

# FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

October 9, 2008

### CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:31 a.m., on Thursday, October 9, 2008, 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  
Jeffrey Perkins  
Matt Loesch  
Patrick Skillsky  
Pete Constant

**CHAIR, Civil Service Representative**  
**Vice-Chair, Retiree Representative**  
**Public Member**  
**Employee Representative**  
**Employee Representative**  
**City Council Representative**

### NOT PRESENT:

Forrest Williams  
Russell U. Crosby

City Council Representative (Excused)  
Secretary/Director (Excused)

### ALSO PRESENT:

<b>Donna Busse</b>	-Staff	Debbi Warkentin	-Staff
Mollie Dent	-City Attorney	Russ Richeda	-Outside Attorney
Tamasha Johnson	-Staff	Magdalena Barron	-Staff
Karin Carmichael	-Staff	Abel Pasillas	-PRNS
Amanda Ramos	-Staff	Allen DeMers	-HR
Ron Kumar	-Staff	Susan Wahl Dolezal	-SJPD
David DeLong	-PRNS	Rhonda Snyder	-Staff
Udaya Rajbhandari	-Staff	Veronica Niebla	-Staff

## REGULAR SESSION

Chair Busse called the meeting to order at 8:31 a.m.

Mrs. Busse introduced Magdalena Barron as the newest member of staff at Retirement Services.

### ORDERS OF THE DAY

#### RETIREMENTS

##### 1. Disability Retirements for Hearing

##### **Abel Pasillas, Gardner, Parks, Recreation and Neighborhood Services**

Department. Request for a Service-Connected Disability Retirement effective June 7, 2008; 26.78 years of service.

Mr. Pasillas was present and represented himself.

For the record the following medical reports have been received:

<u>Doctor's Name</u>	<u>Report Date</u>
1. Paul Reynolds, M.D.	7/23/08 (x9), 7/18/08 (x2), 6/6/08, 6/25/07
2. Rachel Feinberg, P.T, D.P.T..	6/30/08
3. Jung Lee, M.D.	6/19/08 (x2)
4. Devina Grover, M.D.	6/1/07
5. Thao Pham, D.O.	1/10/07
6. Stephen Imrie, M.D.	11/19/06, 5/7/04, 9/5/03
7. William Hopkins, M.D.	5/22/06, 1/13/00

8. H. Sekhon, M.D.	5/18/04
9. Mark Golod, M.D.	9/29/03, 9/8/03
10. James Saadi, M.D.	4/15/03, 1/7/03, 6/27/02, 4/18/02, 3/11/02, 4/18/00, 2/24/00, 10/26/99, 8/10/99
11. Andrew Koo, M.D.	3/25/03
12. Keith Ford, M.D.	11/2/01 (x2), 10/1/01
13. Lisa Lee, M.D.	10/1/01
14. William Berg, M.D.	9/21/99
15. Parvez Fatteh, M.D.	7/22/99
16. Douglas Gillard, D.C.	7/9/99, 7/6/99, 4/16/99, 2/9/99
17. Kelvin Mak, M.D.	3/23/99

<u>Board's Medical Director</u>	<u>Report Date</u>
Dr. Rajiv Das	9/10/08

*Dr. Das* stated the applicant has degenerative changes in his lumbar spine. He also has had a spine fusion and was working in a modified duty position. The restrictions provided are prophylactic.

**Chair Busse** asked if the condition is more degenerative than work related.

*Dr. Das* stated studies and the epidemiology of findings regarding these types of injuries show that there is not a relationship to work. There is a heavy burden to show employment causation for these specific types of injuries.

(M.S.C. Loesch/Perkins) to deny the application for service connected disability. Motion carried 6-0-1.

*Mr. Pasillas* requested consideration for approval of a non service connected disability.

(M.S.C. Loesch/Perkins) to approve a non service connected disability retirement. Motion carried 6-0-1.

## **CONSENT CALENDAR (Items 2 thru 9)**

Item 2b was pulled from the Consent Calendar at the request of **Member Constant**. Item 3c was pulled at the request of Mrs. Busse. Item 6 was pulled at the request of **Member Perkins**.

(M.S.C. Constant/Perkins) to approve Consent Calendar. Motion carried 6-0-1.

Service retirements approved:

- Marley Delgado, October 27, 2008
- John Gallegos, October 4, 2008
- Carolyn Mosby, October 4, 2008
- Glenn R. Proctor, October 4, 2008
- Margie Thompson, October 3, 2008

Deferred Vested retirements approved:

- David Gotschall, October 24, 2008
- Richard B. Kwiatkowski, October 18, 2008 (**w/Reciprocity**)
- Grover W. Stubbee, October 30, 2008

NonService-Connected Disability retirements approved:

- Tona Ducanson, June 28, 2008

2b. Susan Wahl, Public Safety Radio Dispatcher, Police Department. Request for a Non-Service Connected Disability Retirement effective October 9, 2008, 16.61 years of service.

