

Minutes of the Meeting
of the Board of Trustees of the
Fire and Police Retiree Health Care Fund, San Antonio
October 17, 2022

Meetings of the Health Care Fund are being held under provision of the Texas Open Meeting Act for video conferencing (Chapter 551). A quorum of the Board, and the Chair, will be present at the meeting location: 112 E. Pecan, Suite 1616, San Antonio, TX 78205. Meetings will be visible and audible recording of the meeting. There will be two-way audio and video of the meeting between each Board member sufficient that Board members and public can hear and see them. Health Fund will comply with all Videoconferencing Guidelines.

PRESENT: Henry Trevino, Fire Department Retiree Representative;
Chris Lutton, Police Department Representative;
Mike Despres, Retired Police Representative;
Doug Berry, Fire Department Representative;
Andrew Estrada, Fire Department Representative;
Jason Sanchez, Police Department Representative;
Councilperson Melissa Cabello Havrda, City of San Antonio;
Mayoral Appointee Tom Silliman, City of San Antonio.

ABSENT: Councilperson John Courage, City of San Antonio;

OTHERS: James Bounds, Executive Director,
PRESENT: Cecilia Puga Retiree Health Care; and
Frank Burney, Martin & Drought, P.C.

At 10:01 a.m., Chair Berry called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meetings held on September 19, 2022 were reviewed and unanimously approved upon motion by Trustee Trevino and second by Trustee Silliman.

EXECUTIVE

SESSION: The Board went into Executive Session at 11:02 a.m. to discuss legal issues regarding members benefits and investment. The Executive Session adjourned at 11:47 a.m. No action taken.

MEMBERS
TO BE

HEARD: None.

ACTION
ITEMS:

1. Investments:
 - a. Committee visited DRA Real Estate Advisors and finalized \$25M allocation after site visit.
 - b. Next meeting will be November 29, 2022 at 10:00 a.m.
2. Personnel/Audit:
 - a. Audit: Garza/Gonzalez presented the audit of the Health Fund as of December 31, 2021. The opinion included “no material weaknesses, deficiencies, or non-compliance.” These were no difficulties in performing the audit. One adjustment was made relating to retainage related to construction in progress. Upon motion by Trustee Sanchez and second by Trustee Despres, the 2021 Audit was unanimously accepted.
 - b. Personnel: Personnel meeting is schedule for November 2, 2022 at 10:00 a.m.
3. Benefits:
 - a. Children’s Rates for 2023: Mr. Bounds reviewed the proposed rates for children of members for FY23. Upon motion by Trustee Sanchez and second by Trustee Silliman, the Board unanimously approved keeping current rates (\$350) for children.
 - b. COBRA Rates for 2023: Mr. Bounds reviewed the proposed rates for COBRA for FY23 (6 persons). Upon motion by Trustee Sanchez and second by Trustee Lutton, the Board unanimously approved a COBRA rate of \$748.17.
 - c. Alternative Therapy Program: Ms. Puga reviewed the proposed list of alternative therapy program modifications. Upon motion by Trustee Despres and second by Trustee Silliman, the ATP was unanimously approved.
 - d. Clinics: Rogers Road is open and well-received. New clinic will be open on December 5, 2022 and accepting patients.
 - e. Health-by-Design: Health-by-Design has requested an increase in medical staff compensation averaging a little more than 10% (contract allows for 10% increase annually). Item will be set for

Board consideration at November Board Meeting after Benefits Committee meeting (November 2, 2022 at 9:00 a.m.).

4. Legislative: No report except elections on November 8, 2022.
5. Administrative Report:
 - a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Estrada and second by Trustee Despres, a list of expenses and claims and the Financial Report were unanimously approved by the Board.
6. Consultant Report:
 - a. Legal: None.
 - b. Actuarial: None.
7. Educational Opportunities:

Upon motion by Trustee Sanchez and second by Trustee Lutton, the Board approved attendance at any of the following educational opportunities:

 - NAPO: 34th Annual Police, Fire, EMS & Municipal Employee Pension & Benefits Seminar, January 29-31, 2023
8. Next Meeting: The next regularly scheduled meeting will be November 28, 2022 at 10:00 a.m.

ADJOURNMENT: There being no further business, a motion was made by Trustee Trevino and second by Trustee Lutton that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 11:48 a.m.

- Enclosures
- Financial Statement
 - List of approved claims and expenses
 - Agenda
 - Minutes
 - Children's Rates
 - Alternative Therapy Program
 - Health-by-Design Medical Rate Request

CERTIFIED AGENDA OF CLOSED MEETING

HEALTH FUND

I, DOUG BERRY, THE PRESIDING OFFICER OF HEALTH FUND, CERTIFY THAT THIS DOCUMENT ACCURATELY REFLECTS ALL SUBJECTS CONSIDERED IN AN EXECUTIVE SESSION OF THE BOARD CONDUCTED ON OCTOBER 17, 2022.

1. The executive session began with the following announcement by the presiding officer: "Health Fund is now in executive session October 17, 2022 at 11:02 a.m."
2. SUBJECT MATTER OF EACH DELIBERATION:
 - Discussions with attorney relating to his or her advice on legal matters related to any matter in which the duty of the attorney to Health Fund under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act; and
 - Discussions regarding contractual, real estate, investment and benefit matters.
3. No further action was taken.
4. The executive session ended with the following announcement by the presiding officer: "This executive session ended on October 17, 2022 at 11:47 a.m."

