

PENSION DEFICIT COMMITTEE

6-2-16

5:30 -

DOWNSTAIRS CONFERENCE ROOM

CONTINUED DISCUSSION OF THE PENSION DEFICIT

ANDERMAN ALLAIRE, DONAHUE, BLOOMER
CHARLES ROMEO, WENDY WINTON,

AFTER SIX MEETINGS ON THE SUBJECT PRESENTATIONS FROM TREASURER WINTON AND TRACY BRAUN FROM PEOPLE'S RETIREMENT SERVICES, THE COMMITTEE WAS TASKED WITH A DISCUSSION ON WHETHER WE WERE READY TO MOVE FORWARD AND MAKE ANY RECOMMENDATIONS TO THE FULL BOARD.

THE DISCUSSION REVOLVED AROUND FIRST, YES THE COMMITTEE WANTS TO MOVE FORWARD
SECOND, THE QUESTION OF WHETHER TO TRY AND SHORE UP THE FUND BY FEINT-

LOADING THE PENSION FUND, BY BORROWING. BECAUSE OF THE INTEREST COSTS OF BORROWING, AND INABILITY TO GO OUT FOR A TRADITIONAL BOND BECAUSE OF RULES AGAINST THIS FOR PENSION REASONS, THAT OPTION SEEMS TO BE A NO-GO.

ONE OPTION THAT WAS PUT FORWARD BY TRACI BEAUM, OUR ACTUARY, WAS TO INCREASE THE CITY'S CONTRIBUTION TO 1,352,000, AN INCREASE OF APPROX. 700K.

ANOTHER IDEA, THE SO-CALLED NUCLEAR OPTION, WAS TO RECOMMEND TO THE PENSION BOARD WAS TO REDUCE BENEFIT. AGAIN, THAT IDEA WAS REJECTED.

THE CHAIR RECOMMENDED AN INCREMENTAL APPROACH. INCREASE THE CITY'S CONTRIBUTION PERHAPS USING PART OF ANY SURPLUS THIS COMING YEAR AS A BRIDGE TOWARDS THE GOAL OF GETTING TO THE 1.3M IN YEARS 2,3, OR LATER. ALSO, ASKING THE UNIONS TO STEP UP THEIR CONTRIBUTIONS, KNOWING THE ULTIMATE GOAL IS IN THEIR AND THE CITY'S BEST INTEREST.

AFTER SOME DISCUSSION, THE COMMITTEE DECIDED TO COME BACK FOR THE NEXT MEETING DEVELOP A MORE FORMAL FRAMEWORK FOR A PROPOSAL, KNOWING THAT BY THAT TIME

ONE OR MORE OF THE CURRENT NEGOTIATIONS
WITH THE UNIONS WILL BE FINISHED.
AND THAT INFORMATION ALONG WITH
A BETTER IDEA OF YEAR-END PROJECTIONS
OF ANY SURPLUS, WOULD HELP WITH
OUR FINAL DELIBERATIONS.

THIS REPORT IS FOR INFORMATION ONLY
THE NEXT COMMITTEE MEETING WILL BE
SCHEDULED IN THE NEXT COUPLE OF DAYS

DAVE ALLAYRE, CHAIR
PENNSA DEFICIT COMMITTEE