**Member Constant** acknowledged and thanked her for her service.

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

- 3c. Salvador Mendiola, Jr., Plant Attendant, Environmental Services Department; effective October 4, 2008, 24.01 years of service.

*Mrs. Busse* stated this member may have purchased an additional five years of service but no back-up or records have as yet been located to verify the purchase. We are requesting that, if verification is received, staff has Board approval to adjust his years of service without having to bring the item back.

(M.S.C. Perkins/Loesch) to approve. Motion carried 6-0-1.

## 6. Investment Summary Report - None

**Member Perkins** stated he has not seen a report in a few months and wondered if that will be coming forward soon.

*Mr. Kumar* stated the investment group has been short staffed and been working on the CAFR the last few months. However, the Board will have the Director's reports in the November Agenda. Regarding the current economic state, as of 9/30/08 the Plan declined by approximately 6.5%, which will change as the reports are audited. In regards to the failed financial institutions, the Plan held less than 0.15% of the total Plan in AIG, Lehman Brothers, and Merrill Lynch securities. Northern Trust, the Plan's custodian bank, placed a \$2 million payable against Plan's cash account due to the losses they have incurred in their Securities Lending program. That amount will be reduced as securities mature. Northern Trust has increased the Securities Lending revenue split from 75/25 to 80/20 (80% allocated to the Plan) for twelve months. There will be further discussion at the Investment Committee on the 10/23/08 with Strategic Investment Solutions, Inc., the Plan's investment consultant.

*Mr. Richeda* stated the City of Fresno retirement systems were in the same collateral pool as San Jose with Northern Trust. Northern Trust representatives reported to Fresno that there was a 10% of the loss in the pool was from the Lehman's bond, and 90% relates to other securities in the pool. Given the buy/hold strategy in pools, Northern will probably hold those securities to maturity and so not realize a loss.

## DEATH NOTIFICATIONS (Item 10 - Moment of Silence)

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

## OLD BUSINESS (Item 11)

### 11. Travel Audit compliance update.

*Mrs. Busse* stated this is a standing item, and we are still waiting for the new policy to come out from Finance. She added that she attended a meeting with the City Clerk and City Attorney regarding the Form 700 revisions. The form changes are still under discussion, as there may be some clarification on the form to narrow disclosure obligations.

*Ms. Dent* stated the requirement for Board members to file the Form 700 will not change, but Board members will now be considered state filers, which means the forms will need to be filed with the Fair Political Practices Commission.

## NEW BUSINESS (Items 12 - 14)

12. Request for approval for staff to explore the development of an RFP for all Pension Administration Services currently provided to the Plan by Levi, Ray & Shoup.

*Mrs. Busse* stated this is a broad recommendation for staff to begin exploring the development of an RFP. LRS currently hosts the Retirement Services website and they provide the pension system administration software. The software product used by the Board is being phased out and they are introducing a web platform, which will probably be available in about 18 months. This is a good time to see what else is available in the marketplace since we have used LRS for the last 10 years, and since then other pension

software packages have become available. LRS is also adjusting its fees to double what we now pay. Additionally, staff would like legal counsel to review the contract so we are familiar with our rights.

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

13. Request for authorization for the Secretary to negotiate and execute the First Amendment to the Agreement with The Wilfred Jarvis Institute for team building and strategic planning consulting services for a term ending June 30, 2009 and an amount not to exceed \$35,000 (split 50/50 with P&F Plan).

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

14. Request for Board approval of the following trustees' attendance at the educational conferences listed:

<u>Trustee</u>	<u>Conference Name/Location/Dates</u>
Pete Constant	IIR's 17 <sup>th</sup> Annual Public Fund Boards Forum, San Francisco, December 13 thru 16, 2008.

(M.S.C. Loesch/Perkins) to approve. Motion carried 6-0-1.

## **STANDING COMMITTEES / REPORTS / RECOMMENDATIONS (Items 15-18)**

**Investment (Committee of the Whole)** – Last meeting 28 August 2008

**Committee for Investments (Perkins/Loesch/Busse – alternate/Williams)** – Last meeting 28 August 2008

**Real Estate Committee (Williams/Skillsky/Thomas– alternate/Busse)** - Next meeting 10 December 2008

**Member Perkins** asked what the status was regarding the pricing/lease back on the Milpitas property.

*Mr. Kumar* stated MIG is working on a counter offer to send back to the interested party.

**Policy Committee (Busse/Perkins/Constant)** – TBD

## **EDUCATION AND TRAINING**

## **PUBLIC/RETIREE COMMENTS**

## **FUTURE AGENDA ITEMS**

## **ADJOURNMENT**

There being no further business, at 8:57 a.m., **Chair Busse** adjourned the meeting.

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**DAVE BUSSE, CHAIR**  
**BOARD OF ADMINISTRATION**

**ATTEST:**

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**DONNA BUSSE, DEPUTY DIRECTOR**  
**BOARD OF ADMINISTRATION**