Meeting Minutes
Health Care Benefits Trust Board
Regular Meeting

August 14, 2024| 4:00 pm
Council Chambers Conference Room
88 East Chicago Street, Chandler, AZ

CHANDLER
arizona
Community of Innovation

Call to Order

The meeting was called to order by Chair Terry Bond at 4:00 pm.

Roll Call

Commission Attendance

Chair Terry Bond
Vice Chair Jennifer Huppenthal
Secretary Zac Cummard
Mark Knight
Carson Mohr

Absent

None

Other Attendance

Rae Lynn Nielsen, HR Director
Fernanda Acurio, HR Manager
Matthew Dunbar, Budget and Policy Director
Kristi Smith, Financial Services Director
Julie Goucher, Accounting Senior Manager
Lina Alam, Accounting Supervisor
Joshua Jumper, Heinfeld Meech
Rachel Calisi, Segal Consultants
Rowena Laxa, Assistant City Attorney
Sarah Meland, Management Assistant

Scheduled and Unscheduled Public Appearances

None.

Consent Agenda and Discussion

1. **June 12, 2024 City of Chandler Health Care Benefits Trust Board Minutes.** Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from February 28, 2024.

Consent Agenda Motion and Vote

Secretary Cummard moved to approve the Minutes for June 12, 2024 Health Care Benefits Trust Board Meeting; Vice Chair Huppenthal seconded the motion. Motion carried unanimously (5-0).

Briefing

2. Capital Project Funding/Bond Election Discussion – Matthew Dunbar

Matthew Dunbar gave a presentation regarding Chandler's capital project funding/bond election. The presentation and the handout entitled 2025-2034 Capital Improvement Program-GO Bond Funded Programs are attached to the meeting agenda. An additional handout entitled Bond Exploratory Committee/Election Process 2024-2025 is attached to these minutes.

Chair Bond asked if inflation would continue to rise. Mr. Dunbar said that construction prices are starting to normalize.

Chair Bond and Vice Chair Huppenthal asked what TPT is? Mr. Dunbar replied that TPT stands for Transaction Privilege Tax, commonly called sales tax. He went on to explain that rental TPT will be eliminated in 2025. They expect to fund the ten-year plan using current tax rates.

Vice Chair Huppenthal asked the effect bonds have on property tax. Mr. Dunbar said the will stay the same.

Board Member Mohr asked if the City of Chandler used a municipal advisor. Mr. Dunbar responded that we use a financial advisor and bond council. He went on to say that Chandler is a very financially stable municipality with AAA ratings on general obligation bonds and enterprise tax revenue obligations from all agencies which mean we get the best rates offered.

3. Financial Audit Report for Calendar Year 2023 – Joshua Jumper, Heinfeld Meech

Josh Jumper of Heinfeld Meech presented the calendar year 2023 audit report which is attached to the meeting agenda.

4. Medical Trust Actuarial Report – Rachel Calisi, Segal

Rachel Calisi of Segal presented the actuarial report through June 30, 2024. The report is attached to the meeting agenda.

Chair Bond asked about the effects of specialty drugs and if it's any particular category causing the increase. Ms. Calisi responded that it is GP-1s. Vice Chair Huppenthal commented that there may be a correlation between advertising and the increase.

5. Financial Statements and Wellness Report – Lina Alam, Management Services
6. Investment Report – Lina Alam, Management Services

Kristi Smith introduced Julie Goucher who is the city's new accounting senior manager. Lina Alam presented the Financial Statements and Wellness Report and Investment Report which are attached to the meeting agenda. There was no discussion or questions about the presentation.

7. Review Calendar Year 2025 Meeting Dates – Fernanda Acurio

Fernanda Acurio asked everyone to review the proposed calendar year 2025 meeting dates. There were no objections to the dates.

8. Resolution No. HB-015 for 2025 Rates – Fernanda Acurio

Fernanda Acurio presented Resolution HB-015 regarding employee benefits rates and explained that this resolution was needed every year before open enrollment.

Chair Bond asked if employees were aware of the rate increase. Ms. Acurio responded that we were in the third year of a 3-year plan to raise rates and the employees were aware of this. She also stated the increase amounted to about $17 per pay period. Board Member Mohr asked if a national comparison had been conducted. Ms. Acurio confirmed there had been.

Action Agenda

9. Resolution No. HB-0115 approving the Total Monthly Rates for Employee Premiums for the Red Plan, the Blue Plan, and the White Plan for Calendar Year 2025

Chair Bond asked for a motion to approve Resolution No. HB-0115 approving the Total Monthly Rates for Employee Premiums for the Red Plan, the Blue Plan, and the White Plan for Calendar Year 2025. Secretary Cummard made the motion which was seconded by Vice Chair Huppenthal. The motion passed 5-0.

Member Comments/Announcements

None.

Calendar

The next regular meeting will be held on Wednesday, November 13, 2024 at 4:00 pm in the Council Chambers Conference Room, 88 East Chicago Street. This meeting will be a joint meeting with the Workers' Compensation and Employer Liability Trust Board.

Informational Items

Chair Bond let the Board know that items for future meetings are the Actuarial Audit Report, Financial Statements and Wellness Report, and the Investment Report.

Adjourn

Secretary Cummard motioned to adjourn the meeting which was seconded by Vice Chair Huppenthal. Motion passed unanimously (5-0). The meeting was adjourned at 4:54 pm.

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Zac Cummard, Secretary Terry Bond, Chair

Bond Exploratory Committee/Election Process

2024-2025

Why bonds?

- A bond election is the means by which the residents of the City of Chandler provide authorization for the city to issue bonds to fund large capital projects that are part of our well-defined Capital Improvement Program (CIP).
- Bonded debt is the primary mechanism established by State statute that enables municipalities to build, maintain, and replace public assets and infrastructure.
- Chandler issues tax-exempt bonds to fund almost 70% of the projects in the CIP.
- Chandler's interest rate on its bonds is low due to the City's well-managed debt program and superior AAA bond ratings; the highest rating given.

Why would the city want to look at adding additional authorization?

- The need for a bond election is due to the existing authorization being insufficient to fully fund the infrastructure needs in the CIP.
- The depletion of the funding has occurred at a more rapid pace than anticipated when costing projects prior to the 2021 bond election (the last time authorization was obtained), mainly due to significant inflation in capital project costs and some new project needs added in the updated 10-year CIP.
- Existing authorization is depleted beginning FY 2025-26 for Police, FY 2026-27 for Streets and Parks, and FY 2028-29 for Fire.

What is the role of the Bond Exploratory Committee?

- Evaluate capital project needs in the Chandler
- Determining which projects are priorities, and ensure bond authorization is available to allow the city to sell bonds to fund projects
- Recommend to either move forward, or not, with a bond election for specific projects or project groups/categories that are planned

What would the bond authorization recommendation look like?

- Bond authorization is grouped into categories of spending such as the following evaluated for the 2021 bond election with subcommittees discussing projects in their assigned areas
    - Park and Recreation/Community Services
    - Public Safety/Police and Fire
    - Public Works/Street, Transit and Water/Wastwater
    - Municipal Facilities
    - Information Technology (did not request authorization)
    - Airport (did not request authorization)