

# FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Minutes of the Board Meeting

WEDNESDAY

SAN JOSÉ, CALIFORNIA

NOVEMBER 10, 2010

### CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met on Wednesday, November 10, 2010, in regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street San José, California 95113.

### BOARD MEMBERS

Matt Loesch, Chair, Trustee  
Ed Overton, Vice-Chair, Trustee  
Pete Constant, Trustee  
Ash Kalra, Trustee - **absent**  
Jeffrey Perkins, Trustee  
Arn Andrews, Trustee  
Vacant, Trustee

### SECRETARY

Russell U. Crosby

### ALSO PRESENT:

Gene Kalwarski	-Cheiron	Bill Hallmark	-Cheiron
Mollie Dent	-City Attorney	Ann Harper	-Cheiron
Russell Richeda	-Conflicts Counsel	Sharon Erickson	-City Auditor
Carmen Racy-Choy	-Staff via teleconference	Elizabeth Pappy	-Morgan Franich
Ron Kumar	-Staff	Aracely Rodriguez	-OER
Jennifer Holmboe	-Staff	Alex Gurza	-OER
Donna Busse	-Staff	Gerry Chappuis	-MEF
Michael Moehle	-Staff	Ronald Ippolito	-Retiree
Mary Dariano	-Staff	Sedra Olker	-Applicant
Sonia Morales	-Staff	Tony Cokely	-Retiree
Cearo O'Fallen	-Staff	Melanie Kirmse	-CEO
Bob Leininger	-SJREA	Tom Reilly	-WPCP/OE3
Sue Bradford-Moore	-SJREA	Susan Devencenzi	-Retiree
Shirley Lilly	-Claimant		

WEDNESDAY

NOVEMBER 10, 2010

8:30 A.M.

### CALL TO ORDER - 8:35 A.M.

### ORDERS OF THE DAY

Item #20 and item #21 were heard consecutively before item # 1.  
Item #3b was moved to 1 – Disability Retirement.  
Approved. (M.S.C. - Overton/Constant, 5-0-1).

12-9-10 Fed

## **RETIREMENTS**

### **1. Disability Retirements:**

**Sedera K. Olker**, Community Activity Worker, City Manager's Office. Request for a Service-Connected Disability (SCD) retirement effective June 26, 2010; 12.5 years of service.

**Denied (M.S.N.C. - Overton/Constant, 5-0-1)**

<b>MEDICAL REPORTS – DR'S NAME</b>	<b>DATED</b>
SUNITA JAYAKAR, M.D.	6/28/2010 (four reports) : 3/1/2010 : 1/14/2010 : 10/26/09 : 9/8/09
ALFREDO FERNANDEZ, M.D.	3/30/2010
BRAD PIATT, M.D.	1/7/2010 (two reports)
DEVINA GROVER, M.D.	9/18/09 : 9/4/09 : 8/26/09 : 6/15/09 : 4/7/09 : 8/25/08 : 2/5/08 : 1/29/07
JOHN MASSEY, M.D.	6/15/09
EDWARD DAMORE, M.D.	5/29/09 : 4/24/09 : 3/31/09
THAO PHAM, D.O.	5/7/09 : 2/7/08 : 8/6/07
SANDRA REIDEL, M.D.	12/9/08 : 10/7/08
ALI SOOZANI, M.D.	8/25/08
KATHERINE GRAY, M.D.	1/9/08
DARRIN WHITE, D.P.T.	10/26/07

<b>MEDICAL REPORT FROM BOARD'S DIRECTOR</b>	<b>DATED</b>
RAJIV DAS, M.D.	10/6/2010

### **2. Disability Retirement for Re-Hearing: None**

### **3. Change in Status**

**Ronald Ippolito**, Equipment Operator, Parks, Recreation and Neighborhood Services. Request for a change in status to a SCD retirement effective March 20, 2010; 20.58 years of service.

