

**CITY OF COSTA MESA**  
**PENSION OVERSIGHT COMMITTEE MEETING**  
**\*MINUTES\***  
**June 12, 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, Vice Chairperson  
Mr. Gene Hutchins, Member  
Mr. Rick Kapko, Member  
Mr. Gary Parkin, Member  
Mr. Timothy Sesler, Member  
Mr. John Stephens, Member  
Mr. Kent Mora, Member

Staff Members Present:

Mr. Bobby Young, Finance & I.T. Director  
Mr. Alex Warren, Committee Assistant  
Mr. Lance Nakamoto, HR Director

Council Liaisons Present:

Mr. Jim Righeimer, Mayor

Council Liaison Absent:

Mr. Stephen Mensinger, Mayor's Designee

**APPROVAL OF MINUTES**                   A motion was made by Mr. Sesler and seconded by Mr. Parkin to approve the minutes of June 5, 2013. Upon a voice vote, the motion carried 8-0.

**PUBLIC COMMENTS**                   There was no public comment at the beginning of the committee meeting.

**COMMITTEE MEMBER COMMENT**           Mr. Sesler brought an article to the attention to the committee that was recently published in the Orange County Register. The piece discussed the exponential growth of unfunded pension liabilities and the adverse impact on city budgets in the county as well as the state at large.

**OLD BUSINESS**

The committee began work on the second iteration of the expert question list. The list was consolidated and revised by Mr. Warren and put into excel format by Mr. Arthur. Public comment by Mr. Don Drozd of the OCEA suggested that the committee separate investment return and actuarial questions. Discussion between the committee and Mr. Drozd subsequently focused on the ongoing bankruptcy proceedings in San Bernardino and pension obligation status as a part of creditor claims. Mr. Sesler and Mr. Mora have been charged with further refining the question list. Mr. Mora has proposed categorizing the questions into the four following buckets: Actuary, Investments, Legal, and General Questions. Mr. Drozd informed the committee of a contribution proposal that the OCEA has submitted to the Treasury department and how the OCEA believes the city arrived at the unfunded status via poor market returns and enhanced compensation. Mr. Sesler and Mr. Mora will begin work on refining the list and bring their product for further review on 6/26/2013.

**NEW BUSINESS**

There were no new items discussed at this meeting.

**OPEN DISCUSSION &  
FUTURE AGENDA  
ITEMS**

The committee discussed the OC LAFCO Fiscal Trend Analysis recently disseminated by Mr. Young and posted on the POC website. Mr. Arthur charged the committee to begin consideration of possible solutions to the pension gap including tax options originally proposed by Joe Nation. Mr. Young informed the committee that the City Council will begin discussions on how to fill the vacant seat on the POC at the next Council meeting.

**ADJOURNMENT**

A motion was made by Mr. Sesler and seconded by Mr. Mora to adjourn the meeting at 6:06 p.m.

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Jeff Arthur  
Chairperson

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Bobby Young  
Finance & I.T. Director

