



Representative Minutes
January 8, 2019, 10 a.m.
City Hall 3rd Floor Conference Room

TSA Active Members

Mary Fowler, President
Michelle Fedor, Secretary
Bruce Smith, Treasurer
Cathy Hollow, Trustee
Maja Aurora
Kristi Griffin
Barrett Brickner
Lauren Hyre
Cody Lowe

Wendy Springborn
Tom Wilhite
Jonni Wolfe

Guest
Ken Jones, Deputy City Manager –
Chief Financial Officer

1. **Call to order** – Mary Fowler called the meeting to order at 10:05 a.m.
2. **Approval of the December meeting Minutes**
Bruce moved to approve the minutes; Cathy seconded the motion. The motion carried 4 to 0
Ayes: Mary, Michelle, Bruce and Cathy
Nays: None
Absent: Donna Sullivan-Hancock
3. **OPEB Update – Ken Jones, Deputy City Manager – Chief Financial Officer**
Ken gave an overview of how we got here:
 - In 2009 the city had to change the retiree healthcare plan
 - An actuary calculated an unfunded liability of \$398 million requiring an annual required contribution of \$39 million or set up a trust account to fund
 - Began phasing out retirees staying on city's healthcare plan
 - Group 1 – retirees and employees retired by July 2009
 - Group 2 – employees with 10 years of service as of July 2009 to receive funds equal to what ASRS charges for healthcare plan
 - Group 3 – not employed with the city yet or less than ten years of service. After ten years of service, \$14,000 goes into HRA and then city makes a \$175 monthly contribution.
 - This reduced the liability to \$9.2 million a yearWhere we are now:
 - If you are Group2 and you leave the city without being eligible for retirement, you get nothing
 - There have been no adjustments or increasing, value has been diminishing over time

- There will be one more meeting. Ken asked:
 - What do we want an actuary to look at?
 - Inflationary adjustments?
 - The cost of moving everyone to Group 2?
 - No, just those here in July 2009
- Actuary will be hired and then we'll have a recommendation
- Not looking at retroactively changing anyone in Group 2 who has retired.
- Looking at a more graded benefit for those here in 2009.
- Looking at applying inflationary factor.
- The city can't take the money out if they put it in the account on day one and then the employee doesn't stay 10 years.
- Today OPEB is a \$78 million liability and is fully funding with annual required contributions

4. Committee Reports

Diversity – no report

Wellness – didn't meet

Six-sided Partnership - no report

Labor Management - no report

Deferred Compensation

- Third quarter meeting to review fund performance
- Looking at which funds have been performing poorly over the past 5 years.
 - One placed on a watchlist
 - The policy is to dump it for something better
- Working on committee charter
 - Going through legal review
- RFP or RFQ for a record keeper going out in next couple of months
 - Currently Nationwide
 - Looking to consolidate 401, 451 and HRA under one record keeper
 - See all accounts in one place
 - Some funds might change because a new company may not have the same as Nationwide.
 - Criteria for RFP/RFQ?
 - Fee structure?
 - Number of funds?
 - Match what we currently have

Health Committee

- Discussion regarding disability plan:
 - The plan is staying at two years
 - Review board for appeals
 - Create separate plans for ASRS and PSRS
 - Disability time is not service time
 - Buying back time would be a hardship
 - ASRS has restrictions
 - Not going to be looked at
 - There have only been two individuals who went on disability, burned their sick at 100% and then retired

- Earning and burning of sick time
 - Creates hardship in some work areas
 - What can make sick time valuable?
 - 100% payout?
 - Maybe more steps?

5. Financial update

- Due to the increase in membership the budget is solid compared to previous years.

6. Member Announcements/Future Agenda Items

- The TSA annual membership meeting is set for Feb. 26, 2019, at the Tempe History Museum.

7. Adjourn

Meeting adjourned at 11:45 a.m.

The next meeting is scheduled for 11:30 a.m. on Feb. 26, 2019, at the Tempe History Museum, 809 E. Southern Ave.

Submitted by: Michelle Fedor

Reviewed by: Mary Fowler

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