

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

4

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

April 8, 2010

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:30 a.m., on Thursday, March 11, 2010, in regular session at the Department of Retirement Services, 1737 N. First St., Suite 600 - San José, California 95112.

ROLL CALL

Present:

Matt Loesch -Chair/Trustee
David Bússe -Vice Chair/Trustee
Ed Overton -Trustee
Pete Constant -Trustee
Ash Kalra -Trustee – arrived at 8:40 A.M.
Jeffrey Perkins -Trustee
Arn Andrews -Trustee

ALSO PRESENT:

Russell U. Crosby	-Secretary/Director	Mike Moehle	-Staff
Mollie Dent	-City Attorney	Donna Busse	-Staff
Russell Richeda	-Conflicts Counsel	Steve Barnett	-PBCE
Lisa VonTress	-Staff	Nick Emanuel	-Attorney
John McBride	-Attorney	Raul Guerrero	-Airport
Bill Meyers	-City Employee	Sharon Erickson	-City Auditor
Robin Opheim	-City Auditor's Office	Leanna Bieganski	-Airport
Allen DeMers	-Human Resources	Gerry Chappuis	-MEF
Karin Carmichael	-Staff	Amanda Ramos	-Staff
Toni Johnson	-Staff	Allison Suggs	-OER
Ron Kumar	-Staff	Veronica Niebla	-Staff
Rhonda Snyder	-Staff	Linda Dittes	-AFSCME

REGULAR SESSION

Chair Loesch called the meeting to order at 8:33 a.m.

ORDERS OF THE DAY

Chair Loesch made the following changes to the agenda:

Item 15 to be heard first.

Under Death Notifications:

Item 11B Janice DeWitt was previously on February agenda.

Item 11C Sylvia Ellsworth was previously on November agenda.

Under Deferred Vested:

Item 3B Kathryn Jean Ford 15.38 years of service, not 15.

RETIREMENTS

1. Disability Retirements for Re- Hearing

- a. **William Meyers**, Associate Construction Inspector. Request for disability re-hearing; 4.23 years of service. Mr. Meyers was present and represented by Attorney Nicholas G. Emanuel.

MEDICAL REPORTS – DR'S NAME

DATED

JOHN E. MASSEY, M.D.	1/20/09 : 8/7/08 : 5/1/08 : 7/24/06
MALIHEH MASSIH, M.D.	6/22/07
TEAM CONFERENCE REPORT	6/15/07
RICHARD ABEND, D.C.	5/2/06 : 12/14/05 : 11/15/05 : 1/28/05 : 12/22/04
BILL WHITING, M.ED. – REHAB COUNSELOR	12/29/05
JOHN HOROWITZ, D.C.	10/18/05 : 2/23/05 : 2/22/05 : 2/2/05 : 10/18/04 : 8/2/04
LAWRENCE POREE, M., MPH, PHD.	8/15/05 : 5/31/05
MEGHAN THOMAS, M.D	5/3/05 : 9/30/04
JACK FUNAMURA, M.D.	12/1/04 (MRI) : 12/104 (CT SCAN)
JOSEPH FRANKS, M.D.	10/11/04
EDWARD MENGES, M.D.	10/7/04
MATHEW TRAN, M.D.	6/22/04
HARJIT SEKHON, M.D.	12/9/03
ROSEMARIA GENNUSO, M.D.	11/13/03 : 8/20/03
JAMES J. KOHUT, M.D.	7/29/03
JANELLE RASI, M.D.	7/11/03.
JOSH NOVIC, M.D.	4/18/03
MICHAEL COULSON, M.D.	2/27/03
WORKERS' COMPENSATION AWARD DOCUMENT. (MR. MEYERS REQUESTED THIS BE INCLUDED)	4/7/06
NICHOLAS G. EMANUEL, ATTY FOR APPLICANT –MEMORANDUM OF LPOINTS	7/8/09

MEDICAL REPORT FROM BOARD'S DIRECTOR

DATED

RAJIV DAS, M.D.	7/31/09 : 1/29/09 : 9/20/06 : 7/31/06 : 5/1/06 : 12/21/05
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Additional medical reports were given to the board by Attorney Emanuel. In addition, Mr. Emanuel provided the Board with a copy of a letter from Ken Wright, Worker's Compensation Adjuster for the City of San Jose dated November 10, 2005.

