
**BIG BEAR FIRE AUTHORITY
MINUTES FOR THE WORKSHOP MEETING OF
OCTOBER 1, 2013**

A Special Meeting of the Big Bear Fire Authority was called to order by Chairman Caretto at 3:07 p.m., Tuesday, October 1, 2013, at 39707 Big Bear Boulevard, Big Bear Lake, California.

OPEN SESSION

Moment of Silence: Observed

Pledge of Allegiance: Led by Director Bill Jahn

Directors Present: Chairman David Caretto
Director Rick Herrick
Director Bill Jahn
Director Jay Oberholte
Director Karyn Oxandaboure
Director Larry Walsh

Directors Excused: Vice Chairman John Green
Director Bob Jackowski
Director Jeff Newsome
Director Paul Terry

Others Present: Jeff Willis, Fire Chief
Jeffrey Ferre, Authority Counsel
Isabel Safie, Authority Counsel
Corinne Flores, Authority Board Secretary
Jeff Mathieu, City Manager
Rob Hopkins, CSD General Manager
Shari Strain, CSD Finance Manager
Mary Reeves, CSD Board Secretary
Mitch Hollenbaugh, Local 935 Representative

GENERAL PUBLIC COMMENT

None.

INFORMATIONAL AND DISCUSSION PURPOSES ONLY

1. Address Issues Related to the Employee Retirement Plans and Other Benefits.

At the hour of 3:11 p.m., Director Jeff Newsome arrived at the meeting.

Chief Willis stated the Authority Board is at a point to begin discussion in becoming an employing agency. He introduced Authority Counsel, Jeffrey Ferre and Isabel Safie, who led the discussion for employee benefit options.

At the hour of 3:15 p.m., Director Paul Terry arrived at the meeting.

Power of Authority to Hire Employees

- A. The Authority has the power to combine current personnel of the two entities and/or directly hire new fire and medical personnel.
- B. Unless or until the Authority employs the current employees, or directly hires new employees, the current personnel of the Big Bear City Fire Department and the Big Bear Lake Fire Department will remain employed by their respective employers.

Existing Pension and Health Benefits – Big Bear City

- A. California Public Employees' Retirement System (CalPERS)
- B. Federal Benefits – Social Security and Medicare
- C. CalPERS health insurance, inclusive of retiree health

Existing Pension and Health Benefits – Big Bear Lake

- A. San Bernardino County Employees' Retirement Association (SBCERA)
- B. Federal Benefits – Medicare
- C. Blue Cross or Kaiser Permanente Health Insurance – no retiree health benefits

Defined Contribution Plan

- A. Advantages
 - i. Investment risk is transferred to employee
 - ii. No unfunded liability
- B. Disadvantages
 - i. Would make it difficult to retain skilled employees
 - ii. Not a solution for existing employees due to vested rights doctrine unless the plan offers substantially equal benefits
 - iii. Neither CalPERS nor SBCERA permit a group of employees within same membership category to be covered by a different retirement system than another group

Defined Benefit Plan

- A. Advantages
 - i. Authority remains competitive for recruitment and retention

- ii. Easily designed around vested rights
- iii. Opportunity for Authority to select most cost effective retirement system
- B. Disadvantages
 - i. Investment risk generally lies with the employer
 - ii. Unfunded liability

Identified Options

- A. Authority to contract with CalPERS to provide its employees with a defined benefit plan
 - i. Prior to transferring employees to Authority, it must first establish that it is eligible to participate in CalPERS
 - ii. Big Bear City employees transferred to Authority retain “classic member” status
 - iii. New Authority employees join CalPERS
 - iv. Three possible scenarios for Big Bear Lake employees:

First Scenario

- Remain employees of Big Bear Lake and remain in SBCERA
- Big Bear Lake must retain control of these employees rather than Authority
- Common law employee dilemma

Second Scenario

- Transfer employees of Big Bear Lake to Authority
- All future service accrual under CalPERS
- Big Bear Lake retains responsibility over SBCERA accrued benefits
- City of Big Bear Lake “master” contract may be sufficient to avoid withdrawal liability

Third Scenario

- Transfer employees of Big Bear Lake to the Authority
- All future service accrual under CalPERS
- Negotiate “reallocation agreement” between Big Bear Lake, CalPERS, SBCERA, and Authority so that Authority assumes Big Bear Lake assets, liabilities, and accrued service under SBCERA
- Consider Big Bear Lake’s obligation to Authority for the assumption

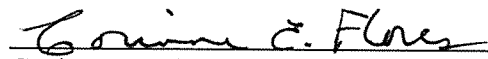
- v. Meet and confer obligations must be observed

Retiree Health Benefits

- A. Authority may, but not required to, contract with CalPERS for health benefits
- B. If Authority chooses CalPERS health, it must comply with the Public Employees' Medical and Hospital Care Act (PEMHCA) rules, including providing retiree health benefits
- C. If Authority does not provide CalPERS health, then it must consider obligations with respect to retired employees and existing employees of Big Bear City
- D. Meet and confer obligations must be observed

ADJOURNMENT

There being no further business to come before the Fire Authority at this session, Chairman Caretto adjourned the meeting at 6:13 p.m.


Corinne E. Flores, Board Secretary

APPROVED AT THE MEETING OF DECEMBER 17, 2013.