

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Action Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

January 19, 2012

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met on Thursday, January 19, 2012 at 8:34 a.m., in regular session at City Hall in the Wing Meeting Rooms 118-120, 200 East Santa Clara Street, San José, California 95113.

PRESENT:

BOARD MEMBERS

Matt Loesch, Chair -Present
Ed Overton, Vice-Chair -Present
Arn Andrews -Present
Michael Armstrong -Present
Lara Druyan -Absent
Stuart Odell -Present
Martin Dirks -Present

COUNCIL LIAISON

Pete Constant -Absent
Shane P. Connolly (Alternate) -Present
DIRECTOR RETIREMENT SERVICE

BOARD SECRETARY

Russell U. Crosby -Present

COUNSEL

Mollie Dent -Present
Russ Richeda -Present

RETIREMENT SERVICES STAFF

PRESENT

Donna Busse, Deputy Director, COO
Carmen Racy-Choy, Deputy Director, CIO
Veronica Niebla
Ron Kumar
Heidi Poon
Sonia Morales
Troy Gavin
Barbara Hayman

ALSO PRESENT:

Alex Gurza, Office of Employee Relations
Allison Suggs, Office of Employee Relations
Rick Green, Macias, Gini & O'Connell
Bill Harper, Cheiron
Margaret Tempkin, Cheiron
Yolanda Cruz, MEF

CALL TO ORDER: 8:34 a.m.

• ORDERS OF THE DAY

Chair Loesch made the following changes to the Orders of the Day:

- Item 4.2(a) & 4.2(b) – Waive Sunshine, Item not finalized at time of distribution.
- Item 4.1 – Waive Sunshine, Item received late.
- Item 4.1 through 4.4 – to be heard after Item 3.1 update.

A motion was made to Waive Sunshine for Items 4.2(a), 4.2(b) and Item 4.1, and to rearrange Items 4.1 through 4.4 to be heard after Item 3.1 update.

Approved. (M.S.C. – Andrews/Armstrong, 6-0-1, Druyan-Absent)

1. **CONSENT CALENDAR** (Items 1.1 through 1.11)

Items 1.1 and 1.2 were pulled from the Consent Calendar.

A motion was made to approve the balance of the Consent Calendar Items 1.3 through 1.11.

Approved. (M.S.C. – Andrews/Dirks, 6-0-1, Druyan-Absent)

1.1 **Adoption of Resolution Denying the Application of a Non-Service-Connected Disability Retirement**

Adoption of Resolution 6748 denying the application of Eliza Zimmerman for a Non-Service-Connected Disability.

A motion was made to approve Resolution 6748 with revisions on Page 2 to change “he” to “she” under the Conclusion section.

Approved. (M.S.C. – Andrews/Dirks, 6-0-1, Druyan-Absent)

1.2 **Approval of the Service-Connected Disability Retirement**

Raul Guerrero, Parking & Traffic Control Officer. Request for a Service-Connected Disability, effective March 29, 2009; 10.24* years of service.

A motion was made to approve Service-Connected Disability Retirement.

Approved. (M.S.C. – Overton/Dirks, 6-0-1, Druyan-Absent)

1.3 **Approval of Service Retirements**

- a. **Manuel I. Arevalo**, Equipment Mechanic Assistant II, General Services Department, effective February 18, 2012; 10.64* years of service.
- b. **Thin J. Chan**, Accountant II, Finance Department, effective December 31, 2011; 22.71* years of service.
- c. **Karnail Gangar**, Associate Engineer, Fire Department, effective January 21, 2012; 16.96* years of service.
- d. **Ernest Garcia**, Maintenance Supervisor, Department of Transportation; effective January 21, 2012; 30.05* years of service.
- e. **Estle L. Green**, Senior Plant Mechanic, Environmental Services Department, effective February 18, 2012; 25.85* years of service.
- f. **Charles T. Hall**, Custodial Supervisor, Public Works Department, effective January 21, 2012; 30.01* years of service.
- g. **Peter Jensen**, Assistant Director, Public Works Department, effective February 4, 2012; 22.20* years of service.
- h. **Anil K. Kar**, Division Manager, Environmental Services Department, effective January 21, 2012; 8.41* years of service.
- i. **Charlotte K. Kelso**, Workers Comp Claims Adjuster II, Human Resources, effective December 31, 2011; 13.70* years of service.
- j. **Hilary G. Langhorst**, Library Assistant, Library Department, effective December 31, 2011; 15.41* years of service.

- k. **Rosemary Maire**, Staff Specialist, Office of Economic Development, effective February 18, 2012; 27.23* years of service.
- l. **Curtis E. Riley**, Code Enforcement Inspector, Planning, Building & Code Enforcement Department, effective December 31, 2011; 20.06* years of service.
- m. **Genevieve G. Rodriguez**, Senior Latent Print Examiner, Police Department, effective February 4, 2012; 30.03* years of service.
- n. **Mary Tucker**, Environmental Service Program Manager, Environmental Services Department, effective February 4, 2012; 22.36* years of service.
- o. **Fran A. Vader**, Analyst II, Office of Economic Development, effective February 18, 2012; 20.51* years of service.
- p. **Frank A. Vargas**, Maintenance Supervisor, Department of Transportation, effective February 4, 2012; 30.26* years of service.
- q. **James M. Wharton**, Landscape Architect, Parks, Recreational and Neighborhood Services Department, effective February 18, 2012; 11.50* years of service.

