

CITY OF COSTA MESA
PENSION OVERSIGHT COMMITTEE MEETING
MINUTES
June 5, 2013

CALL TO ORDER The meeting was called to order at 4:36 p.m. by Mr. Arthur.

ROLL CALL Roll Call was taken. The Pension Oversight Committee is composed of eight (8) voting members. Committee members and staff members present were:

Committee Members Present:

Mr. Jeff Arthur, Chairperson
Mr. Ralph Taboada, Alternate Chairperson
Mr. Gene Hutchins, Member
Mr. Rick Kapko, Member
Mr. Gary Parkin, Member
Mr. Timothy Sesler, Member

Staff Members Present:

Mr. Bobby Young, Finance & I.T. Director
Mr. Alex Warren, Committee Assistant
Mr. Ryan Thomas, Human Resources Analyst
Mr. Lance Nakamoto, HR Director

Council Liaisons Present:

Mr. Jim Righeimer, Mayor (Arrived 5:03PM)

Committee Members Absent:

Mr. John Stephens, Member
Mr. Kent Mora, Member

Council Liaison Absent:

Mr. Stephen Mensinger, Mayor's Designee

APPROVAL OF MINUTES A motion was made by Mr. Hutchins and seconded by Mr. Parkin to approve the minutes of May 29, 2013. Upon a voice vote, the motion carried 6-0.

PUBLIC COMMENTS There was no public comment at the meeting.

COMMITTEE MEMBER COMMENT Mr. Taboada provided the committee with a summary legal opinion from CalPERS regarding pension obligations in a municipal bankruptcy proceeding. The three page document created by the CalPERS general counsel espouses that CalPERS claims first priority as a creditor in a municipal bankruptcy. Mr. Arthur had an article

recently published in *The Current* and wished to clarify his position on the unfunded pension obligation and taxation. The committee discussed the Frequently Asked Questions (FAQ) link currently under development and received an overview of the current website from Mr. Warren. Mr. Kapko and Mr. Hutchins provided a brief summary of a discussion held by Mr. Nick Berardino regarding union benefits and the potential for give backs in future negotiations.

OLD BUSINESS

Mr. Young is waiting to hear back from CalPERS regarding the prepayment option and has briefed the Finance Advisory Committee on the matter. A presentation by Liber Cassidy has been moved until a date can be confirmed. Mr. Arthur confirmed that Mr. Taboada was correct in his presentation the prior week regarding max compensation to be used to calculate final benefits as dictated by PEPRA. The final piece of old business discussed revolved around the loss of principal by CalPERS during the last five years and how it has impacted the unfunded status of the plan.

NEW BUSINESS

The committee started part one of two sessions to clarify and consolidate questions for experts to appear before the Pension Oversight Committee. Seventy seven questions have been generated by members and the public. By the end of the session, thirty one questions have been reviewed and multiple questions have been struck as duplicates. Mr. Warren will update the working document to reflect progress made as well as divide questions into subsections.

OPEN DISCUSSION & FUTURE AGENDA ITEMS

The floor was opened up to comment once more. Mr. Mooney posed a question to the committee to see what CalPERS would consider a good solution to the unfunded pension obligation. The second item brought up involved whether any other participant in CalPERS had exited the plan and if so, what was the transition like. The final item discussed was the ability to sell potential solutions to the citizens of Costa Mesa as well as other cities in a similar position.

ADJOURNMENT

A motion was made by Mr. Hutchins and seconded by Mr. Taboada to adjourn the meeting at 5:58 p.m.

Jeff Arthur
Chairperson

Bobby Young
Finance & I.T. Director

