

January 18, 2022

R-25

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution approving the appointment of David Nakamoto, retired annuitant, as an interim appointment to a vacant position during recruitment for a permanent replacement in the Financial Management Department pursuant to Government Code 21221(h) and an exception to the 180-day waiting period for Public Agencies pursuant to Government Code 7522.56 and 21224. (Citywide)

DISCUSSION

On January 1, 2013, the Public Employees' Pension Reform Act added Sections 21221(h), 7522.56, and 7522.57 to the Government Code, which set forth post-retirement employment requirements applicable to all retirees who are employed by CalPERS employers on or after January 1, 2013. This change added the requirement that the retiree is appointed into the interim appointment during recruitment for a permanent appointment, and the retiree may only be appointed to the position once. This change also added the requirement that all retirees must wait 180 days after their retirement date before they are eligible to begin post-retirement employment with a CalPERS agency. An exception to the 180-day wait period can be made if a public agency certifies the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days have passed. The appointment must be approved by the governing body of the employer in a public meeting and may not be placed on a consent calendar.

The Financial Management Department hereby requests City Council approval to hire Mr. David Nakamoto, former City Treasurer in the Financial Management Department, as the Interim City Treasurer, effective January 19, 2022, for a limited duration. Mr. David Nakamoto will be responsible for the City's cash, investment, and financing activities. He will manage the Treasury Bureau and address a variety of financing issues, including refunding of existing bonds, issuing new debt, public-private partnership opportunities, capital lease financings, special project services, and other challenges. He will effectively coordinate and direct the City of Long Beach's (City) counterparties including commercial bankers, investment bankers, municipal advisors, bond counsels, bond insurers, credit rating agencies, bond holders, investment advisors, and other professional consultants. He will provide liquidity of funds to meet all disbursement requirements, implement investment strategies consistent with the principles of safety and liquidity in compliance with State Government Code and City Investment Policy and obtain a reasonable return. Bringing Mr. Nakamoto back as a retired annuitant will provide for continuity of operations for a limited term; high-level management and strategic planning guidance; and, an orderly transfer of knowledge to help the City as it recruits and appoints the next City Treasurer.

Mr. Nakamoto began serving as City Treasurer over 15 years ago and helped the City meet and overcome numerous financial challenges. He has a comprehensive understanding of the City's Treasury operations, a wealth of historical knowledge, and the experience to seamlessly step back into the City Treasurer role in the wake of the unexpected resignation by his recently promoted successor (for an even more attractive position with a nearby university). The department will prioritize filling the vacancy for his position, but his continued involvement until the position is filled is imperative.

Since Mr. Nakamoto's proposed start date is less than the required 180-day waiting period subsequent to his retirement on December 30, 2021, City Council approval to hire Mr. Nakamoto is required. The approved rate of pay will be \$82.553 per hour. This amount represents the hourly rate he received upon retirement and is within the minimum and maximum compensation paid to other employees performing comparable duties as listed in the City's publicly available pay schedule and will be funded through vacancy savings in the Financial Management Department.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson and Revenue Management Officer Geraldine Alejo on December 30, 2021.

TIMING CONSIDERATIONS

City Council action is requested on January 18, 2022, to ensure minimal impact to the Financial Management Department and the City's treasury operations.

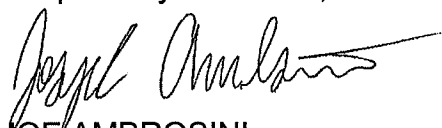
FISCAL IMPACT

The total annual cost is estimated to not exceed \$85,314. The estimated cost is based on 960 hours over the CalPERS fiscal year ending June 30th, at a salary rate of \$82.553 per hour plus Medicare and FICA. The actual costs will be based on hours worked and not expected to exceed 960 hours over the CalPERS fiscal year. The cost will be funded from vacancy savings in the General Fund Group in the Financial Management Department. This recommendation has no staffing impact beyond the normal scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


JOE AMBROSINI,
HUMAN RESOURCES DIRECTOR

APPROVED:


THOMAS B. MODICA
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING THE INTERIM
APPOINTMENT PER GOVERNMENT CODE SECTION
21221(h) AND THE EXCEPTION TO THE 180-DAY WAIT
PERIOD GOVERNMENT CODE SECTIONS 7522.56 AND
21224, FOR RETIRED ANNUITANT DAVID NAKAMOTO

WHEREAS, Government Code Section 21221(h) of the Public Employees’
Retirement Law permits the governing body to appoint a CalPERS retiree to a vacant
position requiring specialized skills during recruitment for a permanent appointment, and
provides that such appointment will not subject the retired person to reinstatement from
retirement or loss of benefits so long as it is a single appointment that does not exceed
960 hours in a fiscal year; and

