

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

September 10, 2009

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:32 a.m., on Thursday, September 10, 2009, in regular session at the Department of Retirement Services, 1737 N. First St., Suite 600 - San José, California.

ROLL CALL

Present:

DAVID BUSSE

Jeffrey Perkins

Matt Loesch

Ed Overton

Ash Kalra

Pete Constant

CHAIR, Trustee

Trustee

Trustee

Trustee

Trustee (Arrived 8:46 a.m.)

Trustee

ALSO PRESENT:

Russell U. Crosby -Secretary/Director

Russ Richeda -Attorney

Tamasha Johnson -Staff

Debbi Warkentin -Staff

Ron Kumar -Staff

Veronica Niebla -Staff

Carol Bermillo -Staff

Jesselle Holcomb -Staff

Tom Reily -OE3

Karin Carmichael -Staff

Bill Pope -OE3

Zeba Ebrahimi -PRNS

Allison Suggs -OER

Ross Braver -CMO

Toni Johnson -Staff

Mollie Dent -City Attorney

Carmen Racy-Choy -Staff

Rajiv Das -Medical Director

Rhonda Snyder -Staff

Ali Amiry -Staff

Allen DeMers -HR

Ceara O'Fallon -Staff

Yolanda Cruz -MEF

Elizabeth Harding -PRNS

William Meyers -DOT

Aracely Rodriguez -OER

David DeLong -PRNS

REGULAR SESSION

Chair Busse called the meeting to order at 9:06 a.m.

ORDERS OF THE DAY

Chair Busse stated Item 2f has been withdrawn at the applicant's request.

RETIREMENTS

1. Disability Retirements for Hearing

- a. **Elizabeth Harding**, Parks Maintenance Repair Worker II, Parks, Recreation and Neighborhood Services Department. Request for a service-connected disability retirement effective January 11, 2009; 16.49 years of service.

For the record **Elizabeth Harding** was present and was self-represented. The following medical reports were read into the record:

MEDICAL REPORTS – DR'S NAME

DATED

MEDICAL REPORTS – DR'S NAME	DATED
JIN KIM, M.D.	3/11/09 (FOUR REPORTS), 10/9/08, 8/21/08, 3/6/08, 1/21/08, 10/15/07, 8/23/07, 7/23/07, 5/18/06
CHARLES XELLER, M.D.	6/24/08
JENNIFER WEISE, P.A.	8/21/07
TUNG LE, M.D.	6/19/07

MEDICAL REPORT FROM BOARD'S DIRECTOR

DATED

RAJIV DAS, M.D.	6/29/09
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Dr. Das stated the applicant suffers from carpel tunnel syndrome. The torque/twisting mechanism of injury is supported by the pathology findings. The restrictions provided are preclusionary and reasonably appropriate for her condition.

Mr. DeMers stated the applicant was injured as a Parks Maintenance Worker; the City then engaged her in the interactive process and determined they could place her in a permanent modified duty position. She began a position, which resulted in a 20% pay decrease and a voluntary demotion, and she resigned soon thereafter.

The Board engaged in a discussion with the applicant regarding the circumstances of her resignation.

Member Kalra arrived

Member Constant asked how the return-to-work process ensures a fit between the applicant and the position, and if there is opportunity for re-placement if the position is not suited for the individual/department.

Mr. DeMers stated the employee is legally entitled to certain accommodations if they have injuries. For the interactive placement process, Human Resources looks to see that the applicant is qualified for the position, then they verify that a position can satisfy the work restrictions, and after qualifications and restrictions can be met the individual's personality is considered. However, most employees in this process tend to be concerned with the compensation factor. If a placement is made, and it is not working out then under the rules the applicant would revert back to their former classification and the interactive process begins again with a new analysis.

Member Constant stated he feels there is a failure in the OER/HR process and that it should not be a burden of the Board to grant a disability when those options fail.

Member Loesch stated the applicant was injured in her original position as a result of her work. The failure of the City process is not the Board's business.

M.S.C. (Overton/Loesch) to approve a service-connected disability retirement. Motion carried 5-0-1. (No: Constant).

- b. **William Meyers**, Associate Construction Inspector, Transportation Department.
Request for a service-connected disability retirement effective May 20, 2005; 4.23 years of service.

For the record **William Meyers** was present and was represented by *Mr. Emanuel*. The following medical reports were read into the record:

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.	10/18/2005: 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. - MRI	12/1/04 (MRI) : 12/1/04 (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 POINTS	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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Dr. Das stated the underlying condition is cervical degenerative disc disease. The applicant has undergone surgeries. He returned to work, experienced more pain, and was taken off work by his physician. The basis for the applicant's disability is thoracic muscle pain, which there have been no pathological findings to support it.