**Deferred to December 8, 2010 Board Meeting at Mr. Ippolito's request. Approved. (M.S.C. - Constant/Overton, 5-0-1).**

**CONSENT CALENDAR (Items 4 through 13) Approved (M.S.C - Constant/Overton, 5-0-1).**

### **4. Request for approval of NonService-Connected Disability Retirements - None**

**5. Request for approval of Service Retirements**

- a. **Ronald Cabral**, Building Inspector/Combo, Planning, Building & Code Enforcement, effective January 22, 2011; 25.16 years of service.
- b. **Anne Katashima**, Administrative Assistant, Police Department, effective November 27, 2010; 29.77 years of service.
- c. **Steven L. Rodriguez**, Senior Facility Repair Worker, General Services Department, effective January 22, 2010; 30.04 years of service.

**6. Deferred Vested**

- a. **Victor De La Cerda**, Maintenance Worker II, Department of Transportation, effective November 10, 2010; 26.63 years of service.
- b. **Jose M. Mendoza**, Custodian, Airport Department, effective October 4, 2010; 13.54 years of service.
- c. **Michael M. Salehi**, Associate Civil Engineer, Public Works Department, effective October 6, 2010; 5.69 years of service.
- d. **Lucio T. Torres**, Custodian, Airport Department, effective December 1, 2010; 12.98 years of service.

**7. Board Minutes**

- a. Approval of Minutes of October 14, 2010.
- b. Disability Study Session of October 4, 2010.
- c. Tax Qualification Review – Joint Special Meeting held on October 20, 2010.

**8. Return of Contributions**

- a. Voluntary
- b. Involuntary

**9. Investment Summary Report**

Report on Investments as of September 30, 2010.

**10. Approval of Monthly Expenditures**

Report of Federated Retirement Plan expenses for September 2010.

**11. Investments**

Adoption of Resolution Number 6701 acknowledging receipt of report on investments for the period September 1, 2010 through September 30, 2010.



**12. Communication/Information**

Benefits Review Forum Report for October 2010.

**13. Approval of Travel Conference Attendance - None**

**14. DEATH NOTIFICATIONS: Note and File - (A Moment of Silence was held).**

- a. **Frank T. Hernandez**, Retired Maintenance Worker II, retired 10/4/87, died 10/21/10. No survivorship benefits.
- b. **Carolyn F. Page**, Retired Secretary, retired 11/07/92, died 9/29/10. No survivorship benefits.
- c. **Henry J. Reynolds**, Retired Senior Custodian, retired 7/3/93, died 10/2/10. No survivorship benefits.
- d. **Cherie L. Skipworth**, Retired Senior Office Specialist, retired 1/10/09, died 10/25/10. Survivorship benefits to Marvin Skipworth, spouse.
- e. **Roy L. West**, Retired General Parks Supervisor, retired 8/2/75, died 10/8/10. Survivorship benefits to Ernestine West, spouse.

**OLD BUSINESS/DEFERRED-CONTINUED ITEMS**

- 15.** Consideration and action on the application for a re-hearing of **Shirleen Lilly**, Staff Technician, Environmental Services. (Service-Connected Disability request; 12.13 years of service). Deferred from October 14, 2010 meeting. **Denied. (M.S.N.C. - Overton/Constant, 5-0-1).**

A rehearing was denied because the applicant did not establish grounds for rehearing.

- 16.** Discussion and action regarding Lowest Cost Plan (LCP):

- a. Memos from Conflicts Counsel Russell Richeda.
- b. Memos from City Attorney's Office.
- c. Memo from Office of Employee Relations.
- d. Minutes from relevant Board meetings.

**Chair Loesch** gave an historical overview of the LCP. The City Council designated the \$25.00 co-pay plan the LCP for retirees in 2011. Retirees may upgrade their plans to a \$10.00 co-pay plan by paying the difference in the premiums. He noted that there were only 10% of people on the \$25.00 co-pay plan. Since 2007, there are differing opinions between the Board, City Council, and the retirees regarding which is the LCP and who is responsible for choosing the LCP. Retirees Bob Leininger and Tony Cokely appeared on behalf of the retirees.

**Mr. Cokely** stated that he was on the Federated Retirement Board for 16 years from 1983 to 1999, during which time this benefit was put in place. Employees gave up salary increases plus 1% contribution for this benefit.

**Trustee Andrews** stated that after reviewing the documents and the history of the issue, he perceives that the Board has the legal responsibility regarding the LCP.

