

Regular Council Meeting

July 25, 2024

FRESNO CITY COUNCIL



Supplement Packet

ITEM(S)

3-A (ID 24-985)

WORKSHOP – City of Fresno Retirement Systems

Contents of Supplement: PowerPoint Presentation

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Supplemental Information:

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Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.



Retirement Systems Overview

JULY 25, 2024

Retirement Systems Overview

- City Charter – Retirement System
- Municipal Code
- City Contributions
- Post Supplemental Retirement Benefit
- Actuarial Valuation and Review



“The Council shall by ordinance provide for and establish a fund or funds for the relief and pensioning of all employees of the City of Fresno, except elective officers and part-time employees, who have been disabled or become superannuated in the service of the City and shall provide for the administration of such fund or funds; provided, however, that retirement benefits established by any ordinance existing at the effective date of this Charter shall not be reduced, decreased or diminished.”



CITY CHARTER - Article 9 Section 910 – Retirement /Pension Boards

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“Notwithstanding any other provisions in this Charter, the City of Fresno Fire and Police Retirement Board and the City of Fresno Employee's Retirement Board shall each consist of five members, selected as follows:

- (a) two members elected by and from the City employees affected; and,
- (b) two members from management appointed by the Mayor with the approval of the City Council; and,
- (c) the fifth member chosen by the previously designated four members.

The members of such boards shall be removable only by the appointing or electing authority.

The Retirement Board shall appoint and direct a Retirement Administrator who shall report to the Board; serve at the Board's pleasure; administer the retirement office and its financial affairs as directed by the Board; appoint, suspend and remove subordinate employees subject to the Civil Service System provisions of this Charter; and perform such other administrative duties as directed by the Board”



MUNICIPAL CODE - City of Fresno Retirement Systems

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- Chapter 3, Article 3 and 4 – Fire and Police Retirement System
- Chapter 3, Article 5 – Employee's Retirement System



Fire and Police System (Article 3 Section 3-324)

“There shall be paid into the Retirement Fund, by contributions of the city, amounts necessary to pay all allowances, other benefits allowable under the Retirement System to or on account of members and not provided by members' accumulated contributions, and all administrative costs as set forth in Section 3-325...”

“...With respect to the liability of the retirement system other than that in subsection (a), the city shall have a normal contribution rate which shall be computed as a level percentage of compensation which, when applied to the future compensation of the average new member entering the system, together with the required member contributions, will be sufficient to provide for the payment of all prospective benefits of such member...”



Employee's System (Article 5 Section 3-529)

“There shall be paid into the Retirement Fund, by contributions of the City, amounts necessary to pay all pensions, other benefits allowable under the Retirement System to members on account of current services and not provided by members' accumulated contributions derived from the normal rates of contribution provided for in Section 3-523, and all administrative costs as set forth in Section 3-532...”



Supplemental Benefit (PRSB)

Fire & Police System (Article 3 Section 3-354)

Employee's System (Article 5 Section 3-567)

“...It is the intent of this section that the post-retirement supplemental benefit is to be distributed if and only if distributable actuarial surplus, as defined in this section, is available to provide such benefit.”

“...“Actuarial surplus” shall mean the amount by which the actuarial value of the System's assets exceeds one hundred and ten percent (110%) of the System's actuarial accrued liabilities.”



Page 7 of Actuarial Valuation & Review

“...This is based on the observation that only a portion of the surplus is available for distribution (on an amortized basis over 30 years) when the funded status of the System is over 110% in a particular valuation and that surplus distribution will be suspended immediately if the funded status falls below 110% in the following valuation. Nonetheless, it should be understood that there is still a potential financial impact associated with the surplus distribution provision. The Board may wish to consider authorizing a supplemental study so that the potential impact can be quantified.”

Page 10 of Actuarial Valuation & Review

“...Since the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan. However, as we discussed with the Retirement System’s staff, because the Plan is sufficiently well-funded (funded percentage of 116.7%/111.1%), adverse experience for a short period of time is less likely to result immediately in an unfunded liability compared with plans whose funded percentage is closer to or below 100%...”



