

Present: Chairperson Briggs; Members: Maxwell and Mercer

Absent: Fisher and Shock

Also Present: Village Manager, Wilson

Chairperson Briggs called the regular Retirement Board meeting to order at 7:05 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

REVIEW AND APPROVE MINUTES OF A REGULAR RETIREMENT BOARD MEETING HELD ON MAY 27, 2014

Motion by Maxwell, second by Mercer, that the minutes of a regular Retirement Board meeting held May 27, 2014 be approved as submitted.

Motion passed.

REVIEW ANNUAL ACTUARIAL VALUATION REPORT AS OF DECEMBER 31, 2013

Board members have received a copy of the Annual Actuarial Valuation Report as of December 31, 2013. This is the first actuarial report received since the Village transitioned all Public Safety pension funds to MERS in 2013. The report includes the determination of liabilities and contribution rates resulting from the participation of Beverly Hills in the Municipal Employees' Retirement System of Michigan. The purpose of the December 31, 2013 annual actuarial valuation is to: measure funding progress; establish contribution requirements for the fiscal year beginning July 1, 2014, and; provide actuarial information in connection with applicable Governmental Accounting Standards Board statements.

Wilson referred to the Executive Summary to review the funded ratio of the plan, which is the percentage of the dollar value of the accrued benefits that is covered by the actuarial value of assets. The overall funding percentage for all Village pension plans is 101% as of this valuation, which is higher than the previous year at 78%. The Village's investments did well; however, the increase is a function of the addition of the funds of the Public Safety Retirement System. The overfunded percentage puts the Retirement Fund in a comparatively rare and important position with respect to upcoming GASB regulation (No. 68) that records any pension liability as a liability on the Village's financial statements annually.

Questions and comments from Board members on the actuarial valuation report were addressed by Wilson. With regard to the 2014 funding level, Wilson stated that the Village will fully fund its ARC (Annual Required Contribution) this year. He noted that the ARC requirement is higher than anticipated because MERS did not properly allocate some of the funds among divisions.

Wilson referred to the page titled "Actuarial Accrued Liabilities and Valuation Assets by division; the table exhibits five different divisions. Wilson stated that the Village spent a lot of time and effort on the assigning of active and retired employees to the separate MERS Divisions. The evaluation shows the accrued liability as just under \$21 million.

In reviewing the activity in the five divisions, Wilson was not comfortable with the spread of percent funded in the various divisions and did not believe that the money allocation was accurate. He contacted MERS and was informed that the Village can reallocate the money. Wilson discussed how he and Wiszowaty would rebalance the funds in the divisions and have one less division. Wilson and Wiszowaty will handle this internally and will keep the Retirement Board advised on the reallocation of these funds.

Wilson answered questions from Board members on the Reported Assets statement and the Flow of Valuation Assets sheet. He noted that it was an awkward valuation this year because the MERS Retirement System went from \$2 million in funding to \$21 million due to the addition of the Public Safety Retirement Fund. Reallocating funds before the end of this year will improve next year's valuation numbers.

Motion by Mercer, second by Maxwell, to accept the Actuarial Valuation Report as of December 31, 2013 from MERS as submitted.

Motion passed (3 – 0).

The absence of Public Safety personnel at recent Retirement Board meetings was noted. There was agreement that there needs to be some level of involvement from the Public Safety Department in the oversight of the Retirement System.

REVIEW Q2 REPORT FOR RETIREE HEALTH FUNDING VEHICLE

Board members are in receipt of a Quarterly Statement from MERS for the Retiree Health Funding Vehicle for the period of April 1, 2014 to June 30, 2014. Wilson included a Trial Balance sheet prepared by Finance Director Wiszowaty. The Beginning Balance was \$3,084,000. Investment gains were \$92,868. The Ending Balance shows \$3,177,000. There was a contribution made prior to June 30, 2014 that did not get included in the quarterly report. The Trial Balance sheet shows the amount of assets as \$3,777,616, which includes \$600,000 contributed by the Village prior to the end of the fiscal year.

Wilson remarked that the fund is doing better than projected because the Village is not spending any money out of this fund. The fund is being set up to bankroll future costs, which will cause the fund to grow rapidly. This is a prudent move that will help the Village bridge the OPEB gap faster. At some point the Village will spend money from this fund.

Motion by Maxwell, second by Mercer, to accept the MERS 2014 Second Quarter Report for the Retiree Health Funding Vehicle as submitted.

Motion passed (3 – 0).

REVIEW Q2 REPORT FOR RETIREMENT SYSTEM

Board members reviewed a report from MERS entitled Statement of Fiduciary Net Position for the Quarter Ended 6/30/2014. The balance as of March 31, 2014 was \$19,740,000; the Village paid out about \$281,000 in benefits. Investment income was about \$670,000; there was \$62,000 in contributions. Administrative expenses were \$22,000 for that quarter. The balance as of

6/30/2014 for employer contributions was \$20,168,000. Employee contributions were just over \$1,000,000. The total balance as of 6/30/2014 was \$21,218,694.

There was a question at the last meeting regarding how the employee contributions are being handled. Wilson responded that they are being invested the same as everything else. MERS provides separate accounting of that money because of the possibility that it would have to be refunded. Questions from Board members regarding various administrative expenses and fees were addressed by Wilson.

Motion by Mercer, second by Maxwell, to accept the MERS 2014 Second Quarter Retirement System Report as submitted.

Motion passed (3 - 0).

PUBLIC COMMENTS

None

Motion by Mercer, second by Maxwell, to adjourn the meeting at 8:02 p.m.

Motion passed.