

**MARIN COUNTY COUNCIL OF MAYORS & COUNCILMEMBERS
AD-HOC COMMITTEE ON PENSION & OTHER POST-EMPLOYMENT
BENEFITS REFORM**

MINUTES OF NOVEMBER 29, 2010 MEETING

PRESENT: Belvedere (John Telischak, Sandy Donnell); Corte Madera (Bob Ravasio); Fairfax (David Weinsoff); Larkspur (Larry Chu, Len Rifkind); Mill Valley (Andy Berman); Novato (Jeanne MacLeamy, Denise Athas); Ross (Scot Hunter); San Anselmo (Ford Greene, Tom McInerney); San Rafael (Marc Levine); Sausalito (Mike Kelly); Tiburon (Emmett O'Donnell); Marin Manager Association (Dan Schwarz, Jim Schutz)

INTRODUCTIONS: Chair Larry Chu opened the meeting at 7:05 PM. Committee members introduced themselves. The Chair then provided an overview of the process:

- This is an ad-hoc committee to look into various alternatives for reducing the costs and risks associated with pensions and OPEBs, and create a 'toolkit' for policy and decision making.
- This is not a Brown Act committee, but it will operate as one to provide the public with an opportunity to listen on in the discussions and to provide comments.
- The duration of the work is estimated to take until about June 2011.

COMMITTEE MEMBER COMMENTS: Committee member were given the opportunity to make any comments. There were none.

PUBLIC COMMENTS: Members of the public were given the opportunity to make comments. The following comments were made:

- Paul Tuttle (Belvedere) – This committee is needed. Suggesting that a citizens committee with no political or labor interest. Consists of an actuary, lawyer familiar with labor and employment law, an investment expert, and two citizens who are familiar with the issues. Provide a report summarizing the issues and range of outcomes. Would be willing to volunteer.
- Tom MacDonald (Novato) – Agrees with previous speaker. Will need a way to get public support in the implementation. Novato had a group of community leaders which were well informed, were well know, and had political credibility and clout. Need to cultivate this in each town.
- Bill Tunney (Strawberry) – Agrees with previous speakers. Need to get out of CalPERS. Should look into losses in real estate portfolio and look into sustainability of defined benefit plans.

BUSINESS ITEMS:

Consider the inclusion of elected representatives from other jurisdictions on the Committee

The Chair reported he had been contacted by elected representatives of the Marin Municipal Water District and the Novato Sanitary District asking if the committee could be expanded from the MCCMC member cities/towns to include special districts.

Concerns raised include the uncertainty of the political motivation of other non-MCCMC agencies. The committee could get unwieldy and could be difficult to keep focused. Municipalities may have different financial structures than other agencies.

The stated benefit include having the special districts would include a broader group of public agencies since they all have to deal with the same financial challenges and they all serve the public in some way. Good education process and outreach opportunity to the public.

M/S Telischak/O'Donnell to include other public agencies; approved unanimously.

Mike Di Giorgio and Bill Long from the Novato Sanitary District join the committee for the remainder of the evening's agenda. No elected representatives were present from the Marin Municipal Water District.

Discussion of the scope of work and objectives for the Committee

The Chair stated that two things that the committee will not debate is (1) the two sides of the issue associated with which discount rate to use in the calculation of unfunded liabilities and (2) whether the current economy is a temporary downturn or if this is a new economy. Focus should be on the burden of the costs and risks on local governments.

Set a target for the toolkit to be completed in March which can then be used in the 2011-12 budget cycle. The second task to be completed in June is to look into issues that are outside of our local control and to create a plan for bringing more attention to these issues.

The toolkit is just that, i.e. not a one size fits all. It will be up to each jurisdiction to decide which alternatives are the best solutions for their own unique circumstances.

Everyone agrees that the current system as it exists is unsustainable. The committee should have several documented examples as a means of framing the problem in the introduction of the report.

The introduction of the report will also include comments and analysis about how the GASB 25 actuarial requirements do not adequately address the unfunded liability.

Do the jurisdictions on the committee want to participate in a study to use a different (arguably more accurate) methodology to calculate their unfunded liability? This would be a joint exercise to get economies of scale on what can be shared, but the analysis will address the specific parameters associated with each participant's level of benefits.

It was stated that a study of this type is important piece of the analysis to know what each jurisdiction's unfunded liability, that it would be done together, and using the same methodology.

Need to update the information on the level of pension and OPEB benefits of all cities/towns as requested by the Mayor Select Committee.

CalPERS will not provide the actuarial valuation unless requested for a buyout. It is a annual report as part of the risk pool. MCERA does provide this.

Don't want to recreate any work. Committee will start with the MMA report issued at the end of 2009.

MMWD General Manager Paul Helliker stated he did not know why the committee would need a study if CalPERS or MCERA provide actuarial figured on the unfunded borrowing. Any additional study would only be an academic exercise. The Chair responded by saying that a different methodology would provide an analysis from a risk management standpoint for budgeting and cash management.

Need to take it back to councils and managers for discussion. A write-up with the scope and costs in the form of a resolution for a formal adoption by councils will also be needed.

Scope should include ways in which we can affect our costs. The study needs to be an independent and unbiased assessment. Look at different scenarios.

The initial research should also determine what the variable costs are to each participant.

Tom MacDonald stated that the outcome of the study should relate back to individual budgets to see the implications on municipal services.

Bill Tunney stated that the pension system is the problem (defined benefit plans) and none of the steps outlined appear to change it.

Paul Tuttle stated he like the approach to risk and wanted to point out that solutions address the problem of the beneficiaries receiving the investment gains, but the public having to make up the investment losses.

The chair explained the concept of the toolkit which would be a matrix of options which also take into account, impacts on municipal costs and risk, impact on future liabilities, impact on employees, what dependencies exist in order to implement the action, the

timeline of realizing the benefits, and where outside help is needed to implement. Might want to include vesting and legal ramifications and separate them out.

Identify specific areas of research and analysis and create subcommittees as required

Subcommittees were set up to perform the following tasks:

- Compile list of actions for a draft of the “toolkit” and compile list of actions already taken by each jurisdiction – Jeanne MacLeamy, John Telischak, Ford Greene, Mark Levine
- Compile list of pension plans (risk pools) for each jurisdiction – Emmett O’Donnell, Bob Ravasio, David Weinsoff, Scot Hunter
- Compile list of current benefits and Other Post-Employment Benefits for each jurisdiction – Mike Kelly, Jim Schutz, Tom McInerney, Bill Long
- Evaluate existing studies, do research on possible consultants for new study, and evaluate the use of a citizens committee as needed – Larry Chu, Andy Berman, Mike Di Giorgio, Len Rifkind

The first person listed in each subcommittee will take the lead for the group. Each group is to report back to Larry Chu about a week to ten days before the next meeting.

Next Meeting: January 31, 2011 at 7:00 PM in the Larkspur City Council chambers.

AJOURN: Meeting was adjourned at 8:35 PM