LOCAL GOVERNMENT SERVICES AUTHORITY
*Providing Solutions to California Public Agencies*
www.lgs.ca.gov

# LGS EXECUTIVE COMMITTEE AGENDA

*Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.*

**SPECIAL MEETING** **July 17, 2015**
**Via Teleconference** **9:10 a.m.**

**Association of Bay Area Governments**, Finance Director's Office, 101 8th St., First Floor, Oakland, CA 94607
**Dublin Civic Center,** City Manager's Office, 100 Civic Plaza, Dublin, CA 94568
**Larkspur City Hall,** City Manager's Office, 400 Magnolia Avenue, Larkspur, CA 94939
**Walnut Creek City Hall,** City Manager's Office, 1666 North Main Street, Walnut Creek, CA 94596
**Yountville Town Hall,** Town Manager's Office, 6550 Yount Street, Yountville, CA 94599

**1. CALL TO ORDER**

**2. CHANGES TO THE ORDER OF AGENDA**

**3. PUBLIC COMMENT**
Each speaker is limited to two minutes. If you are addressing the Executive Committee (EC) on a non-agenda item, the EC may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the EC's general policy is to refer items to staff for attention, or have a matter placed on a future EC agenda for a more comprehensive action or report.

**4. APPROVAL OF CONSENT AGENDA**
Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.
A. Approval of **April 16, 2015** Minutes *Action*

**5. TREASURER'S REPORT** - None

**6. OLD BUSINESS** - None

**7. NEW BUSINESS**
A. Approval of Alternate Amortization Schedule for Payment of CalPERS Unfunded Accrued Liability *Action*

**8. ADJOURN**

**The next Meeting will take place August 27, 2015 at 1:00 p.m. in Walnut Creek.**

***Americans with Disabilities Act***
In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

Draft Action Minutes

**LOCAL GOVERNMENT SERVICES AUTHORITY**
**EXECUTIVE COMMITTEE MINUTES**
**APRIL 16, 2015**

The Local Government Services Authority held a regular meeting of the Executive Committee on April 16, 2015 at the Larkspur City Council Chambers. The meeting was called to order at 3:21 p.m.

**1. CALL TO ORDER**

| | |
|---|---|
| Members Present: | Ken Nordhoff, Chair |
| | Dan Schwarz, Vice-Chair |
| | Mike Garvey, Executive Committee Member |
| | Steve Rogers, Member |
| | Julie Carter, Alternate Member |
| Members Absent: | Herb Pike, Member |
| Other Attendees: | Richard Averett, Executive Director |
| | Jennifer Bower, Director of Human Resources |

**2. CHANGES TO THE ORDER OF AGENDA –** None.

**3. PUBLIC COMMENT** – None.

**4. APPROVAL OF CONSENT AGENDA**

A. Approval of **August 21, 2014** Minutes
B. Approval of Payments and Deposits made July 2014 through January 2015
C. Acceptance of LGS Position Listings

**Action:** Moved and seconded (Rogers/Garvey) to approve consent agenda.
**AYES:** Nordhoff, Schwarz, Garvey, Rogers, Carter
**NOES:** None
**ABSTAIN:** None

**5. TREASURER'S REPORT**

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through January 2015
Executive Director Averett reviewed the preliminary year-to-date financial reports, noting that projected year-end results would likely be break even or slightly negative due to investments in the JPA training program, professional development training, website development and continued funding of our claims reserve. This is an information item and no action was taken.

**6. OLD BUSINESS** – None

**7. NEW BUSINESS** - None

**8. ADJOURNMENT** – The meeting adjourned at 3:23 p.m. The next regular meeting is scheduled for June 25-26, 2015 at 10:00 a.m. at Bodega Bay Lodge.

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**TO:** EXECUTIVE COMMITTEE **EC Meeting: 07-17-2015**
**FROM:** Richard Averett, Chief Financial Officer **Item: 7A**
**SUBJECT: APPROVAL OF ALTERNATE AMORTIZATION SCHEDULE FOR PAYMENT OF CALPERS UNFUNDED ACCRUED LIABILITY**

## RECOMMENDATION

Authorize Executive Director to approve CalPERS' irrevocable, accelerated amortization schedule for payment of CalPERS Unfunded Accrued Liability.

