



RECOM

Retired Employees City of Mesa



Volume 3 Issue 3
March, 2009

RECOMAZ.org



RECOM Executive Board

Inside This Issue

- *Message From the Board*
- *Speaker*
- *Reports*
- *Announcements*
- *Meetings*

Message From the Board

MESA VOTERS APPROVE GAYLORD PROJECT

By Frank Mizner, Board Member

On Tuesday, March 11, voters in Mesa overwhelmingly approved Proposition 300 that basically endorsed a City Council agreement to rebate hotel room taxes for use in southeast Mesa in conjunction with the proposed Gaylord resort and adjacent hotels. The 84% approval was by far the largest margin of victory in Mesa's history.

Although this election was certainly important, according to local political leaders and the project developers, the project faces several other significant hurdles.

First of all, the former General Motors Desert Proving Grounds has significant environmental issues that must be addressed before the property can be reused for the intended resort, golf course, restaurant, residential, and other uses.

Secondly, the entire property must be planned in great detail, including public hearings before the Planning and Zoning Board and City Council, and notification to adjacent property owners, nearby political jurisdictions, and other interested

parties (such as Phoenix-Mesa Gateway Airport). Although an overall general plan has been presented to the City, more specific site plans for the golf course, resort and hotel are necessary.

Finally, and perhaps most importantly, overall economic conditions will be carefully evaluated. Gaylord depends very heavily on business and convention travel, which have declined considerably in the past year. Construction of such a large facility will obviously require a tremendous capital investment.

According to Bennett Westbrook, a senior vice president with Gaylord, the company will watch conditions carefully in the credit and hospitality markets before deciding when to break ground. "We have not locked down a schedule," he said. "Right now there's too much uncertainty in the world".

The Gaylord project has the potential for up to 1,500 hotel rooms, with \$1 billion invested in construction and 4,000 permanent jobs.

Roc Arnett, President of the East Valley Partnership, said the Gaylord election signals a positive mentality across the entire southeast valley.

SPEAKER

Our February speaker was both eagerly anticipated and inspired some barely controlled anxiety. It was Pat Klein from Arizona State Retirement System (ASRS).



We wanted to hear how our pension funds were doing, but were afraid to find out. Well, the news was good. (Audible sigh of relief!) While it is impossible to report all the statistics from Pat's presentation, here are some key points he made.

The Good news:

1. Our pensions will not be reduced.

You may not remember the wording, but somewhere in all that legalese when you signed up it said that membership in ASRS is a "contractual relationship and benefits cannot be diminished or impaired." That means even if all the pension fund money is gone, the state has to figure out some way to pay out pensions. That applies to current retirees who retired under the original provisions.

The legislature is trying to change that and there are no guarantees for **future** retirees if the law changes.

2. While the fund got hit like all investments, it is still sound.

We had some really, really good years (1996,1997,1998,1999,2004,2007) when the return on investment was in the areas of 16-22%, and some pretty good years when the average yield was about 10%.

Since its inception, the fund has averaged an annual 10% yield – and 8% return means it's

healthy. That provided a nice cushion for the last 14 months or so – when we did lose 4 billion actual dollars. And when you count the 4 billion expected return that didn't materialize, – the total loss is \$8 billion. That still leaves about 20 billion in the coffers, and of course, there are about 226,000 active employees and their employers paying into the system as well.

Basically, \$1.9 billion is paid out a year to current retirees or their beneficiaries and about \$1.9 billion comes in from investments and contribution of active employees and employers. OK, so that's a lot of dry numbers, but don't you find when they're attached to your livelihood they're a whole lot more palatable?

3. It is constitutionally protected and the state can't get its hands on it to balance the budget.

So, while the feds have dipped into Social Security for all kinds of things, the folks in Arizona were a whole lot smarter. Article 29 of the Constitution of the State of Arizona says that the ASRS money is a "separate and independent trust fund managed **solely** in the interests of members and beneficiaries". That little word "solely" means they can't get their mitts on it – no matter how bad the state's finances get. See, sometimes that lawyerese works in our favor!

Pat pointed out that depending on how long you've been retired, you may be getting a really, really good deal.



Between 1996 and 2005, our contribution rate averaged just over 3% of gross pay -- give or take a smidgen -- and the return was close to 5.8%. But from then on, the numbers reversed themselves, and people are paying in more than they are getting back.

From 2002 to 2007 the worker's contribution jumped from 5% to more than 8% and in 2009 -- our working colleagues are paying 9% of their gross income to ASRS and getting about 6.7% percent back.

The Not So Good News:

Here are some **SUGGESTED** bills that are in the hopper. They haven't passed yet, but ...

Defined Benefit Plan Design

1. For new hires only, on or after July 1, 2009 -- use the last 60 months of salary to calculate pension. Currently it is 36 months. This would likely reduce pensions for most people because they make the most money toward the end of their careers.

2. New hires only, on or after, July 1, 2009-- must earn a total of 85 points not 80 points to get full pension. (Example: Age 52.5 plus 32.5 years of service = 85 points)

3. Cap employer refunds at 0%. This means if you've worked for the city of Mesa for (for example) a number of years and then leave to go somewhere else (not retire), you can take out all the money **you have contributed**, but not any of the money the City has contributed.

