

<p>Meeting Date: November 17, 2015</p>	<p>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</p> <p>PILOT PENSION COMMITTEE MEETING MINUTES</p>	<p>Page 1 of 5</p>
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Committee Members Present

Board Vice President David Connolly, Commissioner, Committee Chair
 John Schneider Commissioner
 Captain Joseph Long, Commissioner
 Knute Michael Miller, Past Board President

Staff Present

Allen Garfinkle, Executive Director
 Roma Cristia-Plant, Assistant Director
 Dennis Eagan, Board Counsel
 Kelly Dolcini, Staff Services Analyst
 Sigrid Hjelle, Office Technician

Public Present

Commissioner Jennifer Ferrera Schmid; Port Agent Pete McIsaac; Ray Paetzold, San Francisco Bar Pilots (SFBP) Business Manager-General Counsel; SFBP Captains Nancy Wagner (ret.) and Rick Hurt; Michael Jacob, Pacific Merchant Shipping Association Vice President and General Counsel; and Ricardo Martinez, Chevron.

OPEN MEETING

1. Call to order and Roll Call - Chairman Connolly

Chairman Connolly called the meeting to order at 10:37 a.m. He noted that all Committee members were present and a quorum was established.

2. Approval of minutes from the February 16, 2011 Committee meeting – Executive Director Garfinkle

Executive Director Garfinkle explained that Committee meeting minutes from the last Committee meeting, held February 16, 2011, could not be located. Instead, the Committee was provided a copy of the agenda from the Committee’s February 16, 2011 meeting, and the Board meeting minutes from February 24, 2011, Board meeting to document the actions taken at the Committee meeting held on February 16, 2011. The Committee members reviewed the information items. There was no discussion of or action taken on the minute agenda item.

Mr. Miller provided the Committee with a brief historical background on past efforts by the Committee, noting that the Committee had been established to draft regulations regarding the

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Pension Plan. He stated the incident involving the M/V COSCO BUSAN in 2007 limited staff resources, and the Committee subsequently indefinitely suspended work on drafting Pension Plan regulations.

Mr. Jacobs stated that he met with then Board President Miller and discussed that the industry wanted to obtain information on the potential future liability of the Pension Plan, and that led to the 2009 actuarial study.

3. Review and discuss a Committee mission statement and the necessity thereof. Possible Committee action to recommend a mission statement to the Board.

Commissioner Long indicated that the mission may become self-evident as the Committee progresses in its work. As such, he requested that this item be considered at a later date, and the Committee agreed to his request.

4. Review and discuss Harbors and Navigation Code, §1160-1168.

Committee members received a copy of the current Pension Plan statutes. Board Counsel provided a brief history of Pension Plan legislation. Mr. Miller stated that he developed a short written description of the Pension Plan, which document is not a regulation, and stated that Chevron was involved in the creation of the Pension Plan. He described the Pension Plan as a pay-as-you-go plan, and actual pension payments are relative to current shipping activity and target pension payment totals. He also stated that since the plan is not future funded, the shipping industry has had use of monies that could have been set aside for future retiree payments, and that standard return on equity or return on investment calculations are difficult to apply to the plan.

Commissioner Long stated that he reviewed a transcript of a Board hearing on the Pension Plan held on June 18, 1992, and noted that statutory changes made to the Pension Plan shortly thereafter resulted from collaborative efforts of the Board, industry stakeholders and the SFBP, and that according to the transcripts, the industry representative stated that proposed Pension Plan statutory changes would result in a very fair plan.

There was a general discussion of the Pension Plan, and a consensus among the Committee members that all would benefit from additional information about the Pension Plan.

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5. Review and discuss previous actuarial study of the Pilot Pension Plan conducted by EFI Actuaries titled, “Actuarial Projection of Pilot Pension Plan Retirement Benefits as of January 1, 2009.”