## BACKGROUND

The LGS CalPERS retirement plan has an unfunded accrued liability (UAL) of $539,678 as of the most recent June 30th, 2013 valuation report. Beginning with FY16, CalPERS is requiring plans to make payments toward their UAL in addition to their normal percent of salary contributions. The default payment plan offered by CalPERS is a 30-year amortization period with a 5 year ramp up of the amortization payment. Under this default schedule, the JPA would pay $1,437,782 to retire its UAL.

Staff requested CalPERS provide a 10-year amortization schedule to accelerate payment of the LGS UAL. (See attached.) Paying off the balance more quickly accomplishes two things; it reduces the interest cost and thereby total cost of the obligation, and assigns the costs to those active client agencies for whom the liability has been incurred. Staff is recommending the JPA elect a 10-year amortization period.

## FISCAL IMPACT

A 10-year amortization plan would save $520,378 in interests costs compared to the total cost of the default 30-year plan. LGS has the cash on hand to make these higher payments, which are reimbursed through charges to our client agencies.

P.O. Box 1350 · Carmel Valley, CA 93924 ph: 831/308-1508 fax: 831/308-1509

## Amortization Schedules for the Local Government Services Authority Pension Plan

| Description (years remaining) | Amortization Schedule from Valuation Report: 7/1 Balance | Side fund Payment | Share of pre-2013 pool UAL (22) Payment | Asset Gain/Loss (30) Payment | Non-Asset Gain/Loss (30) Payment | Total Payment | | 20: 20-year level-percent amortization Balance | 20: Payment | 10: 10-year level-percent amortization Balance | 10: Payment | Beginning of year payment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2013/2014 | $ 601,632 | $ 1,806 | $ 56,764 | $ - | $ - | $ 58,570 | | $ 601,632 | $ 58,570 | $ 601,632 | $ 58,570 | |
| 2014/2015 | $ 586,029 | $ (8) | $ 87,105 | $ - | $ - | $ 87,097 | | $ 586,029 | $ 87,097 | $ 586,029 | $ 87,097 | |
| 2015/2016 | $ 539,678 | $ - | $ 11,706 | $ 5,329 | $ (51) | $ 16,984 | 1 | $ 539,678 | $ 40,749 | $ 539,678 | $ 67,319 | $ 64,928 |
| 2016/2017 | $ 562,544 | $ - | $ 12,057 | $ 10,978 | $ (105) | $ 22,930 | 2 | $ 537,904 | $ 41,971 | $ 510,356 | $ 69,339 | |
| 2017/2018 | $ 580,961 | $ - | $ 12,419 | $ 16,961 | $ (162) | $ 29,217 | 3 | $ 534,730 | $ 43,231 | $ 476,741 | $ 71,419 | |
| 2018/2019 | $ 594,240 | $ - | $ 12,791 | $ 23,293 | $ (223) | $ 35,861 | 4 | $ 530,012 | $ 44,528 | $ 438,448 | $ 73,561 | |
| 2019/2020 | $ 601,626 | $ - | $ 13,175 | $ 29,989 | $ (287) | $ 42,877 | 5 | $ 523,596 | $ 45,863 | $ 395,061 | $ 75,768 | |
