



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SUPPLEMENTAL INFORMATION
FOR ITEM 2.2(a)

DATE: August 24, 2012

Approved

Date

8/24/12

REASON FOR SUPPLEMENTAL

The reason for the supplemental memorandum is to provide additional information related to the communications with the Federated City Employees' Retirement System Board, the Board's actuary, Cheiron, Board Counsel Harvey Leiderman, and outside consultants and counsel regarding the Tier 2 Ordinance.

INFORMATION

As indicated above, the parties have been engaged in communications regarding the Tier 2 Ordinance as it applies to the Board's role in administering the plan. Questions and comments were submitted to the City with the request the City provide responses at the August 16, 2012, Federated Board meeting and consider revisions to the Ordinance based on their comments.

During the August 16, 2012, Federated Board meeting, City staff indicated that the City's actuary, Bartel and Associates, provided Cheiron with answers to their technical actuarial questions. Additional administrative and procedural issues regarding the Tier 2 Ordinance were addressed by the City's Outside Counsel, Hanson Bridgett, but were not issues that would need to be addressed in an Ordinance.

As a result of one of comments received subsequent to the August 16, 2012, Board meeting, a minor revision was made to the Ordinance that was approved by the City Council during the first reading of the Ordinance at the August 14, 2012, Council meeting. The term "base pay" has replaced any use of the term "base compensation" in the Ordinance. This change appears in Section 3.28.030.06, subsections (B) and (D) in the final Ordinance.

As the City and the Retirement Boards work with the new Ordinance, issues which arise on implementation of Tier 2 may require revisions to the Ordinance. Those changes, if any, can be made at a later time. The Ordinance will become effective 30 days after the final adoption, consequently, any employee hired or rehired into the Federated City Employees' Retirement System on or after September 30, 2012, will go into Tier 2. In addition, we anticipate Cheiron will make their projected Federated pension contribution rates available at the next Federated Board meeting, taking place September 20, 2012.

Alex Gurza
Deputy City Manager