

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

May 8, 2008

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:37 a.m., on Thursday, May 8, 2008, in regular session at the Department of Retirement Services, 1737 N. First St., Suite 600 - San José, California.

ROLL CALL

Present:

Bill Thomas
Jeffrey Perkins
Matt Loesch
Pete Constant

Vice-Chair, Retiree Representative
Public Member
Employee Representative
City Council Representative

NOT PRESENT:

DAVID BUSSE
Tim Callahan
Forrest Williams

CHAIR, Civil Service Representative (Excused)
Employee Representative (Excused)
City Council Representative

ALSO PRESENT:

Russell U. Crosby -Secretary/Director
Mollie Dent -City Attorney
Tamasha Johnson -Staff
Rhonda Snyder -Staff
Udaya Rajbhandari -Staff
Amanda Ramos -Staff
Ron Kumar -Staff
Scott Johnson -Finance Department
Donna Busse -Staff
Veronica Niebla -Staff

Tom Webster -Staff
Russ Richeda -Outside Attorney
Michael Ryder -Finance Department
Karin Carmichael -Staff
Doug Riccobono -ABMEI
Ceara O'Fallon -Staff
Lea Carey -HR
Maria Loera -Staff
Trish Glassey -CEO

REGULAR SESSION

Vice-Chair Thomas called the meeting to order at 8:37 a.m. He stated item 1i has been pulled.

RETIREMENTS

CONSENT CALENDAR (Items 1 thru 7)

(M.S.C. Loesch/Constant) to approve Consent Calendar. Motion carried 4-0-3. (Absent: Callahan, Busse, Williams).

Service retirements approved:

Roger Bailey, May 31, 2008
Barbara Evans, May 3, 2008
Carolyn Jordan, May 3, 2008
Javier Ponce, March 22, 2008
Anita Rabe-Uyeno, May 31, 2008
John Tomlin, May 3, 2008
Robert Van Heusen, May 3, 2008

Deferred Vested retirements approved:

Anne Albano, May 4, 2008
Aileen Teren-Foster, May 12, 2008
Karen J. Nelson, April 5, 2008

DEATH NOTIFICATIONS (Item 8 - Moment of Silence)

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

OLD BUSINESS (Items 9-13)

(Out of Order)

13. Discussion and Action on Prepayment of City Contributions to the San Jose Federated City Employees' Retirement System for Plan Year 2008/2009

Mr. Johnson stated the City team is in the process of analyzing the report provided by GRS. He anticipates that if this goes to Council in May, then comes back to the Board with a revised ordinance, which then would go back to Council for final approval and posting for 30 days, a payment could occur in the first part of August. A true-up would be done with actual payroll numbers, which would occur annually in August. He would request that the Board approve prefunding as an option and request that City Council move forward. The City is still in the process of analyzing the Pension Obligation Bonds, so that part would come back to the Board. He hopes to have all the information back for the June meeting, but there may need to be a special meeting if necessary.

The Secretary stated we should be receiving the new report from GRS that bases the prepayment in August, not July. The analysis shows that there would be a savings of \$2.3 million each year.

Ms. Dent stated in June there will be an ordinance before the Board for review and the prefund rates.

Member Constant stated he is glad to see the Board supporting this issue, as this will save 10% of the City's overall deficit, so many employees will not face job elimination. This creates a win-win situation.

(M.S.C. Perkins/Loesch) to approve sending prepayment plan forward to City Council with caveat that the actual numbers will be brought back to the Board. Motion carried 4-0-3.

(Back on Agenda)

9. Approval of staff request to extend temporary analyst position until August 31, 2008 for a cost not to exceed \$30,000. (Cost to be shared 50/50 with PF Plan)

Mr. Webster stated PF already approved this item at their board meeting. Previously the boards approved an analyst and this extends the analyst to the next budget year, and covers the lag between the time to get a permanent person and the new budget year.

(M.S.C. Loesch/Perkins) to approve. Motion carried 4-0-3.

10. Oral update on the status of the Sunshine Reform Task Force.

Mrs. Dent stated City Council adopted Rules of Conduct on closed sessions. The resolution was sent back to the City Attorney's office for additional work regarding closed session topics.

Mr. Webster stated regarding the issue of agenda disclosure for reporting on the sale or purchase of real estate he has not seen the new language being proposed, but he will bring it to the Board with a recommendation from staff. It will go back to Council on June 3rd, and they will be going into closed session to discuss taping of closed session meetings and he will be present to opine on the matter.