Presiding Officer

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AGENDA
BOARD OF TRUSTEES MEETING
FIRE AND POLICE RETIREE HEALTH CARE FUND
TO BE HELD AT THE OFFICE OF MARTIN & DROUGHT LOCATED AT
112 E. PECAN STREET, Suite 1616, SAN ANTONIO, TX 78251
Monday, October 17, 2022-10:00 a.m.

Meetings of the Health Care Fund are being held under provision of the Texas Open Meeting Act for video conferencing (Chapter 551). A quorum of the Board, and the Chair, will be present at the meeting location: 112 E. Pecan Street, Suite 1616, San Antonio, TX 78251. Meetings will be visible and audible to the public at the Host location, and there will be a visual or audio recording of the meeting. There will be two-way audio and video of the meeting between each Board member sufficient that Board members and public can hear and see them. Health Fund will comply with all Videoconferencing Guidelines.

Members of the public may provide comment on any Agenda item, consistent with procedural rules governing the Board meetings and state law. Public comment may be provided as follows:

- a. **Written:** Submit written comments, along with name and address, by emailing them to Leticia Deleon at leticia.deleon@swbell.net by 12:00 p.m. on the day before the meeting. Comments will be read into the record during the designated time on the agenda.
- b. **In Person:** Speakers shall be given the opportunity to speak at the beginning of the meeting during "Public Comment" for up to 2 minutes (6 minutes if translation is needed).

For those members of the public that would like to participate by Zoom, please use this code:
<https://us06web.zoom.us/j/81832674853?pwd=ZEJpVW93R3dMRm4rNXdqSGZENUi3Zz09>

Meeting ID: 818 3267 4853
Passcode: 584382

1. Call to Order:
2. Roll Call: Doug Berry, Henry Trevino, Andrew Estrada, Chris Lutton, Michael Despres, Jason Sanchez, Councilperson Melissa Cabello Havrda, Councilperson John Courage, Tom Silliman.
3. EXECUTIVE SESSION (Discussion only – Closed to Public):

The Board of Trustees may recess the meeting to the public at any time and hold an Executive Session pursuant to the Texas Open Meetings Act, Chapter 551.071, of the Texas Government

Code. Such Act provides for Executive Session on any matter to be considered during the meeting as it relates to consultation with attorneys, real property, personnel and other matters. While any matter on the agenda may also be discussed, these specific matters may be discussed with counsel in Executive Session:

- a. **Government Code §551.072 – Discussions Regarding Purchase, Exchange, Lease, or Value of Real Property if Deliberation in an Open Meeting Would Have a Detrimental Effect on the Position of Health Fund in Negotiations with a Third Party;**
- b. **Government Code §551.071 - All Matters Where Health Fund Seeks the Advice of its Attorney as Privileged Communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas:**
- c. **Pending or Contemplated Litigation; and**
- d. **Government Code §551.074- Personnel Matters involving Senior Executive Staff and Employees of Health Fund.**

4. Minutes (Discussion and possible action):

- Board Meeting Minutes for September 19, 2022

5. Public Comment

6. Committee Reports (discussion and possible action):

a. Investments:

b. Personnel/Audit:

- Presentation by Garza & Gonzalez

c. Benefits:

- Adjustment to cadet class 92 A years of service
- Set children's rates for 2023
- Set COBRA rates for 2023
- Approval of the Alternative Therapy Program

d. Legislative:

7. Administrative report (discussion and possible action):

- a. Draft financial reports and list of expenditures for September 2022
- b. Update on clinics

8. Consultant Reports (discussion and possible action):

- a. Legal: Report by Frank Burney
- b. Rudd & Wisdom:

9. Educational Opportunities (discussion and possible action):

- NAPO: 34th Annual Police, Fire, Ems & Municipal Employee Pension & Benefits Seminar
January 29 – 31, 2023 (conflict with January Board meeting)

10. Adjournment:

NOTE:

Speakers may address the Board regarding any specific Agenda Item, on any matter related to Fund business, or on matters that are within the scope of the authority and legislative functions of the Board. Speakers shall be given the opportunity to speak at the beginning of the meeting during “Public Comment” for up to 3 minutes (6 minutes if translation is needed.) Enumerated agenda items are assigned numbers for ease of reference only and will not necessarily be considered by the Board in that particular order. For those who need assistance due to physical challenges, accommodations can be made by contacting James Bounds at 210-494-6500.

