

# FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Minutes of the Board Meeting

**THURSDAY**

**SAN JOSÉ, CALIFORNIA**

**October 8, 2009**

### CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:36 a.m., on Thursday, October 8, 2009, in regular session at the Department of Retirement Services, 1737 N. First St., Suite 600 - San José, California.

### ROLL CALL

#### Present:

**DAVID BUSSE**

**Jeffrey Perkins**

**Matt Loesch**

**Ed Overton**

**Ash Kalra**

**Pete Constant**

**CHAIR, Trustee**

**Trustee**

**Trustee**

**Trustee**

**Trustee (Arrived 8:46 a.m.)**

**Trustee**

### ALSO PRESENT:

**Russell U. Crosby** -Secretary/Director

**Russ Richeda** -Attorney

**Tamasha Johnson** -Staff

**Debbi Warkentin** -Staff

**Ron Kumar** -Staff

**Veronica Niebla** -Staff

**Carol Bermillo** -Staff

**Jesselle Holcomb** -Staff

**Tom Reily** -OE3

**Karin Carmichael** -Staff

**Bill Pope** -OE3

**Zeba Ebrahimi** -PRNS

**Allison Suggs** -OER

**Ross Braver** -CMO

**Toni Johnson** -Staff

**Mollie Dent** -City Attorney

**Carmen Racy-Choy** -Staff

**Rajiv Das** -Medical Director

**Rhonda Snyder** -Staff

**Ali Amiry** -Staff

**Allen DeMers** -HR

**Ceara O'Fallon** -Staff

**Yolanda Cruz** -MEF

**Elizabeth Harding** -PRNS

**William Meyers** -DOT

**Aracely Rodriguez** -OER

**David DeLong** -PRNS

## REGULAR SESSION

**Chair Busse** called the meeting to order at 8:36 a.m.

### ORDERS OF THE DAY

**Chair Busse** stated Item 2 will be deferred.

### RETIREMENTS

#### CONSENT CALENDAR (Items 2 thru 8)

(M.S.C. Loesch/Overton) to approve Consent Calendar. Motion carried 6-0-0.

#### Deferred Vested

k. **Ina K. Lancaster**, Deputy Director, Retirement Services Department; effective October 21, 2009, 8.37 years of service.

**Member Overton** acknowledged Mrs. Lancaster and wished her well.

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

Service retirements approved:

**Luis A. Carrera**, October 17, 2009

**Michael Y. Chiang**, October 31, 2009

**Gary M. Fones**, October 3, 2009  
**James R. Helmer**, October 17, 2009(w/Reciprocity)  
**Stephen R. Houlihan**, October 3, 2009  
**Wilma J. Hunter**, September 22, 2009  
**Michael L. Rudd**, October 20, 2009  
**Donald L. Schulz**, October 17, 2009  
**Freddie Jo Soto**, October 3, 2009  
**Raffles C. Warnars**, October 3, 2009

Deferred vested retirements approved:

**Stanley R. Raroque**, September 5, 2009

## **DEATH NOTIFICATIONS** (Item 9 - Moment of Silence)

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

## **OLD BUSINESS (Item 9-10)**

### **9. Travel Audit compliance update.**

*Mrs. Niebla* stated the Policy Committee met to discuss the remaining audit recommendations. Revisions to policies will be made based on those discussions, and then brought to the full Board.

### **10. Board direction to staff on changing meeting location.**

**Member Kalra** stated Member Constant had the opportunity to speak with the City Manager's Office/Mayor, and they gave assurance that the Boards would be given the same priority as the Council Committees. The prioritization can be formalized to move the meetings to City Hall where the video/audio infrastructure already exists, which potentially would allow more access to those who cannot physically attend the meetings.

**Vice-Chair Loesch** stated the reason to move the meetings would be to create more access; however the move has met some resistance. Staff accounts for the majority of attendees and the cost to have audio streaming available online is low, so the negatives do not outweigh the proposed need to move.

**Member Overton** stated that in the past the Board has received assurances and it just did not happen. Retirement Services moved into the 1737 building around year 2000, and met at City Hall for 2-3 years, which was an unpleasant experience. That was the reason additional space was leased in this building to create this Board room for meetings. The Board tried to meet at City Hall again since then. The attendance did not change, and the move would not add any value.

