

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

March 8, 2007

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:35 a.m., on Thursday, March 8, 2007, in regular session at the Department of Retirement Services, 1737 N. First St., Suite 600 - San José, California.

ROLL CALL

Present:

DAVID BUSSE

Bill Thomas

Tim Callahan

Mike Yoshimoto

Jeffrey Perkins

Forrest Williams

Pete Constant

CHAIR, Civil Service Representative

Vice Chair, Retiree Representative

Employee Representative

Employee Representative

Public Member

City Council Representative

City Council Representative

ALSO PRESENT:

Edward F. Overton -Secretary / Director

Susan Devencenzi -City Attorney

Tamasha Johnson -Staff

Debbi Warkentin -Staff

Susan Perreira -Staff

Doug Riccobond -ABMEI

Donna Busse -Staff

Judy Powell - "

Udaya Rajbhandari - "

Tom Webster -Staff

Russ Richeda -Outside Attorney

Karin Carmichael -Staff

Charles Gebhardt -IBEW

Tom Reilly -ESD

Mike Pribula -Staff

Roger Pickler - "

Amanda Ramos - "

Ron Kumar - "

REGULAR SESSION

The Chair called the meeting to order at 8:35 a.m.

RETIREMENTS

CONSENT CALENDAR (Items 1 thru 8)

Chair Busse pulled Items 1e, f, h, j, k, l, m, r, s, u, 2, and 7c for discussion.

(M.S.C. Thomas/Perkins) to approve Consent Calendar. Motion carried 7-0-0.

Julie P. Cano, Office Specialist II, Retirement Services Department; effective March 31, 2007, 16.69 years of service.

The Secretary wanted to acknowledge and congratulate Mrs. Cano for her years of service.

Mr. Webster said that Mrs. Cano joined DRS in 2002 and has provided great service over the years.

(M.S.C. Yoshimoto/Callahan) to approve. Motion carried 7-0-0.

Joseph S. Cardinalli, Deputy Director, Parks, Recreation and Neighborhood Services Department; effective March 24, 2007, 33.56 years of service.

Member Callahan wanted to recognize him for his service and congratulate him in retirement.

(M.S.C. Perkins/Williams) to approve. Motion carried 7-0-0.

Joseph H. Charfauros, Senior Analyst, Parks, Recreation and Neighborhood Services Department; effective March 10, 2007, 23.32 years of service.

Member Callahan wanted to recognize these retirees for their service and congratulate them in retirement.

(M.S.C. Perkins/Williams) to approve. Motion carried 7-0-0.

Charles V. Gebhardt, Electrician, Transportation Department; effective March 24, 2007, 20.73 years of service.

The Secretary stated that Mr. Gebhardt was the main supporter for the SRBR and put it together and wished him well in retirement.

Members Busse and Williams expressed gratitude for his wonderful service and congratulated him on retiring.

(M.S.C. Perkins/Williams) to approve. Motion carried 7-0-0.

Paul F. Hamilton, Jr., Senior Electrician, General Services Department; effective March 24, 2007, 24.26 years of service.

Member Callahan wanted to recognize these retirees for their service and congratulate them in retirement.

(M.S.C. Perkins/Williams) to approve. Motion carried 7-0-0.

Monroe Harrison, Senior Heavy Equipment Operator, Transportation Department; effective March 10, 2007, 29.73 years of service.

Member Callahan wanted to recognize these retirees for their service and congratulate them in retirement.

(M.S.C. Perkins/Williams) to approve. Motion carried 7-0-0.

Aleta Holcomb, Staff Technician, Retirement Services Department; effective March 31, 2007, 17.57 years of service.

The Secretary wanted to acknowledge and congratulate Mrs. Holcomb for her years of service.

Mr. Webster said that Mrs. Holcomb joined DRS in 2001 and she has provided great service and will be missed.

(M.S.C. Callahan/Yoshimoto) to approve. Motion carried 7-0-0.

Edward F. Overton, Director, Retirement Services Department; effective March 24, 2007; 37.79 years of service.

Mr. Webster stated that Mr. Overton is a great leader and mentor and he hopes to model him.

The Board expressed their appreciation for all of Mr. Overton's many years of excellent work and wished him success in retirement.

(M.S.C. Callahan/Yoshimoto) to approve. Motion carried 7-0-0.

Dennis K. Palmer, Senior Construction Inspector, General Services; effective March 24, 2007, 28.80 years of service.

Member Callahan wanted to recognize him for his service and congratulate him in retirement.

(M.S.C. Callahan/Yoshimoto) to approve. Motion carried 7-0-0.

Cesario Rodriguez, Senior Planner, Planning, Building, and Code Enforcement Department; effective March 10, 2007, 27.32 years of service.

Member Callahan wanted to recognize him for his service and congratulate him in retirement. (M.S.C. Callahan/Yoshimoto) to approve. Motion carried 7-0-0.

Approval of request from Corazon Z. Pascua to authorize termination of retirement benefits and reinstatement into Plan effective 13 February 2007. (Service Retirement approved at the September 14, 2006 meeting.)

(M.S.C. Callahan/Yoshimoto) to approve. Motion carried 7-0-0.