The Committee discussed the actuarial study of the Pension Plan conducted in 2009. Mr. Miller, who was Board President at the time, commented on the study and some of the parameters used to calculate the plan’s future liability. He stated that he believes that any future actuarial study of the Pension Plan should consider the actual pilot life expectancy as compared to the general population, particularly in light of chronic sleep deprivation, circadian rhythm disruption, and the stress and dangers of the job. Both Mr. Miller and Commissioner Schneider stated that they believe the disability rate contained in the study appears to be low. Commissioner Long also questioned the impact to future disability rates given the new pilot medical regulations.

Mr. Jacobs stated that he believes the 2009 study assumptions do not appear to be unreasonable given the plan performance since the study, and that it would be good to review assumptions in any follow up actuarial study. Capt. Long suggested bringing in the actuary that conducted the 2009 study, Graham Schmidt, to explain the report to the Committee. Mr. Miller explained that Mr. Schmidt was not available for today’s meeting, and that he would work with Mr. Schmidt to schedule him to make a presentation at the next Committee meeting.

6. Review and discuss request by Pacific Merchant Shipping Association (PMSA) Vice President Mike Jacob for the Board to direct the Executive Director, as the fiduciary agent of the Board to the San Francisco Bar Pilot Pension Plan (Pilot Pension Plan), to retain the services of an actuary familiar with the administration of defined-benefit pension plans to assess the full value and extent of any and all present and likely future liabilities associated with the statutory Pilot Pension Plan.

In light of the discussion of agenda item 5, the Committee decided to wait for Mr. Schmidt to be available prior to making any recommendations to the Board on contracting for a new Pension Plan actuarial study.

Assistant Director Cristia-Plant reported that she had inquired of both CalSTRS and CalPERS whether any of their actuaries under contract are available to the Board through an interagency agreement to conduct an actuarial study of the Pension Plan for the Board, and mentioned that EFI has merged with a firm that is currently included in a CalPERS actuarial pool.

Commissioner Schneider asked Mr. Jacob to explain why PMSA requested the study. Mr. Jacob stated that members of his organization would like to know the impacts to the shipping

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industry of, and future liability associated with, rising pension costs, and that his members have questions about the future of the plan.

Chairman Connolly recommended postponing the discussion of undertaking an update of the 2009 Pension Plan actuarial study until after Mr. Schmidt's presentation to the Committee about the 2009 study. Committee members were in agreement with this recommendation.

- 7. Identify and discuss any other materials relevant to the Pilot Pension Plan that may be useful to the members of the Committee in gaining a more thorough understanding of the operation of the Pilot Pension Plan and to aid Committee members in assisting staff create a scope of work for the requested study. Possible Committee action to recommend to the Board to direct the Executive Director, as the Pilot Pension Plan Fiduciary, to retain the services of an actuary to conduct a study to assess the actuarial projection of Pilot Pension Plan retirement benefits.**

While Mr. Schmidt made a presentation to the Board in 2010 about the results of the 2009 Pension Plan actuarial study that he prepared, a copy of that presentation could not be located. Mr. Miller stated that he would work with Mr. Schmidt to schedule a new presentation to the Committee on the 2009 study at the next Committee meeting.

- 8. Public comment on matters not on the agenda.**

There were no comments.

- 9. Proposals for additions to the next Committee meeting agenda.**

The Committee requested that an agenda item for Graham Schmidt to make a presentation to the Committee and discuss the 2009 study he prepared for the Board to be added to the next Committee meeting agenda.

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10. Adjournment.

There being no further business before the Pilot Pension Committee, Chairman Connolly called for a motion to adjourn.

MOTION: Commissioner Long moved to adjourn the meeting. Mr. Miller seconded the motion.

VOTE: Yes: Connolly, Schneider, Long, and Miller.

No: None.

Abstain: None.

ACTION: The motion was approved and the meeting adjourned at 11:40 a.m.



Allen Garfinkle, Executive Director

Prepared by: Kelly Dolcini and Roma Cristia-Plant