Employee Advisory Committee (EAC)

Special Meeting Minutes **APPROVED**
September 6, 2016
Mayor's Conference Room @ 2:00 p.m.

The meeting was called to order by Franco @ 2:01pm.

1. ROLL CALL

MEMBERS PRESENT:

Judy Franco – GIS
Albert Ozuna – Streets
Sir Allen (Chew) – Wastewater Collection
Jorge Stephan Kidd – Building Maintenance
David Rolando – Solid Waste Collection
Britt Hubbard - Sewer
Denise Ezell – City Clerk
Scott Golden – MPWTP
Ashley Glaze-Lyle – License & Permits

OTHERS PRESENT:

Tiffani Burk – HR Generalist
Bart Hadley – Assistant City Manager
Tim Wilson – City Attorney
Courteney Cacho - City Manager's Office
Doug Wells – Councilmember
Georgia Peters - Payroll

2. BUSINESS ITEM

A) Discuss the Defines Contribution Plan for New Employees and Take Action if Necessary

Franco said this is a meeting to discuss the pension for new hirers. She invited Assistant City Bart Manager Hadley and Councilman Doug Wells so we could go back to our employees and explain to them what's going on.

Hadley said he is the chairman of the Pension Trust. Pension Trust Committee is a group of employees, retirees, some citizens, along with an insurance agent and a banker. The primary purpose of the Pension Trust Committee is to look out for the well being of our retirement system. In part of doing that we felt it was our responsibility to have someone smarter than us look at how the plan is being proposed by the Council Committee to make sure it wouldn't affect current employees. The Define Contribution Plan wouldn't negatively affect our ability to pay our retirees who'll maintain under this plan. If someone retired today or tomorrow, we would still have to be able to take care of them out of our current plan when they retire (20) twenty or (30) thirty years from now or however long they live. We have to make sure our plan has enough money in it to take care of everybody. Our Pension Trust Committee hired an actuary to see how the plan that's being proposed might affect either positively or negatively. There were several different options being discussed on the new Contribution Plan and one was a scale version of how much they contribute and how much the City would contribute to match. The Council Committee, in an effort to try to make sure they didn't affect our current retirement plan, are willing to continue to spend (10%) ten percent of the new employee salary. What they weren't paying on the new employees as part of their Defined Contribution Plan leftover amount of that (10%) ten percent would go into our retirement plan. Currently we all pay (6.3%) six point three percent of our salary into our retirement system and the City contributes (10%) ten percent. This new plan would have the employees paying into a 401k type plan in a certain amount. What's currently being proposed is (3 1/2%) three and a half percent. They would be required to contribute at least (3 1/2%) three and a half percent and they could contribute more if they want but the City would match up to (3 1/2%) three and a half percent. The City would then inherit the (6 1/2%) six and a half percent savings because we would have been paying (10%) ten percent for all of those new employees. The actuary found that if the City didn't continue to contribute to our plan by a minimum of (6%) six percent because (6%) six percent would be the break even point. If we get (6%) six percent or more our plan would actually continue to stay as sound or better under the new plan than if we continued on with no change. After getting this information, the Pension Trust Committee voted to have him prepare a letter to the Council saying we aren't necessarily in favor of going to the new plan but because it does positively affect the plan that the Pension Trust Committee was ok with it as long as the Council committed to funding it at least (6%) six percent or more into our plan. (3 1/2%) Three and a half percent for new employees and that remaining (6 1/2%) six and a half percent will continue to go into our retirement system. What the City Council is recommending new employees to contribute (3 1/2%) three and a half percent as a minimum and the City would match (3 1/2%) three and a half percent. There would be (7%) seven percent of employee salary going into the fund. Half would come out of the employee salary and half would come straight out of the City's general fund to help fund that. That remaining (6 1/2%) six and a half percent we would have been paying would go into our retirement system.

Wells said what we are proposing is that (6 1/2%) six and a half percent will continue to be paid until the current fund is at least (100%) one hundred percent funded.

Hadley said our actuary said it has to be a minimum of (6%) six percent and has to continue indefinitely which is a minimum of (25) twenty-five to (30) thirty years. Council has agreed with that by putting it in the code. We should be aware that future Council can make a change to it but once we are funded at a (100%) hundred percent that means we don't have to contribute anything into it.

