

# POLICE AND FIRE RETIREMENT PLAN

## Minutes of the Special Board Meeting

**WEDNESDAY**

**SAN JOSÉ, CALIFORNIA**

**January 9, 2008**

### **CALL TO ORDER**

The Board of Administration of the Police and Fire Department Retirement Plan met at 9:24 a.m., on Wednesday, January 9, 2008, in special session in the Department of Retirement Services' Conference Room, 1737 North First Street, Suite 600, San José, California.

### **ROLL CALL**

#### **Present:**

**MARK J. SKEEN**

**CHAIR**

**KEN HEREDIA**

**VICE CHAIR**

**BRET MUNCY**

**Trustee**

**BILL BRILL**

**Trustee**

**FORREST WILLIAMS**

**Trustee**

### **NOT PRESENT:**

**SCOTT JOHNSON**

**Trustee**

**DAVE CORTESE**

**Trustee**

### **ALSO PRESENT:**

**Russell Crosby**

**-SECRETARY**

Tom Webster

-Staff

Susan Devencenzi

-City Attorney

Debbi Warkentin

-Staff

Russell Richeda

-Saltzman & Johnson (via phone)

Tamasha Johnson

-Staff

Bruce DeMers

-PF Retirees

Allison Suggs

-OER

Mark Denaj

-HR

Jack Solis

-PF Retirees

## **SPECIAL SESSION**

### **ORDERS OF THE DAY**

**Chair Skeen** called the meeting to order at 9:24 a.m.

### **OLD BUSINESS / CONTINUED ITEMS**

#### **(Out of Order)**

- 1. Approval of draft ordinance providing for an alternate allocation of costs of providing medical insurance coverage for Calendar Year 2008.**

*Ms. Devencenzi* reported that the ordinance covers both Federated and Police and Fire systems. Section One of the ordinance is the provision for the Federated System, Section Two is the provision for the lowest cost plan for the Police and Fire Plan, Section Three is the provision for plan year 2008 to be implemented retroactively to January 1, 2008, Section Four is the provision that allows the Federated System to reimburse retirees or survivors for the additional costs they may have paid up to now, and Section Five is the provision that allows the Police and Fire Board to reimburse retirees or survivors for the additional costs they may have paid up to now.

Responding to a question from **Member Williams**, *Mr. Webster* stated that the Kaiser plan from year 2007 will be continued to plan year 2008 for retirees, but this does not preclude them from selecting any of the plans offered.

*Mr. Richeda* suggested the Board consider deleting the language in two sections of the ordinance. The first suggested deletion is in the fourth recital, the last part of the sentence beginning at “in order that” to the end of that line. The next suggested deletion is the phrasing “Notwithstanding” located as the first word in the introduction paragraphs of Section 1 and Section 2 of the ordinance. He stated these suggested changes would preserve the position of the Board, and maintain flexibility. Furthermore, the current draft language presupposes acceptance of Ms. Devencenzi’s memo dated October 31, 2007, which the Board did not accept. The Board accepted the memo dated November 21, 2007 from Mr. Richeda’s office.

**Vice-Chair Heredia** addressed the financial impact of this decision, and noted that the cost to the City is not the \$1.12 million reported in Deb Figone’s memo because the cost will be split between the contributions made by the employer and employees. This year’s budget will not see any impact, and that impact is one that needs to be reviewed by the actuary for the future contribution rate. He would like to see the impact on contribution rates calculated by the actuary.

(M.S.C. Heredia/Brill) to approve having Mr. Richeda draft a memorandum recommending the deletion of the provisions he discussed to be sent to the Mayor and City Council. Motion carried 5-0-2. (Absent: Johnson, Cortese).

## **2. Discussion and direction regarding administrative steps to implement Board’s action concerning Lowest Cost Plan.**

**Vice-Chair Heredia** said he spoke with some retirees about a 15 day window for the new open enrollment period allowing retirees to switch back into the old plan. He feels that it is an appropriate amount of time, and would like a letter sent to retirees to include details of how reimbursements will be made and to educate the retirees who may have questions. He would also like there to be flexibility in terms of the 15 day window to allow staff time for any changes.

Responding to a question from **Member Brill**, *Mr. Webster* explained that there will be a verification process for out-of-pocket medical costs that retirees may have incurred. The retiree will need to submit receipts or some other acceptable form of proof showing out-of-pocket expenses. He also noted that he hopes the Board will allow some flexibility in the determination of acceptable proof, but a retiree has the option to come to the Board for approval if necessary. He stated there were 175 people that were participating in the Kaiser no co-pay plan.

**Chair Skeen** requested that the letter to retirees outline the process, when the open enrollment period will begin, and when the open enrollment will be completed.

*Mr. Webster* responded that a letter will go out this week. February 1, 2008 the open enrollment period will begin, and by March 1, 2008 those that moved back into the Kaiser no co-pay plan will be in the correct plan.

*Ms. Devencenzi* asked whether the premiums will only be paid for those that switch from the new co-pay Kaiser plan back to the no co-pay Kaiser plan. Mr. Crosby indicated that was the case.

(M.S.C. Brill/Heredia) to approve. Motion carried 5-0-2.

## **PUBLIC COMMENTS**

## **ADJOURNMENT**

There being no further business, the **Chair** adjourned the meeting at 9:50 am.

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**MARK SKEEN, CHAIR  
BOARD OF ADMINISTRATION**

**ATTEST:**

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