

Regional Meeting Participation Report

Mayor Bill Kampe, May 17, 2017

League of California Cities Central Coast Meeting

Meeting of 05/08/17

Topic: Closing the Pension Gap

I attended this meeting along with Councilmembers Fischer, Garfield, Peake, and City Manager Harvey. My recollections of the key points from the presentations are:

- Presenters were Dane Hutchings, Legislative Representative for LOCC, and Eric Baggesen, Managing Investment Director for Asset Allocation, CalPERS
- The presenters described in some depth and with excellent graphics the current state of pensions in CalPERS, the history of how we reached this point, and some of the prospects for the future.
- CalPERS is currently 64% funded.
- From Dane, we heard that courts are likely to change the California Rule. Several cases are moving through the courts. The Marin County case is scheduled at the CA Supreme Court.
- PEPPRA helped, but is a very long term solution.
- Virtually all other actions are medium term, around 10 years, to provide relief
- Eric shocked everyone in the way he pointed out that cities assumed the investment risk of CalPERS in the contracts we are required to sign. It had the tone of blaming the victim.
- He offered no indication that CalPERS is working to change anything, on a forward-looking basis, that would ease the accumulation of pension liabilities. We only heard that CalPERS is “trying to stabilize the portfolio”. It had the flavor of getting the deck chairs lined up exactly so on the Titanic. With some apologies to Eric, because that’s his job in CalPERS.
- Eric mentioned that some cities are setting up trust funds to try to work down their unfunded liabilities. Eric questioned whether that approach helps, or simply creates a new uncertainty subject to the whims of the market. I’m not sure I heard this point fully, so invite clarification.
- Dane did not suggest any specific actions that would mitigate the current burdens, but did say the League is working very hard to develop a plan. He didn’t want to speculate on specifics until it’s approved by the board. There’s a lot of opposition to change, and some determined and artful apathy in the legislature (my phrasing of what I think he said).
- He did give an example of how eliminating COLA’s would change the funded ratio from 64% to 82%. Don’t know if that would be legal while the California Rule is in effect.

Regards,



Bill Kampe, Mayor