**Trustee Perkins** stated that the LCP had come up in the past and one of the issues that were never resolved included whether the Board of Trustees for the Plan or the City Council were responsible for deciding which plan was the LCP.

**Trustee Overton** commented that in the past there were no choices beyond the insurance carrier. One plan was offered for Blue Shield and one plan was offered for Kaiser.

**Trustee Constant** stated that the Ordinance is clear, a retiree can receive the same plan as an employee that has the lowest cost.

**Ms. Dent** stated that the City contracts with the health insurance providers for a group of plans that employees are eligible to choose from; the lowest cost plan is the contracted plan that the City pays the least for.

**Mr. Gurza** stated that the current employees were contributing increasing amounts to fund retiree healthcare. Current retiree healthcare is only 11% funded. Employees pay 50% of the premiums.

Motion was made, without conceding who has the right and responsibility to make the decision on which is the Lowest Cost Plan, to recommend to the Council that it accepts the \$10.00 co-pay plan as the LCP for the next year and let the parties involved (Attorneys, OER, Retirees' Association, and Labor Groups) resolve the issue over the next year. **Failed. (M.S.N.C.-Overton/Perkins, 3-2-1).**

Motion was made to recognize the \$25.00 co-pay plan as LCP for Calendar year 2011 with the promise to resolve the issue over the next year. **Failed. (M.S.N.C. - Constant/Loesch, 3-2-1).**

The Board requested that Trustee Perkins change his vote with the assurance from Trustee Constant that the Council will address the issue this year. **Revote of motion to accept plan with the \$25.00 co-pay plan as the Lowest Cost Plan (LCP) for the next year. Request that City Council and Bargaining Units formally address LCP issue in 2011. Approved. (M.S.C. - Constant/Loesch, 4-1-1; Overton-opposed).**

**Trustee Constant** departed at 11:38 A.M.

17. Discussion and action regarding next step for Disability Determinations.

**Create an Ad-Hoc Committee to research issue and present recommendations in April 2011. Approved. (M.S.C. - Loesch/Andrews, 4-0-2).**

18. Discussion and action on response to Auditor's report "Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels – Alternatives for a Sustainable Future."



Mike Moehle reported that in June of 2009, the Board voted to change demographic assumptions, increased contributions, and become more risk adverse. They also changed the amortization period from 30 year open to 30 year closed.

The auditor made three recommendations:

- a. The San Jose Municipal Code be amended to require an actuarial audit of the actuarial valuations prepared by the Board's actuary every five years, if the actuary conducting the valuation has not changed in that time.

**Staff response:**

Since the Board hired Cheiron to replace GRS this year, there would be no need for an actuarial audit under this recommendation for five years. Cheiron will essentially be preparing an audit of GRS's work as part of their setup for the June 30, 2010 valuation.

- b. The Retirement Department staff should ensure that the City Council Members receive the Plan's annual CAFR and should prepare an annual supplemental report to the City Manager's Budget Office's Five-Year Report. The supplemental report would include updates on the financial condition of the Plan, including forecasts of pension costs, and sensitivity analysis showing best and worst case scenarios.

**Staff response:**

Staff notes that the Plan's CAFRs are already delivered to each City Council Member's office and that since the City Manager's Report is prepared assuming all actuarial assumptions are met during the five year period, the report does not provide any indication as to how the contribution rates could vary under alternative economic scenarios. Retirement Department staff is involved in the preparation of the City Manager's Budget Office's Five-Year Report. Information provided through the City Manager's report can be expanded to include additional sensitivity analysis.

- c. The Retirement Department staff prepare an annual summary report containing current and historical financial and actuarial information, to be distributed to all plan members and posted on the DRS website.

**Staff response:**

The information requested is provided in the Plan's annual CAFR, which is typically available in hardcopy and on the Plan's website by each January for the prior fiscal year. Staff will research other ways of providing additional access and information to plan participants and other stakeholders.

**Motion to forward audit report and staff comments to City Council and City Auditor Approved. (M.S.C. - Overton/Perkins, 4-0-2).**

## **NEW BUSINESS**

19. Discussion and action regarding the draft Federated City Employees' Retirement System's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. **Accept CAFR (M.S.C. - Perkins/Andrews, 4-0-2).**
20. Discussion and action regarding Cheiron's economic assumptions for the valuation for the period ending June 30, 2010.
  - a. Summary of Cheiron's June 30, 2010 Valuation.

