

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

April 12, 2007

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:35 a.m., on Thursday, April 12, 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

Mike Yoshimoto

Jeffrey Perkins

Forrest Williams

Pete Constant

CHAIR, Civil Service Representative

Vice Chair, Retiree Representative

Employee Representative

Employee Representative

Public Member

City Council Representative

City Council Representative

ALSO PRESENT:

Thomas J. Webster -Secretary

Susan Devencenzi -City Attorney

Tamasha Johnson -Staff

Debbi Warkentin -Staff

Susan Perreira -Staff

David Rodriguez -PWRE

Donna Busse -Staff

Judy Powell - "

Udaya Rajbhandari - "

Sally Griffin -Airport

Russ Richeda -Outside Attorney

Karin Carmichael -Staff

Bob Leininger -SJREA

Bill Pope -OE3

Mike Pribula -Staff

Roger Pickler - "

Amanda Ramos - "

Ron Kumar - "

REGULAR SESSION

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

RETIREMENTS

CONSENT CALENDAR (Items 1 thru 8)

Chair Busse pulled Items 1b, d, e, f, j, m, q, 5b, and 7g and i for discussion.

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

Olga I. Cleveland, Senior Office Specialist, Environmental Services Department; effective March 31, 2007, 7.61 years of service.

Member Callahan wanted to acknowledge and congratulate Ms. Cleveland for her years of service.

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

Alan Decker, Analyst II, Library Department; effective April 27, 2007, 18.72 years of service.

Member Callahan wanted to recognize him for his service and congratulate him in retirement.

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

Shirley Dorsa, Office Specialist II, Parks, Recreation and Neighborhood Services Department; effective March 24, 2007, 19.59 years of service.

Member Callahan wanted to recognize her for her service and congratulate her in retirement.

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

Bonnie T. Kobayashi, Administrative Officer, Finance Department; effective March 31, 2007, 34.38 years of service.

Member Yoshimoto wanted to recognize her for her service and congratulate her in retirement.

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

Lawrence J. Pharr, Maintenance Supervisor, Parks, Recreation and Neighborhood Services Department; effective April 7, 2007, 30.01 years of service.

Member Callahan wanted to recognize him for his service and congratulate him in retirement.

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

Richard D. Yau, Associate Engineer, Public Works Department; effective March 31, 2007, 29.45 years of service.

Member Yoshimoto wanted to recognize him for his service and congratulate him in retirement.

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

Russ Richeda's memo on "Honest Services" Legal Theory Underlying Federal Criminal Indictments of San Diego City Retirement Board Members.

Member Perkins asked what this really means and how this relates to us.

Mr. Richeda stated that this does not relate to anything we do, but wanted to inform the Board.

This item is note and file.

Russ Richeda's memo on Conflict-of-Interest Training Bulletin No. 3

Member Constant said that the City's gift policy is much stronger than what is reflected in Mr. Richeda's memo, so the Board should be aware of that.

This item is note and file.

DEATH NOTIFICATIONS (Moment of Silence)

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

Patricia Culbertson, Senior Buyer, General Services Department; retired 10/4/87, died 3/12/07. No survivor benefits.

Marguerite Farnsworth, Accountant I, Finance Department; retired 3/9/85, died 3/2/07. Survivorship benefits to Robert Farnsworth, spouse.

Elsie D. Schrull, Police Data Specialist II, Police Department; retired 8/1/92, died 1/15/07. No survivor benefits.

OLD BUSINESS – None

NEW BUSINESS

Approval of the Department of Retirement Services' Budget Proposal for the Fiscal Year 2007-2008.

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

Oral presentation on City of San Jose Sunshine Provisions and Recommendations for Closed Sessions. (Time Certain – 9:00 a.m.)

The Secretary stated that this presentation is for us to hear the recommendations and think about how it may affect the Board, then to ask the Board to recommend that staff review and recommend changes to the Sunshine Task Force; and these provisions are more stringent than the Brown Act, which we currently comply with.

Ms. Tucker said that currently they are in Phase I, which are the preliminary recommendations for public meetings, public information, and closed sessions. She discussed the background of the Sunshine Task Force, which she said was modeled after primarily five other cities' sunshine ordinances. The process will be two phases, the first addresses how closed sessions are conducted, it is to improve public access, and once the final recommendations come forward the provisions will be implemented with a Pilot Program. The Task Force looked at and defined a series of bodies, so there are currently four main meeting bodies – Policy Bodies, Ancillary Bodies, Non-City Governmental Body/Non-governmental Body, and Closed Session meetings. They outlined the additional requirements, which extend beyond those of the Brown Act; the idea is to create transparency in Government. They defined what a Policy Body is and stated that is what this Board would be considered. They gave examples of the different public meeting bodies and provided their definition for each, along with reviewing what the requirements would be for each varying type of body.

