



TOWN OF LOS GATOS
TOWN COUNCIL FINANCE COMMITTEE
AGENDA

Finance Committee – (2016)

*Barbara Spector, Vice Mayor
Steve Leonardis, Council Member*

TOWN COUNCIL CHAMBERS
110 East Main Street
January 22, 2016 – 11:00 a.m.

MEETING CALLED TO ORDER

ROLL CALL

VERBAL COMMUNICATIONS *(Three minute time limit)*

TOWN COUNCIL FINANCE COMMITTEE

1. Approval of December 21, 2015 Council Finance Committee Meeting Minutes
2. Discussion of Finance Committee questions and staff's response

Attachments

1. December 21, 2015 Finance Committee Meeting Minutes

ADJOURNMENT

cc: Post *(also posted on Town Web)*
Town Council

DRAFT

TOWN OF LOS GATOS
COUNCIL FINANCE COMMITTEE
December 21, 2015, 10:15 a.m.

110 E. Main Street
Town Council Chambers
Los Gatos, California

ACTION MINUTES

Call to Order

The Council Finance Committee meeting was called to order at 10:15 a.m.

Members and Staff present:

Mayor Barbara Spector
Council Member Steve Leonardis
Laurel Prevetti, Town Manager
Gitta Ungvari, Finance Administrative Analyst

Verbal Communications

None.

Agenda Items

1. Finance Department Responses to: "CALPERS' protracted plan for reducing investment risk leaves pension system vulnerable" by Daniel Borenstein.

The Committee discussed the Finance Department responses. With the intent of ensuring that the Town retains a strong fiscal position in the long term, the Committee requested responses to the following questions prior to its next meeting:

- What is the total amount of Los Gatos' unfunded pension liabilities?
- What is the annual cost or payment the Town is required to pay at this time?
- If the minimum payment or required payment is made, does the balance grow, stay constant or amortize?
- How does Los Gatos' liabilities compare to neighboring municipalities our size such as Campbell, Saratoga, and others?
- Recently Saratoga paid off its unfunded liabilities and was able to save \$5 million? What approach did Saratoga use and why?
- Please provide an historical perspective of where Los Gatos has been in the past, our present, and our projected future with our pension liabilities and payments.
- What is the amount of pensions paid by CALPERS?

- What is the rate of return on their investments (actual versus projected)?
- What are the assumptions behind the CALPERS estimate for the Town?
- Verify that if the projected rate of return is too high, then the pension costs of the Town rise.
- Near the bottom of page 3 of Director Conway's responses, he states "These potential future cost increases for both employer and employee costs are likely to have an impact on future labor negotiations." How should unfunded liabilities be a factor in labor negotiations?
- What is the annual shortfall?
- What is the Town's annual payment to CALPERS and what percentage of the budget does this number represent?
- What is the Town's total indebtedness?
- What can be done now as part of a long term strategy to maintain the Town in a strong position over time?
- What are the Council's options to pay the liability down and reduce risk over the long term? Provide pros and cons of each option.
- What "buckets" can the Council use to eliminate its liabilities?
- What if CALPERS goes bankrupt? What would the costs be to the Town under that scenario? What options would the Town have?
- What if the Town wanted to leave CALPERS and have its own retirement program?
- How can the Town avoid bankruptcy?
- Please provide other information so the Committee has the whole picture.

2. Discuss Finance Committee 2016 Work Plan and Schedule

The Chair asked the Committee to give thought to the January Town Council meeting at which time the Council is expected to discuss budget principles.

The next Finance Committee meeting is scheduled for January 22, 2016 at which time the Committee will consider the Comprehensive Annual Financial Report and continue its discussion of the issues raised under the first agenda item.

Meeting adjourned at 10:55 a.m.