

# FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Minutes of the Board Meeting

**THURSDAY**

**SAN JOSÉ, CALIFORNIA**

**November 8, 2007**

### **CALL TO ORDER**

The Board of Administration of the Federated City Employees' Retirement System met at 8:40 a.m., on Thursday, November 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**

**Jeffrey Perkins**

**Forrest Williams**

**Mike Yoshimoto**

**CHAIR, Civil Service Representative**

**Vice Chair, Retiree Representative**

**Employee Representative**

**Public Member**

**City Council Representative**

**Employee Representative (arrived 8:48 am)**

### **NOT PRESENT:**

**Pete Constant**

**City Council Representative**

### **ALSO PRESENT:**

**Russell U. Crosby** -Secretary/Director

**Susan Devencenzi** -City Attorney

**Tamasha Johnson** -Staff

**Debbi Warkentin** -Staff

**Toni Johnson** - "

**Roger Pickler** - "

**Colleen Hy** -Staff

**Udaya Rajbhandari** - "

**Judy Powell** -Staff

**David Rodriquez** -PW

**Bob Leininger** -SJREA

**Anne Ortiz** -CMO

**Antonio Guerra** -Mayor's Office

**Tom Webster** -Staff

**Russ Richeda** -Outside Attorney

**Carol Bermillo** -Staff

**Rhonda Snyder** -Staff

**Tom Reilly** -OE3

**Bill Pope** -OE3

**Trish Glassey** -CEO

**Ron Kumar** -Staff

**Amanda Ramos** -Staff

**Allen DeMers** -HR

**Aracely Rodriguez** -OER

**Matt Loesch** -AEA

## **REGULAR SESSION**

The Chair called the meeting to order at 8:40 a.m.

### **RETIREMENTS**

### **CONSENT CALENDAR (Items 1 thru 7)**

(M.S.C. Perkins/Thomas) to approve Consent Calendar. Motion carried 5-0-2. (Constant/absent, Yoshimoto arrive 8:48 am).

Service retirements approved:

Robert C. Brekwitz, December 1, 2007

Janice DeWitt, October 13, 2007

Cheryl Gutierrez, August 31, 2007

Gary D. Van De Pitte, December 1, 2007

W. John Spencer, October 20, 2007

Deferred vested benefits approved:

Stephen Ottens

Disability service retirement approved:

Scott Ruzyllo (Reciprocity)

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## **DEATH NOTIFICATIONS** (Moment of Silence)

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

## **OLD BUSINESS** - None

## **NEW BUSINESS**

### **Approval of the 2006-2007 draft of the Comprehensive Annual Financial Report (CAFR) for the Federated City Employees' Retirement System.**

(M.S.C. Thomas/Williams) to approve CAFR. Motion carried 5-0-2.

**Authorization for Secretary to issue RFP, select, negotiate and execute an agreement with an outside vendor for completion of an operational and HIPAA audit of the Department of Retirement Services for a cost not to exceed \$90,000. (Cost to be shared 50/50 with P&F).**

The Secretary stated that he discussed this at both Board retreats, and the Police and Fire Board approved the item last week.

The Secretary said in response to a question by Member Callahan, the HIPAA audit is to ensure that the department is maintaining compliance with regards to confidentiality of protected health information.

(M.S.C. Thomas/Perkins) to approve. Motion carried 5-0-2.

### **Approval of establishment of Elmer Roseblade as the eligible domestic partner of Creola Jean Leonard based on the evidence submitted to Retirement Services Department.**

*Ms. Devencenzi* said that when some members retired, the City had not yet established its domestic partners program or adopted the ordinance to recognize domestic partners.

*Mr. Webster* reported that in May, this Board approved extending a window of time for those who had a domestic partner to register. This request is for Creola Jean Leonard to claim Elmer Roseblade as her domestic partner.

*Ms. Devencenzi* observed that this window allows those members who retired before the point when the City adopted the ordinance extending the window to provide proof of the relationship. The window closes on December 31<sup>st</sup>.

(M.S.C. Thomas/Perkins) to approve. Motion carried 5-0-2.

### **Acceptance of GRS' Experience Study and approval of economic and non-economic assumptions for the period ending 30 June 2007. (Presented at 10/19/07 Retreat)**

(M.S.C. Williams/Thomas) to approve assumptions. Motion carried 5-0-2.