4. ELIMINATES 80% OF SALARY BENEFIT CAP. This is actually a plus, but won't make that much difference in actual dollars in your pocket. For example, if you made \$50,000 a year, they'll use all of that amount to calculate your pension -- not just \$40,000 of it.

5. Return to Work:

- a. If you come back to work full time for an ASRS employer within 12 months of retirement, your pension is suspended and you have to start paying into the ASRS system again.

b. **Here's the new part** -- If you go back to work full time within 12 months to a **non-ASRS employer** -- that employer has to pay a portion into the ASRS trust fund -- not the whole share like an ASRS employer -- but some. Confused? OK here's the thing -- lots of people went back to work for their old employer through a temp agency, kind of getting around #1 of this paragraph.

Now, if you go back to work full time to any ASRS employer through a temp agency, the temp agency has to pay a portion of the ASRS contribution. Of course if you go to work for Wheels and Deals Corp., who is not an ASRS employer, your pension goes on and neither you nor your employer makes an ASRS contribution.



Service Purchase:

There were several provisions here, but the most important one is this:

You have to work for an ASRS employer for 5 years before being eligible to buy back years of service from a previous government employer. Apparently some folks were in the military for 20 years, worked for an ASRS employer for one year, bought back their military service, and drew on the trust fund ever after.

Remember, the above is
PROPOSED LEGISLATION
and may or may not pass.

REPORTS

Treasurer

Good news: Unlike the local, state and national budgets, RECOM's is in good shape and Treasurer Chuck Wennerlund reports that there will be no dues increase for the next fiscal year.

Membership Committee

Kathy Barrett reports that there will be a concerted membership drive in May. That means renewal by current members and all those folks who retired recently that we missed. If you know anyone who retired or is about to retire, please let Kathy know, or download an application

(www.RECOMAZ.org)

and give it to the person.

Nominating Committee

What if you gave a party and no one came? Well gee, RECOM's almost in that position! There are potentially 6 positions open on the Board; we've got elections in April and so far, not many people have volunteered to serve.

Benefits Task Force:

From the January meeting Sam Halverson reports that Donna reviewed the December operations statement of the trust fund. It is at about \$18 million and is healthy at this time. It is expected to go down a little because of some improvements in the benefits, but no increase in premiums for 2009.

Jody Topping attended our February RECOM membership meeting to hear our guest speaker Pat Klein, but had no report from the Benefits Dept. They are all busy packing to move. See below.

ANNOUNCEMENTS

[It's in Mesa, and it's Free!](#)

MACFEST – Every Saturday from now through May 30, in downtown Mesa there are artists and craftsmen (women too!) who display their products. You can stroll up and down Main St., enjoy the weather, the art and maybe a bite to eat. And who knows, you may even feel compelled to buy something, think Mother's Day. But it's not required!

Three for Free Programs - On the first Sunday of each month Target Corp. subsidizes admissions at our three museums.

That's right, free admission to the

- Arizona of Natural History,
- Arizona Museum for Youth or the
- Mesa Contemporary Arts Gallery

on the first Sunday of every month from Noon – 5:00PM. They're cool!

And if you go on April 5th, there's even a **free concert on the Shadow Walk at the Mesa Arts Center from 12:30-3:30**. So, On April 5th, you could take in a museum and finish with a concert.

After April 5th – there are no outdoor concerts scheduled – that heat thing just gets too bad.

Arts Center Tours - Have you seen the inside of the MAC? It's a feast for the eyes. But it's even better when you have someone explain some of the behind the scenes stuff. And RECOM's very own Jo Ferguson conducts some of the tours. There are free tours from noon to 1:00PM on Wednesdays. Just make a reservation at 644-6626 so they know how many guides they'll need. And right after the tours of the main building – the theaters - there's a free tour of the Contemporary Arts Gallery, right across the walkway.

The gallery tour is only 20 minutes, so it's possible to do the 1 hour theaters tour and the gallery without getting exhausted. There's more – but if you call their hot line you'll get the full list of available tours: **644-6626**.

News from the Benefits Office:

Remember:

Effective March 2, 2009 the Benefits office will be closed on Fridays. And if you don't desperately need something from the Benefits office, try not calling or going there in the next few days. They moved on March 13th. All Benefits staff will be at the Mesa City Plaza Bldg at 20 E., Main. Office hours are 7:00AM to 6:00PM Monday through Thursday. Phone numbers remain the same.

If you aren't a current City employee and don't have one of those ID tags with the really, really flattering picture on it – you've got to stop in the lobby and get a visitor's pass. And if you drove there, you've got ID. If you don't have a driver's license, bring some other ID with your picture on it even if it's not as flattering as your City ID picture was.

Meetings

Bill Jabjiniak, Mesa Economic Director was scheduled for the **March 18th** meeting. A family emergency prevented him from attending so Harold Decker and Tom Reyes graciously took over the reins – more on that in the next newsletter.

Dan Taylor from East Valley Senior Services will be the speaker for the **April 15th** meeting. He'll talk about available services and volunteer opportunities and more - should be interesting.

Other meetings this year are scheduled for:

May 20, 2009
June 17, 2009
July 15, 2009
August 19, 2009
September 16, 2009
October 21, 2009
November 18, 2009
December 16, 2009

Meetings are held at 9:00AM in the fire Department Community Room at Mesa Drive and 1st Street.