

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

February 9, 2006

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:37 a.m., on Thursday, February 9, 2006, in regular session at City of San Jose's Council Chambers, 200 East Santa Clara St., San José, California.

ROLL CALL

Present:

DAVID BUSSE

Bill Thomas

Tim Callahan

Jeffrey Perkins

Forrest Williams

David Cortese

Mike Yoshimoto

CHAIR, Civil Service Representative

Vice Chair, Retiree Representative

Employee Representative

Public Member

City Council Representative

City Council Representative

Employee Representative

ALSO PRESENT:

Edward F. Overton -Secretary / Director

Susan Devencenzi -City Attorney

Dr. Rhee -Medical Staff

Dave Rodriguez -PWRE

Linda Dittes -AFSCME

Tamasha Johnson -Staff

Judy Powell - "

Aleta Holcomb - "

David Rodriguez -PW RE

Charles Gebhardt -IBEW

Doug Riccobond -ABMEI

Carol Bermillo -Staff

Sarah Nunes -ES

Rhonda Snyder -Staff

Ron Roberts -PW

Rick Roeder -GRS

Gustavo Gerardo -Airport

Mike Mendizabal -PW

Tom Webster -Staff

Russ Richeda -Outside Attorney

Ron Kumar -Staff

Udaya Rajbhandari -Staff

Karin Carmichael - "

Marianne Bargeois -Police

Roger Pickler - "

Linda Charfauros -PW

Susan Perreira -Staff

Joe Charfauros -PRNS

Brett Johnson -Attorney

Roger Pickler -Staff

Sally Griffin -Airport

Nancy Roberts -Wife of Ron Roberts

Norm Losk -GRS

Deborah Powell -CEO

REGULAR SESSION

The Chair called the meeting to order at 8:37 a.m.

CEREMONIAL PRESENTATION

Presentation of commendation to Bradley Imamura.

The Chair read the commendation. He thanked him for his years and assistance.

Mr. Imamura stated that it was a privileged to serve on the Board and that he appreciated that time. He recognized Tom Webster for his candor and helpfulness. He thanked the Board and retirement staff.

Recess taken.

(Back to Order)
RETIREMENTS

Disability Retirement for Hearing Retirements per SJMC Section 3.28.1290

Ron Roberts, Associate Construction Inspector, Public Works Department, effective January 4, 2005; 3.34 years of service.

Mr. Roberts was present and was represented by *Mr. Johnson*.

The Secretary stated that Mr. Roberts makes his application based on cervical injury, left and right shoulders, and bilateral carpal tunnel that he received from an auto accident and repetitive work with his hands. He is 58 years of age and has three plus years of service with the City.

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

<u>Doctor's Name</u>	<u>Report Date</u>
Howard Siu, M.D.	4/20/05; 4/19/05
Scott Wachhorst, M.D.	3/25/05 (2 Reports); 1/10/05 (2 Reports); 12/8/04 (2 Rpts) 10/8/04 (2 Rpts.); 10/21/03; 8/20/03; 7/2/03 (2 Rpts.); 5/8/03
William Hopkins, M.D.	2/1/05; 11/12/04; 10/3/03; 9/18/03; 9/11/03; 9/4/03; 8/18/03; 7/23/03
Volney Van Dalsem, M.D.	6/23/04 (3 Reports)
Rhonda Weiss, M.D.	5/10/04
Ali Soozani, D.O. , Ph.D.	6/17/03
Stephen Gunther, M.D.	4/9/03
Brad Piatt, M.D.	3/20/03; 7/15/02
Robert Schier, M.D.	9/18/02
Raj Das, M.D., M.P.H.	8/5/02; 7/1/02 (2 Reports)
Richard Thompson, M.D.	6/6/02; 6/3/02; 4/17/02; 4/3/02; 3/13/02; 2/27/02; 2/21/02; 2/20/02; 2/15/02; 2/14/02; 2/12/02
Gale McIntosh, P.T., D.C.	5/27/02; 4/17/02; 4/9/02; 4/3/02
Richard Carr, Out Patient	2/25/02
<u>Medical Director</u>	<u>Report Date</u>
Dr. James Rhee	10/5/05; 6/6/05

Mr. Johnson distributed a packet containing an analysis of the applicant's disability. He went through the background of Mr. Robert's application.

Mrs. Charfauros spoke for the Department and stated that the lifting restriction could not be accommodated but they do feel that they could accommodate the restriction to minimize neck motion.

Mr. Mendizabal explained that a big component of the job regardless of assignment is having to pull tags for the materials off of a semi-truck. That entails reaching overhead and this can be done everyday, also with City cutbacks there are not as many Inspectors available so he can't have two or three on one job to assist in accommodating Mr. Roberts.

The Board discussed with Mrs. Charfarous, Mrs. Nunes, and Mr. Mendizabal regarding ability to

accommodate the work restrictions, the injury rehabilitation offered to Mr. Roberts, alternate work in the City, and the way of separation from his position with the City.

(M.S.C. Callahan/Yoshimoto) to approve a service-connected disability. Motion carried 4-3-0. (NO – Busse, Thomas, Williams).

CONSENT CALENDAR (Items 3 thru 8)

The Secretary pulled items 4c and 4f.

