MINUTES

RETIREMENT ADMINISTRATIVE COMMITTEE
THURSDAY, SEPTEMBER 22, 2022 – 10:00 A.M.
COMMISSIONERS' COMMITTEE ROOM

Present: Commissioner Stimpson, Kimberly Murphy, Roxann Holloway and Jim Craig

Absent: Commissioner Tillotson

Also Present: Jason Tether, Kai Peterson, Becky Sielman, Michael Scheetz and Bev Ahlers.

I Approval of Minutes

Motion by Murphy, supported by Holloway, to approve the minutes of the November 17, 2021 meeting. Motion carried.

II Economic & Market Overview, Defined Benefit Financials & Review of EnvestNet Asset class Portfolios

Jason Tether, Relationship Manager, stated there is no way to hide from the reality that we are in a recession right now and that it's going to take some time to reverse. He reviewed that the Defined Benefit Plan is in a diversified allocation portfolio with an actuarial assumption blend we are comfortable with.

Jason reviewed that Envestnet manages the portfolio for us. It was reviewed that Plan assets are currently invested in Asset Class Portfolio 3 with a 60% Equity, 40% Fixed-Income ratio.

III EnvestNet Portfolio Review

Becky Sielman, Principal & Consulting Actuary and Kai Peterson, Consulting Actuary reviewed the current plan assets, historical plan asset allocation analysis, and performance summary. Kai noted that with all the activity in the market they have updated their assumptions as of 06/30/22 and are seeing a 50 basis point increase when applied to assumptions.

Kai explained that funding status is doing what we expect it to do. Slow and steady in a plan that's maturing. A gradual increase in the liability as participants move into benefit pay status.

IV Defined Benefit Actuarial & Valuation Information

Becky and Kai recommended changes to the valuation of the Defined Benefit Plan. A current Actuarial Valuation was presented as well as a recommendation for multiple changes in valuation factors.

Recommendations to consider were changing the Mortality Improvement Scale from MP-2020 to MP-2021, reducing the Rate of Return from 7% to 6.75%, reducing the amortization period from 20 years to 19, adding an amortization Growth Rate factor of 1.75% and moving to a One Year Forward Approach for the actuarial, which would improve budgeting accuracy.

Becky explained that they will look at the Mortality Table every year. They are generally released in October. The change in Mortality Tables represents life expectancy of participants.

Discussion on all recommended changes. It was reviewed that the Committee has been ratcheting down the Rate of Return by .25% over time from 8%. It was reviewed that reducing the amortization period from 20 years to 19 years would be shortening the amortization period beginning to align with the PA202 requirements.

Motion by Craig, supported by Stimpson to change to the MP2021 mortality table as recommended. Discussion. Motion Passed.

Motion by Murphy, supported by Craig to move to the One Year Forward approach as recommended. Discussion. Motion Passed.

Motion by Craig, supported by Holloway to shorten the amortization period from 20 years to 19 years and adding the Amortization Growth Rate of 1.75% as recommended. Discussion. Motion Passed.

Motion by Craig, supported by Murphy to reduce the Rate of Return from 7.00% to 6.75% as recommended. Discussion. Motion Carried.

The full report presented by Empower is on file.

V <u>Defined Contribution Plan Review</u>

Jason Tether reviewed Plan Statistics and activity, Participant statistics and engagement through Empower Call Center and Website visits.

It was noted that there are no major changes, concerns or recommendations to change funds.

VI Report on Communication Action plan

Jason Tether reviewed that the migration of the Defined Contribution Plan to participants in Empower is scheduled for mid-October, 2022. Once this migration is complete, Jason and Empower staff will work with Bev Ahlers to introduce the new website to employees by holding educational webinars for employees and additional communications through Empower. Participants will see increased portal messaging so they can see what's coming. They will also receive an email about 30 days before and through migration to encourage them to make sure their information is up to date.

VII Other Business

No other business.

VIII Adjournment

Motion by Craig, supported by Holloway to adjourn at 12:18 P.M. Motion carried.

KLM/bka