### **Discussion of the City Attorney's Opinion on the lowest cost insurance plan and the impact on retirees.**

*Ms. Devencenzi* stated that in the recent arbitration between the Fire Fighters and the City, the arbitrator's award provides that effective January 1, 2008, the co-payments for the HMO medical plans will increase. The City and the Association of Architects and Engineers (AEA) reached the same agreement

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during meet and confer and the City is providing the new co-pay plans to unrepresented employees and employees in Unit 99. The negotiations between the City and the health care providers resulted in lower premiums for the health plans with the higher co-pays than for the health plans with lower co-pays. Effective January 1, 2008, the medical plan with the lowest premium is the Kaiser Co-Pay Plan.

The Federated Plan provides that eligible retirees and survivors may enroll in a medical plan with which the City has contracted for medical benefits as part of the City's benefits to City employees. The Plan will pay an amount equivalent to the lowest of the premiums for single or family medical coverage which is available to a City employee. Thus, effective January 1, 2008, the Kaiser Co-Pay Plan will be the "lowest cost plan" for determining the portion of the premium the Retirement Plan will pay for retirees and survivors; the retiree will pay the difference between that amount and the premium of the plan the retiree selects.

**Member Callahan** stated that unilaterally this new plan was imposed onto Unit 99. The real damage to the retirees is there is a higher cost if they do not want the deductible. He questioned whether the change is valid, if it was imposed on a group without discussion.

*Mr. Leininger* spoke on behalf of the retiree's association and stated that 74% of the retirees have low, very low, or extremely low income. The COLA's that management receives equal to 1/3 of most retiree's pensions. He believes that the Board should take to City Council the facts and try to resolve this issue.

**Member Busse** suggested that if there is a way to change the language in the code to define what 100% of lowest cost plan means, then we can determine how to avoid out of pocket costs – whether it's on premiums or co-pays.

*Ms. Devencenzi* asked whether we had data to show which of the retirees with low pension are actually qualified for medical coverage because it would only be those that had their 15 years of service.

**Member Perkins** requested information on the process to change the Municipal Code, and suggested that if retirees received the same coverage as "a majority" of City employees, the impact of changes might be reduced.

*Ms. Devencenzi* replied that information would be provided to the actuary for costing, then it would be sent to the unions/bargaining groups because it would be subject to meet and confer, and then ultimately an ordinance could be drafted for approval by the City Council. She also stated that she could draft an ordinance quickly for review at the next meeting, just as a possibility.

(M.S.C. Callahan/Thomas) to refer this item to the Solutions to Retiree Healthcare Committee for further discussion and action. Motion carried 6-0-1.

**Approval to change effective date for service retirement (Approved at 10/11/07 Board meeting) of Andrea Schacter from 11/17/07 to 12/1/07.**

(M.S.C. Williams/Thomas) to approve. Motion carried 6-0-1. (Constant absent)

## **STANDING COMMITTEES / REPORTS / RECOMMENDATIONS**

**Investment (Committee of the Whole)** – next meeting 11/29/07

**Real Estate Committee** (Williams/Callahan/Yoshimoto – alt/Busse) – next meeting 12/12/07

**Committee for Investments** – next meeting 11/29/07

**Policy Committee** (Busse/Perkins/Callahan) – next meeting 11/15/07 at 2 pm

**Solutions to Retiree Health Care Security Committee**

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**Constant/Callahan/Thomas)** – Next meetings 11/6/07 at 1:30 pm, 11/29/07 at 11:30 a.m.

a. Synopsis of meeting held 26 October 2007

**Director's oral update on Plan.**

The Secretary said the Plan is in good shape, and through September 2007 the assets have grown to over \$1.9 billion.

Member Callahan requested that for next month, the Secretary include a report on the amount of the general fund that is set aside for healthcare.

**EDUCATION AND TRAINING - None**

**PUBLIC/RETIREE COMMENTS - None**

**FUTURE AGENDA ITEMS – Information on the balance in the Medical Benefits Amount**

**ADJOURNMENT**

There being no further business, at 9:26 a.m., Chair Busse adjourned the meeting.

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**DAVID BUSSE, CHAIRPERSON**  
**BOARD OF ADMINISTRATION**

**ATTEST:**

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