



WHERE COMMUNITY AND SPIRIT MEET®

WORK SESSION MINUTES

A work session of the Kirkwood City Council was held on April 6, 2023 at 4:30 p.m. at Kirkwood City Hall, 139 S. Kirkwood Road, Kirkwood, Missouri. Present were Mayor Griffin, Council Members Duwe, Luetzow, Zimmer, Sears, and Ward. Also in attendance were Chief Administrative Officer Russel Hawes, City Attorney John Hessel, Assistant Chief Administrative Officer David Weidler, Parks Director Kyle Henke, City Clerk Laurie Asche, and Deputy City Clerk Bridget Waters. Council Member Luetzow was absent and excused.

APPROVAL OF THE MARCH 9, 2023 SPECIAL WORK SESSION and MARCH 16, 2023 WORK SESSION MINUTES

Motion was made by Council Member Duwe and seconded by Council Member Zimmer to approve the March 9, 2023 Special Work Session minutes and the March 16, 2023 Work Session minutes. The motion was unanimously approved.

MOTION TO CLOSE THE MEETING

Motion was made by Council Member Sears and seconded by Council Member Zimmer to close the meeting pursuant to RSMo Chapter 610.021 (3 – Continuation of Chief Administrative Officer Performance Review and 1 – Legal).

Roll Call:

Mayor Griffin	"Yes"
Council Member Zimmer	"Yes"
Council Member Duwe	"Yes"
Council Member Gibbons	"Yes"
Council Member Luetzow	Absent
Council Member Sears	"Yes"
Council Member Ward	"Yes"

The meeting was closed.

MOTION TO OPEN THE MEETING

Motion was made by Council Member Zimmer and seconded by Council Member Duwe to open the meeting.

Roll Call:

Mayor Griffin	"Yes"
Council Member Zimmer	"Yes"
Council Member Duwe	"Yes"
Council Member Gibbons	"Yes"
Council Member Luetzow	Absent
Council Member Sears	"Yes"
Council Member Ward	"Yes"

The meeting was opened.



WHERE COMMUNITY AND SPIRIT MEET®

LAGERS QUESTIONS FROM CITY COUNCIL

This item of the agenda is to get Council questions about LAGERS out on the table. No discussion took place.

Mayor Griffin:

1. If the City were to join LAGERS, what is our obligation if other entities that are members of LAGERS don't fund their obligations? Are the other members responsible for the funding?
2. If our economics become bad, what can we do to reduce our financial burden?
3. What has the LAGERS impact been with other municipalities?
4. What are the downsides to employees in LAGERS compared the Def. Comp. plan?

Council Member Zimmer:

1. Is there a mechanism for any cost reduction or decreases?
2. Can we get some historical data from the last past 5 to 7 years of the returns with LAGERS?
3. What were the obligations as the result of those returns?
4. If a Municipality stopped paying for LAGERS or wanted to get out of LAGERS, what happened?

Council Member Gibbons:

1. What other options were researched?

Council Member Sears:

1. What is the negative experiences other municipalities had with LAGERS?
2. What happened to municipalities that failed to get out of LAGERS?
3. How many times did LAGERS raise the 1%?
4. How many years in row did that happened?
5. When the market recovered, how far back did it reverse?

Council Member Ward:

1. What is the Administrative cost or overhead cost?
2. Is there mechanism for reduction of that cost or a fixed cost?
3. What is the match for match on benefits and returns?
4. What other options are available to Municipalities?

Council Member Duwe:

1. Does the City think it's best to lower our level of participation? And can we?
2. What is the procedure?
3. How difficult is it to lower participation?
4. How likely is this to happened?
5. How often has this happened in LAGERS history?
6. Is it possible to write a policy that can do what LAGERS does, without the forever buy-in clause?
7. What would have happened if the City joined LAGERS in 2017?