Mr. Emanuel stated the medical reports are consistent that Mr. Meyer's disability precludes him from working, as a result of an injury that occurred in 2003. Mr. Meyers suffers disabling episodes of pain, and requires medications to deal with the pain, which also preclude him from working.

Mr. Meyers stated when he had the fall in 2003, he went to physical therapy, and then had surgery six months later. He thought he had recovered and returned to work in August 2004 in a different position, and did not feel that the new department had been informed of his restrictions. In September 2004 he had a bad attack with his back. He also claims his medical records have not been included in the packet.

Mr. Demers stated for the record the departments Mr. Meyers worked in were informed of his restrictions and accommodations were made.

Mrs. Busse stated Mr. Meyers was provided the packet material 30 days prior to distribution to review the medical evidence pertaining to his file with the option to provide/remove reports, which he chose not to exercise.

M.S.C. (Loesch/Constant) to deny a service-connected disability retirement. Motion carried 6-0-0.

CONSENT CALENDAR (Items 2 thru 8)

Chair Busse stated for the record Item 8 – is adopting a resolution number 6498 for the investments.

(M.S.C. Constant/Loesch) to approve Consent Calendar. Motion carried 6-0-0.

Service retirements approved:

James J. Atkins September 5, 2009
Joy C. Bennett September 5, 2009
Lois T. Kaisaki September 5, 2009
Catherine P. Noble September 5, 2009
Sharon H. Pao September 5, 2009

Deferred vested retirements approved:

Barbara A. Keegan (w/Reciprocity) September 30, 2009
J. P. Tindell August 26, 2009

DEATH NOTIFICATIONS (Item 9 - Moment of Silence)

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

OLD BUSINESS (Item 10-12)

10. Travel Audit compliance update.

Mrs. Niebla stated there are currently three items that remain outstanding, and the Policy Committee will meet

September 14, 2009 to address.

11. **Adoption of Resolution No. 6497 determining that it would not be reasonable to pursue collection efforts for the recovery of Supplemental Retiree Benefit Reserve amounts that were over-distributed to retirees**

Member Overton stated Mr. Leininger from the SJREA wanted to relay his thanks to staff.

(M.S.C. Overton/Loesch) to approve Resolution 6497. Motion carried 5-1-0. (No: Constant)

12. **Report on information/documents requested by Securities & Exchange Commission**

This item is note and file.

NEW BUSINESS (Items 13-19)

13. **Request for Board direction on staff recommendation to issue RFP for tax counsel.**

Ms. Dent stated there is an opportunity for the Plans to file for a tax qualification letter by 1/2011, so she anticipates there will be a need for outside tax counsel to review the Plan documents, and assist in preparation of the application. The City Attorney's Office will prepare the RFP with input from staff. This would be for a tax attorney to be under contract for this specific project, so it would be a fee for services contract. The RFP could include a clause for a retainer for future services, which would be at the Board's direction. Once proposals have been received, this will come back to the Board.

(M.S.C. Overton/Loesch) to approve. Motion carried 6-0-0.

14. **Approval of change to Rebecca Mitic's service-connected disability retirement effective date from 6/11/09 to 11/5/07.**

(M.S.C. Overton/Perkins) to approve. Motion carried 5-0-1. (Abstain: Constant)

15. **Board discussion and possible action on changing meeting location.**

Ms. Johnson stated information was gathered from the Communications Manager regarding use of City Hall Council Chambers and Committee Rooms. Granicus was also contacted since the Council uses Granicus for streaming of meetings over the internet. The staff memo provided outlines those options.

Mr. Braver stated the Board room has the hardware/equipment to allow internet broadcasting of meetings with the implementation of Granicus. This body could use the existing City contract with Granicus at a significant savings. There are a number of City bodies using MobileEncoder by Granicus to audio stream meetings. He made the distinction between audio/video; and televised production of meetings. Video is labor intensive, requiring at least two dedicated staff members to control cameras and adjust mics. The advantage of conducting meetings at City Hall is that cameras are already installed there; however a scaled down version could be used at this location through purchase of a video-in-a-box kit. When considering video production it can become very complex. Audio is a very good idea, and with Granicus reports can be produced that monitor the usage of the internet streams and whether internally/externally accessed. Granicus was selected almost five years ago as the company has found a niche serving local and state governments and has grown in the last five years from serving handful of clients to over 600. The product provides hosting, which allows the meetings to be streamed either live or after the fact, so the bandwidth on the server is not utilized; and part of the contract is the migrating of existing data to another form.

