

CITY OF SAN DIEGO RETIRED EMPLOYEE ASSOCIATION
BOARD MEETING MINUTES APRIL 11, 2006

Meeting called to order by President Nancy Acevedo at 9:30am.

Present: Nancy Acevedo, Sylvia Tatum, Ruth Ann Hageman, Maggie Smith, Terry Flynn, Ty Rogers, Lynn Swanson, John Tsiknas, Virginia Silverman, Ross McCollum, Robert West, Joe Flynn, Patricia Karnes.

Not present: Jean Hughes.

Guests: Joanne Anderson (Library Supervisor retiree, she also attends SDCERS Board meetings), Bob Headland.

Minutes approved with the correction that the legal funds balance will appear on the April minutes.

COMMUNICATIONS: Nancy Acevedo

Archie McPhee Letter- Mr. McPhee requested that the Board respond to members' concerns and questions, such as what happened in the Orange County bankruptcy, with information in the association's newsletter. There was a mixed discussion of what was fact and what was opinion. Many Board members thought that no answer was re-assuring. Patricia pointed out that to some, the refusal to answer, would look as if we chose to be unaware. Action: Virginia will write a short paragraph on the bankruptcy issue for CSDREA's newsletter.

State of California Statement of Information (Domestic Nonprofit Corp.)
Nancy presented a copy of the annual filing.

TREASURER'S REPORT- Sylvia Tatum

Grand Total Reserve-Operating Balance on 3/1/06 \$15,988.51
Receipts for March \$2018.38
Expenditures for March \$3535.53 (includes transfers to legal fund)
Grand Total Reserves- Operating Balance 3/31/06 \$16,421.19
(Sylvia noted the Operating Fund Balance 1/1/06 was \$4,267.21)

Legal Fund: January dues deposited 2/1/06 \$1,067.00
February dues, deposited 3/2/06 \$860.00
February Dividend 1.04
Total Legal Funds \$1,928.04

ACTION ITEMS-

Advocacy Committee Expense Reimbursement Proposal-Ty Rogers
Joe Flynn will ask SDCERS about validation for parking when retirees attend court cases. Virginia moved for CSDREA to cover parking expenses if it was not more than \$10, if SDCERS is not willing to pay for parking. She explained that \$8 a day accumulates for members representing retirees interest in following court cases. Passed unanimously.

INFORMATION- DISCUSSION ITEMS

PR Brochure- Ross McCollum

The Board appreciated Ross' sample. It will be used to recruit members. They especially liked the brochure's motto of "Strength of the past, Voice of the Future". Lynn volunteered to use three-fold software to type his final wording.

Joint CSDREA Meeting with Firefighter and Police retiree org.-Joe Flynn

Lynn will be the liaison to work with the retiree organizations for the Police and Firefighters. The target date is July 11, 2006, when we have an author as speaker, James Slevers, "An American in Love With His Country". Joe will introduce the speaker. (Who is going to confirm with the speaker and hold a parking space for our speaker on a busy Zoo day?)

Corbett Paper- Virginia Silverman

Board unanimously passed accepting the draft report on Corbett and putting the final draft on the agenda for May, per Ross' motion. It includes the "SDCERS Bulletin, May 19, 2000". It also notes the amount paid is different for safety. Issues listed: Contingent Funding, Annual Actuarial Valuation, Waterfall. Nancy added that if members die before payment, their estates will receive past benefits.

A letter will be run through SDCERS before finalizing.

Drop Paper- Ross McCollum (Jean Hughes at jury duty.)

Ross requested this be put on the May agenda.

Letterhead Revision- Nancy Acevedo

Officers will be listed on the side. The association's address will be at the bottom. Suggestions were made to add our web site address, email, credit John Tsiknas' work and add the motto "Strength of the Past, Voice of the Future".

RETIREE ISSUES TASK FORCE- Joe Flynn

There is no Mayor representative yet, but the Mayor has appointed Peter Q. Davis (who is active in banking) and V. Wayne Kennedy (handled pensions at UCSD and operating/capital budget over \$1billion). Board noted there are still no women.