F&P Retiree Health Care Fund - Calendar
Statement of Plan Net Assets
September 30, 2022

September 30, 2022 December 31, 2021

ASSETS

Cash - City	\$ 0.00	\$ 0.00
Cash - Trust	536,296.51	26,516.15
Leasehold Improvements	11,587,371.55	14,287,371.55
Investments - Trust	515,080,985.44	553,010,823.64
Accrued Interest - Trust	2,299,391.84	1,563,376.68
Pre-paid Expenses	764,987.68	53,328.00
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Total Assets	530,269,033.02	568,941,416.02
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LIABILITIES

Claims Payable	4,682,897.02	4,522,968.68
Accounts Payable	108,664.40	158,532.42
Security Lending Collateral	0.00	0.00
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Total Liabilities	4,791,561.42	4,681,501.10
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Net Assets Held in Trust	\$ 525,477,471.60	\$ 564,259,914.92
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F&P Retiree Health Care Fund - Calendar
Statement of Changes in Plan Net Assets
For the Nine Months Ending September 30, 2022

	Current Month	Current Budget	Year to Date	YTD Budget
Additions				
Contributions:				
City of San Antonio	\$ 5,106,491.79	3,876,000.00	\$ 34,110,401.31	34,878,000.00
Active	2,553,408.00	1,938,000.00	17,056,679.57	17,439,000.00
Retirees less than 30	122,150.61	92,000.00	994,053.24	823,000.00
COBRA	0.00	2,000.00	29,641.06	15,000.00
Children	45,500.00	37,000.00	373,100.00	330,000.00
Total Contributions	<u>7,827,550.40</u>	<u>5,945,000.00</u>	<u>52,563,875.18</u>	<u>53,485,000.00</u>
Investment Income:				
Interest	81,248.38	333,000.00	1,412,031.94	3,000,000.00
Net Appreciation of Inves	(547,573.96)	2,884,000.00	(35,554,595.03)	26,061,000.00
Other Income	165,301.88	2,000.00	252,233.09	15,000.00
Less Investment Expense	(27,833.33)	(13,000.00)	(269,804.40)	(108,000.00)
Net Investment Income	<u>(328,857.03)</u>	<u>3,206,000.00</u>	<u>(34,160,134.40)</u>	<u>28,968,000.00</u>
Total Additions	<u>7,498,693.37</u>	<u>9,151,000.00</u>	<u>18,403,740.78</u>	<u>82,453,000.00</u>
Deductions				
Members Benefit Paymen	3,238,073.22	2,654,000.00	26,955,767.00	23,881,000.00
COBRA Benefit Payment	999.72	2,000.00	6,361.63	15,000.00
Children's Benefit Payme	18,407.61	37,000.00	334,935.80	329,000.00
General and Administrati	6,858,156.52	1,007,400.00	29,888,183.65	8,721,600.00
Total Deductions	<u>10,115,637.07</u>	<u>3,700,400.00</u>	<u>57,185,248.08</u>	<u>32,946,600.00</u>
Net Increase	<u>(2,616,943.70)</u>	<u>5,450,600.00</u>	<u>(38,781,507.30)</u>	<u>49,506,400.00</u>

October 17, 2022

Expenses Paid since last Board Meeting

5927	Aetna Sign	Rogers	\$	40,045.76
5928	Wayne Cannon	Refund	\$	468.01
5929	CDS Muery	August	\$	21,578.28
5930	Chris Tobar	DC Lyft	\$	36.79
5931	Clean Enviro	Asbestos Inspection	\$	402.50
5932	Farimond	August	\$	3,684.00
5933	Martin Drought	August	\$	21,569.29
5934	Raba Kistner	August	\$	27,580.15
5935	RVK	August	\$	67,422.91
5936	Jon Sabo	Refund	\$	468.01
5937	Cincinnati	Insurance	\$	8,678.00
5938	City Base West	October	\$	7,461.16
5939	Clinic	October	\$	8,481.82
5940	Tezel	October	\$	17,669.17
5941	Office	October	\$	6,623.48

9/12/2022	Frost		\$	157.32
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Expenses to be paid at this Board Meeting

5942	Andrew Estrada	Phone	\$	70.00
5943	AT&T Mobility	Data	\$	68.75
5944	Doug Berry	Phone/Per Diem	\$	214.00
5945	Frost	Jul-Sept 22	\$	16,000.00
5946	GDC	September	\$	5,000.00
5947	Henry Trevino	Phone	\$	70.00
5948	James Bounds	Per Diem	\$	787.27
5949	Jason Sanchez	Phone/Per Diem	\$	454.00
5950	Christopher Lutton	Phone/Per Diem	\$	142.00
5951	Meketa	October	\$	20,833.33
5952	Mike Despres	Phone/Per Diem	\$	214.00
5953	Rudd & Wisdom	Valuation	\$	35,379.50
5954	Thomas Silliman	Per Diem	\$	72.00
5955	USI	October	\$	7,750.00
5956	T-Mobile	October	\$	83.33

		Total	\$	319,464.83
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IFEBP	DC	\$	3,648.00
Site Visit	NYC	\$	1,253.04
Meeting	Deposit	\$	-
CPS	Electric	\$	2,634.92
AT&T	Phone	\$	540.76
Supplies	sam's	\$	265.38
Documation	Copier	\$	438.69
Meeting	Workshop	\$	234.15
Postage	Claim Forms	\$	263.54
Frost	Fees	\$	26.02

		Total	\$	9,304.50
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September 19, 2022

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PRESENT: Henry Trevino, Fire Department Retiree Representative;
Chris Lutton, Police Department Representative;
Mike Despres, Retired Police Representative;
Doug Berry, Fire Department Representative; and
Mayoral Appointee Tom Silliman, City of San Antonio.

ABSENT: Andrew Estrada, Fire Department Representative;
Jason Sanchez, Police Department Representative;
Councilperson John Courage, City of San Antonio; and
Councilperson Melissa Cabello Havrda, City of San Antonio.

