

City of Manhattan Beach

*1400 Highland Avenue
Manhattan Beach, CA 90266*



Meeting Minutes - Final

Tuesday, September 13, 2016

6:00 PM

Adjourned Regular Meeting

City Council Chambers

City Council Adjourned Regular Meeting

*Mayor Tony D'Errico
Mayor Pro Tem David J. Lesser
Councilmember Amy Howorth
Councilmember Wayne Powell
Councilmember Mark Burton*

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A. CALL MEETING TO ORDER

B. PLEDGE TO THE FLAG

Legal Counsel Mike Estrada led the Pledge of Allegiance.

C. ROLL CALL

Present 10 - Mayor Tony D'Errico, Mayor Tony D'Errico, Mayor Pro Tem David J. Lesser, Mayor Pro Tem David J. Lesser, Councilmember Amy Howorth, Councilmember Amy Howorth, Councilmember Wayne Powell, Councilmember Wayne Powell, Councilmember Mark Burton, and Councilmember Mark Burton

D. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

City Clerk Liza Tamura confirmed that the meeting was properly posted.

E. PUBLIC COMMENTS (3 MINUTES PER PERSON PER ITEM, A MAXIMUM OF 6 MINUTES IF A SPEAKER WANTS TO COMMENT ON MORE THAN ONE ITEM)

The following individuals provided public comment:

Will Arvizo spoke on the unfunded liability and setting up a separate trust fund account.

Bill Victor spoke about putting money away for the unfunded liability and his opposition to having a separate trust fund account.

F. OLD BUSINESS

1. Update on CalPERS Investment Results for Fiscal Year 2015-2016;
Impacts to the City's Pension Contribution Rates and Economic
Forecasts (Finance Director Moe).

RECEIVE REPORT

Mayor D'Errico stated that it is a challenging subject and there needs to be a meaningful discussion to have a long range plan to manage the unsustained pension costs.

Mayor D'Errico introduced Finance Director Bruce Moe who provided the staff presentation and also introduced John Bartel, President of Bartel Associates, who provided a PowerPoint presentation

Director Moe, President Bartel and City Manager Mark Danaj responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

The following individual provided public comment:

Will Arvizo noted that a pension trust would be good if you are 100% funded, but not when you are already in debt.

Seeing no further requests to speak, Mayor D'Errico closed the floor to public comment.

At 7:44 PM City Council recessed and reconvened at 7:51 PM with all Councilmembers present.

City Council discussion continued.

Legal Counsel Estrada explained that the discussion had slipped into Agenda Item No. 2 and it should be opened for public comment.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

City Manager Danaj clarified that the discussion was:

How to pay off the unfunded pension liability with the intention of reducing the amount of time, assuming the City has the money to pay it off earlier.

Option 1: Shorter Amortization

Option 2: Pay down earlier period in a time chosen by the City

Option 3. Supplemental Trust

Councilmember Burton made a motion, seconded by Councilmember Howorth, to explore Option No.2 (paying down in an earlier period of time chosen by the City) and direct Staff to come back with any proposed policies at the first budget meeting in February. A friendly amendment, accepted by the maker was to direct Staff to explore Option No.2 as an alternative to a stabilization fund with the intent of creating a mechanism to stabilize the unfunded pension obligation with the intent to continue to address this issue. (Decrease the City's liability and volatility.) The motion carried by the following vote:

Aye: 5 - Mayor D'Errico, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell and Councilmember Burton

G. NEW BUSINESS

2. Establishment of a Pension Stabilization Trust Fund (Finance Director Moe).

ADOPT RESOLUTION NO. 16-0053; APPROPRIATE

City Manager Mark Danaj explained the role of a pension stabilization fund noting that it is for entities that have the wherewithal to set aside additional dollars in order to mitigate future rate increases coming from CalPERS.

Mayor D'Errico introduced Finance Director Bruce Moe who listed some of the benefits of setting up a trust and stated that the PARS Senior Vice President Dennis Yu would be available to answer questions.

Finance Director Moe, City Manager Danaj, Senior Vice President Yu and President John Bartel responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

Councilmember Burton made a motion, seconded by Mayor Pro Tem Lesser, to develop an investment guideline policy in conjunction with the Finance Subcommittee as soon as practicable, as well as develop a draft distribution plan with options and report back at the midyear budget meeting to the City Council with both at the same time. The motion carried by the following vote:

Aye: 5 - Mayor D'Errico, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell and Councilmember Burton

H. ADJOURNMENT

At 9:14 PM Mayor D'Errico adjourned the meeting.

Martha Alvarez
Recording Secretary

Tony D'Errico
Mayor

ATTEST:

Liza Tamura
City Clerk