

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

December 13, 2007

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:35 a.m., on Thursday, December 13, 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

Matt Loesch

Pete Constant

CHAIR, Civil Service Representative

Vice Chair, Retiree Representative

Employee Representative

Public Member

City Council Representative

Employee Representative

City Council Representative

ALSO PRESENT:

Russell U. Crosby

-Secretary/Director

Tom Webster

-Staff

Susan Devencenzi

-City Attorney

Russ Richeda

-Outside Attorney

Tamasha Johnson

-Staff

Carol Bermillo

-Staff

Debbi Warkentin

-Staff

Rhonda Snyder

-Staff

Toni Johnson

- "

Tom Reilly

-OE3

Roger Pickler

- "

Bill Pope

-OE3

Colleen Hy

-Staff

Trish Glassey

-CEO

Udaya Rajbhandari

- "

Ron Kumar

-Staff

Judy Powell

-Staff

Amanda Ramos

-Staff

David Rodriguez

-PW

Allen DeMers

-HR

Bob Leininger

-SJREA

Aracely Rodriguez

-OER

Anne Ortiz

-CMO

Matt Loesch

-AEA

Antonio Guerra

-Mayor's Office

REGULAR SESSION

The Chair called the meeting to order at 8:35 a.m.

RETIREMENTS

Disability retirements for hearing

Tammy L. Dunn, Custodian, Airport Department. Request for a Service-Connected Disability Retirement effective September 9, 2006, 6.08 years of service.

The Chair deferred this item until the Board's doctor arrived.

CONSENT CALENDAR (Items 3 thru 10)

Chair Busse pulled Item 4e at the request of Member Williams.

(M.S.C. Perkins/Thomas) to approve Consent Calendar. Motion carried 5-0-2. (Constant, Callahan absent)

NonService-Connected Disability retirements approved:

Cori L. Smith, October 7, 2006

Service retirements approved:

Edwin Agatep, December 29, 2007

Gil Candelaria, December 1, 2007

Christopher Chacona, December 29, 2007

Kenneth Lee, January 1, 2008

Robert Lutz, January 12, 2008

Wayne Scott, December 1, 2007

Deferred vested benefits approved:

Julian Misra

James J. Prandi

Stephen Schrag

Mark Linder, Deputy City Manager, City Manager's Office; effective January 2, 2008, 12.63 years of service. (Item 4e.)

Member Williams congratulated Mr. Linder for his years of service and wished him well in retirement.

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

DEATH NOTIFICATIONS (Item 11 - Moment of Silence)

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

OLD BUSINESS (Item 12.)

Request approval for extension of Over-Strength Analyst I/II for an additional six months ending June 30, 2008, for an amount not to exceed \$60,000 (split 50/50 with Police & Fire Plan).

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

Member Constant arrived.

NEW BUSINESS (Items 13 – 20.)

Election of Board Chair and Vice Chair for 2008.

(M.S.C. Williams/Perkins) to approve re-election of Dave Busse as the Chair and Bill Thomas as the Vice-Chair. Motion carried 6-0-1. (Callahan absent)

Approval of the Solutions to Retiree Healthcare Committee (a joint committee of the Boards) recommendation to add Human Resources Director Mark Danaj, as a representative from the City Manager's Office.

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

Approval of an operating budget for the Solutions to Retiree Healthcare Committee for possible future expenses for an amount not to exceed \$25,000.00 (To be split 50/50 with the Police & Fire Plan).

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

Approval of establishment of pre-retirement domestic partnership status for Richard A. Quigley, retiree.

Mr. Webster noted the staff report explaining the Plan change to allow domestic partners to be claimed as beneficiary at the time of retirement, and observed that the window closes at the end of the month, so the Board will not see any more of these requests.

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

Approval of establishment of pre-retirement domestic partnership status for Mary Beeson, retiree.

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

Approval of a draft ordinance allowing the Federated System to accept direct transfers from an eligible deferred compensation plan for the purpose of redeposit of employee contributions made to a former spouse, and referral of the draft ordinance to the Board's actuary for confirmation that there is no cost to the plan, the City or the employees.

