

City of San Diego Retired Employees Association
ADVOCACY COMMITTEE FEBRUARY 7, 2006
10:00a.m. to 12:00p.m. at Mission Valley Library
Reported by Patricia Karnes

Present: Chair- Ty Rogers, Past-chair -Virginia Silverman, Lynn Swanson, John Swanson, John Casey, Jean Hughes and Patricia Karnes (taking notes).

Ty Rogers built on the work of former chairs, Virginia Silverman, Joe Flynn, and Adam Saling. He started the meeting off with an action plan/agenda: Meeting with the council members and Mayor, Covering the courts, Issue papers, Covering the retirement board, and Covering the City Council meetings.

MEETING WITH COUNCIL MEMBERS AND MAYOR

(Note: Nancy Acevedo is in the process of setting up an appointment with the Mayor or staff to get acquainted and meet with the new Retirement Task Force contact.) Lynn Swanson and Ty Rogers are also interested in meeting with the Mayor and Council.

John Casey would like to go political and work for council elections, as the MEA does. Lynn would like to speak at Council and support Donna Frye's efforts.

COVERING COURT CASES

Ty, Lynn and Virginia plan to attend February 15th court case on the consolidation of 1) SDCERS v. City Attorney and Cross Complaint (by the City Attorney) and 2) SDCERS v. City of San Diego (seeking declaratory relief). The shared issue, of the cases, is to have the court determine the legality of pension benefits. Judge Barton, Dept 69, 9:00a.m. "heavy Motion", 1:30p.m. "Light Motion" and Case Management Conference.

Discussion regarding taking one car to save on parking. Committee passed 10-0, a motion to request the Board reimburse those attending, perhaps limiting the number of those being reimbursed, on a trial basis, not to exceed \$10 toward lunch and \$10 toward parking. (Note: There is one free parking validation per day, per retiree for SDCERS meeting.)

It is a challenge to keep up to date on court hearings. At the last SDCERS meeting, Joe Flynn said he has asked Roxanne Parks to continue to update our organization regarding changes in the legal calendar. Virginia updates the calendar on our web site. Virginia will add court case numbers, making it easier for members to call clerks at the courthouse for updates. Always verify the schedule before going to hearings and remember the time is never certain on hearings.

ISSUE PAPERS (13th check, Corbett Settlement, DROP)

Copies of completed papers are needed. Jean Hughes is completing the DROP paper.

There is a need for a Healthcare paper. Discussion regarding link of current MEA healthcare negotiations and impact on retirees. A need was seen to have

retiree representation. Joe Flynn may already have this information for a paper and retiree representation news.

RETIREMENT BOARD COVERAGE

SDCERS Board meets the 3rd Friday of the month. Patricia usually attends both sessions. Non-agenda comments is the first item of business for both sessions. Nancy Acevedo and Lynn made comments in January.

Finance and Investment (Custodial bank selection, financial independence from City, level of risk, etc.) from 8:30a.m. to 12:30p.m.

Operations (new business, disability committee report, legal services status report, etc.) from 1:30p.m. to approximately 5:00p.m.

(NOTE: MEETINGS WILL BE REVERSED IN FEBRUARY.)

SDCERS Board's agenda is posted approximately a week before their meetings, usually after CSDREA's Board meets for the month. Individuals can not depend on CSDREA having time to be up to date on the opinions from our diverse membership. Ultimately, former SDCERS Board member John Casey said, our retiree representative (in the past, present, or future) must vote in accordance with fiduciary responsibilities for SDCERS and not by CSDREA votes on an issue. Our representative receives much information from experiences on the Board, specialized training in fiduciary duties, Closed Session legal advice, etc. that is much broader than we receive as individuals. Finally our representative bears the responsibility for votes taken.

Indemnification: Several of those present were confused on the Board's indemnification vote. A few thought there was a case against Grissom, but were perplexed by the thin case against Chapin. Casey believed that Navigant, the indemnification guide sheet prepared by SDCERS' outside counsel, and other reports were opinions and not legal decisions. He said he was currently indemnified by SDCERS.

General agreement that if those indemnified were guilty, it would be too late to collect reimbursement from them. Question for Flynn: Is SDCERS asking the City for reimbursement of SDCERS' indemnification?

Patricia noted that President Preovolos kept open a re-vote on this issue, Thomson and Kipperman have not voted yet. (Note: Preovolos announced the re-vote is scheduled for March's SDCERS Board Meeting.)

CITY COUNCIL MEETING: Funding ratio news:

These are Patricia's notes of the February 6th Council session, when the Council voted on a concept to be presented in late March or early April. June would be the final opportunity to approve this. Currently the City won't be ready by June to go out for bonds, sell land, use cable franchise fees, or use ground leases to leverage extra payments to SDCERS.

The Mayor's financial person, Mr. Goldstone, presented an alternate plan to use the 3% Employee Retirement Pick-up Savings(ERPUS), that Mayor Murphy had contracted from employees last year. It must be used, for a mechanism to leverage contributions to SDCERS, by June or it goes into a trust at SDCERS to

cover future employees' share of their contribution to SDCERS.

Under Sanders' plan, the employee savings would plug the hole created, when Tobacco funds would pull out of the General Fund. Tobacco funds would be used to repay borrowing of \$100 million to give to SDCERS. Repayment would be at 6.45% and SDCERS says they make 8%.

Donna Frye inquired if employee unions would continue paying the ERPUS until 2027, as the General Fund would be short without the tobacco funds. She also asked how much this would increase SDCERS' funded ratio.

Goldstone answered that the net impact on the funded ratio would show on SDCERS' June 30, 2006 Comprehensive Annual Financial Report. Aguirre advised the Counsel to hire their own actuary to determine their annual payment to SDCERS, and not be surprised when SDCERS' actuary presents a very different number, which may change the Council's view of the tobacco deal. An agenda-comment speaker told the Council not to think with their finger in the dike. Mark Sullivan, SDCERS Board member and police representative will be following ERPUS funds at February's SDCERS meeting.

FUTURE ADVOCACY MEETINGS

Mission Valley Library's conference room

10:00a.m. Tuesday March 7th Topic: "Editorial Writing"

1:00p.m. Monday April 10th

10:00a.m. Tuesday May 2nd

Revised: Feb. 13, 2006