

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 05/25/2011

Board Item: 2-A-1

2011 Retirement Plan Contribution

Action by Consent

Action

Information

Article 4.01 of the Plan document for the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan"), provides that the Board will make contributions to the Retirement Trust Fund in such amounts and at such times as are required to maintain the Plan on a sound actuarial basis. The January 1, 2011 Actuarial Valuation Report prepared by Milliman Inc. states that a year-end contribution of \$13,127,289 (Annual Required Contribution) is required to fund the Plan's normal cost for the year and to amortize its unfunded accrued actuarial liability over a rolling 30 year period. However, one of the recommendations provided in the Actuarial Experience Study completed recently by Milliman is that the Board should consider making contributions in excess of the Annual Required Contribution in order to achieve a meaningful reduction in the unfunded actuarial accrued liability.

The Board has budgeted \$15,400,000 for the 2011 Plan contribution. Denver Water budgets contributions using best estimates available at the time the budget is prepared. Once the valuation is complete, the Board approves the actual contribution for the year. Deposits toward the estimated 2011 contribution have been made on a monthly basis beginning in January. To date, \$8,000,000 has been contributed to the Plan.

In light of the actuary's recommendation to make additional contribution to reduce the unfunded liability, Finance staff, supported by the Retirement Program Committee recommends contributing the budgeted amount in 2011. The remaining amount would be \$7,400,000. The remaining contribution would continue to be made on a monthly basis.

Recommendation:

It is recommended that the Board approve the total Plan contribution for 2011 in the amount of \$15,400,000.

Usha Sharma

FOR Angela Bricmont, Director of Finance

Respectfully submitted,

James S. Lochhead

James Lochhead, CEO/Manager

Approvals:

Patricia Wells

Patricia Wells, General Counsel