Mr. Richeda stated his recollection is that this Board was not in favor of taping closed session meetings; if that is the Board's current position then he will submit a letter to that effect for the Rules/City Council's consideration. The Police & Fire Board is not in favor of taping of closed session meetings.

11. Oral update on City's audit of Retirement Services travel and the Public Records Act request on travel expenditures.

The Secretary stated the department has been cooperating with the City Auditor's office on the audit of travel receipts, and they have been provided all of the requested documents. They have scheduled individual meetings with trustees and are proceeding with the audit. The San Jose Mercury News received information from staff a while back and we have not heard anything else. John Wolfolk interviewed the Secretary last week.

Member Constant added that he was interviewed as well.

12. Discussion and possible action on the City's Finance Department's Travel Reimbursement Timeline.

The Secretary stated a memo and information has been provided by Finance.

Mr. Johnson stated he was accompanied by Mike Ryder, Division Manager, who will provide a brief overview to discuss the timeline for travel reimbursements in general as it relates to all departments.

Mr. Ryder, Division Manager in the Finance Department, presented the timelines pertaining to staff revised travel statements for calendar year January through December 2007. He found a total of 31, with 26 of those processed through the finance department. He summarized the average days from when the travel ends until the time the expense report is submitted to finance is what the presentation will address.

Mr. Johnson stated it is important that, when payroll & accounts payable process the expense report, they are provided with the required documentation. When a department head signs off on the travel request, they are signing off that the expenses are in line with policies and are reasonable. On average it takes 27 days from when travel ends to when finance receives the actual expense report, and the policy is 10 days. This calls attention to everyone working together to do a better job.

Member Loesch asked who will be looking at the process.

Mr. Johnson stated that the finance department will be working with the City Manager's office to see where improvements can be made to streamline the process, and to provide opportunities for training to staff. He added that this review of the travel reimbursement timeline was a special request from the Retirement Department.

NEW BUSINESS (Items 16 – 21.)

14. Authorization for DRS Director to negotiate and execute agreement with Nortel Systems and RSI for VoIP equipment to replace current Merlin Phone System for a cost not to exceed \$25,000. (Cost to be shared 50/50 with PF Plan)

(M.S.C. Loesch/Constant) to approve. Motion carried 4-0-3.

15. Delegation of authority to Board's Investment Committee to select an Investment Counsel and for the Secretary to negotiate and execute an agreement with the selected firm.

(M.S.C. Constant/Loesch) to approve. Motion carried 4-0-3.

16. Approval for Secretary to negotiate and execute the First Amendment to the agreement with Saltzman & Johnson Law Corporation, Board's conflicts counsel, for a term ending 30 June 2011 and an amount not to exceed \$200,000.

(M.S.C. Loesch/Perkins) to approve. Motion carried 4-0-3.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS (Items 19-23)

Investment (Committee of the Whole) – next meeting 22 May 2008

Committee for Investments (Perkins/Loesch/Busse – alternate/Williams)

Summary of meeting held 24 March 2008

This item is note and file.

Real Estate Committee (Williams/Callahan/Thomas– alternate/Busse) - Next meeting 2 June 2008

**Solutions to Retiree Health Care Security Committee
(Constant/Callahan/Thomas)**

- a. Synopsis of meeting held 2 and 16 April 2008
 1. Action on Solutions to Retiree Health Care Security Committee Final Report

The Secretary stated once the Boards approve the report it will go forward to City Administration.

(M.S.C. Perkins/Loesch) to approve. Motion carried 4-0-3.

Policy Committee (Busse/Perkins/Callahan) – ad hoc

EDUCATION AND TRAINING - None

24. Notification of NCPERS' Program for Advanced Trustee Studies to be held at Harvard Law School, July 22 thru 24, 2008.
25. Notification of IFEBP's 54th Annual Employee Benefits Conference to be held in San Antonio, November 16 thru 19, 2008.
26. Notification of CalAPRS' Trustees' Roundtable to be held in Oakland, Friday, 30 May 2008

PUBLIC/RETIREE COMMENTS

FUTURE AGENDA ITEMS

1. Member Loesch requested that the audit committee be reinstated.

ADJOURNMENT

There being no further business, at 9:31 a.m., **Vice-Chair Thomas** adjourned the meeting.

BILL THOMAS, VICE-CHAIR
BOARD OF ADMINISTRATION

ATTEST:

RUSSELL U. CROSBY, DIRECTOR
BOARD OF ADMINISTRATION