Macias Gini's audit report for the fiscal year ended June 30, 2006

Member Perkins stated that auditors tend to look for fault in a Plan, so he wanted to compliment staff on their response and actions.

DEATH NOTIFICATIONS (Moment of Silence)

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

Rosalinda Rivas, Custodian, General Services Department; (Died Active) hired 3/19/90, died 2/15/07. Survivorship benefits to Juan Z. Rivas, spouse.

Member Callahan spoke to Mrs. Rivas' personality and his request to Council to honor her.

(Out of Order)

NEW BUSINESS

Approval of the Conference One System (Board Room Audio Improvement) in the amount of \$11,963.38 and the Assistive Listening System in the amount of \$4,134.18 for a total expenditure of \$16,097.56 to be shared 50/50 with the Police and fire Department Retirement Plan.

(M.S.C. Callahan/Thomas) to approve purchase. Motion carried 7-0-0.

Approval to rescind prior action engaging Kohlberg & Associates for a fee-benchmarking review of the Federated City Employees' Retirement System.

The Secretary stated that he received a proposal to do a fee study on the Plan vendors, since then the company changed its name because they were acquired. They looked at our contracts and fees and said that they were very good and competitive, so they could not do anything for us.

(M.S.C. Callahan/Williams) to approve. Motion carried 7-0-0.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investment (Committee of the Whole)

- a. Summary of meeting held 22 February 2007

This item is note and file.

Real Estate Committee

- a. Summary of meeting held 8 February 2007

1. Approval to invest \$20 million in the Fidelity Real Estate Growth Fund III, L.P., and to authorize the Secretary to negotiate and execute the agreement with Fidelity Investments.

(M.S.C. Yoshimoto/Callahan) to approve. Motion carried 7-0-0.

Committee for Investments

- a. Summary of meeting held 22 February 2007
 1. Adoption of Resolution No. 5981 delegating authority to Secretary to sign amendments to agreements that deal with operational changes.
 2. Approval of the revisions to the proxy voting guidelines.

The Secretary stated that if a firm signs a contract with us and wants to make a minor change in the contract then he can review it and approve the change without having to wait to come to a committee meeting to take care of it. Then he will report to the Committee and requests he gets.

(M.S.C. Williams/Perkins) to approve. Motion carried 7-0-0.

Policy Committee

1. Approval of the Board's revised Travel Policy.

Mr. Webster touched on some highlights of the changes made.

Benefits Review Forum (BRF) oral update. (Thomas)

Member Thomas said the meeting was excellent. The next meeting will be in room T-1446, at 9 am and they are working on 2007 items.

Director's oral update on Plan.

The Secretary stated the Plan is very healthy and in good shape. There were some market jitters in February and early March, which our Plan participated in, however we did receive some gains because of our high diversification. The market is recovering still.

EDUCATION AND TRAINING

PUBLIC/RETIREE COMMENTS

Member Perkins asked about the separation of assets happening with Police and Fire.

The Secretary stated that they are at odds sometimes and the police received a benefit improvement and fire has not, so they want to ensure that with that that one group is not subsidizing another group and they are educating themselves on the topic right now.

Mrs. Devencenzi said that it is for an accounting purpose, but it is not a real split.

The Secretary also said that the recruitment for his position is currently open and will close on 4/13/07.

FUTURE AGENDA ITEMS

(Back on Agenda)

OLD BUSINESS

Acceptance of GRS' Report on Actuarial Valuation of Retirement Health Benefits as of 30 June 2006 (GASB 43/45) and authorization to forward to City Administration.

Mr. Roeder introduced Norm Jones and Leslie Thompson. He then discussed the valuation. He said last summer staff asked them to complete a snapshot of expenses with regard to the retiree medical plan. In terms of expense the City is actually the ultimate one liable on their financial statement. One single thing the City has done is that they have already been funding for medical. With that history the initial calculations were done on the presumptions of it the City sped it up. It becomes clear that the City may not have the full amount to fully fund the Arc. The City actuary wanted to see a range of numbers because partially funded uses 5.6%, if it wasn't than that rate would have been higher. Basically, the point is if the required contribution per OPEB is being funded then the discount rate is lower, but both eth liability and expenses are higher. The calculation will change based on experience.

NEW BUSINESS

Presentation by Norm Jones, GRS Chairman of the Board concerning notification of Rick Roeder's departure and appointment of Leslie Thompson as lead consultant.

Mr. Roeder stated that he is retiring and may teach high school in Sacramento and the San Diego office will be closing.

Mr. Jones stated that he is the Chairman of the Board for GRS and he gave some background of the company and their experience. He stated hat Leslie works out of the Denver office but wants to continue to maintain their CA relationships.

Mrs. Thompson introduced herself and gave some background information about her experience.

They recommended setting up a meeting with the Secretary and staff to explore service levels and talk more in depth about the Plan.

(M.S.C. Callahan/Thomas) to approve. Motion carried 7-0-0.

ADJOURNMENT

There being no further business, at 9:05 a.m., **Chair Busse** adjourned the meeting.

**DAVID BUSSE, CHAIRPERSON
BOARD OF ADMINISTRATION**

ATTEST:

**EDWARD F. OVERTON, DIRECTOR
BOARD OF ADMINISTRATION**