

**MINUTES OF REGULAR MEETING OF THE
YOUNGTOWN POLICE PUBLIC SAFETY RETIREMENT SYSTEM LOCAL BOARD**

Monday, May 11, 2015, Town Hall Conference Room, 12030 Clubhouse Square, Youngtown, AZ

1. Call to order: Chair Michael LeVault called the meeting to order at 8:36 a.m.
2. Roll Call: Board Members present: Chair Michael LeVault, Board Members Margaret Chittenden, June Miller, Michael Kessler, Board Secretary Stacy Anderson, and Town Manager Jeanne Blackman
3. Review and Approval of Minutes of October 31, 2014 meeting:
Motion to approve Minutes of October 31, 2014 – Mike Kessler
Second – Board Member Chittenden
Motion passed unanimously on a voice vote.
4. Business:
 - A. Discussion on the PSPRS most recent Unfunded Liability
Chair LeVault
 - By way of Laws, 1996 the PSPRS was required to establish a cancer insurance policy
 - I've done some research and found why your rates are very high. Throughout a ten year span in 2000 the employer payroll rate was at 6%, in 2006 it was 9% and throughout the years 2011-2013 it jumped from 13 % to 19% and up to 55% and now it's at 65%. The years where the percentages were low, Youngtown had eleven (11) contributing members; down to seven (7) contributing members to now you only have one (1) contributing member. The employer now has to make up the difference. There are three retired members in which one member contribution was \$26,000 and has received \$146,000.00 in pensions. Another member contributed \$20,000 and has received \$400,000.00 and another member contributed \$64,000 and has received \$577,000.00 in pensions. The Town has to now pick up the difference which caused the higher rates.

The Board Meeting recessed at 8:45 a.m. for the Board Secretary to contact the PSRSP Office to inquire as to who is on the retired, inactive and active lists.

The Board reconvened at 9:05 a.m.

Board Secretary Anderson

- The Town currently has three (3) inactive members that are showing on the books.
 - Robin James (survivor)
 - Mike Brandon
 - Ed Siemen
- The Town currently has one (1) inactive member that is showing on the books.
 - James Russ
- The Town is currently showing one (1) active Member showing on the books.
 - Mike Kessler. Once Mike Kessler retires, Youngtown will have no contributors and that will increase the liability; you will have four (4) retirees.
- The unfunded liability is amortized over a 20 year period.

Chairman LeVault

- The inactive vested members are no longer on the plan.
- We had a meeting last week with Maricopa County Sheriff's Office (MCSO) and the Town is responsible for a portion of the MCSO unfunded liability. We believe that this is not part of our contract.

Mike Kessler

- That just does not make sense. When we contracted out Police Services with MCSO, the Town shouldn't have to pay for the unfunded liability for MCSO.

Chairman LeVault

- MCSO has 264 employees. Based on the size and contribution level for the unfunded liability they will have to pay \$250 million.
- We have contracted for one beat and MCSO make the payments to the plan.
- There is almost no employer representation on the Board. There needs to be a balance. Employees want benefits and the employers can only pay for them. Somewhere there needs to be a meeting of the minds.
- We still do not know what the balance of the unfunded liability for Youngtown is. The numbers seem to be a little squishy.
- We are not sure of the exact amount of the Town's liability. With the court case (Fields), we have been deferring to pay until a decision has been handed down. We have recommended to Council to step up our contribution to protect the Town against future lawsuits.
- The City of Bisbee has both police and fire, with an unfunded liability of \$20 million. Phoenix's unfunded liability is a half a billion dollars. The worst thing that we as a Town would be to defer the problem.

Board Member Miller

- What is the Town paying currently?

Town Manager Blackman

- The Town is currently paying \$70,000 per year to the pension.

Chairman LeVault

- There is \$6.4 billion per year being paid into the pension fund currently. The private sector moved from a defined pension plan to a 401K or a 457 plan.
- At the last meeting we reviewed the 2014 Youngtown PSPRS Actuary Report. Today we need will review the report, try to answer any questions or concerns and approve the report.
- In the report on page F5, the DROP states that if the employee works an additional five years, they will receive a lump sum payment plus their retirement plan.

Motion to approve the 2014 Youngtown PSPRS Actuary Report – Board Member Chittenden

Second – Board Member Miller

Motion passed unanimously on a voice vote.

7. Call to Public

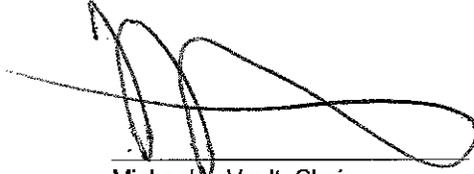
None

Adjournment

Motion to adjourn – Board Member Miller

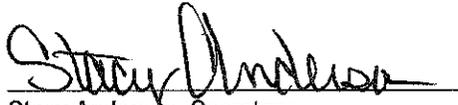
Second – Board Member Kessler

Meeting adjourned at 9:42 a.m.



Michael LeVault, Chair

Attest:



Stacy Anderson, Secretary
Town of Youngstown Local Board

Minutes approved at October 29, 2015 meeting