OTHERS PRESENT: James Bounds, Executive Director,
Cecilia Puga Retiree Health Care; and
Frank Burney, Martin & Drought, P.C.

At 10:02 a.m., Chair Berry called the meeting to order. The roll was called, and a quorum was declared present. The minutes from the meetings held on August 29, 2021 were reviewed and unanimously approved upon motion by Trustee Depres and second by Trustee Trevino.

EXECUTIVE
SESSION: None.

MEMBERS
TO BE
HEARD: None.

ACTION
ITEMS:

1. Investments: Mr. Bounds proposed a \$25 Million investment in DRA Fund II (real estate) pending site visit.

Upon a motion by Trustee Despres and second by Trustee Silliman, the Board unanimously approved the investment.

2. Personnel/ Audit: Audit field work completed, and final audit will be presented in October, 2022.

3. Benefits: Ms. Puga recommended that the increase in premiums be split between prescription out-of-pocket and medical out-of-pocket.

Upon a motion by Trustee Despres and second by Trustee Silliman, the allocation of premiums was unanimously approved.

4. Legislative: None.

5. Administrative Report:

- a. Expenses: Mr. Bounds presented the expenditures for the Fund. Upon motion by Trustee Despres and second by Trustee Trevino, a list of expenses and claims and the Financial Report were unanimously approved by the Board.

- b. Property: Mr. Bounds informed the Board of the pending sale of one of the office buildings (#2) on Roger Road. Upon motion by Trustee Silliman and second Trustee Despres, the resolution was unanimously approved (which includes future sales) per attached resolution.

6. Consultant Report:

- a. Legal: Mr. Burney reported on status of WebTPA Arbitration.

- b. Actuarial: Mr. Fenlaw provided on a review of the actuarial report of the Fund effective January 1, 2022. The Fund has a 21-year amortization period for UAAL. A request was made to have the actuary evaluate any cost-savings for clinics/proactive health care.

7. Educational Opportunities: None.

8. Next Meeting: The next regularly scheduled meeting will be October 17, 2022 at 10:00 a.m. Upon motion by Trustee Despres and second by Trustee Lutton unanimously approved.

ADJOURNMENT: There being no further business, a motion was made by Trustee Despres and second by Trustee Silliman that the meeting adjourn. The motion carried unanimously. The meeting adjourned at 10:48 a.m.

Enclosures

- Financial Statement
- List of approved claims and expenses
- Agenda
- Minutes

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Health by Design: Fund Rate Recommendation

CLINIC ROLE	Current Billable Hourly Rate	Adjusted Billable Hourly Rate
Physician	\$229	\$257
Registered Nurse	\$85	\$90
Licensed Vocational Nurse (LVN)	\$57	\$50
Receptionist	\$57	\$50
Sonographer	\$89.75	\$100
Specialist - Licensed Professional Counselor	\$200 <small>per treated patient per month</small>	\$100
Specialist - Endocrinology	\$350	No Change
Specialist - Physical Therapy	\$165	\$125
Specialist - Exercise Specialist	\$50	\$80
Nurse Care Navigator	\$90	\$108
Specialty Services Support Administrator	\$53	\$70
Clinic Operations Administrator	\$73	\$63
Nurse Lead	\$95	\$113
Practice Manager	\$95	\$113

FIRE AND POLICE RETIREE HEALTH CARE FUND
San Antonio, Texas

AUDIT SUMMARY

Year Ended December 31, 2021



**FIRE AND POLICE RETIREE HEALTH CARE FUND
AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2021**

Financial Statements

1. Auditor's Report – Financial Statements (FS)

a. *Unmodified* Opinion (pgs. 1-3)

- *Emphasis of Matter Paragraph* – draw users' attention to a matter(s) presented or disclosed in the FS that are of such importance that they are fundamental to users' understanding of the FS.
 - *Alternative Investments* (73.19% at 12/31/2021 vs 65.85% at 12/31/2020) – fair values measured at net asset value per share, in the absence of readily available and determinable fair values.
 - Our opinion is not modified with respect to this matter.

2. Auditor's Report – Government Auditing Standards (Performed, as required by the Health Fund)

- a. Internal Control Over Financial Reporting and Compliance and Other Matters in Accordance with *Government Auditing Standards* (pgs. 33-34)
- **No Material Weaknesses;** Significant Deficiencies; Noncompliance Required to be Reported in FS.

3. Plan Description (pgs. 10-12):

No substantive changes to benefit provisions since the prior period.