City of Fresno Retirement Systems – Actuarial Valuation & Review

Fire & Police System

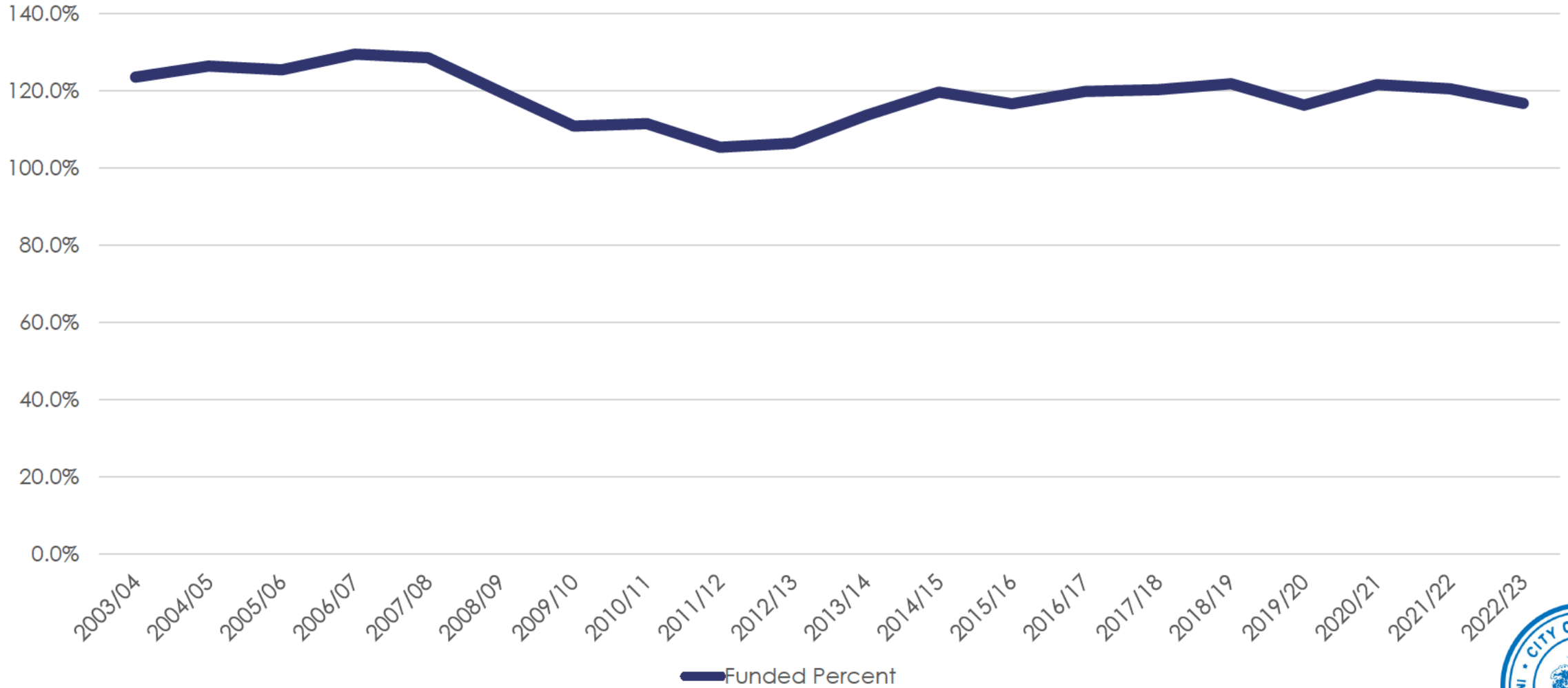
FY Ended	Funded Percentage	Prefunded / (Underfunded) Amount*	FY Ended	Funded Percentage	Prefunded / (Underfunded) Amount*
2003/04	123.5%	\$150,864	2013/14	113.6%	\$136,621
2004/05	126.4%	\$176,616	2014/15	119.6%	\$200,352
2005/06	125.4%	\$183,500	2015/16	116.6%	\$209,188
2006/07	129.5%	\$227,726	2016/17	119.8%	\$223,626
2007/08	128.5%	\$236,742	2017/18	120.3%	\$241,994
2008/09	119.6%	\$171,419	2018/19	121.8%	\$217,274
2009/10	110.8%	\$99,319	2019/20	116.3%	\$216,495
2010/11	111.4%	\$105,055	2020/21	121.6%	\$300,766
2011/12	105.4%	\$51,063	2021/22	120.5%	\$304,876
2012/13	106.4%	\$63,563	2022/23	116.7%	\$268,863