1.4 Approval of Deferred Vested Retirements

- a. **Wayne T. Disher**, Senior Librarian, Library Department, effective February 11, 2012; 22.78* years of service. (*With reciprocity*)

1.5 Approval of Change of Retirement Date

- a. Approval of change of retirement date of **Hao-Nhu (Michelle) Do**; from December 30, 2011 to June 23, 2012.
- b. Approval of change of retirement date of **Dennis Ferrier**; from December 24, 2011 to March 30, 2012.
- c. Approval of change of retirement date of **Christopher J. Gambelin**; from December 24, 2011 to March 31, 2012.
- d. Approval of change of retirement date of **Michael K. Hannon**; from December 30, 2011 to December 31, 2011.
- e. Approval of change of retirement date of **Steven H. Stender**; from December 24, 2011 to January 7, 2012.
- f. Approval of change of retirement date of **John Wolfram**; from December 24, 2011 to March 31, 2012.

1.6 Approval to Rescind Service Retirement

- a. Approval to rescind retirement of **Rodney Fong**, approved at the August 18, 2011 meeting for effective date of December 24, 2011.
- b. Approval to rescind retirement of **Ronald E. McLin**, approved at the December 15, 2011 meeting for effective date of January 7, 2012.
- c. Approval to rescind retirement of **Steven Waters**, approved at the December 15, 2011 meeting for effective date of December 24, 2011.

1.7 Approval of Board Minutes

Approval of Board Minutes of December 15, 2011.

1.8 Approval of Return of Contributions

- a. Voluntary
- b. Involuntary

1.9 Approval of Monthly Expenditures

Report of Federated Retirement Plan Expenses for November 30, 2011.

1.10 Acceptance of Communication/Information Reports

- a. Pending Projects.

1.11 Approval of Travel / Conference Attendance

- a. Michael Armstrong - CalAPRS, Principles of Pension Management for Trustees at Stanford Law School, Palo Alto – March 27-30, 2012.
 - CalAPRS, Trustees Round Table, DoubleTree Hotel, San Jose, CA – February 3, 2012.
- b. Arn Andrews - CalAPRS, Trustees Round Table, DoubleTree Hotel, San Jose, CA – February 3, 2012.
- c. Stuart Odell - CalAPRS, Trustees Round Table, DoubleTree Hotel, San Jose, CA – February 3, 2012.

2. DEATH NOTIFICATIONS (Moment of Silence) – Note and File

- 2.1 Leon C. Beltran**, Network Technician II, active employee, died 11/6/11. Survivorship benefits to Diana S. Beltran, spouse.
- 2.2 Ralph A. Hernandez**, Maintenance Worker I, retired 8/4/01, died 11/12/11. Survivorship benefits to Dolores M. Hernandez, spouse.
- 2.3 Timothy J. Keehen**, Supervising Applications Analyst, retired 12/13/00, died 11/19/11. Survivorship benefits to Cynthia J. Keehen, spouse.
- 2.4 Sandra J. Nunes**, Police Data Specialist II, retired 3/21/09, died 10/18/11. No survivorship benefits.
- 2.5 Tennie Mae Ramirez**, Secretary, retired 1/6/01, died 11/29/11. No survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

3.1 Update on legal Request for Proposal (RFP).

Ms. Dent reported to the Board that interviews are still in process and she will have recommendations to the board in February.

Items 4.1 through 4.4 were heard after Item 3.1, as noted in Orders of the Day.

3.2 Discussion and action on the letters to/from the City Manager regarding staff salaries.

Chair Loesch led the discussion regarding the letters to and from the City Manager regarding staff salaries. Deputy City Manager, Alex Gurza was present to clarify and answer questions from the Board. The Board agreed to have Chair Loesch and Vice Chair Druyan meet with the City Manager.

Entered into Closed Session Item 4.5

Ms. Dent read Item 4.5 into record.

3.3 Authorization for the Secretary to negotiate and execute an agreement with SIRE Technologies for Agenda Management Software for an amount not to exceed over three years:

Phase I – Sire Agenda Plus and Sire Minutes Plus: \$60,000

Phase II – Sire Meeting Management and Voting System: \$40,000

(Both phases shared 50/50 with the Police & Fire Department Retirement Plan)

Ms. Busse reported to the Board that staff reviewed the responses and interviewed four candidates. Staff recommends SIRE Technologies for the agenda management system..

A motion was made approve the agreement with SIRE Technologies for Phase I and Phase II as recommended.