Hubbard asked Hadley, under this new plan the City would pay (6 1/2%) six and a half percent for a minimum of (25) twenty five years.

Hadley answered that's what the Pension Trust Committee recommendation is and that's what they indicated they would do.

Wells said until it's a (100%) hundred percent funded however long that may be but it's got to be a (100%) hundred percent funded before City Council would look at not funding any money. Keep in mind that's so far out in the future. It only affects those hired after. The proposal will also say that if it drops below a (100%) hundred percent we'll pick back up again.

Hadley said when this idea first came up he looked at it as an employee who wants to make sure his retirement is taken care of in the future. As an Assistant City Manager, how's it going to affect recruitment and retention of new employees which was a primary concern as well? When the Council Committee committed to putting the remainder (6) six, (6 1/2%) six and a half percent in here it really addressed all of the concerns he had as the Pension Trust Chairman. It takes care of our current pension system actually even better than if we just continued on the current path that we are doing. Recruitment and retention is a guess and depends on the type of employees. The younger employees want something that's a lot more mobile because they like to move around. This 401k type plan they could take with them to future employment and this might be more attractive to them than our current retirement system.

Wells said one of the questions that Hadley asked was can people like him convert over to a 401k because there was an advantage to that.

Hadley said there are definitely some advantages and disadvantages to it.

Wells said if we start this, saying employees who have been here (5) five years or less can convert over because there are some advantages to the 401k.

Hadley said the advantage is if he didn't think he was going to be here for (10) ten years then the 401k is an advantage. It would give an additional benefit that he doesn't currently have. Councilman Wells wanted new employees to be (100%) one hundred percent vested from day (1) one. He requested that we do something to try to encourage employees to stay longer. The Committee agreed to the number of years an employee had to be vested to get the City's contribution:

YEARS VESTED	CITY'S CONTRIBUTION
2	25%
4	50%
6	75%
8	100%

Of course by law they will always be able to take all of their contribution. The plan can be set up to control how much of the City's they can take. Maybe this would encourage employees to stay.

Ezell asked if the (10) ten year vesting is part of the issue and if it was part of the reason for the change?

Wells answered no, long term cost the City. Most Defined Benefit Plans are in trouble across the country. There are cities going bankrupt, their not paying their benefits or cutting benefits drastically. How long will the City be able to keep paying (10%) ten percent without asking the employees to pay (8) eight or (10) ten to keep the fund healthy? He doesn't know what would happen. Across the country there are cities who are already declaring bankruptcy and pension systems that are going under. He's more worried about what's going to happen if we continue building up an obligation that citizens will be responsible for either through tax increases or water rate increases. City Council might say enough is enough we're not going to continue paying this.

Hadley said there were (2) two things besides the recruitment and retention issue that has talked about; was it going to cost the City more or less money. Since they agreed to put the full (10%) ten percent and split it (3 1/2) three and a half here and (6 1/2) six and a half into our retirement system, it's not going to save him trying to budget any money. As an Assistant City Manager it's not a benefit to him to try to balance the budget. Long term, it is going to save money.

Hubbard asked if we are talking (25) twenty-five years out.

Hadley answered probably, yes. At some point it does reduce the liability to the City long term.

Wells said we just had a (10%) ten percent increase in our health benefit plan. Employees end up with (20) twenty or ($30) thirty dollars more a payday. That's ($600,000) six hundred thousand dollars to the City. If our current pension plan does not improve as expected and the City is told they really need a (3) three million dollar investment to make this solid. Wells asked where they are going to come up with the money.

Hadley answered that's what the actuary recommended.

Ezell said they have recommended that ever since she's been with the Pension Trust Committee.

Wells said sooner or later it's going to catch up to us.

Ezell said we've made a change to take care of that.

Wells said if he's projections work out, which he is projecting (6 1/2) six and a half who knows what is going to happen the economy and the United States.

Hadley said with the (6 1/2%) six and a half percent which is the assumption he made, then this change won't necessarily work either. If we stay at (2%) two percent over a long period of time or worse both plans are going to fail without doing some additional change to it. Go with Councilmember Wells' plan to raise the contribution level on the employee and City or just on the employee. As a general employee he pays a lot less than he did when he was with the Fire Department. Policemen and Firemen pay a lot more of their money into their pension system than general employees do that difference has a lot to do with why their retirement system is better than the general employees overall.