WHEREAS, in compliance with Government Code Section 7522.56 of the
Public Employees’ Retirement Law, the City of Long Beach must provide CalPERS this
certification resolution when hiring a retiree before 180 days has passed since their
retirement date; and

WHEREAS, DAVID NAKAMOTO, CalPERS ID, 4943406177, retired from
the City of Long Beach in the position of City Treasurer, effective December 30, 2021;
and

WHEREAS, Government Code Section 7522.56 requires that post-
retirement employment commence no earlier than 180 days after the retirement date,
which is June 28, 2022, without this certification resolution; and

WHEREAS, Section 7522.56 provides that this exception to the 180-day wait
period shall not apply if the retiree accepts any retirement-related incentive; and

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1 WHEREAS, the City Council, the City Manager, the City of Long Beach and
2 David Nakamoto, certify that David Nakamoto, has not and will not receive a Golden
3 Handshake or any other retirement-related incentive; and

4 WHEREAS, the City Manager with City Council approval hereby appoints
5 David Nakamoto, as an interim appointment retired annuitant to the vacant position of City
6 Treasurer for the City of Long Beach under Government Code Section 21224 and Section
7 21221(h), effective January 19, 2022; and

8 WHEREAS, an appointment under Government Code section 21221(h)
9 requires the retiree is appointed into the interim appointment during recruitment for a
10 permanent appointment; and

11 WHEREAS, the governing body has authorized the search for a permanent
12 appointment; and

13 WHEREAS, this Government Code Section 21221(h) appointment shall only
14 be made once and therefore will end once a permanent appointment is hired; and

15 WHEREAS, the appointment letter between David Nakamoto and the City of
16 Long Beach has been reviewed by this body and is attached hereto; and

17 WHEREAS, no matters, issues, terms, or conditions related to this
18 employment and appointment have been or will be placed on a consent calendar; and

19 WHEREAS, the employment shall be limited to 960 hours per fiscal year for
20 all CalPERS employers; and

21 WHEREAS, the compensation paid to retirees cannot be less than the
22 minimum nor exceed the maximum monthly base salary paid to other employees
23 performing comparable duties, divided by 173.333 to equal the hourly rate; and

24 WHEREAS, the maximum base salary for this position is \$30,000 monthly
25 and the hourly equivalent is \$173.077, and the minimum base salary for this position is
26 \$4,000 monthly and the hourly equivalent is \$23.077; and

27 WHEREAS, the hourly rate paid to David Nakamoto as a retired annuitant
28 will be \$82.553; and

1 WHEREAS, David Nakamoto has not and will not receive any other benefit,
2 incentive, compensation in lieu of benefit or other form of compensation in addition to this
3 hourly pay rate; and

4 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
5 follows:

6 Section 1. The City Council hereby certifies the nature of the appointment of
7 David Nakamoto as described herein and detailed in the attached appointment letter and
8 that this appointment is necessary to fill the critically needed position of Interim City
9 Treasurer, for the City of Long Beach effective January 19, 2022, to manage the Treasury
10 Bureau and address a variety of financing issues, including refunding of existing bonds,
11 issuing new debt, public-private partnership opportunities, capital lease financings, special
12 project services, and other challenges. He will be responsible for the City's cash,
13 investment, and financing activities. He will effectively coordinate and direct the City's
14 counterparties including commercial bankers, investment bankers, municipal advisors,
15 bond counsels, bond insurers, credit rating agencies, bond holders, investment advisors,
16 and other professional consultants. He will provide liquidity of funds to meet all
17 disbursement requirements, implement investment strategies consistent with the
18 principles of safety and liquidity in compliance with State Government Code and City of
19 Long Beach Investment Policy and obtain a reasonable return. The compensation for
20 retired annuitant David Nakamoto will be \$82,553.

21 Section 2. David Nakamoto began serving as City Treasurer over fifteen
22 years ago and helped the City meet and overcome numerous financial challenges. He
23 has a comprehensive understanding of the City of Long Beach's Treasury operations, a
24 wealth of historical knowledge, and the experience to seamlessly step back into the City
25 Treasurer role. Bringing Mr. Nakamoto back as a retired annuitant will provide for
26 continuity of operations for a limited term; a high-level management and strategic planning
27 guidance; and an orderly transfer of knowledge to help the City as it recruits and appoints
28 the next City Treasurer.

January 19, 2022

David Nakamoto

Dear David Nakamoto:

It is my pleasure to make you a conditional offer of employment as Interim City Treasurer, pending City Council approval. Your appointment as a PERS retired annuitant will be effective January 19, 2022 at an hourly rate of \$82.553.

As a PERS retired annuitant, you are limited to 960 hours during the PERS fiscal year (July 1 through June 30). You are also limited to one interim appointment as City Treasurer.

I look forward to your continued support leading the Treasury Bureau.

Sincerely,



Thomas B. Modica
City Manager

Acknowledgment: _____

_____ Date