MEDICAL REPORT – DR'S NAME

DATED

John Horowitz, D.C.	March 12, 2004
Isys Solutions (Kris Donaldson, RN	March 31, 2004 (3 pages)
Lawrence Poree, M.D.	April 27, 2004 (2 pages), May 13, 2004, June 16, 2004, July 27, 2004

Ms. Dent stated that the board heard this claim in December and denied it due to medical evidence not supporting a service-connected disability. *Attorney Emanuel* stated that previous findings were contrary to evidence. *Ms. Dent* stated that to approve the claim, findings have to be: 1. Evidence of disability; 2. It is service connected; and 3. Work restrictions prevent employee from working. The Board discussed medical evidence and testimony provided by Dr. Das, Mr. Meyers, attorney Emanuel, and the RTW Coordinator Allen DeMers.
(M.S.C. Overton/Busse) Application denied. 6-1-0 (Andrews-no).

- b. **Raul Guerrero**, Parking & Traffic Control Officer. Request for disability re-hearing; 10.24 years of service. Continued until May board meeting at Attorney's request so *Dr. Das* can go over new information. (M.S.C. Constant/Karla) Deferred until May.

CONSENT CALENDAR (Items 2 thru 9)

(M.S.C. Constant/Busse) Motion approved 7-0-0.

2. Request for approval of Service Retirements

- a. **Terre C. Abrigo**, Custodian, General Services, effective March 31, 2010; 16.30 years of service.

- b. **Eileen Aparicio**, Legal Administrative Assistant, City Attorney's Office, effective March 31, 2010; 22.87 years of service.
- c. **Leslie Brady**, Communications Services Operator, Airside Operations, effective March 31, 2010; 10.41 years of service.
- d. **Christina M. Ewing**, Analyst II, Police Department, effective March 31, 2010; 25.75 years of service.
- e. **Beatrice Gil**, Custodian, General Services, effective March 31, 2010; 23.88 years of service.
- f. **Rosa Guzman**, Administrative Assistant, General Services, effective April 8, 2010; 30.00 years of service.
- g. **Judith E. Harsany**, Senior Office Specialist, Police Department, effective April 3, 2010; 15.01 years of service.
- h. **Bich-Nga Le Hong**, Accountant I, Police Department, effective March 31, 2010; 29.21 years of service.
- i. **J. Wayne Hoskins**, Principal Engineering Technician, Public Works, effective March 31, 2010; 34.93 years of service.
- j. **Ronald B. Ippolito**, Equipment Operator, Parks, Recreation and Neighborhood Services, effective March 20, 2010; 20.58 years of service.
- k. **Terrence Eugene Keeley**, Supervisor of Trades, Airport, effective March 20, 2010; 30.10 years of service.
- l. **Tony Majors**, Plant Mechanic, Environmental Services, effective March 31, 2010; 15.66 years of service.
- m. **Diana Medrano**, Crime & Intelligence Analyst, Police Department, effective March 20, 2010; 24.71 years of service.
- n. **Peter Neumiller**, Senior Maintenance Worker, Department of Transportation, effective March 20, 2010; 24.78 years of service.
- o. **Rafael A. Romero, Jr.**, Principal Accountant, Environmental Services, effective March 29, 2010; 20.77 years of service.
- p. **Fredrick Sabour**, Senior Engineer, Public Works, effective March 31, 2010; 29.16 years of service.
- q. **Dennis Tam**, Associate Civil Engineer, Public Works, effective March 20, 2010; 29.74 years of service.
- r. **Vinod K. Vashisht**, Groundswoker, Parks, Recreation and Neighborhood Services, effective March 20, 2010; 23.70 years of service.
- s. **Jerry T. Yoshida**, Planner II, Planning, Building, Code Enforcement, effective March 27, 2010; 24.93 years of service.

