Board Members Present:
- Bob Hooper
- Beth Anderson
- Matthew Dow
- Pat Robins
- Benjamin O’Brien
- Dan Gilligan
- Munir Kasti

Others Present:
- Stephanie Hanker
- Bob Rusten
- Richard Goodwin
- Justin St. James
- Steve Lemanksi – H&H (Phone)
- Rob Lessard – H&H

Called to order at 8:33am

1. **Agenda:**
   No changes to the presented agenda

2. **Public Forum:**
   No public present

3. **Approve Bills:**
   Benjamin O’Brien moved to approve the presented bills. Matthew Dow 2nd.
   Motion carries 7:0

4. **Approve Retirement Applications:**
   Benjamin O’Brien moved to approve presented applications. Munir Kasti 2nd.
   Motion carries 7:0

5. **Discussion Regarding Direct Rate Smoothing with Various Rates of Returns – Hooker & Holcombe:**
   Steve Lemankski provided handouts to the Board (also provided October 03, 2019). Steve Lemankski stated the handouts are an exhibit for BERS, reflecting several additional Direct Rate Smoothing scenarios for purposes of
determining the City funding policy contribution. As request, the additional scenarios illustrate the estimated impact of actual returns on assets that are either: (a) 7%/year, or (b) 6.5%/year, during the five-year projection period. Scenarios 1a-3a and 1b-3b map back to scenarios 1-3 that were present to the BERS Board on October 03, 2019, except that the “a” and “b” scenarios reflect a 7.0%/year or 6.5%/year actual return on assets, respectively. Scenarios 7a and 7b map back to the original scenario (original first handout) prepared in May, except that they reflect the alternative asset return scenarios. Scenarios 4-6 have not been mapped, since those are the ones with the $300K annual contribution collar. Recall that scenarios 1-3 reflect a potential phased-in reduction in the discount rate assumption from 7.5% to 7.0% over the next 2 to 5 years. Also provided which assumed a constant 7.5% discount rate assumption for all future years.

Scenario 1a is a 5 year step up from 97% of traditional valuation ADEC, phase down discount rate from 7.5% to 7.0% over 5 years with an actual return of 7.0%.

Steve Lemanski stated the quickest method is scenario 3 with 25pbs over 2 years. Beth Anderson asked if these figures do not include the collar. Steve Lemanski stated correct. Bob Rusten it would be helpful to understand if we went with 7a or b or 1a or b and add another 15 years from 2025 what would have the City in the best and worst shape. Steve Lemanski stated that the appropriate discount rate should be evaluated every 5 years so 7.5% shouldn’t be your end game. If you keep at 7.5% and your actual return is 7.0% the actuarial losses would continue to pile up. Beth Anderson asked regarding longer term impact, by choosing one over the other, what would have a harder impact over another. Steve Lemanski stated that the phase-in are not that different and I don’t think a noticeable impact on results. Steve Lemanski stated that using a layered amortization approach is no the best practice, you should get to 20 years eventually taking a transition approach over 5 years. Pat Robins stated that making the decision regarding investment return rates is the most important. Steve Lemanski stated yes it is the most powerful decision. Steve Lemanski stated that in regards to the amortization he does not recommend a rolling amortization because it just resets every year and you are not paying anything off. Bob Rusten stated do we need more date if not doing 7a or 7b, which has short term benefits but the long term is hard. Looking at 1a with a $500K collar or 1b with a $500K collar looking at the decrease.
Steve Lemanski stated that if the Board made a decision by end of November changes could be implemented in 2019 valuation. H&H will anticipate the change and run information based on both options.

6. Other Business:
Bob Hooper stated he would like to look at having a consent agenda of minutes, bills, applications refunds.

Richard Goodwin stated that office is still working through the outsourcing implementation and retirement payroll implementation.

7. **Adjourn:**
   Matt Dow moved to adjourn. Benjamin O’Brien 2nd motion carries 7:0