

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

JANUARY 13, 2011

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met on Thursday, January 13, 2011, in regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street San José, California 95113.

PRESENT:

BOARD MEMBERS

Matt Loesch, Chair, Trustee
Ed Overton, Vice-Chair, Trustee
Arn Andrews, Trustee
Michael Armstrong, Trustee
Lara Druyan, Trustee
Stuart Odell, Trustee
Vacant, Trustee

DIRECTOR RETIREMENT SERVICES

BOARD SECRETARY
Russell U. Crosby

ALSO PRESENT:

Bill Halmark	-Cheiron	Dick Johnson	-Saltzman & Johnson
Mollie Dent	-City Attorney	Patt Houston	-ESD
Carmen Racy-Choy	-Staff	Bob Leininger	-SJREA
Ron Kumar	-Staff	Lory Levy	-Retiree Applicant
Heidi Poon	-Staff	Aracely Rodriguez	-OER
Donna Busse	-Staff	Alex Gurza	-OER
Michael Moehle	-Staff	Gerry Chappuis	-MEF
Mary Dariano	-Staff	Karin Carmichael	-DRS
Sonia Morales	-Staff	Toni Johnson	-DRS
Cearo O'Fallen	-Staff	Roger Pickler	-DRS
Susan Devencenzi	-Retiree		

THURSDAY

JANUARY 13, 2011

8:30 a.m.

1. City Clerk Swearing in of Newly Appointed Trustees

Michael Armstrong, Lara Druyan, and Stuart Odell were sworn in by Nora Pimentel from the City Clerk's office.

Call to Order - 8:34 a.m.

Motion to hear items 16, 17, 18 prior to item 2 and the balance of the agenda. **Approved. (M.S.C. Overton/Andrews 6-0-0)**

*Estimated

FCERS 02-10-11

RETIREMENTS

2. Change in Status

M. Michael Pribula, Analyst II, Retirement Services. Request for a change in status from a Service Retirement to a Non-Service-Connected-Disability (NSCD) Retirement, effective November 17, 2007; 7.70* years of service. This was heard in closed session pursuant to Government Code Section 54957.

When open session reconvened, a motion was made to follow staff recommendation to deny NSCD due to the availability of continued employment in Retirement Services and disability cannot be granted when work is available. **Approved denial of NSCD. (M.S.C. Andrews/Overton, 6-0-0)**

MEDICAL REPORTS – DR'S NAME

DATED

WILLIAM WOOD, M.D.	04/08/10
RACHEL KERNOFF, M.D.	02/10/10 (4 RPTS); 05/28/09 (16 RPTS); 01/29/09; 11/29/07
DOUGLAS TUCKER, M.D.	12/11/05

MEDICAL REPORT FROM BOARD'S DIRECTOR

DATED

RAJIV DAS, M.D.	12/01/10
-----------------	----------

CONSENT CALENDAR (Items 3 through 11)

Items 3, 4a and 4b were pulled from the Consent Calendar for review. A motion was made to approve the balance of the Consent Calendar. **Approved. (M.S.C. Andrews/Overton, 6-0-0)**

3. Request for approval of Non-Service-Connected Disability Retirements

Lori F. Levy, Office Specialist II, Police Department. Request for a Non-Service-Connected Disability Retirement, effective December 4, 2010; 26.80* years of service.

MEDICAL REPORTS – DR'S NAME

DATED

BRADFORD PERKINS, M.D.	7/12/2010 (TWO REPORTS) : 6/9/2010 : 5/14/2010 : 4/23/2009 : 4/6/2010
IVA ILIC, M.D.	5/12/2009

MEDICAL REPORT FROM BOARD'S DIRECTOR

DATED

RAJIV DAS, M.D.	10/27/2010
-----------------	------------

Chair Loesch clarified with staff and noted for the record that the staff memo incorrectly listed "Service-Connected Disability" in the subject line, instead of NSD. A motion was made to approve the NSCD. **Approved denial of NSCD. (M.S.C. Loesch/Andrews, 6-0-0)**

*Estimated

4. **Adoption of Resolutions Denying Disability Retirements**

- a. Adoption of Resolution 6707 denying the application of **Ronald Ippolito** for a Service-Connected Disability Retirement.
- b. Adoption of Resolution 6708 denying the application of **James M. Rodolfa** for a Service-Connected Disability Retirement.

The adoption of the resolutions were held pending verification of birthdates. Birthdates were confirmed and resolutions adopted at the end of the meeting.

