



City of Pittsburg

Finance Department • 65 Civic Avenue • Pittsburg, California 94565-3814
Telephone: (925) 252-4946 • Fax: (925) 252-6969 • ci.pittsburg.ca.us

MEETING DATE

APR 13 2011

AGENDA ITEM

#7

March 31, 2011

Ms. Marilyn Leedom
Chief Executive Officer
Contra Costa County Employees Retirement Association (CCCERA)
1355 Willow Way, Suite 21
Concord, CA 94520

Subject: City of Pittsburg Request to Amend the Termination Agreement with
CCCERA

Dear Ms. Leedom;

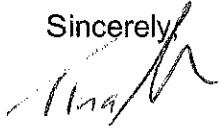
In response to CCCERA's recently calculated triennial update of the City of Pittsburg's ("the City") withdrawal liability, the City contracted with Bartel Associates to review the calculation to ensure it was accurate as well as provide the City with options to reduce its unfunded obligation. Bartel Associates confirmed that the triennial update of the City's withdrawal liability was accurately calculated.

However, as described in the attached letter from Mr. John Bartel of Bartel Associates, Mr. Bartel is recommending that the City and CCCERA amend the City's Termination Agreement to (1) allow the calculation be prepared on an Actuarial rather than Market value of assets basis, and (2) create an 18-month lag between the valuation date and the date the contribution is due. Mr. Bartel estimated that making these changes to the City's Termination Agreement with CCCERA would result in lowering the 12/31/2009 unfunded obligation from \$15.9 million to \$9.9 million and therefore lowering the City's annual payment on July 1, 2011 from \$2 million to \$1.3 million. Given this reduced unfunded obligation and annual payments to CCCERA, we respectfully request to amend the City of Pittsburg's Termination Agreement with CCCERA as suggested by Mr. Bartel.

Ms. Marilyn Leedom
CEO, CCCERA
City of Pittsburg Request to Amend Termination Agreement with CCCERA
March 31, 2011
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Thank you in advance for considering our request for these amendments. If you have any questions, please contact me at (925) 252-4848 or tolson@ci.pittsburg.ca.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Tina Olson", written over the word "Sincerely,".

Tina Olson
Director of Finance

Cc: Marc Grisham, City Manager
Marc Fox, Assistant City Manager



March 28, 2011

Tina Olson
Director of Finance
City of Pittsburg
65 Civic Drive
Pittsburg, CA 94565

RECEIVED

MAR 29 2011

FINANCE DEPT.

Re: City of Pittsburg – Review of CCCERA December 31, 2009 Withdrawal Liability Triennial Update

Dear Ms. Olson:

Bartel Associates has reviewed the December 17, 2010 CCCERA updated Withdrawal Liability calculation. Our comments and recommendations are:

1. We matched the Segal actuarial liability calculations very closely. This means, absent changes in the agreement, we do not disagree with the amounts in Rick Kohler's December 17, 2010 letter.
2. We suggest the City request the agreement be modified for the following reasons:
 - a. A lack of "lag" between the valuation date and the date any contribution is due creates an insurmountable budget issue.
 - b. Using the market value of assets in the calculations creates unanticipated volatility.
3. We recommend the City discuss with CCCERA the following agreement changes:
 - a. Allow the calculation to be prepared on an Actuarial rather than a Market value of assets basis.
 - b. Create a 18 month lag between valuation date and date contribution is due. For example the June 30, 2009 valuation would determine the City's 2011/12 fiscal year contribution.

We estimate the impact of our recommendations as:

- (3a) results in a lower 12/31/09 unfunded obligation of \$9.9 million rather than \$15.9 million.
- (3b) using Market value of assets results in a 7/1/11 payment of \$2.043 million rather a 1/1/10 payment of \$1.827 million.
- Combining (3a) and (3b) results in a 7/1/11 payment of \$1.271 million.

Please note:

- 5% Corridor:
 - Currently if the market value of assets are less than 105% or more than 95% of the Actuarial Accrued Liability no contribution is due.
 - If CCCERA agrees to (3a) & (3b) above they will almost certainly want to eliminate the 5% corridor around the liability.
 - We do not believe expanding the corridor will help much in mitigating future volatility.
- Amortization/payment period:
 - We do not suggest an increase in the payment period (currently 15 years).
 - Doing so would:
 - ☐ lower short term payment amounts and
 - ☐ significantly increase the interest the City will pay.
 - However, for budget reasons the City may want to make such a request.

Tina Olson
March 28, 2011
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Please feel free to call me at (650)377-1601 if you have any questions about this letter.
Sincerely,

John E. Bartel
President

c: Marc Fox, City of Pittsburg
Bianca Lin, Bartel Associates, LLC

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