| 2020/2021 | $ 602,292 | $ - | $ 13,570 | $ 30,889 | $ (296) | $ 44,164 | 6 | $ 515,314 | $ 47,239 | $ 346,133 | $ 78,041 | |
| 2021/2022 | $ 601,674 | $ - | $ 13,978 | $ 31,816 | $ (304) | $ 45,489 | 7 | $ 504,984 | $ 48,656 | $ 291,178 | $ 80,382 | |
| 2022/2023 | $ 599,636 | $ - | $ 14,397 | $ 32,770 | $ (314) | $ 46,853 | 8 | $ 492,409 | $ 50,116 | $ 229,674 | $ 82,794 | |
| 2023/2024 | $ 596,030 | | $ 14,829 | $ 33,753 | $ (323) | $ 48,259 | 9 | $ 477,378 | $ 51,620 | $ 161,057 | $ 85,278 | |
| 2024/2025 | $ 590,697 | | $ 15,274 | $ 34,766 | $ (333) | $ 49,707 | 10 | $ 459,661 | $ 53,168 | $ 84,719 | $ 87,836 | |
| 2025/2026 | $ 583,462 | | $ 15,732 | $ 35,809 | $ (343) | $ 51,198 | 11 | $ 439,010 | $ 54,763 | $ - | | |
| 2026/2027 | $ 574,139 | | $ 16,204 | $ 36,883 | $ (353) | $ 52,734 | 12 | $ 415,156 | $ 56,406 | | | |
| 2027/2028 | $ 562,523 | | $ 16,690 | $ 37,989 | $ (364) | $ 54,316 | 13 | $ 387,810 | $ 58,098 | | | |
| 2028/2029 | $ 548,397 | | $ 17,191 | $ 39,129 | $ (374) | $ 55,945 | 14 | $ 356,658 | $ 59,841 | | | |
| 2029/2030 | $ 531,521 | | $ 17,706 | $ 40,303 | $ (386) | $ 57,624 | 15 | $ 321,362 | $ 61,637 | | | |
| 2030/2031 | $ 511,640 | | $ 18,238 | $ 41,512 | $ (397) | $ 59,352 | 16 | $ 281,558 | $ 63,486 | | | |
| 2031/2032 | $ 488,475 | | $ 18,785 | $ 42,757 | $ (409) | $ 61,133 | 17 | $ 236,852 | $ 65,390 | | | |
| 2032/2033 | $ 461,727 | | $ 19,348 | $ 44,040 | $ (421) | $ 62,967 | 18 | $ 186,818 | $ 67,352 | | | |
| 2033/2034 | $ 431,071 | | $ 19,929 | $ 45,361 | $ (434) | $ 64,856 | 19 | $ 130,997 | $ 69,372 | | | |
| 2034/2035 | $ 396,157 | | $ 20,527 | $ 46,722 | $ (447) | $ 66,802 | 20 | $ 68,895 | $ 71,454 | | | |
| 2035/2036 | $ 356,608 | | $ 21,142 | $ 48,124 | $ (461) | $ 68,806 | 21 | $ - | | | | |
| 2036/2037 | $ 312,014 | | $ 21,777 | $ 49,568 | $ (474) | $ 70,870 | 22 | | | | | |
| 2037/2038 | $ 261,936 | | | $ 51,055 | $ (489) | $ 50,566 | 23 | | | | | |
| 2038/2039 | $ 229,153 | | | $ 52,586 | $ (503) | $ 52,083 | 24 | | | | | |
| 2039/2040 | $ 192,339 | | | $ 54,164 | $ (518) | $ 53,645 | 25 | | | | | |
| 2040/2041 | $ 151,143 | | | $ 55,789 | $ (534) | $ 55,255 | 26 | | | | | |
| 2041/2042 | $ 105,190 | | | $ 45,970 | $ (440) | $ 45,530 | 27 | | | | | |
| 2042/2043 | $ 65,873 | | | $ 35,512 | $ (340) | $ 35,172 | 28 | | | | | |
| 2043/2044 | $ 34,346 | | | $ 24,385 | $ (233) | $ 24,151 | 29 | | | | | |
| 2044/2045 | $ 11,881 | | | $ 12,558 | $ (120) | $ 12,438 | 30 | | | | | |
| 2045/2046 | $ - | | | | | | 31 | | | | | |
| Total | | | | | Sum of pmts 1-30 | $ 1,437,782 | | | $ 1,240,608 | | $ 917,404 | |
| Savings | | | | | | | | | $ 197,174 | | $ 520,378 | |