

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

MINUTES OF APRIL 25, 2011 MEETING

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

Chair Larry Chu opened the meeting at 7:05 PM.

Minutes for the March 28, 2011 were approved unanimously (M/S Athas/Berman).

PUBLIC COMMENTS:

There were no public comments.

BUSINESS ITEMS:

Report on Pension Benefits Data – Scot Hunter

Nearly all the information has been filled in. Side fund information from Fairfax, Corte Madera, Sausalito, and the Twin Cities Police Authority still needs to be provided. The information from the County of Marin may need to be updated.

Report on Other Post Employment Benefit Data – Mike Kelly

Some additional information was filled in from the reporting of GASB 45 liabilities from the annual audits that were available online. OPEB information still needs to be collected from Belvedere, Tiburon, Fairfax, Ross, the County of Marin, MMWD, and the Novato Sanitary District.

Report on a Financial Impact Study – Larry Chu

The focus has been on the report, not every city needs or wants to do the study, and it was previously reported that there is not much of a savings that can be achieved by doing a

joint study. Each agency is strongly encouraged to review the sample resolution and consider doing the study to get a more current assessment of their financial condition as it relates to post-employment benefits.

Toolkit of Actions – Jeanne MacLeamy

No changes have been made to the toolkit. After the last meeting, Director Russell had stated he would attempt to create a dynamic tool in Excel to perform a sensitivity analysis on the various variables that go into the pension formula.

It was suggested that the committee look at a special report on pensions that appeared in *The Economist*

Chair Chu stated he had been on a webinar on pension reform solutions. One thing that is not in toolkit is to have the employee pay the employer portion of the contribution. This solution is subject to some statutory limitations in the California Government Code.

Since all options were supposed to be listed in the report, Chair Chu raised the question to whether the committee wanted to include bankruptcy in the toolkit.

Mayor Greene stated that the scope of the report was to cover all available options, so bankruptcy should be included. Councilmember Berman stated bankruptcy should be included in a broader category that covers legal remedies.

Councilmember Weinsoff stated that it was not necessary to include an option so extreme that would never be used or be sanctioned by our local constituents. Councilmember O'Donnell agreed, stating the use of bankruptcy as an option is a bit inflammatory and that the report should stick to concrete solutions. Mayor Telischak, Vice Mayor Ravasio, and Director Di Giorgio also agreed.

Councilmember MacLeamy pointed out that this is an option that is already being considered in other cities such as Vallejo.

Councilmember Rifkind stated he agrees that bankruptcy is not an option at this time, but it should not be excluded simply for political considerations.

Councilmember Levine suggested listing it as an option, but with the caveat that it is not something that is likely to be used. Councilmember Hunter agreed.

Manager Schwarz suggested providing a supplemental table in the appendix showing all of the legal options that are currently in the court system. The committee would not have to make any comments. It would simply show what is currently being considered.

Director Long would like to see it included since it is a clearly available option. Vice Mayor Kelly disagreed and believes it should be left out since any option seen as frivolous would diminishes the report.

In a straw vote, bankruptcy was favored to be included in some way in the report by a margin of 9-6.

Councilmember Berman stated having a section added on legal or other remedies where bankruptcy might be mentioned as a footnote would stay with the intent of being an educational vehicle, but that bankruptcy would not be put in such a predominant light.

Councilmember O'Donnell stated that the toolkit could be used for labor discussion and to have bankruptcy listed would not be negotiating in good faith.

Tom McDonald (Novato) stated bankruptcy is a process and not a solution.

Bob Briare (Marin Professional Firefighters) stated that you need to look at all the circumstances that caused Vallejo to pursue bankruptcy. It is an expensive process and something that should not be taken lightly. As a solution, bankruptcy looks like a way to get out of a vested agreement.

Linda Pfeifer (Sausalito) stated that if a city is facing cost it can't meet, it is a solution even if it is not highly desirable.

Bill Spiller (Larkspur) agreed with the previous speaker.

Draft of the Report – Larry Chu

The toolkit portion of the report is written in a manner that provides a qualitative description of the various solutions into categories that attempt to achieve a specific objective. The examples illustrating the quantitative impact will be put in an appendix and referenced as footnotes in the main body of the report.

Councilmember Weinsoff raised the question of how to sell the toolkit options to employees and to the public. He also asked if methods for negotiating with labor belong in the toolkit.

After a short discussion, it was determined that this might be useful toll for local agencies, but was not in the scope of this committee's work. Councilmember Weinsoff said he would pursue this further with his Town Manager to see what information the Marin Managers Association may have already compiled.

Paula Reynolds (Mill Valley) suggested putting footnotes to provide references for any of the statutory or more technical aspects listed in the report.

Discussion of Policy Issues – John Telischack

A draft of a resolution from the City of Belvedere was presented as an example of what guiding principles could be adopted as policy statements to address pension and OPEB reform.

There was a general discussion about the alternative funding opportunities if CalPERS were to become superfunded again and whether a member was required to invest through CalPERS or if the excess funds could be managed by another party.

Chair Chu presented a list of legislative actions compiled from various reports and studies. To meet one of the objectives of the Mayors Select Committee, this committee is tasked with drafting a set of policies for the Legislative Committee so they have a formal position for the MCCMC whenever there is legislation related to post-employment benefit. Pension reform will also be on the agenda for the July 28th meeting of the North Bay Division of the League of California Cities.

Mayor Cock, who is also on the Legislative Committee, stated that Senator Mark Leno made a presentation to that committee earlier in the morning on pending legislation associated with pension reform.

Councilmember O'Donnell suggested taking the Belvedere resolution and refining that to be an MCCMC position.

Director Long emphasized that any policy statements need to address a more equitable sharing of risk between the employer and employees.

Manager Schwarz stated one solution that has not mentioned or discussed by this committee is the concept that there is only one tier for all public employees in the State. That removes the common perception that each public agency needs to have the top level of benefits to remain competitive.

Bob Briare (Marin Professional Firefighters) stated that Assemblyman Mike Allen has introduced AB1320 that will address employer contributions when superfunded. Another piece of legislation is AB506 which deals with bankruptcy.

Mayor Telischack will take the Belvedere resolution and create a draft for the MCCMC. Mayor Cock volunteered to assist.

NEXT MEETING: May 23, 2011 at 7:00 PM at a place to be determined.

AJOURN: Meeting was adjourned at 8:20 PM