Contributions & Membership	
Year Ended December 31, 2021	Year Ended December 31, 2020
Contribution Rates (statutory contribution rate applied to covered payroll):	Contribution Rates (statutory contribution rate applied to covered payroll):
Actuarial Valuation Date – January 1, 2022:	Actuarial Valuation Date – January 1, 2021:
Covered Payroll – \$350,757,833 (pg. 31)	Covered Payroll – \$347,776,258 (pg. 31)
Plan Member – 7.15% of Covered Payroll	Plan Member – 6.50% of Covered Payroll
City (Employer) – 14.30% of Covered Payroll	City (Employer) – 13.00% of Covered Payroll
Total Contribution Rate – 21.45% – <i>Effective 10/1/2021 - 9/30/2022 (3 mos. (10/1/21-12/31/21) of Health Fund's FYE 12/31/2021)</i>	Total Contribution Rate – 19.50% – <i>Effective 10/1/2020 - 9/30/2021 (9 mos. (1/1/21-9/30/21) of Health Fund's FYE 12/31/2020)</i>
Biweekly Contributions:	Biweekly Contributions:
Active Plan Members – \$208.00 (1/3)	Active Plan Members – \$192.53 (1/3)
City (Employer) – \$416.01 (2/3)	City (Employer) – \$385.05 (2/3)
Total Membership (8,509):	Total Membership (8,239):
Retirees & Beneficiaries – 4,385	Retirees & Beneficiaries – 4,136
Active Plan Members – 4,124	Active Plan Members – 4,103
Actual Contributions (pg. 9):	Actual Contributions (pg. 9):
Plan Members – \$21,012,086	Plan Members – \$19,726,524
City (Employer) – \$42,029,806	City (Employer) – \$39,479,614

FIRE AND POLICE RETIREE HEALTH CARE FUND
AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2021

- a. The total contribution rate increased to 21.45% from 19.50%, which is a 1.95% increase.
 - In accordance with state law, the rates may be increased by as much as 10% each year until the Health Fund’s unfunded OPEB liability is expected to be amortized in 30 years or less.

4. Fair Value Measurement (pgs. 17-22)

- a. GASB Statement No. 72, *Fair Value Measurement and Application*.
- b. Provides a hierarchy containing 3 levels for categorizing the types of inputs used to measure fair value.
- c. All investments of the Health Fund, with the exception of Alternative Investments, are categorized as Level I – Quoted Prices in Active Markets for Identical Assets.
- d. Alternative Investments (AI) – Use the Net Asset Value (NAV) per share as the fair value and are therefore not categorized according to the fair value hierarchy.
 - NAV used in the absence of readily available and determinable fair values.
 - NAV measurement is based upon the net position value of the Health Fund’s investment in the AI – determined by the AI’s fund managers or general partners.

5. Statements of Fiduciary Net Position (pg. 8)

	December 31, 2021	December 31, 2020
Total Cash & Investments	\$ 8,841,857	\$ 10,727,970
Investments at Fair Value	544,195,483	469,264,454
Total Cash and Investments	553,037,340	479,992,424
Other Assets	16,640,447	7,999,079
Total Assets	\$ 569,677,787	\$ 487,991,503
Total Liabilities	\$ 5,417,873	\$ 3,931,351
Net Position:		
Restricted for OPEB	\$ 564,259,914	\$ 484,060,152

- a. Total Cash & Investments – Increase of \$73,044,916 or 15.22% from December 31, 2020 to December 31, 2021.
- b. Alternative Investments – \$404,669,969 or 73.19% of investments at fair value at December 31, 2020 vs \$316,044,436 or 65.85% of investments at fair value at December 31, 2020.
- c. Other Assets – The majority of the \$16,640,447 is comprised of the net capital assets balance of \$15,023,741.
 - Construction In Progress totaled \$9,541,250 for construction on the Rogers (\$8,323,639), Schertz (\$612,761), and Rialto (\$604,850) buildings.
- d. Net Position – \$564,259,914; Net Increase of \$80,199,762 for the year ended December 31, 2021.
 - The increase is comparable to the 2020 increase of \$81,546,351. A decrease of only \$1,346,589 or 1.65%

**FIRE AND POLICE RETIREE HEALTH CARE FUND
AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2021**

6. Statements of Changes in Fiduciary Net Position (pg. 9)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Employer Contributions	\$ 42,029,806	\$ 39,479,614
Plan Member Contributions	21,012,086	19,726,524
Dependent & Retiree Contributions	1,544,773	1,513,368
Total Contributions	<u>64,586,665</u>	<u>60,719,506</u>
Investment Income:		
Net Appreciation in Fair Value of Investments	55,718,701	52,375,303
Interest & Dividends	3,437,478	3,158,233
Other Income	647,761	589,084
Less: Investment Expenses	(547,461)	(484,375)
Net (Loss)Income from Investing Activities	<u>59,256,479</u>	<u>55,638,245</u>
Total Additions	<u>123,843,144</u>	<u>116,357,751</u>
Deductions:		
Benefits	39,849,809	31,347,565
Administrative Expenses	3,793,573	3,463,835
Total Deductions	<u>43,643,382</u>	<u>34,811,400</u>
Net Increase in Net Position	80,199,762	81,546,351
Beginning Net Position Restricted for OPEB	<u>484,060,152</u>	<u>402,513,801</u>
Ending Net Position Restricted for OPEB	<u>\$ 564,259,914</u>	<u>\$ 484,060,152</u>

- a. Net Income from Investment Income – \$59,256,479
 - Due primarily to the \$55,718,701 increase in the FV of investments, due to market conditions during the fiscal year ended December 31, 2021.
- b. Total Contributions increased by \$3,867,159 or 6.37%; while, Total Benefits increased at a higher amount/rate of \$8,502,244 or 27.12%.
- c. Total Deductions – \$43,643,382 with the majority (\$39,849,809) for benefits paid.
 - Included in the benefits paid amount is \$6,532,074 for the 3 clinics' operations.
- d. Total Contributions exceeded Total Deductions by \$20,943,283 or 47.99%.