(M.S.C. Thomas/Perkins) to approve Consent Calendar, except items 4c, f. Motion carried 7-0-0.

Marianne Bourgeois, Administrative Officer, Police Department; effective March 11, 2006, 26.35 years of service.

The Secretary wanted to state that Marianne was a great employee with a tremendous career and wanted to express his appreciation to her for her years of service.

(M.S.C. Thomas/Perkins) to approve item. Motion carried 7-0-0.

Theodora Uhrowczik, Information System Analyst, Retirement Department; effective March 24, 2006, 16.28 years of service.

The Secretary congratulated her and expressed his appreciation for all her work in the Retirement Department. He said that she provided a key service and thanked her for her service.

Mr. Webster spoke of Mrs. Uhrowczik's accomplishments with the Department and the technology advancements and said he would miss her.

The Board also expressed appreciation for her service and excellent customer service.

(M.S.C. Busse/Perkins) to approve item. Motion carried 7-0-0.

COMMUNICATION / INFORMATION

Member Yoshimoto requested that Mr. Imamura be released from fulfilling outstanding reports on the pending actions list.

(M.S.C. Yoshimoto/Perkins) to approve request. Motion carried 7-0-0.

INVESTMENTS

(M.S.C. Thomas/Perkins) to adopt Resolution No. 5735. Motion carried 7-0-0.

DEATH NOTIFICATIONS (Moment of Silence)

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

NEW BUSINESS

Authorization to terminate retirement benefit payments to Les White effective

6 February 2006.

The Secretary stated that this is to reinstate him in a City position.

Mr. Imamura welcomed Les White back and brought up a question regarding a reinstatement. He wanted to know when a highly paid person returns to City employment that has been collecting a pension check, when they re-retire how does the retirement get recalculated as there is a 108% ceiling a person cannot exceed when a person comes back.

Mrs. Devencenzi stated that when a person retires they look at the final compensation over the last consecutive 12 months but that cannot exceed 108% of the second highest year, so we would compare the highest 12 months to whatever the second highest year is and if there is more than an 8% gain then they do not get that in their calculations. That rule is in there to prevent pension spiking.

The Secretary stated for the record that the discussion *Mr. Imamura* has brought up is not the interpretation of the Retirement staff and we don't have his prior compensation, so the Department looks at him as a new employee.

(M.S.C. Yoshimoto/Thomas) motion to approve. Motion carried 7-0-0.

OLD BUSINESS

Approval of the valuation report by GRS, Plan's actuary, for the period ending June 30, 2005 and approval of rates of contribution to be effective July 1, 2006.

Mr. Roeder discussed the pension plan. He stated that rates have gone up significantly to 29.56%, which is a little over 6%, with the City at 21% and members at 7.58%. He then briefly restated the highlights of the study:

- ▶ \$93.8 million loss in actuarial value of assets.
- ▶ There were many more retirements at a younger age than expected.
- ▶ The payroll is smaller than anticipated.
- ▶ There was some excess monies from 1997, which created a leveraging effect.

Member Callahan and *Mr. Roeder* discussed alternate tracking methods for people that leave the City, and the outcome of a defined benefit fund and would an actuary be needed any longer if that occurred.

The Board, *Mr. Roeder*, and *Mr. Losk* discussed the unfunded accrued liability and how it is amortized, as well as, the impact in the future, and how this plan's unfunded accrued liability compares to other funds.

(M.S.C. Thomas/Callahan) to approve the report and new contribution rates. Motion carried 6-0-1.
(Cortese left 10:23 am).

Adoption of a resolution denying the application of Ronald Bratcher for a service-connected disability retirement.

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

Adoption of a resolution denying the application of Richard Lant for a service-connected disability retirement.

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

STANDING COMMITTEE / REPORTS / RECOMMENDATIONS

Investment Committee of the Whole – next meeting 2/24/2006.

Real Estate Committee – next meeting 3/8/2006.

Committee for Investments – next meeting 2/24/2006.

Benefits Review Forum (BRF) oral update. (Thomas)

Member Thomas stated that there was major discussion on health and long term care, which is a piece of new legislation on the President's desk now, if he signs it would not allow you to transfer assets within a five year period of the time that you need long term care. Also the BRF has established a health care committee and are evaluating an RFP regarding health benefits for the upcoming year. Next meeting will take place at the end of the month in room W-260.

EDUCATION AND TRAINING

Notification of Cal APRS General Assembly 2006 to be held in Cathedral City, CA, March 5-7, 2006.

Notification of CalAPRS Principles of Pension Management to be held at Stanford University, March 28-31, 2006.

PUBLIC/RETIREE COMMENTS

Mr. Brad Imamura wanted to say that he appreciated what the Board is doing. He also wanted to ask the Board to look into agendaizing a discussion on being able to hire outside legal council.

FUTURE AGENDA ITEMS - None

ADJOURNMENT

There being no further business, at 10:43 a.m., **Chair Busse** adjourned the meeting.

DAVID BUSSE, CHAIRPERSON
BOARD OF ADMINISTRATION

ATTEST:

EDWARD F. OVERTON, DIRECTOR
BOARD OF ADMINISTRATION