Hubbard asked on this new plan that's proposed for the new employees, that (3 1/2%) three and a half percent will always be (3 1/2%) three and a half percent.

Well answered its (3 1/2%) three and a half percent for the City. The employee can put any amount up to a maximum of (18,000) eighteen thousand a year. The original thing that he came up with was:

YEARS VESTED	EMPLOYEE'S CONTRIBUTION
Starting	3%
4	4%
8	5%
12	6%

Based off of what the actuary had come out with he agreed to change his assumption to (3 1/2) three and a half and (6 1/2) six and a half into the fund. He looks at the people who are under the 401ks who have retired.

Hadley said everybody believes that if we do this, it's better to have somebody run it than leave it up to the employees to decide when to switch from stocks to bonds. We want someone to help with that process and that's what the agenda item actually is. It is asking Council whether they want to have staff prepare an RFP, request of proposal, some sort of a bid system to go out and find a company to set up this new system. We want to find out on the front side if this is something that the Council is interested in doing.

Wells passed out a sheet based off of salary, years, and (6.5%) six point five percent. Wells said the current retirement system if you are making ($70,000) seventy thousand dollars a year with (30) thirty year service, you'll retire with (45,000) forty five thousand a year. Out of that (45,000) forty-five thousand which is less than ($4000) four thousand dollars a month, you would probably have to pay your health insurance.

Hadley said it's something we will all have to consider when we get close to retirement you look at your and your wife's health and life expectancy. Then you have to make a decision on the amount of money until you pass away or a lower amount of money until whoever lives the longest.

Peters said there is also a (10) ten year certainty.

Burk said actually (4) four options.

Hadley asked which of the options does the majority of the employees take.

Peters answered she has only been doing it for a short time. The last ones she's done have been just for themselves without spouses.

Wells said that's one of the things you'll have to think of when you retire. If you're going to take the Survival Benefits Plan, if so then which one depending on how much it's going to cost, how much your pay is, and how much your retirement is going to be. It has (2) two benefits:

*** Relieves the City of responsibility**
*** Will build up Employee's fund**

He would hope the City would allow a professional to manage your money just incase something were to happen it goes to your survivors. The City doesn't currently have this. Our system is only going to be good as long as the City continues supporting it. The state is not (100%) one hundred percent funded, they are in trouble too. They cut out their COLAs.

Hadley said they cut out COLAs for a long time but they created a (2) two Tiered system like we did.

Wells said the other thing to keep in mind in the state except police and fire are going to a 401k type system.

Ezell said teachers are not.

Wells said civil service, (86) eight-six they went into a 401k type they call Federal Employees Retirement System (FERS). They will match a little within a fund 401k but you also have to contribute. United States in (2018) twenty-eighteen is going to some form of a 401k type system. The age you'll be able to retire is changing to (67) sixty-seven. Define Benefit Plan is not sustainable in the future. He wants to make sure that everyone who's in the system is taken care of and that new employees are able to take it with them. The plan is to propose January (1st) first or July (1st) first of next year, new employees start under Define Contribution Plan and the old Define Benefits Plan stays like it is for all employees employed at that particular time. The ordinance would also include a portion that says (6 1/2%) six and a half percent will stay at least until the fund is a (100%) hundred percent funded. He would also have added that if it drops under a (100%) hundred percent, the (6 ½%) six and a half percent would be reinstated so all employees in the current system are taken care of.

Peters asked Wells if the max you could put in was (18,000) eighteen thousand.

Wells answered it's about (18,000) eighteen thousand for an IRA.

Peter said with a 457 Plan you can put in (18,000) eighteen thousand unless you're doing a 'catch-up'.

Wells said that's about the same as a 401k.

Peters asked what if they participate in both.

Wilson said he don't know if you can do (18,000) eighteen thousand in this one and that one.

Peters asked so what's the max you can put in.

Wells answered it's like a 457 Plan, (18,000) eighteen thousand. If it's higher than the government would allow you have to pay taxes on it.

Hadley said everything below (18,000) eighteen thousand is pretax but more than that then it's supposed to be taxed.