**FIRE AND POLICE RETIREE HEALTH CARE FUND
AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2021**

7. Medical Clinics (pgs. 24-25)

a. Activity as of December 31, 2021:

- Operations – Effective September 25, 2015 for 1st Clinic; Effective January 2017 for 2nd Clinic; Effective February 2020 for 3rd Clinic.
- Managed by Health by Design.
- Estimated, expected, costs are prepaid by the Health Fund to Health by Design and reconciled to actual costs, monthly.
- For the years ended December 31, 2021 and 2020, the Health Fund paid \$6,532,074 and \$4,828,199, respectively, for Clinic operations, which are reported as a component of “benefits”.
- Operating Lease (Effective September 2015-Paesanos) for leased property for 1st Clinic; (Effective January 2017-City Base) for 2nd Clinic; (Effective February 2020-Tezel) for 3rd Clinic.
 - Amount paid – \$406,516

8. Net OPEB Liability and Related Information (pgs. 26-30)

- a. As of December 31, 2021, the Health Fund is Unfunded by \$552,792,329 – “Net OPEB Liability” to be reflected in the City’s financial statements.
- b. Funded Ratio – 50.5% at December 31, 2021 vs 43.7% at December 31, 2020.
- c. To Meet the 30 Year Amortization of Unfunded Amount Requirement –
 - Current Total Contribution Rate is 21.45% effective October 1, 2021 (City’s FY 2022).
 - Contribution rates will be increased as much as 10% each year until the unfunded OPEB liability is expected to be amortized in 30 years or less.
 - Total Contribution Rate is expected to remain at 21.45% for the City’s fiscal years 2023 and 2024.

**FIRE AND POLICE RETIREE HEALTH CARE FUND
AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2021**

Report On The Conduct Of Audit

1. No difficulties encountered in performing the audit.
2. Adjustments identified during the audit–
 - retainage payable related to construction in progress – -increased capital assets and accounts payable by \$736K
 - adjustment is reflected in the Health Fund’s financial statements for the year ended December 31, 2021.
3. No internal control or other matters noted during the audit.

Setting 2023 Childrens Rates

	Oct-Sept	Jan-Sept
Police	363,563.69	255,850.00
Fire	178,488.24	117,250.00
Contributions	542,051.93	373,100.00
Medical	307,511.26	268,120.21
Rx	91,035.91	66,815.59
Costs	398,547.17	334,935.80
Operating Surplus	143,504.76	38,164.20
	104	
Police	88	
Fire	42	
Family Count	130	130
2022 Rate	350.00	350.00
12/31/21 Surplus	8,961.07	931,951.25
12/31/22 Projected Surplus	1,050,000.00	1,050,000.00
Desired Reserve	1,250,000.00	1,250,000.00
A		
2022 cost/count	3,065.75	3,435.24
	255.48	286.27
B		
2022 cost/count	3,065.75	3,435.24
Debt + 1/2 Reserve	769.23	769.23
	319.58	350.37
C		
2022 cost/count	3,065.75	3,435.24
Debt + Reserve	1,538.46	1,538.46
	383.68	414.47

Employee & Spouse

	No. Retirees	Medical Plan Paid	Rx Plan Paid	Average Cost
Oct-21	4371	\$1,600,845.62	\$1,515,869.89	\$713.04
Nov-21	4408	\$2,026,805.35	\$1,641,781.00	\$832.26
Dec-21	4409	\$1,755,010.35	\$1,695,786.00	\$782.67
Jan-22	4462	\$2,035,173.22	\$1,524,639.70	\$797.81
Feb-22	4479	\$788,683.23	\$1,413,127.56	\$491.59
Mar-22	4503	\$2,277,004.19	\$1,726,942.07	\$889.17
Apr-22	4517	\$2,049,284.93	\$1,596,191.29	\$807.06
May-22	4456	\$1,442,543.63	\$1,694,453.30	\$703.99
Jun-22	4458	\$1,930,199.19	\$1,882,445.50	\$855.24
Jul-22	4549	\$1,284,721.18	\$1,761,815.89	\$669.72
Aug-22	4574	\$1,401,824.35	\$1,896,256.00	\$721.05
Sep-22	4570	\$1,321,214.56	\$1,956,224.62	\$717.16
Total	53756	\$19,913,309.80	\$20,305,532.82	\$748.17