5. **Request for Approval of Service Retirements**

- a. **Michael DeCroix**, Building Inspector/Combo, Planning, Building & Code Enforcement, effective December 31, 2010; 12.12* years of service. (With reciprocity) (SCD pending)
- b. **Roy F. Heath**, Engineer Technician II, Environmental Service Department, effective January 8, 2011; 31.32* years of service.
- c. **Malka S. Hussain**, Police Data Specialist, Police Department, effective January 8, 2011; 28.00* years of service.
- d. **Jose S. Lopez**, Custodian, General Services Department, effective December 25, 2010; 25.36* years of service.
- e. **Lisa D. Mitchell-Barron**, Maintenance Supervisor, Department of Transportation, effective February 5, 2011; 30.04* years of service.
- f. **Martha Montenegro**, Custodian, General Services Department, effective December 25, 2010; 27.87* years of service.
- g. **Anne M. Ortiz**, Assistant to the City Manager, Manager's Office, effective January 8, 2011; 30.00* years of service.
- h. **Raul Rivero**, Senior Construction Inspector, Public Works Department, effective January 22, 2011; 18.75* years of service.
- i. **Terri L. South**, Communication Services Operator, Airport Department, effective January 8, 2011; 20.39* years of service.

6. **Deferred Vested**

Glenn S. Roberts, Deputy Director, Public Works Department, effective December 31, 2010; 21.73* years of service.

7. **Board Minutes**

Approval of Board Minutes of December 9, 2010.

8. **Return of Contributions**

- a. Voluntary
- b. Involuntary

*Estimated

9. Approval of Monthly Expenditures

Report of Federated Retirement Plan Expenses for November 2010.

10. Communication/Information

- a. Benefits Review Forum Report for December 2010
- b. Fiduciary Insurance Renewal

11. Approval of Travel Conference Attendance

- a. Matt Loesch
 - CalAPRS, Trustee Round Table, San Jose, CA – January 28, 2011
 - Institutional Investor Global Real Assets Investment Forum, New York, NY – February 8-9, 2011
 - CalAPRS, General Assembly, Monterey, CA – March 6-8, 2011
 - Pension Bridge, San Francisco, CA – April 12-13, 2011
- b. Ryan Jusko
GAIM Conference, Boca Raton, Florida (Speaker, hotel and flight paid by GAIM) – January 17-19, 2011

12. DEATH NOTIFICATIONS: Note and File

- a. **Betty J. Burke**, Retired Typist Clerk II, retired 05/19/93, died 12/13/10. No survivorship benefits.
- b. **Jean Egan**, Retired Staff Technician, retired 10/24/92, died 11/20/10. No survivorship benefits.
- c. **Ralph C. Greene**, Retired Chief Trial Attorney, retired 01/07/04, died 12/10/10. No survivorship benefits.
- d. **Albert M. Rodgers**, Retired Senior Plant Operator, retired 4/1/90, died 12/04/10. Survivorship benefits to Sharon E. Rodgers, spouse.
- e. **Frank Q. Rojo**, Retired Maintenance Worker I, retired 01/04/92, died 10/17/10. No survivorship benefits.
- f. **Cristobal Sanchez**, Retired Water Systems Technician, retired 07/03/93, died 11/17/10. No survivorship benefits.
- g. **Janet B. Sitler**, Retired Accounting Technician, retired 02/01/92, died 12/03/10. Survivorship benefits to James L. Sitler, spouse.
- h. **Donald E. Wheatley**, Retired Senior Maintenance Worker, retired 04/01/02, died 11/12/10. No survivorship benefits.

OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- 13. Discussion and action regarding Resolution 6710 recommending that the City Council adopt an ordinance amending the San Jose Municipal Code to allow for implementation of the methodology approved by the Trustees at their November 10, 2010 Board Meeting for Employer Annual Required Contributions (ARC) being set as the greater of two dollar amounts: the Contribution Amount Reported in the Valuation or, the Employer Contribution Rate Times the Emerging Payroll beginning in FY 2011-2012.

Senior Deputy City Attorney Mollie Dent reported that non-substantive changes were made and the draft was revised and distributed. Mr. Alex Gurza, Office of Employee Relations, asked how the ARC impacted retiree health care contributions during declining payroll periods. Deputy Director Carmen Racy-Choy answered that the costs were shared 50/50 between employers and employees but the City did not go back to the employees at the end of the year to collect any unfunded amounts. A motion was made to approve the Resolution. **Approved. (M.S.C. - Overton/Druyan, 6-0-0)**

14. Further discussion of the proposed Ordinance amending the San Jose Municipal Code to incorporate provisions related to Internal Revenue Service requirements for qualified governmental retirement plans. *(Continued from November/December 2010)*

There were no further changes or discussions. The ordinance is scheduled to be considered at the San Jose City Council meeting on January 25, 2011.