Mrs. Herrick stated that these are the recommendations reached at this point, but that now is the time to provide input for the Task Force to address concerns, prior to going to Council for approval. She said the first recommendation for closed session meetings is the topic of agendas and the description on them, so it will be the requirement for the Brown Act, plus more. One additional requirement is that the closed session be audio recorded. The preliminary recommendation is that all audio be available to the public when the need for confidentiality expires. Permanent topics of closed session, like real estate, still are done in closed session but with modifications. The ordinance specifies price and payment details. The actual real estate deal needs to be exposed in open session, but negotiations to the extent of agreement that are made in closed session will need to be ratified by the Board in open session. Finally, if the funds used to secure an asset are not specifically allocated for real estate use, then that must be disclosed in open session prior to having a discussion in closed session. Disclosure of closed session items requires that the discussion be followed by a written summary. There was concern about requiring approval to ratify closed session agreements on labor negotiations, so the Task Force made referrals to the attorneys, but the City's view is that it does not violate the CA/Federal Law. They are still working on the details about how to deal with disclosure of certain recordings and certify a check and balance for disclosures. If there are disagreements, there will be an appeal process that is still being set up.

Ms. Tucker addressed the Public Information section, which will have requirements for maintaining the release of information, reviewing of files, calendars of officials, lobbyists and additional public outreach. She said that Phase II will include recommendations for public records, technology, enforcement – how to, and citizen oversight commission – and ethics and conduct provisions; which may or may not be included since these items are being referred to other bodies. The Phase I recommendations they hope to complete by

the end of April, so they can forward approval to Council in May. Public records are a big issue still; Senior Staff has been reviewing recommendations and groups should provide a memo to back-up their concerns they submit.

Member Perkins wanted to know how these recommendations line up with the Board's current practice.

There was further discussion pertaining to clarification of terminology, staff responsibility, implications of these provisions, and any issues going forward that may affect the Board or staff.

Member Constant said that it seems that there are three things; first, the recommendations from the Sunshine Task Force will go to Council, but the Council makes the final decision; then, we could ask for more time to study and append the recommendations; and based on the laws enacted by the five other jurisdictions that these provisions are based upon – we should review those provisions and communicate with those Plan's to see how they have complied.

Member Williams asked what is being resolved by having these Sunshine Provisions.

Chair Busse requested that staff forward concerns to the Sunshine Task Force, have legal counsel speak with the other systems that currently have similar provisions, email a matrix of appendages to the full Board and provide staff input, and for staff to be present at the Sunshine Meeting on the 19th. Also, he would like staff to place this item on the pending actions list.

Member Perkins would like staff to determine a guestimate of costs expended on the time they have put into reviewing these provisions, attending meetings, and anything else associated with Sunshine compliance.

Information regarding the Task Force and the Sunshine Provisions can be obtained on the City's website at: <http://www.sanjoseca.gov/clerk/TaskForce/SRTF/SRTF.asp>

Approval to negotiate and execute an agreement with Gabriel, Roeder, Smith & Co. for actuarial consulting services, not to exceed \$150,000 – ending 6/30/09.

(M.S.C. Callahan/Williams) to approve. Motion carried 7-0-0.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investment (Committee of the Whole) – next meeting 5/24/07

Real Estate Committee – next meeting 6/13/07

Committee for Investments – next meeting 5/24/07

Policy Committee – next meeting 4/17/07

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

- a. Benefits Review Forum Report – March 2007.

Member Thomas said this report provided by staff is very informative.

Director's oral update on Plan.

The Secretary stated the Plan is at 1.8 billion and is 1.8% increased since the previous month. We are still 2% under funded in real estate, but we are on target with our asset allocation. Departmentally, we are in the process of filling positions. We have received 25 applications for the Director positions, and the closing date for that is 4/13. Human Resources will be checking with the Chairs and Vice-Chairs of both Boards for dates to review the applications with the City Manager.

Member Callahan asked if a discussion or workshop on international real estate investing could be arranged.

The Secretary said that he would check with the Board's consultant, if this could hold off for a topic at the retreat. He will put it in the Work plan.

EDUCATION AND TRAINING

PUBLIC/RETIREE COMMENTS

Mr. Rodriguez stated that he is the MEF representative and wanted to know if the labor unions were going to be notified about the Sunshine Reform Provisions and what is their role.

Chair Busse stated that the Union should be contacting the Sunshine Task Force for information, such as the Board did. The Board meetings are open for union representatives to attend for more information.

FUTURE AGENDA ITEMS

NEW BUSINESS

ADJOURNMENT

There being no further business, at 9:05 a.m., **Chair Busse** adjourned the meeting.

DAVID BUSSE, CHAIRPERSON
BOARD OF ADMINISTRATION

ATTEST:

EDWARD F. OVERTON, DIRECTOR
BOARD OF ADMINISTRATION