Member Constant asked once the room reservation is made, why it would not be guaranteed to the Board. He stated the matters before this Board are of priority to Council.

Mr. Braver stated guaranteeing the room reservation is a question for Agenda Services or the Council Liaison; however he can add that the council chambers and committee rooms are highly utilized and City Council takes precedence.

Ms. Johnson stated the Sunshine Reform Ordinances/Open Government rules applying to City bodies that are required to video record meetings will take priority over other scheduled meeting/events.

Member Perkins stated another element to moving is staff travel time. Attendance remains relatively unchanged, except when there is a hot topic, which will bring people to this Board room. He would recommend the Board to go forward with staff's recommendation and review the meeting location options because if bumping occurs at City Hall then the meeting ends up back here anyway.

(M.S.C. Kalra/Constant) to bring the recommendation back next month for action and to provide information on room reservation guarantees. Also this discussion to referred to the Rules Committee on schedule/priority on use of Council Chambers/Committee Rooms and notify the Police & Fire Board of this action. Motion carried 5-0-1. (Loesch – Stepped out temporarily).

16. Acknowledgement and notification of the replacement of Strategic Investment Solutions (SIS).

The Secretary announced the departure of Patrick Thomas and SIS.

17. Introduction of the new investment consultant – Meketa Investment Group.

Mr. Meketa stated the firm has been in business for over 31 years. They are investment professionals hired to provide the advantage of their knowledge and expertise. The first thing the firm does with new clients is to perform an initial review to become familiar with the Plan and identify areas of potential improvement. In compiling the review, they break down findings into three categories, i.e., immediate issues, steady issues, and fine tuning/enhancements. This type of Plan structuring strategy allows for success regardless of what happens in the market in the future.

Mr. Festino stated Meketa's initial work plan has already identified areas and suggested recommendations/goals. Those areas identified pertain to the investment policy, aggregate structure, manager roster, and custody/operation issues.

18. Approval to invest \$50 million in convertible securities with Calamos Advisors and for the Secretary to negotiate and execute an agreement with Calamos Advisors.

(M.S.C. Loesch/Perkins) to approve. Motion carried 6-0-0.

19. Board discussion and possible action on GRS' contribution and actuarial projections.

Mrs. Racy-Choy stated a projection of contribution rates over the next 20 years will be provided on a go forward as part of the valuations. Those provided in the Board's packet do not reflect updated data; they use data from the 6/30/07 valuation assumptions. The investment performance has been updated. These types of projections give Trustees an idea of the rates over time. However, she would like GRS to be available for this discussion.

This item was deferred.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

20. Committee for Investments (Perkins/Loesch/Busse – alt/Constant)
a. Summary of meeting held 21 July 2009

This item is note and file.

21. **Committee of the Whole (Full Board) – last meeting 8/27/09**
22. **Policy Committee (Busse/Overton/Constant – alt/Loesch) – next meeting 9/14/09**

EDUCATION AND TRAINING FUTURE AGENDA ITEMS

23. PUBLIC/RETIREE COMMENTS

Mr. Reilly stated he would like to comment on Item 15 regarding changing meeting locations. He has been attending these meetings for 25 years, and has been an employee with the City for 28 years. He recalls when the Federated Board met at City Hall and the bumping and location changes that occurred, leaving many to have to race across town at the last minute. The attendance is relatively flat and consistent. He emphasized that the meetings need to be at one location, and he prefers the Board Room.

ADJOURNMENT INTO CLOSED SESSION

Chair Busse adjourned the meeting at 10:56 a.m. into Closed Session.

CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

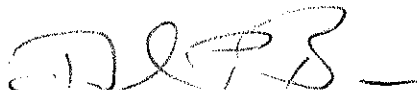
Pursuant to Government Code Section 54956.8

Property: Milpitas Warehouse 746-876 South Milpitas Boulevard

Negotiator: Leslie Horenburger, MIG Realty Advisors, Inc.
(via telephone)

Under negotiation: Price and terms of payment

Probable Value of Property: Exceeds \$1 million



**DAVE BUSSE, CHAIR
BOARD OF ADMINISTRATION**

ATTEST:


**RUSSELL U. CROSBY, DIRECTOR
BOARD OF ADMINISTRATION**