

FEDERATED RETIREE HEALTH CARE TRUST FUND

Minutes of the Federated Retiree Health Care Trust Fund Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

August 18, 2011

CALL TO ORDER

The Board of Administration of the Federated Retiree Health Care Trust Fund met on Thursday, August 18, 2011 at 12:12 p.m., immediately following the Federated City Employees' Retirement System regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street, San José, California 95113.

PRESENT:

BOARD MEMBERS

Matt Loesch, Chair -Present
Ed Overton, Vice-Chair -Present
Arn Andrews -Present
Michael Armstrong -Present
Lara Druyan -Absent
Stuart Odell -Absent
Martin Dirks -Present

BOARD MEDICAL DIRECTOR

Rajiv Das, M.D.

DIRECTOR RETIREMENT SERVICE

BOARD SECRETARY

Russell U. Crosby - Present

COUNCIL LIAISON

Pete Constant - Present

COUNSEL

Mollie Dent, Senior Deputy City Attorney -Present

Russ Richeda -Present

RETIREMENT SERVICES STAFF PRESENT

Donna Busse, Deputy Director, COO
Carmen Racy-Choy, Deputy Director, CIO
Veronica Niebla
Ron Kumar

Toni Johnson
Heidi Poon
Tram Doan
Sonia Morales

CALL TO ORDER: 8:31 a.m.

ORDERS OF THE DAY

1. NEW BUSINESS

1.1 Selection of chair and vice chair.

A motion was made to appoint Matt Loesch as Chair to the Federated Retiree Health Care Trust Fund.

Approved. (M.S.C. – Andrews/Dirks, 5-0-2, Druyan/Odell-Absent)

A motion was made to appoint Ed Overton as Vice-Chair to the Federated Retiree Health Care Trust Fund.

Approved. (M.S.C. – Andrews/Armstrong, 5-0-2, Druyan/Odell-Absent)

Access the video or audio, the agenda and related reports for this meeting by visiting the Retirement Services website at <http://sjretirement.com/> or http://sanjose.granicus.com/ViewPublisher.php?view_id=44. If you have any questions, please contact the Retirement Services Department at (408) 794-1000.

1.2 Update on status of receipt of funds and delegation to the Secretary to select, negotiate and execute agreements with investment managers.

Ron Kumar reported that \$21.4 million was received for the Federated Retiree Health Care Trust Fund and currently \$2.7 million is invested in commodities, plus \$18.7 million in STIF.

Trustee Overton inquired why the Master Trust Fund was not done in the beginning. Senior Deputy City Attorney Mollie Dent stated there were administrative issues to be resolved.

A motion was made to direct staff to continue with the existing investment plan based on the existing Ordinance and to utilize liquid investments for the Federated Retiree Health Care Trust Fund and authorize the Secretary the power to enter into agreements with one or more investment managers for the investment of funds.

Approved. (M.S.C. – Andrews/Loesch, 5-0-2, Druyan/Odell-Absent)

1.3 Discussion and action on tax filing:

a. Authorize Ice Miller, LLP to submit a request for private letter ruling to the Internal Revenue Service (IRS) on behalf of the Trust Fund to confirm

- i. The tax exempt status of the trust fund under Internal Revenue Code Sections 115;**
- ii. That the Trust is not required to file an annual federal income tax return; and**
- iii. That contributions paid to the trust and benefits paid for the trust are excludable from the gross income of employees, retirees and their eligible dependents; and**

b. Approve the payment of the IRS filing fee in the amount of \$14,000 by the Trust Fund.

A motion was made to approve staff's recommendations of (a) and (b) to authorize Ice Miller, LLP to submit a request for private letter ruling to the IRS on behalf of the Trust Fund and to authorize payment of the IRS filing fee in the amount of \$14,000 by the Trust Fund.

Approved. (M.S.C. – Overton/Andrews, Druyan/Odell-Absent)

• **FUTURE AGENDA ITEMS**

Chair Loesch requested written information on investments.

• **PUBLIC/RETIREE COMMENTS**

• **ADJOURNMENT**

The meeting was adjourned at 12:26 p.m.



**MATTHEW LOESCH, P.E., CHAIR
BOARD OF ADMINISTRATION**

ATTEST:



**RUSSELL U. CROSBY
SECRETARY, BOARD OF ADMINISTRATION
DIRECTOR, RETIREMENT SERVICES**