

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE
March 13, 2019
4:00 PM**

1. CALL TO ORDER

The meeting was called to order by Chair Ralph Taboada at 4:00 PM in Conference Room 1A at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

2. ROLL CALL

Members Present: Chair Ralph Taboada, Vice-Chair John Hinson, Members Tom Pollitt, Bob Juneman, Al Melone, Marwan Khalifa, Richard Riva, Anna Vrska, Wendy Leece, Mayor Katrina Foley, and Mayor Pro-Tem John Stephens

Members Absent: None.

Staff Present: Finance Director Kelly Telford, Public Services Director Raja Sethuraman, Assistant City Attorney Tarquin Preziosi, Assistant Finance Director Jennifer King, and Management Analyst Amber Haston

Staff Absent: None.

3. PUBLIC COMMENTS

Tom Arnold and Beth Refakes commented on the CAN Ordinance Review agenda item.

4. APPROVAL OF MINUTES OF THE FEBRUARY 13, 2019 FIPAC MEETING

MOTION/SECOND: Tom Pollitt / Wendy Leece

Ayes: Ralph Taboada, John Hinson, Bob Juneman, Al Melone, Marwan Khalifa, Richard Riva, and Anna Vrska

Nays: None

Abstain: None

Absent: None

Motion Carried: 9-0-0-0

5. OLD BUSINESS

- a. The Budget Policies Review item as well as the Ambulance Fee and Marijuana Tax updates from the February 13, 2019 meeting were postponed to the April 17, 2019 meeting.

6. SUBCOMMITTEE AND COMMITTEE MEMBERS' REPORTS, COMMENTS, AND SUGGESTIONS

- a. Chair Ralph Taboada requested that the Human Resources Manager provide the Committee with an updated matrix reflecting current 2019 CalPERS employer and employee contribution rates.

- b. Committee Member Wendy Leece recommended a stronger City Council presence with CalPERS to help highlight the City's challenges.
- c. Committee Member Bob Juneman commented on the California Supreme Court's unanimous decision to uphold a major provision in the state's 2012 pension reform legislation and ruled that the "air time" practice was an optional benefit and not constitutionally protected under the "California Rule".
- d. Mayor Katrina Foley advised that Governor Gavin Newsom's budget proposal includes \$4.8 billion funding to pay down unfunded retirement liabilities

7. NEW BUSINESS

- a. Nyhart Presentation on Pension and OPEB Funding
 - i. Committee members received a presentation from Luis Murillo and Will Kane from Nyhart that included a discussion regarding pension and OPEB plans, Section 115 trusts and funding plans to reduce liabilities.
 - ii. Mayor Katrina Foley and Mayor Pro-Tem Stephens recommended a cost/benefit analysis of refinancing the Fire Side Fund.
- b. Mid-Year Follow-up
 - i. Finance Director Kelly Telford provided a summarized review the FY 2018-2019 Mid-Year Budget presentation to City Council.
- c. Capital Asset Needs (CAN) Ordinance Review
 - i. Finance Director Kelly Telford presented an overview of the existing ordinance.
 - ii. Discussion ensued regarding different options for revising the ordinance, including the following:
 - 1. Eliminating the ordinance altogether; or
 - 2. Realigning the percentage allocated towards capital facilities and capital expenditures to reflect current needs; or
 - 3. Combining the percentage allocated towards capital facilities and capital expenditures to allow for more flexibility with changing priorities; or
 - 4. Redefining capital expenditures to also include technological infrastructure improvements; or
 - 5. Reducing the percentage to allow for funding to be allocated towards technology infrastructure improvements or unfunded pension liability.
 - iii. Discussion also ensued regarding the potential to reevaluate increasing the minimum threshold of capital expenditures from \$30,000 to \$50,000.
 - iv. The Committee reached consensus on combining the percentage allocations for capital expenditures and capital facilities to provide flexibility with changing priorities and decreasing the CAN Ordinance overall percentage with the intent to dedicate the difference to technology improvements in accordance with the IT Strategic Plan. Staff will complete an analysis of these recommendations and bring the CAN Ordinance back to the Committee for formal consideration and final recommendations to City Council for inclusion in the FY 2020-2021 budget.

8. CITY STAFF REPORTS

a. Vacancy Report Update

- i. Finance Director Kelly Telford presented the vacancy report to Committee members.

9. DISCUSSION REGARDING FUTURE AGENDA ITEMS

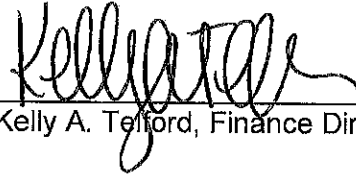
- a. The agenda for the next Committee meeting scheduled for April 17, 2019 will include an update on the Ambulance Fee and Marijuana Tax, new Committee appointments, the Budget and Financial Policies Review, and the FY 2019-2020 Preliminary Capital Improvement Program Budget.

10. ADJOURNMENT

The meeting was adjourned at 6:29 p.m. to the next Meeting of the Finance and Pension Advisory Committee on Wednesday, April 17, 2019 at 4:00 p.m.



Ralph Taboada, Chair



Kelly A. Telford, Finance Director