

People's Advocate, Inc.



Edward 'Ted' Costa



Our speaker is a populist conservative reformer who works within the system to achieve reforms by using the means established in the California Constitution, initiative, referendum and recall. He's a farmer, an elected official and the Chief Executive Officer of the taxfighter's organization, People's Advocate, Inc.

During the past 20 years, he was taught by the best. For seven years he worked hand and hand with the legendary Paul Gann to reform our Property Tax System through the passage of Proposition 13...A fire that spread across the nation precipitating a national taxpayers' rebellion in the late '70s and the Reagan revolution of the '80s. He has sponsored, qualified and campaigned for a number of important reforms since that time including 'English only'...term limits...and spending limits.

Now he has, in so many ways, surpassed his teacher. In November of 2002 he decided that 5 years and \$38 billion dollars of deficit was enough for one governor. He filed recall papers against Governor Davis and did what has not been done in almost a hundred years since the legendary reforms of Governor Hiram Johnson. Our guest has recalled a sitting California Governor and set off a political shock-wave felt around the globe.

Mr. Costa is not one to seek the limelight, he'd rather be tinkering with his '62 Ford pickup truck at home or building a fence to keep his donkey away from his vegetable garden.....but he is now thrust into the spotlight. Just type his name in a Google search and you will get 193,000 hits.

He now has a new reform that he's circulating for the ballot. May I introduce to you, California's '**father of the recall**' and '**godfather of political reform**'..... Mr. Ted Costa.

PENSION SPIKING

Items included in final compensation for pension purposes (partial list):

1. Regular base pay
2. OT hours paid over a maximum (varies from agency to agency)
3. Workers comp temp disability
4. Shift differential
5. Special pay allowances
6. Incentive pay allowances
7. Miscellaneous allowances based on % of base pay
8. Management differential
9. Retirement offset (employer's pick-up of employee's share of pension costs)
10. Leave balance usage
11. Insurance subsidy
12. Insurance subsidy offset (employer's pick-up of employee's share of costs)
13. Mental health retention
14. Disability pay
15. Pay in lieu of temporary disability
16. One time bonus*
17. 7/12 work shift*
18. Standby pay*
19. Food allowance*
20. Clothing allowance*
21. Equipment allowance*
22. Animal allowance*
23. Auto allowance*
24. Vacation cash-in*
25. Payoff of vacation beyond maximum accrual*

*additional pay added by Ventura decision (2003)

Other abuses:

1. *Bargain purchase of service years.* Workers are allowed to purchase additional years at prices set before anticipated bonuses, raises, and/or plan amendment increases).
2. *Reinstatement of service.* Retirees can return to work if they retired before benefits were increased and receive higher pension formula on all previous years.
3. Retire with one employer that has a CalPERS plan and work full-time for another employer who is a 1937 county, or a local agency with an independent plan, or vice versa. This is a common way for safety workers to receive retirement at greater than 90% of final wages after they've worked 30 years for a single employer.
4. *Opt out of employer-provided health insurance and go on spouse's plan in final year.* Employers commonly pay cash-in-lieu of health benefits to those who do not enroll in their health plan, and this amount is sometimes included in final pay for pension purposes.
5. *End of career promotions for upper management positions.*

\$ 100,000,000
PENSION FUNDING
HISTORICAL INTEREST RATES

					\$100,000,000
		Loan	Annual	Net Annual	UNFUNDED
Date	Portfolio	Principal	Loan Interest	Production	PENSION LIABILITY
Aug-07	100,000,000	103,533,066	(1,266,147)	3,630,440	99,931,759
2008	100,068,241	103,533,066	(4,456,024)	7,692,111	83,854,988
2009	116,145,012	103,533,066	(4,371,388)	8,419,810	77,122,703
2010	122,877,297	103,533,066	(4,557,887)	9,709,049	63,679,493
2011	136,320,507	103,533,066	(4,177,744)	9,231,212	57,139,534
2012	142,860,466	103,533,066	(3,573,473)	10,462,068	55,970,464
2013	144,029,536	103,533,066	(4,700,742)	11,413,381	45,238,285
2014	154,761,715	103,533,066	(4,868,174)	14,434,133	24,326,744
2015	175,673,256	103,533,066	(3,660,297)	11,001,239	13,322,358
2016	186,677,642	103,533,066	(3,620,894)	3,840,278	16,017,167
2017	183,982,833	103,533,066	(1,979,866)	10,567,519	10,017,141
2018	86,449,793	-	-	4,701,884	11,386,590
2019	85,080,345	-	-	5,555,376	5,893,704
			(41,232,437)	110,658,502	

1. \$100,000,000 Pension Funding proposed for August 2007 closing using historical interest rates for loan and investments.
2. \$103,533,066 loan: 10 year bullet maturity. Includes Costs of Issuance
3. \$100,000,000 net proceeds invested in Portfolio leveraged 7-9 times composed entirely of direct obligations of the United States and its agencies.
4. Interest payments and \$103,533,066 bullet maturity in 10th year paid from revenues of the Portfolio.
5. After debt service payments all remaining revenues are reinvested in US agencies and direct obligations.
6. At the end of 13 years OPEB Trust holds \$94,106,296 in US Agency and direct obligations of the US government.