Approved. (M.S.C. – Andrews/Armstrong, 6-0-1)

4. NEW BUSINESS

Items 4.1 through 4.4 were heard after Item 3.1, as noted on Orders of the Day.

4.1 Discussion and action regarding Cheiron's June 30, 2011 Other Post Employment Benefits (OPEB) Plan Valuation.

Bill Hallmark and Margaret Tempkin from Cheiron, presented Cheiron's June 30, 2011 Other Post Employment Benefits (OPEB) Plan Valuation.

A motion was made to approve Cheiron's June 30, 2011 Other Post Employment Benefits (OPEB) Plan Valuation.

Approved. (M.S.C. – Andrews/Dirks, 6-0-1, Druyan-Absent)

4.2 Discussion and possible action regarding Supplemental Retirement Benefit Reserve (SRBR):

- a. Discussion and possible action on SRBR calculations from the Cheiron Company.**
- b. Adoption of Resolution No. 6749 declaring excess earnings as of June 30, 2011 for the purpose of transfer to Supplemental Retiree Benefit Reserve.**

Chair Loesch led the discussion regarding the Supplemental Retirement Benefit Reserve (SRBR). Deputy City Manager, Alex Gurza stated that there is a draft ballot measure, and if approved, it would eliminate the SRBR and return the assets to the pension fund.

A motion was made to approve the SRBR calculations from the Cheiron Company and to approve Resolution 6749 declaring excess earnings as of June 30, 2011 for the purpose of transfer to the Supplemental Retiree Benefit Reserve.

Approved. (M.S.C. – Overton/Andrews, 6-0-1, Druyan-Absent)

4.3 Educational presentation by Cheiron on changes to GASB reporting requirements.

Bill Hallmark from Cheiron reported to the Board regarding the changes to the GASB reporting requirements.

Chair Loesch reconvened the meeting from Break at 10:30 a.m.

4.4 Audit Report

- a. Discussion and action on the audited financial statements for the year ended June 30, 2011.**
- b. Discussion and action on Macias Gini & O'Connell's communications to the Board for the year ended June 30, 2011.**

Rick Green of MGO presented the audited financial statements and their communications to the Board. Discussions were held regarding staffing in the Accounting Group and Economic Interest Disclosure Form 700.

A motion was made to approve the CAFR and communications from Macias Gini & O'Connell.

Approved. (M.S.C. – Andrews/Dirks, 6-0-1, Druyan-Absent)

Item 3.2 was heard after Item 4.4, as noted in Orders of the Day

Item 4.5 was heard before Item 3.3.

4.5 CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 SUBSECTION (a):

Name of Parties Involved: Lehman Brothers, Inc., Debtor
Federated City Employees Retirement Plan, and Other Creditor and Debtor Parties

Court: United States Bankruptcy Court for the Southern District of New York

Case No. 08-01420 (JMP) SIPA

There was not a report out of Closed Session for Item 4.5.

Item 3.3 was heard after Closed Session

OPEN SESSION

4.6 Discussion and action regarding Trustees' attendance at the CalAPRS Principles of Pension Management for Trustees at Stanford Law School, Palo Alto, CA.

Ms. Crosby reported to the Board that two Board Members are allowed to attend the CalAPRS course at Stanford Law School. Since only one Trustee was interested in attending, the Board agreed to allow the Police & Fire Department Retirement Plan Board Member to use the other opening.

4.7 Discussion and action regarding a Board Retreat.

Chair Loesch led the discussion regarding a Board Retreat and solicited topics to be forwarded to Mr. Crosby via email for the pending meeting. The Board agreed to not have a joint Board Retreat with the Police & Fire Department Retirement Plan. Ms. Dent, Senior Deputy City Attorney noted for the record that the meeting would have to be agendized and recorded.

5. COMMITTEES/REPORTS/RECOMMENDATIONS

5.1 Policy Committee (Overton/Armstrong/Loesch – alternate/Andrews) – None

5.2 Investment Committee (Druyan/Odell/Dirks –alternate/Armstrong)

- Next Meeting: January 25, 2012

5.3 Ad Hoc Governance Committee (Loesch/Armstrong/Odell – Alternate/Dirks)

- Last Meeting: January 5, 2012 - Next Meeting: TBD

a. Minutes of October 20, 2011 meeting. **Note and File**

6. EDUCATION & TRAINING

6.1 Educational Programs and Courses **Note and File**

6.2 Conferences and Seminars **Note and File**

6.3 Research Papers and Articles **Note and File**

6.4 CalAPRS Training

a. Trustees Round Table, DoubleTree Hotel, 2050 Gateway Place, San Jose – February 3, 2012.

b. General Assembly, Westin Rancho Mirage, Palm Springs, CA – March 3-6, 2012.

c. Principles of Pension Management for Trustees, Stanford Law School, Palo Alto, CA – March 27-30, 2012.

• FUTURE AGENDA ITEMS

- **PUBLIC/RETIREE COMMENTS**

- **ADJOURNMENT**

The meeting was adjourned at 12:35 p.m.