Peters said our GEMS system is set for (18,000) eighteen thousand. If someone tries to contribute more it won't let them.

Hadley said our only goal as far as Pension Trust is to look out for the pension system. The EAC needs to also strongly be opposed to anything less than that (6 1/2%) six and a half percent. The Pension Trust is hoping the employees are going to support that we still get at least (6 1/2%) six and a half percent into our current retirement system.

Peters asked what about the ones who have been here (10) ten years. We can't get our City contribution until we've been here (10) ten. Let's say you have (1) one day you have a person start and the next day you have the new system start. You have this (1) one over here having to wait (10) ten years and you have this (1) one over here having to wait (2) two years.

Wells answered it's trying to be fair to everybody.

Hadley said that's a good point in there are advantages and disadvantages to both claims. Another advantage could be towards the new people is if (2) two people were hired (2) two days apart to do the same job. (1) One was hired under the current system and the other hired the next day under the new system. (1) One is required to put in (6.3%) six point three percent of his salary into the retirement system. The other is only required to put in (3 1/2%) three and a half percent in theirs. The (1st) first one is going to have the better retirement but in the meantime the (2nd) second one will be bringing home more money than the (1st) first even though we are working side by side doing the same job. There are advantages to both. Knowing what he knows today, he would go for the retirement system.

Wells said he don't think the current system gives as much as a retirement as he would have made under the new system.

Ezell said thank you to Wells for all the work he had done for the general employees because he had worked hard this year but she did agrees with him on this stand point. It's our responsibility as EAC members to not only take care of present employees but take care of our future because if we do not offer something for people to come to City of Lawton to work for, we are not going to get the people we want to get hired. She heard things a little differently than Hadley did in the Pension Trust meeting. She heard them say they wanted the Council to leave the pension alone.

Franco said that was their (1st) first option.

Ezell said to stay and move things to a (2) two Tiered group that's basically doing the same thing as the Define Contribution Plan will do. It may take a few years longer than the Define Contribution Plan but you're looking at (25) twenty-five, (30) thirty years in that happening also.

Franco asked weren't we ahead of schedule of the (2) two Tier.

Ezell answered yes, we are.

Hadley said they did say what he said initially before the final motion.

Ezell said Andy Hills motion was we ask Council to leave the pension as is but if the do decide to make that decision that it be funded at no less than (6.5%) six pint five percent until indefinitely or until (100%) one hundred percent funded. She's glad to hear that Wells is recommending that if it got below (100%) one hundred percent, the (6.5) six point five goes back in there. She had told Council we need to put more money into it.

Wells said there is no more money and he has to talk now not as an employee but as a Councilman. We cannot keep putting it on the citizens. We are making more money as City staff than (80%) eighty percent of our citizens. We are asking them to fund a better retirement than they are ever going to have.

Ezell said she sees his point on that. As an EAC member she feels it's her responsibility to take care of employees we have hired at this point and any future employees. She has to say that she's against it.

Wells said the fund is only at (65%) sixty-five percent but if it gets in more trouble the City's not going to have the money to increase their contributions. It's going to be up to the employees to put in more money out of your pay check to keep the funds funded.

Ezell asked if the same thing could be done with fire and police.

Wells answered in 1980 we could.

Ezell asked but today we can't.

Wells said his only concern is what we are doing to the citizens.

Franco asked like Wells said if it came down to it and employees had to put more money, what if we did. What if we put in that (8%) eight percent?

Wells answered if this plan doesn't go through that maybe something you might have to.

Franco said we have to thing about both sides.

Rolando said just about all of his department has new hires and they like the new system because most of them aren't thinking (10) ten years down the road. It's not like we're not taking care of our future employees, we're just giving them a different option.

Golden said at the same time you have to take care of the current employees.

Hubbard said his feelings are the same as Ezell's. The employees in his area who he has talked to have the same feeling and they do not want to see a change in the pension plan at this point and time. That might be something we need to look at a little further down the road. He doesn't see where that savings being (25) twenty-five years down the road makes it an immediate need here and now. His employees and he are concerned how that would affect the future employees that we hire if we even get future employees. He thinks that sends us closer to a different system.