*Amounts in thousands



City of Fresno Retirement Systems – Actuarial Valuation & Review

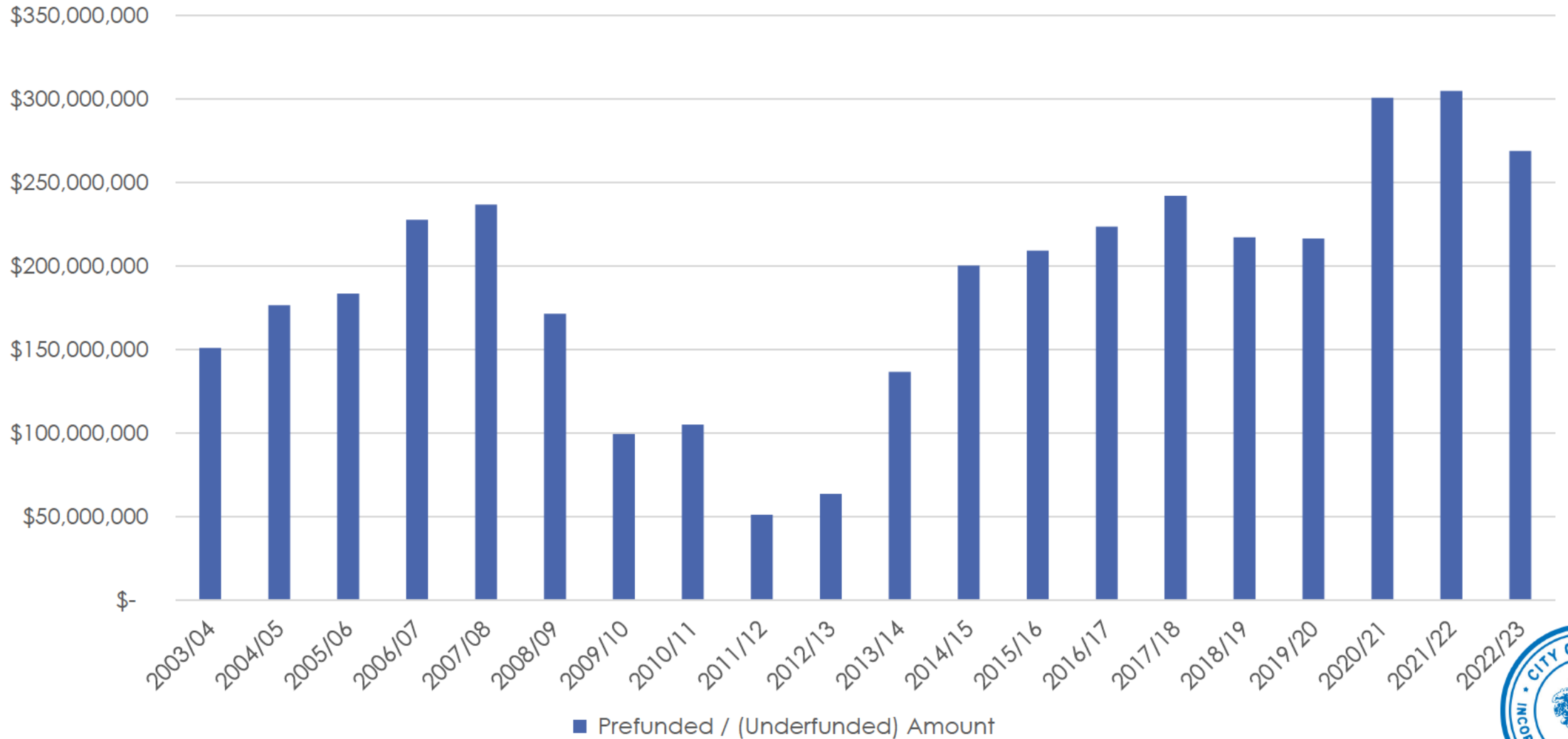
Fire & Police System



City of Fresno Retirement Systems – Actuarial Valuation & Review

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Fire & Police System



■ Prefunded / (Underfunded) Amount

RETIREMENT SYSTEMS OVERVIEW



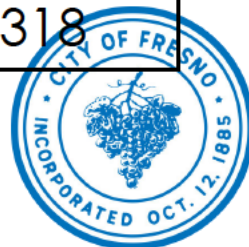
City of Fresno Retirement Systems – Actuarial Valuation & Review

Employee's System

FY Ended	Funded Percentage	Prefunded / (Underfunded) Amount*
2004/05	139.8%	\$225,308
2005/06	138.1%	\$233,603
2006/07	146.8%	\$295,220
2007/08	142.2%	\$291,128
2008/09	133.9%	\$242,782
2009/10	122.5%	\$170,112
2010/11	114.5%	\$129,112
2011/12	102.2%	\$19,408
2012/13	99.9%	(\$1,225)
2013/14	104.6%	\$43,367

