

## Retirement Committee Meeting

July 27, 2023

The City of Fairfax Retirement Plan Administrative Committee convened at 9:05 a.m. on July 27, 2023 in City Hall Work Session room 111A. Members in attendance were , JC Martinez, Chief Financial Officer, Rob Stalzer, City Manager, Natalie Hinesley Public Safety Primary Representative, Mark Perry, General Employee Alternative Representative, David Busch, Public Safety Alternate Representative, Joel Hendelman, Chairman, Retiree Representative, Steve Moloney Retiree Alternate Representative, and Jamil Ahmed Citizen Representative , Absent were Councilmember So Lim and Julie Moran, General Employee Primary Representative. Also in attendance were Keith Stronkowsky of NEPC, Shana Neeson of GRS consulting, Sara Greer, HR Director, Kim Burgess, Director of Risk Management and Safety , Golie Shadmard, HR Manager, and Yolanda Hernandez, HR Administrative Specialist.

The meeting began with Shana Neeson from GRS Consulting who presented the annual valuation for both the General and Public Safety plans. She gave 3 proposed options to change the assumptions for the plans. The assumptions she used for the review included economic, demographic, sick leave loading, and other miscellaneous factors. The review looks at what is actually happening versus what is expected. The assumptions were made over a 5-year period which is the recommended process. She explained that mortality is the most significant factor that the actuaries review. She discussed the mortality rate and then went on to the long term rates of investment return, which she said have the largest impact on the plans. After reviewing the document, Shana requested that the committee adopt one of the three options she presented so that GRS knows what assumptions to use for the next valuation, dated 6/30/2023. Jamil asked how much it costs to be fully funded. Shana said that under the current assumptions it would cost \$7.7 million for the general plan and \$13 million for the public safety plan. Rob agrees that 100% funding is a good goal but that it is not necessarily an option. Joel asked where we fall versus other plans. JC said that 89% and 85% is good plans. Keith Stronkowsky said that our plan is healthy, that a 6.25% target rate of return is conservative. If the plan changed the target rate to 7% the funding would be close to 95%. Rob recommended that we keep a conservative target rate of return. JC made a motion to accept the plan C assumptions. Rob asked about using the 6.25% rate of return and JC suggested the more conservative 6%. Keith stated that 6% would be easier to meet. Joel suggested that the committee table a vote until after Keith's performance update.

Keith reviewed the performance through June 2023. Performance has been good this year. Many think the Fed is likely to pause and there may be a lag to catch up from past increases. He said that it has been over 40 years since inflation has been at this rate, it is a historical high. The equity market has been strong and the cash return has been higher. He is comfortable with the plans position, the one year performance has been 9%.

Joel asked to go back to the proposed options presented by Shana. Rob seconded JC's motion to approve option C. The motion passed, Joel opposed all other members voted for the motion.

Before starting the military buy back discussion, Sara reviewed the minutes from the previous meeting for those that were not in attendance. Joel said that this proposal would affect the city plan only, VRS already offers a military buy back option. David asked what the next step would be if this is something the committee wants to pursue. Would it be proposed to City Council?

Joel referred to the study about military buy back that Shana had presented previously. The study illustrates the cost of purchased service for males and females for general employees and males for public safety, giving examples for purchasing 2 and 4 years of military service. Rob said that it needs to be focused on financial implications. Natalie mentioned that there are about 7 employees who would benefit in the police department.

Sara left the meeting at 11:00 a.m.

Natalie recommended doing a survey with all employees, presenting 3 options, be able to retire at 25 years, military buy back, or allow sick and annual leave to be used towards retirement. Kim asked Natalie if she was looking to stack eligibility. Rob suggested creating a group to discuss all of the options that have been discussed. Kim went over a list of jurisdictions who are offering military buy back, she also offered to work with Shana to get a cost analysis on sick leave.

Rob left the meeting at 11:37 a.m.

Keith went over the language, responsibilities, and policy on the plan investment and said that it just needed to be approved. Joel asked for motion, but Natalie asked if it had to be legally reviewed. Joel mentioned it does not to be legal review because is just administrative work. JC asked if there has to be a motion, Keith clarified that they would be adapting a change. JC motioned to approve, Jamil seconded the motion and it passed unanimously.

After reviewing the minutes for the meetings March 28<sup>th</sup> and June 21<sup>st</sup>, JC made the motion to approve the minutes, Mark seconded and it passed unanimously.

Sara returned to the meeting at 11:50 a.m.

Joel Hendelman made a motion to approve the retirements of Andargatchew Kebede, Susan Wiczalkowski, Joseph Trahey, Yuehong Chen, Michelle Drew-Coleman, Brenda Cabrera, and Andrea Clark. The motion was seconded by Natalie Hinesley and passed unanimously.

Joel said that he would like to step down as the chair of the committee and he asked for a motion to make JC the chair. Jamil made the motion to make JC the chair of the committee, Mark seconded the motion and it passed unanimously.

Steve motioned to adjourn the meeting which was seconded by Joel and approved unanimously.