Wells said that (25) twenty-five years is a rolling number that doesn't change if you keep the current system. If we start this system (10) ten years from now it would still have to come from somebody (20) twenty to (30) thirty years down the road. Council could come in and say in steady of putting (6 1/2%) six and a half percent into the current system it's going back into the general fund because we need the money.

Hubbard said if we have change in our financial state throughout the U.S. those could also help our system because if interest rates go up then that's going to mean investment rates are going to go up also. It would help either way bit at the same time that's going to help this fund. He hadn't talked to any who thought any new employee really wants a little extra on their paycheck verses their long term commitment of the folks we know who are going to stay with the City.

Ezell said in the Pension Trust meeting, we had several general employees that attended. One of the things that I.T. brought up was going back if you take this away general employees now are different from police and fire. That was a concern there because we have such a pull between the (3) three that they were concerned over that. A gentleman who sat at the Pension Trust made the comment that the many years that he's been a part of the Pension Trust to see what has come through and what people are drawing as a retirement and how long they live. He's done annuities that are being made and they would have to have twice as much in an annuity to live the life they are living off of their pension. The gentleman from the Social Security Office said that you couldn't live off of Social Security alone and that it's just a supplement. Any financial advisor who has been in one of those meetings would tell you that a 457b or the new system that we are going to you're going to have to have more than that to retire but it's nothing but a savings plan. She's heard that in (3) three different meetings now.

Wells said that's when your Social Security comes in. If you didn't have that Social Security you wouldn't be getting back to where you were. You aren't the same as police and fire because you don't have a Social Security offset. Police and fire both have a Social Security offset on their retirement and they will never draw the same Social Security that you will. They do get a higher pension at (2 1/2%) two and a half percent. They're Social Security is also reduced because they are drawing those pensions. The biggest thing is you have to think about who's paying that retirement and that's the citizens.

Hubbard said that's him, he's a citizen.

Wells said and those citizens aren't making enough money as a lot of our City employees. There's a difference when you talk to people and who they are.

Hadley said it just depends on the mindset of the new employee. From a City Manager's standpoint it's not just about the bottom line. It's about this plan is going to save the City money decades from now. Wells is looking at it as a City Councilman. The Committee knows he tries to take care of the City employees but he also has a responsibility to look out for the citizens as well just like this Committee is representing the employees.

Wells said unless we do something like this, he doesn't think our system is going to be there for future retirees.

Rolando said this is inevitable. This is going to happen eventually even in the City. He thinks it should happen before something happens to our pension to the people who are here now. The new people will have benefits like everybody else in the country. There are very few pensions left in the country.

Hubbard said a lot of the industry will have a Tiered system that would do so much as Wells had originally proposed.

Wells said we maybe able to do that if certain things work out if they don't then it puts us in a better position than our current system than continuing to add liabilities to our current system. If we don't stop adding to that liability the funding eventually won't be there.

Ezell said the Pension Trust has already made the move to take care that and we are doing so.

Wells said he doesn't know how we are a year ahead when the City has not put in ($500,000) five hundred thousand.

Ezell said because the liability is so much less.

Hadley said we are a year ahead of schedule in what was originally predicted when we made the Tier (2) two changes. It's been almost (5) five years ago when we went to Tier (2) two. They predicted that we have 'x' number of Tier (2) two employees by this point and we're a year ahead. The number of employees we have the actuary didn't think we would get that until a year from now so that's why we are a year ahead. We've got a lower liability sooner because it's about a (30%) thirty percent reduction in benefit for Tier (2) two employees in compared to the people who were on the last (3) three. We made a reduction in benefits for all new employees and we increased the amount of money that was going into the plan. We increased the City contribution and the employees' contribution. Those (2) two things in this new system according to the actuary is kind of right at the ship. We did take a step back again but it wasn't because we didn't make a big enough change within the system as much as it isn't funded. Part of it is that the stock market didn't do as well as we were suppose to do.

Wells asked if the City wasn't able to put their addition in.

Hadley answered yes.

Wilson said the City put it's (10%) ten percent in but one of the years we met the (6.5) six point five projection earnings but the last (2) years we haven't. The actuary has encouraged more money to be put into the plan to make up that difference.

Hadley said the original proposal was anyone not vested. So if you didn't have (10) ten years on you would be part of the Tier (2) two. You would go from the last (3) three years to career average if you didn't have (10) ten years on (5) five years ago.

