

ADDENDUM TO REGULAR MEETING AGENDA

MONTECITO FIRE PROTECTION DISTRICT  
BOARD OF DIRECTORS

April 15, 2013 at 3:00 p.m.

The following item has been added to the Call and Notice of the Regular Meeting for the Montecito Fire Protection District Board meeting on April 15, 2013.

22. Consider hiring Demsey Filliger and Associates to perform a GASB 45 actuarial valuation of the District's retiree health insurance program and a GASB 68 actuarial valuation of the District's pension obligations.

23. CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
(Government Code section 54957)

Title: Firefighter

The Addendum is posted pursuant to the provisions of the Government Code commencing at Section 54950.

The date of the posting of this Addendum is April 12, 2013.

MONTECITO FIRE PROTECTION DISTRICT

BY   
Chip Hickman, Fire Chief

**From:** Lou Filliger  
**To:** Chip Hickman  
**Sent:** Thursday, April 11, 2013 1:44 PM  
**Subject:** Montecito FPD - Estimate of Unfunded Liabilities

Dear Chief Hickman:

This is to confirm our telephone discussion with the Finance Committee on April 11, 2013.

The District is interested in having an independent calculation of its unfunded pension and other post-employment (OPEB) liabilities to be completed as soon as possible.

For GASB 45 (OPEB), we propose to use the March 31, 2013 trust value and most recent census data, and prepare an actuarial valuation as of July 1, 2013. This is the regularly-scheduled valuation date for your GASB 45 report, and our flat fee would be \$3,000.

For GASB 68 (Pension) we would use a valuation date of June 30, 2013 (to be consistent with CalPERS' valuation dates). The two reports will be virtually as of the same date, thus rendering the liabilities comparable and suitable for adding together if so desired. Because CalPERS already performs pension valuations for all participating agencies, our report would be in the nature of a "second opinion" based on more conservative actuarial assumptions, such as perhaps a 6% interest rate and no asset smoothing. I expressed some concern as to whether the resulting numbers will ultimately be of significance to the District because its contributions will ultimately be based on CalPERS' valuations and not mine, but I have received assurance that the District is aware of these limitations and wishes to proceed notwithstanding these concerns.

Our fee for the pension review would be \$6,000. The higher fee is representative of the research I will need to do to familiarize myself with the specific provisions of the District's pension contract with CalPERS, CalPERS' actuarial assumptions for the District's pool, and the need for separate data gathering.

I will be able to provide both reports by May 15th assuming I receive quick turnaround from the District's representatives in both sending us the requested data and resolving any questions surrounding the data.

Please let me know if you have any questions regarding this e-mail.

Regards,  
Lou Filliger, FSA  
Demsey, Filliger & Associates, LLC  
(818) 718-1266