FY Ended	Funded Percentage	Prefunded / (Underfunded) Amount*
2014/15	109.2%	\$88,729
2015/16	111.3%	\$110,216
2016/17	113.0%	\$131,377
2017/18	114.8%	\$154,999
2018/19	111.9%	\$131,991
2019/20	109.9%	\$114,113
2020/21	116.0%	\$190,285
2021/22	114.0%	\$177,968
2022/23	111.1%	\$151,318

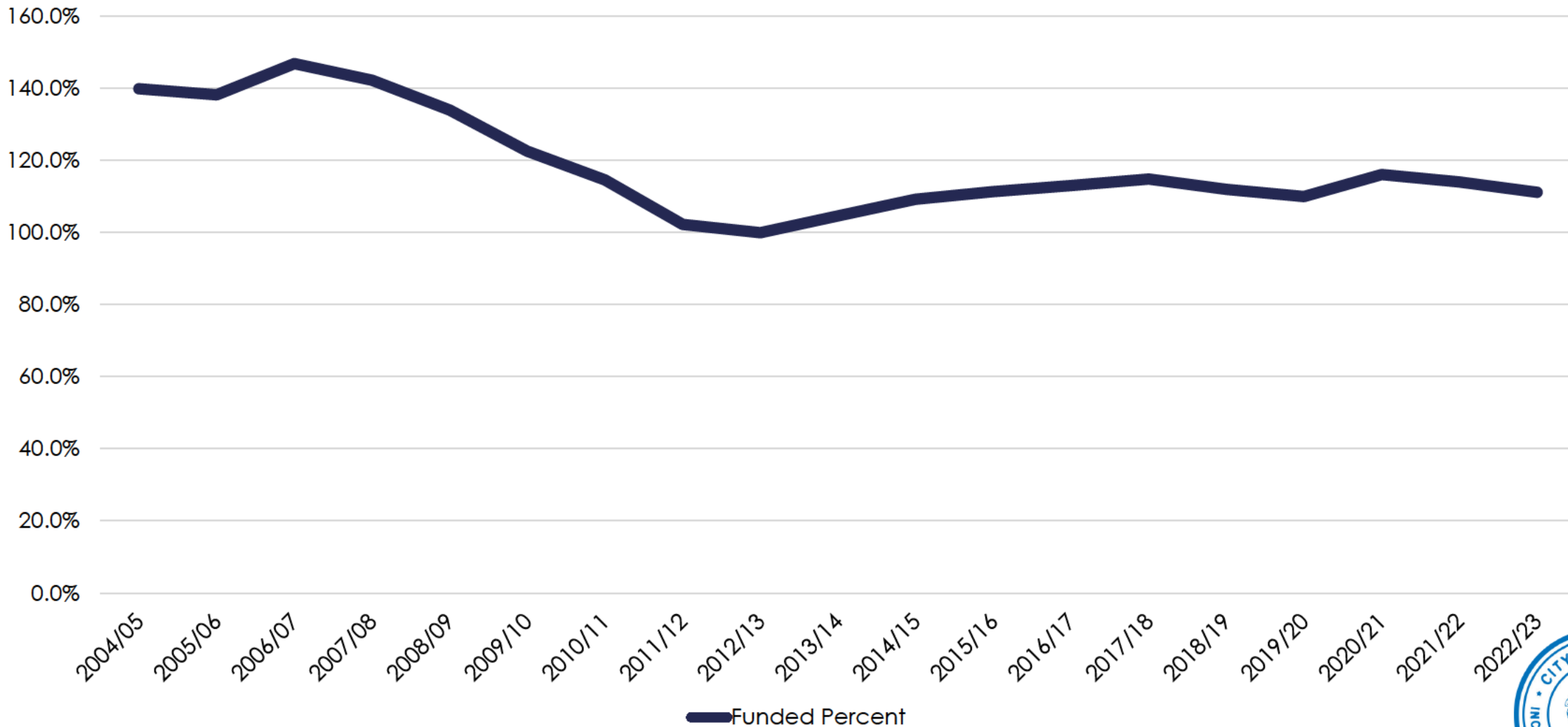
*Amounts in thousands



City of Fresno Retirement Systems – Actuarial Valuation & Review

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Employee's System



City of Fresno Retirement Systems – Actuarial Valuation & Review

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Employee's System