**Mr. Kalwarski** discussed the June 30th, 2010 valuation results.

**Mr. Hallmark** presented a summary of the GRS methods and assumptions. He mentioned that there are some areas where Cheiron would have differed from the GRS valuation techniques and they will present them to the Board in 2011.

**Mr. Kalwarski** explained that the valuation results and projections are presented as four Options. i) Gradually lower the discount rate from 2010 valuation, to get to 7.75% by June 30, 2013 valuation. ii) Speed up the phase-in and reach 7.75% by the next valuation (2011), iii) Forget the phase-in and go directly to 7.75% (2010), iv) Move directly to 7.5% (2010). **Mr. Kalwarski** recommended that the employer ARC be the greater of two dollar amounts: 1) the dollar amount for contributions reported in the valuation, or 2) the dollar amount determined by applying the employer contribution rate times the emerging payroll in the fiscal year.

**Secretary Crosby** noted that the Board needs to change its conversation with the City and talk about a dollar amount that is due. The focus until this point in time has been a contribution rate as a percent of salary. When an employer starts to decrease the population on a regular basis, which is happening now, or reduce salaries, which is also happening now, then the Trust Fund has a problem collecting contributions as a percentage of salary. The annual required dollar contribution is not made, even though the required percentage of salary is paid, and it creates an unfunded liability at the end of the year. He also advised that this year is likely to have a high liability at year-end because the contribution rate was set prior to the beginning of the year. The population and the salaries both declined during the course of the year.

**Chair Loesch** moved to approve the new methodology for setting the Employer's ARC as the greater of two dollar amounts: i) the contribution amount reported in the valuation; or, ii) the employer contribution rate times the emerging payroll for the fiscal year.

**Mr. Richeda** asked whether the City has been presented with this and would they want to comment on this.

**Mr. Gurza** noted that he reviewed the report and understands the issue may create uncertainty knowing what the number is going to be and noted that the City's overall responsibility is to pay the correct amount into the system.



Approve the methodology for setting the employer ARC, as the greater of two dollar amounts:  
(i) the contribution amount reported in the valuation; and,  
(ii) the employer contribution rate times the emerging payroll for the fiscal year.  
Approved. (M.S.C. - Loesch/Perkins, 5-0-1).

- b. Staff memo regarding economic assumptions for June 30, 2010 Valuation.

**Mr. Kalwarski** discussed the possibility of not phasing in the new rate but moving directly to it.

**Trustee Constant** stated that he did not know we were phasing in the contribution rate, which is a significant difference, especially from an accounting standpoint. He asked the actuary for his opinion on the discount rate.

**Mr. Kalwarski** replied that he believes discount rates need to decline significantly below the expected earnings rate. He noted that the 7.75% is a first step but that they are clearly looking to go beyond that.

**Trustee Constant** stated that we should be at 7.5% not 7.75% and made a motion to adopt Option 4. Failed for lack of a second to the motion.

**Trustee Andrews** commented that he was firm in his resolve that we need to move to 7.75% and based on how our actuaries present the information he may or may not be inclined to move further. He made a motion to adopt Option 3, which is to move to 7.75% immediately, with no phase in.

There was discussion of the expected return using the new asset allocation and the fact that the gap between the assumed return and the expected return has decreased from 1.75% to 1.00%. Further discussion revolved around the impact to the City regarding Option 3.

Failed. (M.S.N.C. – Andrews/Constant, 2-3-1; Loesch, Perkins, Overton against).

**Trustee Perkins** made a motion to adopt Option 1, which is to continue with the current phase in. Failed. (M.S.NC. – Perkins/Overton, 2-3-1, Loesch, Constant, Andrews against).

Discussion followed about Option 1 being different than the current method, since Option 1 phases in the discount rate as opposed to the current method which phases in the contribution rate and develops a Net Pension Obligation (NPO) for the City's financial statements.



