



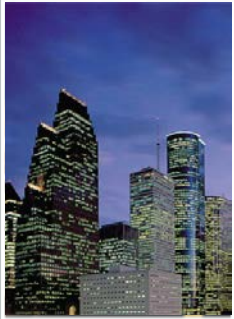
# Finance Department

## Presentation to the City of Houston Budget and Fiscal Affairs Committee

### **Craig Mason Contract Amendment**

**December 10, 2013**

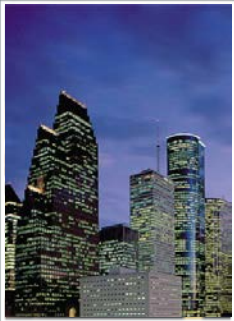
**Kelly Dowe, Director**



# Overview

- Background
- Chief Pension Executive
- Agreement and First Amendment
- Reasons for Contract Amendment
- Questions

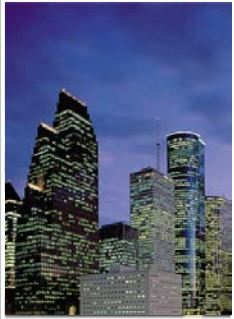
# Background



- Pension benefit increases adopted approximately 14 years ago
- Decision makers – City Administration, Pension Boards and State Legislature – were not adequately informed of the impact on future City funding obligations
- Result was unanticipated, undesired, and unsustainable City pension obligations
- In 2004, Mayor White formed a Pension Governance Advisory Committee (PGAC) to assess the situation
- PGAC recommended and the City created a position within the City dedicated to resolving pension issues

# Chief Pension Executive

## Duties & Qualifications

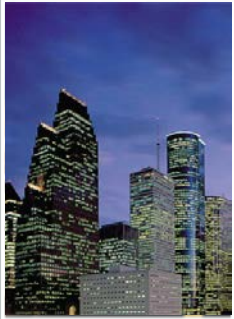


- Promote informed decision-making by monitoring, understanding all perspectives and communicating pension issues and options to all stakeholders
- In-depth knowledge and expertise in all aspects of providing pension benefits to employees – design, administration and funding
- Patience and communication skills to effectively articulate, explain and present findings in terms easily understood by lay persons
- Personal demeanor and good judgment to remain calm when challenged
- Able to effectively state clear and strong convictions in a proactive open discussion format

# Chief Pension Executive Position



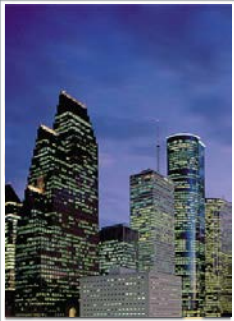
- Having met the qualifications, the City hired Craig Mason in October 2005
- To avoid conflict of interest inherent in being a beneficiary of City benefits, the position was released on a contract basis
- Subject matter expert



# Agreement and First Amendment

- Approved Ordinance 2009-1343 December 16, 2009
- Four year term ending December 31, 2013
- Approved Amendment to fund for final year – Ordinance 2012-922
- Original contract amount \$403,600.84
- Request Amendment for 2 years ending December 31, 2015
- Additional funding of \$208,080

# Reasons for Contract Amendment



- Serious pension issues remain
- New GASB rules in FY14 and FY15
- Institutional knowledge of the pension issues unique to the City
- Establish succession plan
- Has earned the respect of all stakeholders



# Finance Department

Questions?