3. Deferred Vested

- a. **Carol Marie Foley**, Park Ranger, Parks, Recreation and Neighborhood Services, effective April 23, 2010; 5.41 years of service.
- b. **Kathryn Jean Ford**, Administrative Assistant, Parks, Recreation and Neighborhood Services, effective April 20, 2010; 15.xx years of service.
- c. **Gregory W. Johnson**, Maintenance Worker, Department of Transportation, effective March 18, 2010; 8.53 years of service.
- d. **Carol Searle**, Engineering Technician II, effective March 3, 2010; 7.52 years of service.

4. Change of Effective Date

Approval to change the effective date of the service retirement application of Joe Mosley from March 20, 2010 to March 31, 2010

5. Board Minutes

- a. Approval of Regular Meeting Minutes of March 11, 2010.

6. Return of Contributions

- a. Voluntary
- b. Involuntary

7. Investment Summary Report

Report of Federated Investments for February 2010.

8. Approval of Monthly Expenditures

Report of Federated Retirement Plan expenses for February 2010.

9. Investments

- a. Adoption of Resolution No. 6560 acknowledging receipt of report on investments for the period February 1 thru 31, 2010.

10. Approval of Travel Conference Attendance

- a. Matt Loesch, Travel to Boston, MA to attend the Meketa Investment Conference, May 5/6/7, 2009. (M.S.C. Andrews/Constant) Motion approved 7-0-0.

11. DEATH NOTIFICATIONS (Moment of Silence) Note & File

The Chair stated there would be a moment of silence for the death notifications.

- a. **Jesus P. Cervantez**, Retired Equipment Mechanic; retired 10/4/87, died 2/3/10. No survivorship benefits.
- b. **Patricia E. Gibbons**, Retired Information Systems Analyst; retired 1/14/06, died 3/12/10. Survivorship benefits to Carla Satra, domestic partner.
- c. **Ja Lih Lee**, Retired Senior Librarian; retired 2/12/96, died 12/01/09. No survivorship benefits.
- d. **George E. McKissick**, Retired Senior Civil Engineer; retired 11/7/92, died 2/3/10. No survivorship benefits.
- e. **Madeline V. Mestice**, Retired Executive Secretary; retired 1/6/79, died 2/25/10. No survivorship benefits.
- f. **Peter P. Roti**, Retired Gardner; retired 1/3/81, died 2/28/10. No survivorship benefits.
- g. **J. Lindsey Wolf**, Retired Program Manager II; retired 3/22/08, died 3/6/10. Survivorship benefits to Greta M.M. Muller, domestic partner.
- h. **Ralph Zuniga**, Street Sweep Operator; retired 1/4/69, died 2/27/10. No survivorship benefits.

OLD BUSINESS/DEFERRED-CONTINUED ITEMS

12. Travel Audit compliance update.

Ms. Niebla stated that Audit Committee met on March 30, 2010 and revised the policy for Board approval.

13. Discussion and possible action on update of selection of outside counsel for tax qualification review of the System.

Ms. Dent stated the RFP received six responses. Out of the six, Ice Miller LLP was ranked number one by the committee due to their experience with government plans and tax related work. They are not registered in California at this time. The Board asked *Ms. Dent* to negotiate the following items with Ice Miller: 1. Ask if they will register in California, 2. If the only way they can register is with the State Bar Association, contemplate contracting with them by authority of the Attorney's Office, 3. Or sub-contract with Saltzman and Johnson or the City Attorney's Office.

14. Discussion and possible action on Board's agreement to move monthly meetings to City Hall.

Secretary Crosby stated that the City Council voted to have Retirement Boards meet at City Hall, with the intent to start on May 6, 2009 with the Police and Fire Board meeting. **Trustee Constant** stated that the

meeting locations and times have a higher priority than the Planning Commission. **Trustee Karla** stated that staff has dates and reservations in place and the Retirement Services will have a committed room. *Ron Kumar*, staff, stated that there will be onsite training for the Granicus system at a cost of approximately \$2,000.00 and a laptop will be required. *Mr. Kumar* was instructed to send an e-mail to **Trustees Constant and Karla** relaying his findings during his conversations with the Communications Department. (M.S.C. Loesch/Busse) Approved to move the Federated Retirement Board meetings to City Hall on a trial basis. Motion approved 7-0-0.