**Mr. Gurza** commented that from the City's perspective, the discount rate needs to be lower. It is very difficult to say the City wants to pay a bigger bill, but it does want to pay the correct amount in order to ensure liabilities do not increase moving forward.

Use two year phase in option 2: 7.95% for June 30, 2010, and 7.75% for June 30, 2011. Approved. (M.S.C. - Loesch/Constant, 5-0-1).

Constant asked that since there is going to be a phase-in, confirmation is needed to ensure that the discount rate, not the contribution rate, is the basis of the phase-in. Phase in discount rate not contribution rate. Approved. (M.S.C. - Constant/Andrews, 5-0-1).

21. Discussion and action regarding Cheiron's non-economic assumptions for the valuation for the period ending June 30, 2010.

**Trustee Constant** made a motion to continue the GRS noneconomic assumptions for one year. Approved. (M.S.C. - Loesch/Perkins, 5-0-1).

22. Discussion and action regarding Internal Revenue Code Tax Compliance Review by Ice Miller for the Federated City Employees' Retirement System.

- a. Review and recommendation to City Council on ordinance amending Chapter 3.28 of Title 3 of the San Jose Municipal Code to incorporate provisions related to the primary purpose of the Federated City Employees' Retirement System, use of retirement plan assets, prohibited retirement plan transactions, pension benefit vesting, pension benefit and contribution limits, required benefit payments, permissive purchases of service credit, rollover of employee contributions into other tax qualified plans and accounts, permissive retirement plan investment vehicles, qualified domestic relations orders and contributions, benefits, service credit for qualified military service, date of establishment of medical benefits account, and to make other technical amendments related to Internal Revenue Code provisions for qualified governmental retirement plans; and,
- b. Adoption of a resolution authorizing submission of the following applications to the Internal Revenue Service, upon Council approval of an ordinance containing the required Plan tax compliance language:
  - i. Application for a tax determination letter, with a payment by the Plan of the \$1,000 determination letter filing fee.
  - ii. Application to the Voluntary Compliance Program (VCP) for correction of failures to adopt timely amendments to the Retirement Plan as required under federal tax law and to define the establishment date of the Plan's IRC 401(h) account, with a payment by the Plan of the \$20,000 VCP fee.

Defer to December 9, 2010 meeting. Approved. (M.S.C. - Loesch/Andrews, 4-0-2).

23. Discussion and possible action regarding Supplemental Retirement Benefit Reserve (SRBR):

- a. Discussion and possible action on SRBR calculations from the Cheiron Company.  
The Board reviewed the report from Cheiron Report dated November 2, 2010 regarding the Supplemental Retiree Benefit Reserve as of June 30, 2010.  
**Add clarifying statement that Cheiron's maximum distribution rate is the actual maximum SRBR amount available for distribution. Approved. (M.S.C. - Overton/Andrews, 4-0-2).**
- b. Adoption of Resolution No. 6702 declaring excess earnings as of June 30, 2010 for the purpose of transfer to Supplemental Retiree Benefit Reserve.  
**Change line 7 to read "Maximum SRBR amount to be distributed..." Approved. (M.S.C. - Overton/Andrews, 4-0-2).**
- c. Discussion and possible action on City Council action regarding SRBR payments.

The Board reviewed memos from Alex Gurza to Russell Crosby dated October 29, 2010 regarding the suspension of SRBR payments and from City Attorney Richard Doyle to the Mayor and City Council dated November 5, 2010 regarding a proposed ordinance and resolution related to the suspension of SRBR distribution.

**Trustee Andrews** clarified with legal counsel that the legal obligation of the Board is not affected by the City Council's action. Mollie Dent from the City Attorney's Office confirmed that the transfer of excess earnings into the SRBR is not affected.

**Trustee Overton** made motion to recommend to Council not to suspend payments for this year but to add some means testing. Trustee Perkins seconded the motion.

**Trustee Perkins** expressed that it would be hard to take the distribution off the table when it was a long and painful process to put the distribution methodology into place. He also questioned the Board's authority as the distribution methodology is approved by Council as recommended by the Board. He said the only recommendations that should be given to Council is to make the full distribution or not to make any distribution at all until financial situation has improved.

