



City of
CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: April 18, 2019

Pension and OPEB. City Clerk Terpstra and I met with a representative from the Municipal Employees Retirement System this week for a review of the City's pensions system. As expected, investment performance for 2018 was poor which will negatively affect the actuarial valuation of assets in the system. The solution to this problem for the long term will be to pay more than the minimum required contributions, something likely to be required in order to address the expected Treasury Department order for a corrective action plan. We also discussed the City's retiree health insurance program and the corrective action plan required for it. We will be exploring further with MERS the possibility of moving the group of pre-65 retirees off from our current health insurance plan and into one available through a health insurance exchange through MERS. We believe this would enable retirees to purchase comparable coverage but at a lower cost than is currently the case with the City's plan.

Budget. I am continuing to struggle with completing a budget presentation with which I am comfortable. I had hoped to have this in Council's hands on Monday but that now seems unrealistic. We have encountered some delays in getting payroll related entries from the new system into the new accounting system, leaving me with less information than I would like about how we will end the current fiscal year. In addition, I am still working to formulate proposals related to the pension and OPEB issues discussed above. I will report on this further on Monday.

Vacation. I am currently planning to be on vacation the week of April 29 assuming I conclude the preparation of the budget.