Mr. Webster explained that under the Plan, when a member divorces the non-member spouse has the ability to withdraw money from the Plan. However, members have five years to decide to redeposit funds to make their years of service whole; prior to this change they could not redeposit funds into the Plan.

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

Approval for GRS to do a 2007 GASB 43/45 Actuarial health study for an amount not to exceed \$12,000.00.

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

Discussion and possible action on the allocation of payments for retiree health care between the retirement fund and the retirees/survivors (lowest cost plan).

Ms. Devencenzi stated that at the last meeting the Board discussed her memo regarding the lowest cost plan. One suggestion was for the City Council to change the wording in the Plan document to state the lowest cost retiree plan is the lowest cost plan available to the majority.

Mr. Richeda responded that if the Board were to go with the lowest cost plan as that available to the majority, then it needs to be clarified what the default portion actually is. There is ambiguous language in the underlying documents. He suggested that the Board take time to examine this matter and consider alternate solutions.

Member Perkins stated this current situation is going to continue to get more challenging. The language has not been a problem up until now, but the ordinance and Code language should be reviewed to find a long term solution.

Chair Busse stated this matter needs to be studied in more detail. The main function of the Board is to watch out for and speak up for the retirees.

Member Callahan stated that the effect of this new lowest cost plan was not adequately studied. He further noted that he believes the City is working to move towards a tiered system, but it is important to maintain the benefits already promised at the start of employment.

Chair Busse stated the Board should work with Police & Fire to take a unified approach, meet with Police & Fire and the City to establish how lowest cost plan is determined, and have Mr. Richeda and Ms. Devencenzi review any potential 1090 conflicts.

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

Member Callahan arrived.

(Out of Order)

Disability retirements for hearing

Tammy L. Dunn, Custodian, Airport Department. Request for a Service-Connected Disability Retirement effective September 9, 2006, 6.08 years of service.

Dr. Rhee attended in Dr. Das' absence.

For the record, the following medical reports have been received:

<u>Doctor's Name</u>	<u>Report Date</u>
Patrick McCreesh	4/1/07; 8/24/06 (2 rpts); 7/6/06; 1/19/06
Mark Culton	10/24/06; 2/4/02
Robert Millard	10/3/06; 8/15/06; 7/24/06;; 5/30/06; 3/21/06; 4/29/05; 1/12/05; 12/16/04; 4/1/04
Scott Wachhorst	6/23/06; 4/22/05; 3/6/05
Lawrence Chan	3/9/06; 4/14/05 (2 rpts)
Mark Eastland, DC	8/7/04; 11/15/03
<u>Medical Director</u>	<u>Report Date</u>
Dr. Rajiv Das	10/10/2007

Dr. Rhee explained that Ms. Dunn has been declared permanent and stationary. Dr. Das reviewed her medical records and evaluated the patient and he concludes that the patient's condition being more non— industrial with supporting documentation.

(M.S.C. Thomas/Perkins) to deny application for service-connected disability without prejudice, and approve a nonservice-connected disability retirement. Motion carried 5-1-1. (Callahan-no; Williams absent.).

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS (Items 21 – 26.)

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

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

Committee for Investments – last meeting 11/29/07

Policy Committee (Busse/Perkins/Callahan) – next meeting TBA

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

- a. Synopsis of meeting held 29 November 2007
- b. Summary of meeting held 29 November 2007

(M.S.C. Thomas/Perkins) to approve the synopsis and summary. Motion carried 6-0-1.

Director's oral update on Plan.

The Secretary reported the Plan is in good shape.

EDUCATION AND TRAINING - None

PUBLIC/RETIREE COMMENTS

Mr. Rodriguez wished to acknowledge the passing of Enrique Pedraza, a friend and good worker.

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

ADJOURNMENT

There being no further business, at 9:43 a.m., **Chair Busse** adjourned the meeting.

DAVID BUSSE, CHAIRPERSON
BOARD OF ADMINISTRATION

ATTEST:

RUSSELL U. CROSBY, DIRECTOR
BOARD OF ADMINISTRATION