



RESOLUTION NO 2020-07-15-042

ADOPTION OF THE REVISED SALARIED EMPLOYEES' PLAN FUNDING POLICY

WHEREAS, the Lane Transit District ("LTD") Salaried Employees' Retirement Plan Trust ("Trust") is a tax-exempt trust that holds assets and funds benefits for the LTD Salaried Employees' Retirement Plan ("Plan"), which covers non-represented management and staff employees hired prior to January 1, 2012;

WHEREAS, the Plan is closed to new participants;

WHEREAS, the assets of the Plan are held for the exclusive benefit of participants and beneficiaries under the terms of the Plan and cannot be used to pay any benefits or expenses of any other retirement plan or trust;

WHEREAS, the benefits are funded by employer contributions and earnings from pension plan investments;

WHEREAS, LTD's adopted fiscal year 2020-2021 ("FY21") Budget includes funding for the Trust for which the LTD Board is ultimately responsible for authorizing;

WHEREAS, the FY2019-2020 budgeted Plan contribution rate is 14.8% of covered pay, plus \$1,056,619;

WHEREAS, on July 1, 2019, Milliman provided an actuarial valuation for the Plan. This valuation recommended a contribution funding level of 16.9% of covered pay, plus \$1,132,334 for FY21 and FY22, which assumes an investment return rate of 5.5%;

WHEREAS, the actuary's investment return assumption and associated contribution rate was passed unanimously by the pension plan trustees at the November 12, 2019, pension trustee meeting;

WHEREAS, the contribution rate that was passed by the trustees and included in the LTD Board adopted FY21 Budget, has an estimated increase to the LTD budgeted expenditures of \$125,000 for FY21;

WHEREAS, as of July 1, 2019, the Plan's liabilities exceed the Plan's assets by \$9.8 million, which is a 67% funded status;

WHEREAS, as of July 1, 2019, the actuarial value of the assets were \$20.1 million and the Plan was on track to be fully funded by 2032 which assumes that employees eligible for benefits in the Plan will, on average, retire within 1 to 20 years after the Plan's closing;

WHEREAS, as a result of COVID 19, the market has lost significant ground, which is a potential setback to achieving a fully funded Plan by 2032;

WHEREAS, the CARES Act was approved on March 27, 2020, and provides \$25 billion in Federal assistance to support the transit industry;

WHEREAS, of the \$25 billion of CARES Act dollars, LTD is eligible for \$25 million;



WHEREAS, The CARES Act funding can be used for net operating expenses and revenue losses incurred as a result of COVID 19, including the operating cost to fund the additional \$125,000 increase in contribution to gain back a fraction of asset value lost as a result of the COVID 19 pandemic; and,

WHEREAS, the role of Chief Financial Officer has been replaced in the document with Executive Officer of the Pension Trust Committee.

NOW, THEREFORE, BE IT RESOLVED that the LTD Board of Directors, approves a resolution as follows:

- Approving the revised Salaried Employees' Retirement Plan Funding Policy.

ADOPTED BY THE LANE TRANSIT DISTRICT BOARD OF DIRECTORS ON THIS 15TH DAY OF JULY, 2020.


Carl Yeh (Oct 1, 2020 09:00 PDT)

Board President, Carl Yeh

11-Resolution Revised Salaried Employees' Retirement Plan Funding Policy

Final Audit Report

2020-10-01

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