

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

August 10, 2006

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:36 a.m., on Thursday, August 10, 2006, 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

CHAIR, Civil Service Representative

Vice Chair, Retiree Representative

Employee Representative

Employee Representative

Public Member

NOT PRESENT:

David Cortese

Forrest Williams

City Council Representative (Excused)

City Council Representative (Excused)

ALSO PRESENT:

Edward F. Overton -Secretary / Director

Susan Devencenzi -City Attorney

Dr. Das -Medical Staff

Debbi Warkentin -Staff

Tamasha Johnson -Staff

Toni Johnson - "

Mike Pribula -Staff

Donna Busse -Staff

Judy Powell - "

Ken Lucero -DOT

Karin Carmicheal -Staff

Wayne Cohen -HR

Robert Monteyo -Guest

Dan Suriaga -DOT

Carol Bermillo -Staff

Bill Pope -OE3

Tom Webster -Staff

Russ Richeda -Outside Attorney

Ann Stults -Retiree

Linda Charfauros -PW

Bob Leininger -SJREA

Don Coulter -PW

Roger Pickler -Staff

David Rodriguez -PW

Sue Moore -SJREA

Aleta Holcomb -Staff

Tennie Ramirez -SJREA

Martha T. Trejo -PW

John Hernandez -SJREA

Maria Loera -Staff

Jean Morse -SJREA

REGULAR SESSION

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

RETIREMENTS

Disability Retirement for Hearing Retirements per SJMC Section 3.28.1290

Donald R. Coulter, Senior Construction Inspector, Public Works Department, effective May 24, 2005; 23.27 years of service.

Mr. Coulter was present.

The Secretary stated that Mr. Coulter makes his application based on Lumbar Spine Degenerative Disc Disease. He is 52 years of age and has 23 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>
Gerald P. Keane, M.D.	3/1/06; 11/2/05; 4/11/05; 2/4/05; 10/25/04; 8/4/04
Kathryn Stevens, M.D.	1/25/05
Eugene Carragee, M.D.	1/24/05; 11/1/04
Rives C. Chalmers, M.D.	1/19/05; 8/23/04
Robert Gamburd, M.D.	12/9/04
Kenneth J. Savage, D.C.	9/20/04; 5/11/04
Devina D. Grover, M.D.	6/28/04
Jonathan Walker, M.D.	9/23/91
Robert L. Roth, M.D.	11/20/85
Report Signed by D.Coulter	7/1/81
Charles Bennell, M.D.	1/30/75

<u>Medical Director</u>	<u>Report Date</u>
Dr. Rajiv Das	6/3/06; 1/3/06; 10/5/05

The Secretary stated the medical restrictions and that the Department does have modified duty available to accommodate those restrictions. He is also a candidate for alternate employment.

Mr. Coulter stated that the last time we met he stated that he would be unable to do the work with those restrictions and he got another medical report from his doctor dated March 1, 2006. He read the restrictions imposed by his doctor, which are different from what Dr. Das' report states.

Dr. Das stated that Mr. Coulter may have another issue related to another body part and he only has the information for the body part that is listed on the disability application, so that other body part(s) is excluded in the restrictions provided, and his real ability may be affected by the other body part. We have been waiting for that other medical information. As far as medication being taken and working conditions, that is a doctor's opinion and is a very sensitive situation.

Mr. Coulter explained his conditions and the medical findings, he also discussed the type of work he did and how it had impacted his conditions, as well as discussing the treatments he has received.

Member Thomas stated that he believes there is a disability but he has a hard time connecting it to being service connected. From the medicals he has seen he finds it difficult to make a finding of service related.

The Secretary stated that the major hurdle is the fact that there is work for him, this is where the Disability Hearing Committee came to their decision from, is that first of all there has to be a disability, secondly the City must not be able to employ you in another job accommodating the medical restrictions and so that's the hurdle.

Mrs. Charfauros from the Public Works Department stated that they provided a memo, which stated that the Department could accommodate the work restrictions supplied by Dr. Das as of the current information on July 1, 2006.

The Board discussed further the medical findings, work restrictions, and work conditions with *Mr. Coulter* and *Mrs. Charfauros*.

(M.S.C. Thomas/Perkins) to defer this item to September for further medical review and alternate work search. Motion carried 5-0-2. (Cortese/Forrest absent).

(Out of Order)

NEW BUSINESS

Oral update from Paul Kimura, Avery Associates, on the continuing recruitment for Retirement Services' deputy director. (Time Certain 9:00 a.m.)

Mr. Kimura stated that they had extended the filing period after reviewing the applicants because he didn't feel it was a competent application pool. Then they refined subtle aspects of the position's duties and did the second recruitment. He is currently having follow-up discussions with the 10-15 candidates, there are a number of them from the East Coast, and he anticipates another 2-3 weeks to have recommendations to the Board.

Member Perkins asked what the biggest hurdle has been with the recruitment.

Mr. Kimura stated that this is a very competitive recruit market for government employees, especially in the area of finance. Also, this housing market and the ability for someone to relocate, then the nature of the job in retirement market and set of skills/experience not necessarily found in a single individual. The changes made were to the nature of the role so it is more reflective of a CFO position.