*Mr. Reilly* from the OE3 Union stated the meetings have been held at City Hall before, which is why we are now here. The only reason to move is if there is a hot topic and we need more space, otherwise moving to City Hall does not make sense economically.

(M.S.C. Loesch/Overton) to direct staff to bring back the Granicus proposal, and to continue to hold the monthly Federated Board meetings at the 1737 location. Motion carried 5-1-0. (Absent: Constant)

## **NEW BUSINESS (Items 11-12)**

### **11. Request for Board discussion and direction to staff concerning Alex Gurza's memo dated September 21, 2009 concerning actuarial valuation issues.**

*Ms. Rodriguez* stated the Office of Employee Relations would like the Board to consider the points in their memo, as the Board prepares for the upcoming actuarial valuation from GRS.

**Vice-Chair Loesch** thanked Mr. Gurza and the City for their input. He went through the memo item by item. On the section related to the SRBR, he stated the Board is bound by what is negotiated between the bargaining parties and the Municipal Code, and they administer the Plan exactly as it is. He raised concerns about the basis for changing the valuations from biennial to annual, and stated the Municipal Code specifies not less than one valuation every five years; however he is open to the discussion.

**Member Kalra** stated the underlying point is that a change should not be made based on the economy at this time, but rather what makes the most sense given the size/structure of the Plan.

**The Secretary** stated the normal practice is for valuations to be performed annually. Many Plans were having biennial valuations but most moved to annual valuations; however San Jose did not. This discussion was initiated with both Boards before the economic downturn.

(M.S.C. Loesch/Perkins) to forward letter to Board's actuary with the exclusion of the SRBR section. Motion carried 5-0-1.

**12. Request for Board discussion and direction to staff concerning Alex Gurza's memo dated September 9, 2009 regarding Administrative Changes to Federated City Employees' Retirement System.**

*Ms. Rodriguez* stated OER understands that the pension system can not distinguish one employee bargaining group from another. There is the possibility there could be negotiated benefit changes that are different for each bargaining group, and those members would need to be distinguished in the system.

*Ms. Dent* stated that normally for this type of request staff provides a workload assessment and costs.

*Mrs. Busse* stated the cost should be minimal, if its only a matter of adding a union code. A union field can be put in, but the main issue is with the transmittal and the ability to autopopulate that field. Adding new tiers would be complex, involving greater time and cost.

**The Secretary** stated staff will be reviewing other pension systems later this month. Most of the newer systems available do include special features, such as ability to identify different bargaining groups.

(M.S.C. Loesch/Perkins) to direct staff to analyze the costs and timing associated with adding a field for employees' union designation in system. Motion carried 5-0-1.

**STANDING COMMITTEES / REPORTS / RECOMMENDATIONS**

**13. Committee for Investments (Perkins/Loesch/Busse – alt/Constant)**

- a. Summary of meeting held 27 August 2009
  1. Approval of amendment to the agreement with The Boston Company for a 3-year fee reduction of 5% effective July 1, 2009 and authorization for the Secretary to execute the amendment.

(M.S.C. Overton/Loesch) to approve. Motion carried 5-0-1.

**14. Committee of the Whole (Full Board) – last meeting 8/27/09**

- a. Summary of meeting held 27 August 2009

(M.S.C. Loesch/Overton) to approve. Motion carried 5-0-1.

**15. Policy Committee (Busse/Overton/Constant – alt/Loesch)**

- a. Summary of meeting held 14 September 2009

(M.S.C. Loesch/Overton) to approve. Motion carried 5-0-1.

## EDUCATION AND TRAINING

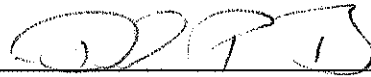
Notification of IFEBP's 55<sup>th</sup> Annual Employee Benefit Conference scheduled to occur in Orlando, Florida, November 8 through 11, 2009.

## FUTURE AGENDA ITEMS

### 23. PUBLIC/RETIREE COMMENTS

## ADJOURNMENT

There being no further business, **Chair Busse** adjourned the meeting at 9:29 a.m.



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

**ATTEST:**



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