WHERE COMMUNITY AND SPIRIT MEET®

Mayor Griffin received and read Council Member Luetzow questions to Council and Staff.
Council Member Luetzow:

1. How does the calculus of overall pool of current members and likely potential future members in LAGERS play into the long-term health of the program?
2. Have any LAGERS members terminated the program? If so, what were the circumstances? Can we contact them? Explain the process. Is it true that terminating a DB plan costs 15-30% more than being fully funded? Can we discuss with comparator-city members what has been their experience with LAGERS over an extended period?
3. How does the City's' current contributions to civilian retirement for 403(b), Def. Comp., and Social Security compare with our non-LAGERS St. Louis County comparator cities' retirement plans?
4. How does our employees' current "wealth decile" compare locally and regionally?
5. If our current DC plan included a mandatory 4% contribution, how would the value of properly-managed DC accounts compare with a similar LAGERS account at retirement?
6. If they terminate before vesting, what happens to their 4% contributions and what happens to the proposed 9.3% contribution made by the city on their behalf to LAGERS?
7. Of the member cities that are considered comparators to Kirkwood as far as population and staff size, which ones have L-11 or higher benefit levels similar to Kirkwood's proposed plan?
8. If an employee enrolls in LAGERS in Kirkwood but then takes a position at a different LAGERS municipality, what is Kirkwood's expected contribution over the years for the former employee/future retiree?
9. What is the current percentage of LAGERS' aggregate investment and operational expenses? How does it compare to costs of our current DC plan?
10. What is considered a reasonable aggregate investment expense? How has the LAGERS expense percentage changed over the past 30 years? Who bears the cost of the LAGERS expense?
11. How could the proposed civilian LAGERS plan (L-11?) potentially also affect the Police and Fire pension costs in terms of maintaining contribution parity over time?
12. If under LAGERS the city pays 2% on the entire salary in lieu of Def. Comp., what will be the "delta" above the current Def. Comp. plan?
13. To gauge the cost of a "worst-case" scenario over the coming decades, given the current inflationary conditions and market instability, what would retirement benefits have cost in FY23 and FY24 if Kirkwood had joined LAGERS last April '22?
14. What will the delta be for retirement costs for FY24 if approved at the proposed benefits level at the anticipated staff size? How would Kirkwood's LAGERS fund have fared during a serious downturn such as the 2007-09 Great Recession?
15. LAGERS claims a 1% annual cap on cost increase on contributions for current employees to make up for budgetary shortfalls, which may be spread over several consecutive years until the shortfall is replenished?
16. How many 1% increases has LAGERS passed on to employers over the last 30 or more years?
17. Given that the 1% increase is compounded, what annual increased contributions can be expected over the ensuing decades?
18. Since LAGERS enactment in 1968, how often has that occurred, for what duration,



WHERE COMMUNITY AND SPIRIT MEET

at what %? What would be the likely cost based on Kirkwood's typical staff size and tenure mix of potential retirees in such case?

19. If there is a substantial increase in cost, both from a 1% increase in contribution requirements, as well as a 4% cost increase due to Cost of Living/CPI for current retirees, what will be the source of those funds? General Fund reserves or increased transfers from Enterprise Funds, or?
20. How much more expensive will it be to adjust retiree payments for inflation every year when required by LAGERS?
21. Will each department's budget be responsible for funding the pension benefits for their own employees? If so, will this affect the different departments' ability to generate extra savings for capital expenses by increasing their operational expenses? If/when costs increase in the future for LAGERS, will this effectively result in the City foregoing capital upgrades to pay for benefits?
22. Does a 1% increase in contribution requirements get added to the previous percentage? (*i.e.* originally at 1% and then goes to 2% of total salaries. If so, then \$16,203,294 of employee salary, would effectively double the city's payment to \$324,065 per year cost went from 1% to 2%) or is it 1% additional cost added to the current amount of contribution? (*i.e.* current 1% fee on \$16,203,294 of salary = \$162,033. Then a 1% increase on the \$162,033 of fee = \$1,620.33 of additional cost).
23. Will the LAGERS trustees allow our Employee Pension Board to weigh in on how our retiree fund will be invested, for example, regarding ESG (environmental, social and governance) or so-called alternative, high-risk hedge funds, taking long or short positions, in real estate, such as commercial office space, as is now the case?
24. Should LAGERS be approved as previously proposed, how would it be implemented in the event that some staff may not wish to join LAGERS? Does the city intend to continue offering the current or some version of the current DC plan?
25. When an employee vests, is Kirkwood committed to paying their monthly benefit after retirement until they, and probably their spouse, both pass away? So a new hire in their twenties would commit the city to an obligation that could last seventy years?
26. Given the possible changes in market conditions and supporting populations of LAGERS members, what is the projected viability or sustainability of the program based on changing demographics over the coming decades?
27. Is LAGERS funding similar to Social Security in which current employees fund retiree benefits?

There being no further matters to come before the council, the meeting was adjourned.

Laurie Asche
City Clerk