NEW BUSINESS

15. Discussion and possible action on the City Auditor's upcoming audit project.

(Heard out of order at 8:35am)

Ms. Erickson, City Auditor, stated that there are several projects in progress which are on her workplan. A) The contract for the external auditor has expired and an RFP was issued which received responses from six firms. The evaluation team will meet on April 12th to ensure that external audit team is on Board in time for work to commence in May. There will be multiple agreements covering different departments. She hopes to have the contracts reviewed by the City Council on April 27 and come back to the Federated Board in May. B) Initiate an audit of disability retirements; identify potential factors leading to high disability rates. C) Audit of Pension sustainability of pension benefits and potential impact on City operations. **Chair Loesch** asked if the City hiring an auditor prohibits the Board from hiring their own to which *Ms. Dent* responded, stating that it does not preclude the Board from hiring their own external auditor. **Chair Loesch** stated that it is best practice and prudent as fiduciaries to have external auditors separate from the City. **Secretary Crosby** stated that of the 30 non-CalPERS public plans surveyed only six plans including the two plans in San Jose use an auditor selected by the Plan Sponsor. *Ms. Erickson* responded that auditors have to adhere to independence and separate firms will add to the cost. *Ms. Niebla* stated that the payment of the external auditor hired by the City is borne by the System. *Ms. Busse* stated that in the past the Department has had issues with the current provider where it gave us a sense that they wanted to appease the City. **Trustee Constant** stated that he has never heard these issues before and did not receive a staff memo. **Secretary Crosby** stated that after discussions with the auditor, the issue was resolved. **Trustee Overton** stated that during his career as the Director of Retirement Services, he was assured in the past that the auditor would work for the Board; however, that was not the case. The Board agreed that the System should hire the City's chosen external auditor for this fiscal year and continue discussions on conducting an RFP for an external auditor.

16. Adoption of Resolution No. 6561 setting new rates of contribution to be effective June 27, 2010.

(M.S.C. Constant/Busse) Motion approved 7-0-0.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Committee for Investments (Perkins/Loesch/Andrews–alternate/Busse) – last meeting: March 30, 2010

17. Approval of Investment Committee Meeting Minutes of February 25, 2010.

(M.S.C. Constant/Andrews) Motion approved 7-0-0.

18. Approval to hire Woodmont Real Estate Services and for the Secretary to negotiate and execute the agreement. (M.S.C. Constant/Andrews) Motion approved 7-0-0.

19. Approval to terminate MIG Realty Advisors as the Plan's real estate asset manager.

(M.S.C. Constant/Andrews) Motion to approved 7-0-0.

20. Approval of the modifications to the Plan's Statement of Investment Policy to update the policy targets and to include policy language regarding the alternative asset classes.

(M.S.C. Constant/Perkins) Motion approved, with direction to staff to correct the Table of Contents, 7-0-0.

Committee of the Whole (Full Board) – next meeting: 27 May 2010

21. Approval of the Committee of the Whole Meeting minutes of February 25, 2010.
(M.S.C. Constant/Busse) Motion approved 7-0-0.

Policy Committee (Busse/Overton/Constant – alternate/Loesch) – last meeting: March 26, 2010

COMMUNICATION/INFORMATION – Note & File

22. Benefits Review Forum Report for March 2010.

23. Report of IIR's 18th Annual Public Fund Boards forum by Trustee Constant.

EDUCATION AND TRAINING

FUTURE AGENDA ITEMS – None

PUBLIC/RETIREE COMMENTS - None

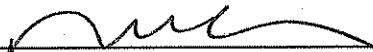
ADJOURNMENT

There being no further business, Chair Loesch adjourned the meeting at 11:27 A.M..



MATTHEW LOESCH, P.E., CHAIR
BOARD OF ADMINISTRATION

ATTEST:



RUSSELL U. CROSBY, DIRECTOR
BOARD OF ADMINISTRATION