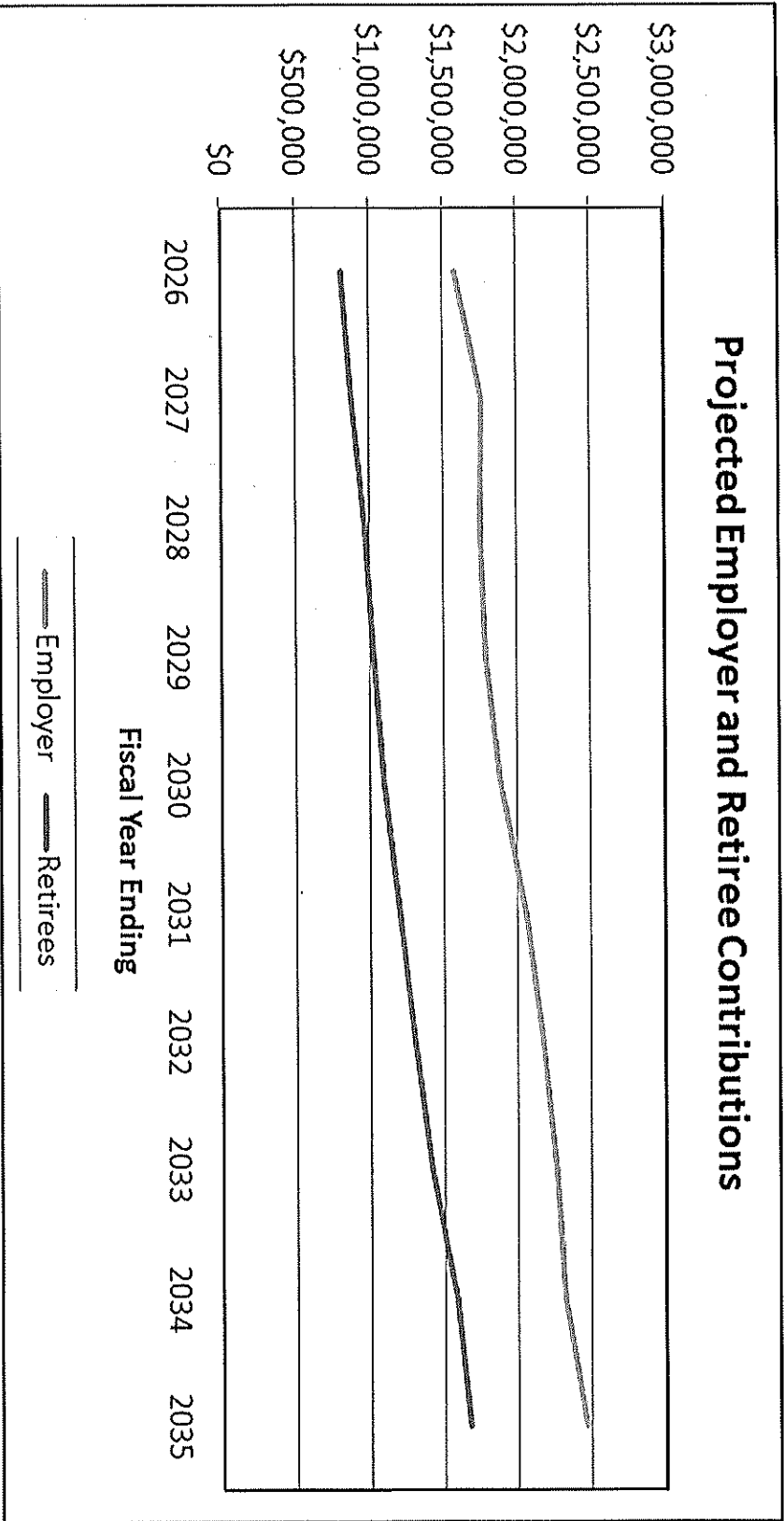
10 Year Projections

Projected Employer Contribution Rates





10 Year Projections



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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.

