

CSDREA Advocacy Committee Oct. 3, 2006

Mission Valley Library 10:00a.m. to 12:00a.m.

Present: Ty Rogers (Chair), Virginia Silverman, Patricia Karnes. John Casey was absent. There were no guests.

BENEFIT TRIAL

Virginia will cover the trial the first day and as often as she can, scheduled for Monday, Oct.25th, as Ty will be out of town.

An announcement needs to be made at the General Meeting to encourage people to attend the trial.

CITY CAFR

The pension's unfunded liability is \$1.78 billion for 2003.

Patricia asked if the unfunded liability will increase in the City's 2004, 2005, and 2006 CAFRs.

MCGUIGAN PROPOSED SETTLEMENT

Does this preclude employees/retirees from taking action against the City for loss of benefits? Is this a question for Mike Conger?

It appears that the AUE and MEA will be at the fairness hearing with concerns about the ability to file future lawsuits.

RETIREE CHECKS

At the September CSDREA General Session, Wescoe said 95% of checks are covered currently, if the City closed the pension fund. This was obscure to the Advocacy group.

(At the City Council session on Oct. 9th, Mike Aguirre said it is the current employees that are not funded.)

Patricia has some questions. What happens to the funded ratio if current employees resign and pull out their contributions from SDCERS? Is a statement of who is funded, or who is not funded, academic? Can retiree benefits be put above current employee benefits? Do current employees have no rights to retirement checks if the fund was closed?

(Virginia suggests that a truer statement would be that the oldest retirees are more likely to receive full retirement benefits until they die than the youngest City employees.)

HEDGEFUNDS

Pat Shea has said on voiceofsandiego.org in the "Café" section that SDCERS is in "Market Neutral" funds which are a fund that invests in hedge funds, so the City is indirectly in hedge funds.

Also, Peter Q. Davis, SDCERS Board member with banker experience said that State Street Bank's lending program could be lending to hedge funds and he wanted to follow this further and check on the parameters of their indemnification of SDCERS' investment.

GENERAL COUNSEL

Chris Waddell has been appointed by the SDCERS Board as their new General Counsel, Lori Chapin's previous position. SDCERS' Board voted to have him report directly to David Wescoe, Administrator.

(NOTE: Several weeks after this Advocacy Committee met, the SDCERS Board appointed their first Compliance Officer at their October Board meeting. It is Roxanne Story Parks. She was formerly assistant to Lori Chapin and interim General Counsel after Chapin left. The Compliance Officer will report directly to the Board.)

SDCERS FUND BALANCE

Patricia wonders if SDCERS current balance is keeping up with employee's accruing benefit levels after monthly retiree and DROP checks are sent out.

Investment increases and contributions to SDCERS may not be the whole picture.

Submitted P. Karnes 11/13/06