

COMMUNICATION FROM CHAIR AND MEMBER, BUDGET AND FINANCE COMMITTEE  
relative to rating agency reports regarding pension funding.

Recommendation for Council action:

DIRECT the City Administrative Officer (CAO) to report to the Executive Employee Relations Committee on additional strategies to control pension costs.

Fiscal Impact Statement: The CAO reports that the financial impact of the retiree healthcare litigation will be addressed upon the conclusion of that case.

Community Impact Statement: None submitted.

Summary:

At its regular meeting of October 21, 2013, the Budget and Finance Committee considered a CAO report relative to rating agency reports regarding pension funding. The CAO reports that on September 13, 2013, the California Superior Court issued a Decision and Order Granting Writ of Mandate on the litigation between the City and the employee organizations representing the Deputy City Attorneys and Confidential City Attorneys on the status of a vested right to retiree health benefits. Subsequently, Moody's Investors Services and Fitch Ratings released reports commenting on the California Superior Court ruling. The CAO report, attached to the Council file, provides additional information and a copy of the rating agency reports.

During Committee discussion, the CAO provided an overview and clarification of the rating agency reports. After further consideration and having provided an opportunity for public comment, the Chair and Member of the Budget and Finance Committee recommended approval of the CAO's recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
KREKORIAN	YES
ENGLANDER	ABSENT
KORETZ	ABSENT
BLUMENFIELD	YES
BONIN	ABSENT