**Bob Leininger** from the Retirees' Association requested that the Board recommend to Council to make a distribution.

**Chair Loesch** stated for the record, he is against SRBR; however he believes that a deal was made and questions how the Council has the right to control a small portion of the fund.

**Failed. (M.S.N.C. – Loesch/Overton, 3-1-2; Perkins against; Kalra and Constant absent).**

**Trustee Perkins** made a motion to recommend to Council the full SRBR distribution be made as done in the past. Motion failed due to lack of second.



Mr. Gurza, Director of Employee Relations, said that the Council requested that the distribution not be made until June 30, 2011 and to have everyone look at optional distribution methods.

Chair Loesch advised that he did not want this issue thrown into a committee that is dealing with a lot of pension reform issues. He made a motion to recommend that Council reconsider the 2011 distribution; do the distribution calculation as it was done in the past but only distribute to bottom 25% on a normal basis.

Recommendation to City Council to calculate SRBR as in the past and distribute to bottom 25% on a normal basis. Approved. (M.S.C - Loesch/Overton, 4-0-2).

24. Approval for the Secretary to negotiate and execute an agreement with L.R. Wechsler, Ltd. for Consulting Services for Procurement of a Pension Administration System Phases I-IV as outlined in the Request for Proposal dated June 30, 2010 for an amount not to exceed \$400,000.00 (cost split 50/50 with San Jose Police and Fire Department Retirement Plan). Approved. (M.S.C. - Overton/Andrews, 4-0-2).

#### STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

25. Committee for Investments (Perkins/Loesch/Andrews-alternate/Vacant) – Next meeting December 15, 2010
- a. Presentation of the Performance Monitoring Report for the quarter ending September 30, 2010 by Meketa Investment Group.  
Laura Wirick from Meketa gave an overview of the 3<sup>rd</sup> Quarter performance report.
  - b. Approval of actions taken at the November 8, 2010:
    - i. Approval of the conversion of the ownership of the Milpitas Warehouse to a title holding company;  
Approved. (M.S.C. – Andrews/Overton, 4-0-2).
    - ii. Approval for the Secretary to negotiate and execute an agreement with American Realty Advisors as the System's Real Estate Advisor.  
Approved. (M.S.C. – Andrews/Overton, 4-0-2).
26. Policy Committee (Vacant/Overton/Constant – alternate/Loesch) - None

#### EDUCATION AND TRAINING

27. Notification of CalAPRS' Trustees Round Table: Note and File
- a. Trustees' Round Table, Double Tree Hotel, 2050 Gateway Place, San Jose, CA – January 28, 2011.
  - b. General Assembly, Monterey, CA – March 3, 2011 thru March 8, 2011.

**Notification of IFEBP Training:** Note and File

- a. 56<sup>th</sup> U.S. Annual Employees Benefits Conference, Honolulu, HI – Sunday, November 14, 2010 thru Wednesday, November 17, 2010.
- b. Investments Institute, Las Vegas, NV – Monday, April 11, 2011 thru April 13, 2011.
- c. Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.
- d. Trustees and Administrators Institutes – New Trustees, Hilton, San Francisco, CA – Monday, June 13, 2011 thru June 15, 2011.
- e. Certificate of Achievement in Public Plan Policy (CAPPP) – Employee Pensions – Part 1, Hilton San Francisco, CA - Monday, June 13-14, 2011.
- f. CAPPP – Employee Health – Part 1, Hilton San Francisco, CA – Monday, June 13-14, 2011.
- g. CAPPP – Employee Pensions – Part II, Hilton San Francisco, CA – Wednesday, June 15-16, 2011.
- h. CAPPP – Employee Health – Part II, Hilton San Francisco, CA - Wednesday, June 15-16, 2011.

**28. Board Members State Mandated Training**

AB 1234 State Mandated Ethics Training; San Jose City Hall – December 9, 2010, Wing 119-120, 6:00 p.m. to 8:30 p.m.

This training is required every two years for Board Trustees. Staff will check with the City Clerk's office and email Trustees who are due to take the training.

**FUTURE AGENDA ITEMS**

**PUBLIC/RETIREE COMMENTS** – Comments from the Public

**ADJOURNMENT:** 12:43 P.M.



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

**ATTEST:**



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