Alternative Therapy Program

Effective January 1, 2023



THERAPEUTIC CATEGORY	MEDICATION NAME	THERAPEUTIC EQUIVALENT
Acid Reflux/ Peptic Ulcer Disease	DEXILANT	omeprazole; esomeprazole; lansoprazole; rabeprazole; pantoprazole
	GLYCATE 1.5 MG; DARTISLA ODT	glycopyrrolate
Acne	ABSORICA	Claravis; Isotretinoin, Myorlsan; Zenatane
	doxycycline DR 40 mg; doxycycline monohydrate capsules; doxycycline hyclate tablets; doxycycline hyclate DR, minocycline ER; CoreMino; ACTICLATE; BENZODOX KIT; DORYX; DORYX MPC; DORYX MPC 60 MG; MINOLIRA; ORACEA; SOLODYN; TARGADOX	doxycycline hyclate 50 mg cap; doxycycline hyclate 100 mg cap; minocycline 50 mg cap; minocycline 75 mg cap; minocycline 100 mg cap
	adapalene-benzoyl peroxide pad 0.1-2.5%; clindamycin phos-benzoyl perox 1.2-2.5 % gel; clindamycin-tretinoin 1.2-0.025 % gel; ACANYA; VELTIN; ZIANA	adapalene-benzoyl peroxide 0.1-2.5% gel; benzoyl peroxide-erythromycin 5-3% gel; clindamycin phosphate-benzoyl peroxide 1-5% gel
	dapsone gel; tazarotene cream; tazarotene gel; tretinoin microsphere gel; ACZONE; AMZEEQ; ARAZLO; RETIN-A MICRO; TAZORAC CREAM; TAZORAC	clindamycin phosphate topical soln; clindamycin phosphate topical gel; clindamycin phosphate topical lotion; tretinoin cream; tretinoin gel
Allergy (oral)	carbinoxamine maleate 6 mg; Clemastine 0.5 mg/mL Syrup; RYVENT	carbinoxamine 4 mg
Allergy + Decongestant (oral)	CLARINEX-D	fexofenadine + pseudoephedrine; loratadine + pseudoephedrine; cetirizine + pseudoephedrine (separate agents)
Allergy (nasal corticosteroids)	OMNARIS 50 MCG/ACT SUSPENSION; QNASL 80 MCG/ACT AERO SOLN; ZETONNA 37 MCG/ACT AERO SOLN	fluticasone propionate nasal susp 50 mcg/act; mometasone furoate nasal susp 50 mcg/act
Allergy (combination nasal antihistamine/steroid)	azelastine-fluticasone 137-50 mcg/act suspension; DYMISTA; TICALAST	fluticasone propionate nasal susp 50 mcg/act; azelastine hcl nasal spray 0.1% (137 mcg/spray)
Allergy (ophthalmic antihistamine)	olopatadine 0.2% ophth soln; PATADAY; PAZEO; LASTACAF; ZERIVATE	olopatadine 0.1%; epinastine 0.05%
Androgens	JATENZO; KYZATREX; TLANDO; XYOSTED INJECTION	testosterone cypionate; testosterone enanthate
Anti-Anxiety	LOREEV	diazepam; lorazepam
Antibacterial	cephalexin 750 mg capsule; DAXBIA 333 MG; SULFADIAZINE 500 MG TAB	cephalexin 250 mg capsule; cephalexin 500 mg
	HUMATIN 250 MG	paromomycin 250 mg capsule
Antibiotic (ophthalmic)	moxifloxacin (2x day) 0.5% ophth soln; MOXEZA 0.5% OPTH SOLN	ciprofloxacin 0.3% ophth soln; ofloxacin 0.3% ophth soln; gatifloxacin 0.5% ophth soln

Alternative Therapy Program



THERAPEUTIC CATEGORY	MEDICATION NAME	THERAPEUTIC EQUIVALENT
Antibiotic (otic)	ciprofloxacin hcl 0.2 % otic solution; CETRAXAL OTIC SOLN	ofloxacin 0.3% otic soln
Antiemetic	doxylamine-pyridoxine DR 10-10 mg tablet; BONJESTA; DICLEGIS	ondansetron 4 mg tablet; ondansetron 8 mg tablet; ondansetron ODT; promethazine
Anti-inflammatory	aspirin-omeprazole DR; naproxen-esomeprazole DR; VIMOVO; DUEXIS; YOSPRALA	ibuprofen + omeprazole; naproxen + famotidine; aspirin + omeprazole (separate agents)
	prednisolone sod phosphate 10 mg/5 mL soln; MILLIPRED TABLET; MILLIPRED 10 MG/5ML SOLN; ALKINDI SPRINKLE; RAYOS; TARPEYO	prednisolone sodium phosphate 15 mg/mL oral soln; prednisolone oral tablets; hydrocortisone oral tablets; budesonide EC 3 mg cap
	diclofenac potassium 25 mg; fenoprofen; Indomethacin 20 mg capsule; mefenamic acid; meloxicam 7.5 mg/5 mL oral suspension; naproxen sodium ER 24HR tablet; ProFeno; CAMBIA; DURLAZA; FENORTHO; NALFON; NAPRELAN; NORGESIC; SPRIX; TIVORBEX; VIVLODEX; ZIPSOR; ZORVOLEX	meloxicam; diclofenac potassium tablets; diclofenac sodium tablets; ibuprofen; Indomethacin; naproxen
	SEGLENTIS	celecoxib + tramadol (separate agents)
	diclofenac sodium 1.5% soln; Diclofenac Sodium 3% Cream; Kiofensaid II 1.5% Soln; PENNSAID 2% SOLN	diclofenac 1% gel
Anti-inflammatory (ophthalmic)	ACUVAIL 0.45% OPHTH SOLN	diclofenac 0.1% ophth soln
Anti-fungal	JUBLIA; KERYDIN	clotriprox 8% soln; terbinafine
	luliconazole 1% cream; oxiconazole nitrate 1% cream; OXISTAT 1% CREAM; OXISTAT 1% LOTION; LUZU	clotrimazole cream; econazole cream
	posaconazole 100 mg tab; BREXAFEMME 150 MG	fluconazole 150 mg
Anti-Malarial	HYDROXYCHLOROQUINE 100 MG TAB; HYDORXYCHLOROQUINE 300 MG TAB; HYDROXYCHLOROQUINE 400 MG TAB; QUINIDINE SULFATE 200 MG TAB; QUINIDINE SULFATE 300 MG TAB	hydroxychloroquine 200 mg tab
Anti-psychotics	QUETIAPINE 150 MG TAB	quetiapine tablets
Anti-viral	acyclovir 5% cream; acyclovir 5% ointment; DENAVIR; XERESE; ZOVIRAX 5% CREAM; ZOVIRAX 5% OINTMENT	acyclovir capsules; acyclovir tablets; valacyclovir