Golden said (5) five years ago when that change happened, the only thing that he remembers happening was that we got a raise (2 1/2%) two and a half percent went to insurance and (2 1/2%) two and a half percent went to pension. You didn't see anything in your paycheck and that was all that we were told. Until (2) two months ago when all of this started coming about, he had no idea how it was switched.

Wells said you are right want to take care of your pension system but at some point you've got to be sure of your pension system and still provide something for new employees and that's what this is. Sooner or later out pension system is going to be in serious trouble. He is looking out for the employees and that's his only goal.

The EAC Committee thanked Councilman Wells.

Franco said she basically called this Special Meeting because she wanted the Committee to be aware so the members could go back and talk to their employees to get them informed. We have our regular meeting next week. She would like for the EAC members to bring it to the next weeks meeting before Council Meeting.

Allen said he likes the old plan. It's scary to change. He agrees that something needs to be done for the future. Nobody knows what's going to happen.

Hadley said this plan shifts that uncertainty more towards the new employees. The pension system is spread out a much longer period of time and bigger amount of money. A pension system, when we are all in it together, rides it out better. An advantage and disadvantage is that if he retires as a general employee and he dies tomorrow the money stays in the pension system for those who live to be really old.

Franco said there are the one's who leave before their (10) ten years, that money stays in there.

Hadley said taking all of that into account which our actuary has looked at it. If you are only looking at what's best for this pension system, then this plan that Wells is putting in actually helps our retirement system more than if we don't do anything else.

Hubbard asked if the actuary think that if we have a change in the economy will that help to start building our pension plan back up. Is that one of the major things that has caused the problems?

Hadley answered yes and it's on the revenue side. Revenue is inclusive of our interest rates that we've earned. When they do an actuary they try to figure out how well the plan is going to do, if we have enough money to pay everybody, and if everybody retired today do we have enough money pay everybody for as long as we expect them all to live. We are short of that right now. That's based on earning (6 1/2%) six and a half percent forever on an average that's the assumption.

Rolando said even if it goes up in the next (5) five or (6) six years, we are just riding it. It really doesn't help the pension fund. It's just offsetting some of the lows it's already had plus some of the lows that'll come after that.

Hubbard said it would help to build us up past where we are now at (65%) sixty-five percent.

Hadley said we were (100%) one hundred percent funded at one time.

Hubbard said another thing that goes into effect is the changes that we've made in Tier (2) two and that has not really taken effect at this point but slowly but surely.

Hadley said had we not made those changes it would have been way worse today than we are. Those changes have definitely put us on the right ship with our actuary's best guess. The actuary said the changes that the Pension Trust made (5) five years ago has us on the right track. If we don't do anything else long term we are going to be sustainable from now until forever. We're on the right track.

Ezell said those predictions was (25) twenty-five, (30) thirty years if we stayed with the Tier (2) two we would be (100%) one hundred percent funded which is exactly what he says with this also.

Wilson agreed. The actuary believes that the fund would ride itself as we retire and pass on. Then the new employees with Tier (2) two start retiring and there would be less benefits paid up which the fund would turn and start going forward again.

Hadley said over the last (50) fifty, (60) sixty years it has. It's averaged (7) seven, (7 1/2%) seven and a half percent over that long period of time.

Wilson said he has respect for Councilman Wells' position. When he heard him talk about the Committee wanting to insure that the (6.5%) six point five percent still goes into our plan that made him feel better. He's going to speak not as an attorney who represents the City of Lawton but as an employee now. As an employee he doesn't support the idea because it's not long term and in the best interest of the City. We'll have people retiring that he doesn't believe will be able to afford to retire. It's not a good benefit at some point in the future for this next group. It would cause people to have to work longer and not retiring when they are (60) sixty which could cause more injuries for the City or more workers compensation. Older people tend to get sick more and there's going to be some loss production there. When we did this Tier (2) two thing (5) five years ago theoretically the problem has been resolved provided that we make that average (6.5%) six point five percent return every year. We didn't make it this year but our advisor said as of last month if we would have closed it out about (2) two weeks later we were at (6.2%) six point two percent for the last (12) twelve months. It just depends on where your mark is on that specific time.