NEW BUSINESS

15. Discussion and action regarding a process and schedule for recommending the 7th Board Member to FCERS Board of Administration.

Board Chair Loesch stated that he wanted the new Board Member present at the February meeting, and because of this timing, candidate interviews will be scheduled in January and collaboration with the Police and Fire Department Retirement Plan Board of Administration to hold joint interviews will not be possible. Directions were given to staff to send packets of information by e-mail consisting of: list of applicants approved by the City Council, resumes and applications, and a tally sheet to rank, in order of preference, the candidates each trustee wants to interview. That will allow one week to review and consolidate the data and arrange interviews. Ms. Dent reported that the recommendation to City Council can go on the City Council Agenda as a supplemental item for February 1, 2011 if it is received by January 28, 2011.

16. Discussion and action regarding Cheiron's June 30, 2010 Other Post Employment Benefit (OPEB or Retiree Health) Valuation Report.

Bill Hallmark from Cheiron presented the Other Post Employment Benefit (OPEB) report including an overview, key results, and reconciliation from the prior valuation. Additionally, he addressed the sensitivity of health care trends that the Board or the City Council may need to consider in the future. A motion was made to accept the Cheiron report. **Approved. (M.S.C. Andrews/Overton, 6-0-0)**

17. Discussion and action regarding Cheiron's recommendation for actuarial equivalence factors for optional forms of payment.

A motion was made to request counsel to draft an ordinance amending the Municipal Code to use the annual valuation assumptions to set the actuarial equivalence factors for optional benefits; additionally, the ordinance will be coordinated with the Police and Fire Department Retirement Plan for decision by the City Council. **Approved. (M.S.C. Constant/Overton, 6-0-0)**

18. Discussion and action regarding Cheiron's findings with respect to IRC 401(h) testing procedures.

This discussion was held in conjunction with item 16. Additional information will be provided as available.

19. Discussion about Board committees and assignments.

The Investment Committee will consist of the entire Board, the current Investment Committee will be disbanded and the Statement of Investment Policy will be revised. The Ad Hoc Committee for the disability retirement process is currently underway and a governance Committee will be considered in the future.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

20. **Committee for Investments (Vacant/Loesch/Andrews-alternate/Vacant) – None**

21. **Policy Committee (Vacant/Overton/Vacant – alternate/Loesch) - None**

EDUCATION AND TRAINING

22. **Notification of CalAPRS' Training**

- a. Trustees' Round Table, Double Tree Hotel, 2050 Gateway Place, San Jose, CA – January 28, 2011.
- b. General Assembly, Monterey, CA – March 3, 2011 thru March 8, 2011.
- c. Principles for Trustees, Stanford Law School, Palo Alto, CA – March 22-25, 2011.

Notification of IFEBP Training

- a. Investments Institute, Las Vegas, NV – Monday, April 11, 2011 thru April 13, 2011.
- b. Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.
- c. Trustees and Administrators Institutes – New Trustees, Hilton, San Francisco, CA – Monday, June 13, 2011 thru June 15, 2011.
- d. Certificate of Achievement in Public Plan Policy (CAPPP) – Employee Pensions – Part 1, Hilton San Francisco, CA - Monday, June 13-14, 2011.
- e. CAPPP – Employee Health – Part I, Hilton San Francisco, CA – Monday, June 13-14, 2011.
- f. CAPPP – Employee Pensions – Part II, Hilton San Francisco, CA – Wednesday, June 15-16, 2011.
- g. CAPPP – Employee Health – Part II, Hilton San Francisco, CA - Wednesday, June 15-16, 2011.

FUTURE AGENDA ITEMS

None were suggested.

PUBLIC/RETIREE COMMENTS

There were no public comments.

ADJOURNMENT: 11:06 a.m.

A motion was made to reconvene. **Approved (M.S.C. Andrews/Overton, 6-0-0)**

Adoption of Resolution 6707 denying the application of **Ronald Ippolito** for a Service-Connected Disability Retirement. A motion was made to approve item 4a for Ron Ippolito. **Approved. (M.S.C. Overton/Andrews. 6-0-0)**

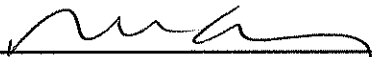
Adoption of Resolution 6708 denying the application of **James M. Rodolfa** for a Service-Connected Disability Retirement. A motion was made to approve item 4b pending change of James E. Rodolfo's birthday to 7/25/43. **Approved. (M.S.C. Overton/Andrews 6-0-0)**

ADJOURNMENT: 11:08 a.m.



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

ATTEST:



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