Alternative Therapy Program



THERAPEUTIC CATEGORY	MEDICATION NAME	THERAPEUTIC EQUIVALENT
Blood Pressure/Cardiovascular	meloprolol-hctz ER 24H; DUTOPROL	meloprolol-hctz 50-25 mg; metoprolol-hctz 100-25 mg; metoprolol-hctz 100-50 mg
	PRESTALIA; CONJUPRI	perindopril + amlodipine (separate agents)
	NORLIQVA	amlodipine
	NEXICLON XR	clonidine tablets
	CONSENSI	amlodipine + celecoxib (separate agents)
	ASPRUZYD SPRINKLE	ranolazine ER
	SOAAZ	torsemide
	THALITONE	chlorthalidone tablets
Cholesterol	LIVALO; ZYPITAMAG	atorvastatin; lovastatin; pravastatin; rosuvastatin; simvastatin
	ROSZET	ezetimibe + rosuvastatin (separate agents)
	fenofibrate acid DR capsule; TRILIPIX	fenofibrate; fenofibrate micronized; gemfibrozil
Constipation	lactulose oral crystal packet; KRISTULOSE PAK	lactulose 10 GM/15 mL oral solution
Depression	DRIZALMA SPRINKLE; FETZIMA	duloxetine; venlafaxine ER
	bupropion HCl ER (XL) 24H 450 mg; trimipramine; vilazodone; VILBRYD; TRINTELLIX; APLENZIN; FORFIVO XL; SURMONTIL; CITALOPRAM HCL 30 MG CAP; VENLAFAXINE ER 112.5 MG TAB	bupropion SR; bupropion XL 150 mg; bupropion XL 300 mg; citalopram; escitalopram; fluoxetine; sertraline; venlafaxine ER
Dermatological	fluorouracil 0.5% cream; diclofenac sodium 3% gel; CARAC 0.5% CRM	5-fluorouracil 5%; Imiquimod 5%
	clobetasol propionate 0.05% lotion; halobetasol propionate 0.01% lotion; triamcinolone 0.05% oint; CORDRAN TAPE; IMPEKLO 0.05% LOTION; TRIANEX	betamethasone; clobetasol; triamcinolone 0.25% cream; triamcinolone 0.1% cream; triamcinolone 0.5% cream; triamcinolone 0.25% lotion; triamcinolone 0.1% lotion; triamcinolone 0.25% oint; triamcinolone 0.1% oint; triamcinolone 0.5% oint
Genitourinary Agents	ENTADFI	finasteride 5 mg + tadalafil 5 mg (separate agents)
Gout Agents	febuxostat; ULORIC	allopurinol
Migraine	sumatriptan-naproxen sodium 85-500 mg tab; TREXIMET	sumatriptan + naproxen (separate agents)
	ELYXYB	celecoxib

Alternative Therapy Program



THERAPEUTIC CATEGORY	MEDICATION NAME	THERAPEUTIC EQUIVALENT
Muscle Relaxant	butalbital-acetaminophen 25-325 mg tablet; chlorzoxazone 375 mg; chlorzoxazone 750 mg; cyclobenzaprine ER 15 mg; cyclobenzaprine ER 30 mg; ALLZITAL; AMRIX; LORZONE	butalbital-acetaminophen 50-325 mg tablet; carisoprodol; cyclobenzaprine 5 mg; cyclobenzaprine 10 mg; methocarbamol; tizanidine
Nerve Pain	GRALISE; HORIZANT	gabapentin tablet; pregabalin
	SAVELLA	duloxetine
Ophthalmic Corticosteroid	difluprednate 0.05% ophth susp; DUREZOL; EYSUVIS 0.25% OPTH SUSP	prednisolone 1% ophth susp
Ophthalmic Prostaglandin	travoprost (BAK free); ZIOPATAN; TRAVATAN Z	latanoprost 0.005%
Osteoporosis	risedronate DR 35 mg; ATELVIA; BINOSTO	alendronate
Seizure	ELEPSIA XR	levetiracetam ER 500 mg; levetiracetam ER 1000 mg
Sleep Aid	doxepin 3 mg tablet; doxepin 6 mg tablet; ramelteon; zolpidem tartrate SL 1.75 mg tablet; zolpidem tartrate SL 3.5 mg tablet; BELSOMRA; DAYVIGO; EDLUAR; INTERMEZZO SL; ROZEREM; SILENOR	eszopiclone; zaleplon; zolpidem; zolpidem ER
Thyroid	SYNTHROID; THYQUIDITY SOLN; TIROSINT; TIROSINT ORAL SOLN	levothyroxine; Euthyrox; Levo-T; Levoxyl
Urinary	silodosin; RAPAFLO	tamsulosin; alfuzosin