Hadley said to stress that point, at the end of June (30) thirtieth we were at (2) two point something percent and a month later we were at (6.2) six point two.

Wilson said this Tier (2) two is going to take awhile which is another reason why he doesn't support this. He thinks the Define Benefit Plan is a recruitment tool. If you do away with the retirement and you have a Define Contribution Plan then you will have employees less prone to want to stay. The City would lose more employees potentially. It would be a bigger turnover and you would lose that knowledge in each of your divisions.

Golden said you lose employee quality. It's not so much quantity.

Wilson said one thing the actuary said was why rush into this. There is no reason to rush into any of these things being done right now because what we did (5) five years should take care of this. The actuary cautioned the Committee not to rush into this because it's so easy to make a mistake. It's not something to jump into.

Hadley said the actuary said if you do decide to do it then don't rush to get it all done so that we can start on November (1st) first and have it all in place by trying to rush the paper work.

Wilson said we haven't looked into other options. If more money if required would the employees be willing to put in another (1%) one percent to help fund it. Police and fire pay more. We pay (6.3) six point three and they are about (9) nine. He would personally be willing to pay another percent just to help fund my pension and the pension for future employees. That would be a smart investment. We have to be cognizant in the fact that we are here today but in (25) twenty-five to (30) thirty years when we are all retired there will be a different EAC and different administrators. If this goes through they'll be under the Define Contribution Plan and they won't be looking out for you. They'll be looking at the money that's going over to fund us and feel temped to pull some of that back to fund other things.

Burk said it's easier for us to look out for them now.

Hadley said Wilson is right. The City Manager and both the Assistant City Managers are all in this retirement system. Fast forward (10) ten years from now all of the administrators are part of the Define Contribution Plan end up members of this and then overtime all of the EAC members.

Burk said Councilman Wells has benefitted from it.

Franco said that's what was said at the meeting that when they started this people put in the minimal and they were part of the retirement from the get-go. It's just like Social Security we are paying it for them also. So it's the same thing.

Ezell said one of the things said that worries her more than anything is that they are going to put it in code. Code is the law but the code can be changed every other Council meeting. Just because they are saying that they will put it in code that is not a guarantee.

Hadley said even if they don't change, they can come in and say we are cutting the benefit in half or we are reducing the City's contribution.

Ezell asked some of the EAC members if how long they worked for the City and if they've seen the City try to go to a different plan with their years working for the City.

They answered they hadn't.

Ezell said she feels like we are safe if we fight it. She feels safer fighting it than letting them go to it.

Hubbard said the group that he represents along with himself thinks this isn't the point and time that we try to jump into it because not all of the factors are there.

Hadley said if we stay with our current system we will be kicking a can down the road and putting it on the next generation to figure out how to solve this problem. It's going to go to this some point or another because there are some legitimate arguments for doing that. He wants to give both sides of the argument. As a City administrator, if this is defeated, we stay with this plan, and we do have to put more money into this system. The actuary says the City needs to put another ($3,000,000) three million dollars into this which is going to be on the citizens' back but it's also unfortunately on the employees' backs. It's going to mean that we are less likely to get a COLA, step increases, and add staff. If that were to happen that is the downside of what Councilman Wells is proposing. He is just giving you both sides of it because he's already told the Committee his personally opinion. This will not negatively affect by our own actuary a single current employee in their entire career and retirement. It does put some of that savings long term in the future on the backs of future employees basically by reducing that benefit.

Burk said except for maybe recruitment.

Hadley said you can make a good argument both ways. He thinks retirement system is a better retention program but doesn't know if it's a better recruitment program.

Golden said on the recruitment, everybody is under the assumption that all new employees will be young employees. Young employees do want more money in their pocket which would sound good. Someone who might be retiring out of the military might want a secondary retirement and would pick a job specifically for the retirement.

Motion for Franco to write a letter to Council recommending that they leave the pension system as is with no modifications by Denise Ezell with a second by Albert Ozuna Ayes: Franco, Ezell, Allen, Rolando, Golden, Glaze-Lyle, Hubbard, Ozuna Nays: None **Motion carried**.

4. ADJOURNMENT

Motion to adjourn by Albert Ozuna and 2nd By Britt Hubbard. Motion Carried
Meeting Adjourned at 3:57pm.