(Back on Agenda)

CONSENT CALENDAR (Items 2 thru 9)

The Chair pulled items 8d and e from the consent calendar. He also stated for the record that also approved under the Consent Calendar is an addendum, adding Item 3.1, Ronald Lee Garner for a service retirement.

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

Mr. Richeda discussed Items 8d and e regarding the San Diego City Retirement's legal situation. He stated that there are some trial dates coming up for criminal charges. Also, the Levit-Cole report was released yesterday that provides an analysis of the legal issues. They have issued a financial stance and there will be further indictments. The State Court Judge denied motions filed by candidates. KPMG audit has to find out what legal problems the City is facing. The prior auditor just settled a lawsuit.

DEATH NOTIFICATIONS (Moment of Silence)

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

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

NEW BUSINESS

Approval of request for benefit enhancement from San Jose Retired

Employees Association regarding reimbursement of Medicare Part B payments and authorization to forward to City Administration.

Mr. Leininger, President of SJREA introduced other Board members that were present. He stated that this may seem like a small item for some people, a small amount of money especially when you look at the table even with the increases, but there are many employees that will be affected by these increases under this new

means test. Many retirees have a relatively small pension and they think it is doable and hope to have the Board's support in moving this forward.

Member Callahan asked if the Police and Fire Plan already have this and asked what the annualized cost is to retirees.

Mr. Leininger said that right now it's about \$88.00 per month per spouse, and P & F does not pay both, so it only pays for the retiree. If they have a health plan it's less than the lowest cost plan the City pays for the active employees. He doesn't know the actual number on that, they have done some work with the employee groups and the statistics of all the people on the system, and they think it's over one thousand.

Chair Busse asked if this is money that is already in the plan.

The Secretary explained that the way the health plan works is that every retiree is entitled to the lowest priced plan that is available to a City employee and we fund to that level. When you reach Medicare age, you go into a supplemental plan including the part that covers our Medicare. So the health insurer would provide the lower premium for that individual, for example, if a person was receiving \$500.00 per month paid towards their health insurance then they went to Medicare, the Medicare plan would cost \$300.00 per month, so that person is backing up \$200.00 from what they would normally be entitled to. What the Association is requesting is that they get some portion of that \$200.00 to help them pay for the additional Medicare premium. The \$500.00 is what is budgeted for in our actuarial assumptions and he factors in so many people that may go onto Medicare.

Member Perkins asked if this is an amendment to a benefit or an amendment to a policy in the City Code.

The Secretary stated that it can be both. If the retirees are successful in achieving this then without meet and confer it would only affect those that are in retiree status at that time, if the bargaining groups are interested in having it affect everyone then they need to have it negotiated with the City. The retirees are not covered by meet and confer so when they act it is on their own behalf, so it would be important for them to let the actives know what they are doing but they don't have to work together necessarily. The benefit for Police and Fire did go to meet and confer.

Mrs. Devencenzi mentioned if this would need an actuarial review for what to fund.

(M.S.C. Thomas/Perkins) to approve recommending this item be forwarded to City Administration and staff initiate an actuarial study for the expense of this benefit. Motion carried 4-0-3. (Yoshimoto left).

Approval of request by Robert D. Smith to rescind previously approved service retirement scheduled to be effective July 29, 2006.

(M.S.C. Thomas/Perkins) to approve item. Motion carried 4-0-3.

OLD BUSINESS

Determination of future location of monthly Board meetings.

The Secretary stated that the Board had met regularly at the Retirement office and decided last October to meet at City Hall's Council chambers at the request of several individual, including a former Board member and we left open an option of returning to this building after a period of evaluation. The report is in the packet showing the difference in attendance of people meeting here and at City Hall.

The Board discussed the numbers of the attendees, convenience of location, and the cost associated with parking at City Hall.

(M.S.C. Perkins/Thomas) to approve item. Motion carried 4-0-3.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investment Committee of the Whole – next meeting 8/24/2006.

Real Estate Committee – next meeting 9/13/2006.

Committee for Investments

Summary of meeting held 19 June 2006.

- ☐ Approval to authorize the Secretary to execute the first amendment to the investment manager agreement with The Boston Company to reduce the fee schedule.

The Secretary stated that this company is also employed by Police and Fire, so by having both accounts they agreed to reduce the fee on amounts over \$100 M so this is to go to 35 from 40bps.

(M.S.C. Thomas/Perkins) to approve item. Motion carried 4-0-3.

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

Member Thomas said the recommended medical respondents for the next Board meeting to share. The next meeting will be on August 28, 2006 at 9 am in the City Hall Wing room 262.

EDUCATION AND TRAINING PUBLIC/RETIREE COMMENTS FUTURE AGENDA ITEMS

ADJOURNMENT

There being no further business, at 9:56 a.m., **Chair Busse** adjourned the meeting.

**DAVID BUSSE, CHAIRPERSON
BOARD OF ADMINISTRATION**

ATTEST:

**EDWARD F. OVERTON, DIRECTOR
BOARD OF ADMINISTRATION**