SDCERS' new actuary, Cheiron, did their presentation a month early, as a result there were few details. Their full presentation will be made in May.

Joe Flynn has been busy selecting a new custodial bank for SDCERS.

On the healthcare front, Joe said Pacific Healthcare has united with United Healthcare and this would assist retirees in other states. Usage of the Care Council is up. Care Council helps members deal with questions and problems in their healthcare services.

Any problems with the SDCERS web site? Let Joe know.

Terry Flynn asked Joe if the SDCERS Board was going to make a comment on the Mayor's idea to pay, not Cheiron's figure of \$162 million for the 2007 Annual Required Contribution, but \$80million-plus to cover the "normal" costs (retiree credits that the active employees are accumulating this next fiscal year). Apparently, the Mayor plans on borrowing to pay another part.

Joe responded that maybe this was still a preliminary idea, but he expects the SDCERS Board to monitor this closely. He noted that the Board is picking up many of the Pension Reform Committee's ideas, giving them a new name and moving forward. Terry was concerned that the \$80 million sounded like MPIII. Board members were encouraged to attend the evening April 26th City Council's community budget presentation at North Park's new theater.

Ross recommended following the development of the Mayor's plan, learning the implications, and studying it more. He found it the right direction to reduce the UAAL.

NAVIGANT COMMITTEE REPORT-Virginia Silverman/Patricia Karnes

Virginia commented on the March 8th session:

(1) "Contingency Planning in the event of City Bankruptcy"

- SDCERS' trust funds are separate from City funds.
- Procedures are being put into place to ensure there is no disruption in issuing retiree benefit checks.
- Lack of cash flow triggers government bankruptcy, not their debts. The governing body would

remain in control of the city, not a judge, if bankruptcy were to occur. Mr. Goldstone, Mayor Sanders' CFO, said there were no plans to go bankrupt.

(2)"Restoring Funding Level and Actuarial Soundness"

Presentation on the Gleason and Corbett Settlements. Attended by Attorney Michael Conger and others. SDCERS' Board President Preovolos says that Prop G's 15 year amortization approved by voters, after recommendation by the Pension Reform Committee, was found invalid by the State Court.

Future plans were discussed for individual retiree presentations at the Navigant Report Committee's session on May 10th at 1:00pm (call and confirm date and time). Topics include: "Governance and Education" and "Retiree Health Insurance".
(The City now pays retiree health insurance directly, not SDCERS. It appears that the City should also be reimbursing SDCERS for the administration of health insurance, per recent IRS guidelines.):

Focus will be on:

- Identify current administration costs.
- Project future Retiree Health Insurance costs.
- Identify best practices for managing administration of retiree health insurance program for the City.

Our association's Board thought that this would be a good meeting for individual retirees to make comments, especially pre-1980's retirees, as well as, those retirees who use the Care Council to deal with health provider service problems.

Related information: (SDCERS is considering phasing out the Health Care Advisory Committee with the comment: "This committee to be discontinued. If there are issues related to the retiree health care benefits, interested parties should approach the City of San Diego to develop an advisory committee to the City Council regarding this topic. SDCERS' administrative issues concerning Retiree Health Care will be addressed in the Business and Governance Committee." Letter from SDCERS Board President Peter Preovolos to the Ad-Hoc Navigant Report Committee, dated April 19, 2006.

Note that the Business and Governance Committee will meet on the Thursday morning, before the regularly scheduled SDCERS Board meeting on the 3rd Friday of the month. Parking validated. Letters can be sent to:

SDCERS, 401 B Street, Suite 400, San Diego, CA 92101-4298.

Mark Sullivan, Police representative, is the Chair of this committee.

Fax (619-595-0513 Call: 619-525-3600 or 800-774-4977

Web site www.SDCERS.org)

COMMITTEE REPORTS

Newsletter Editor- Lynn Swanson

Decision was made to put a map to the site of our association's May 9th meeting in the newsletter, as well as, creating a link to a map on-line.

Meeting Adjourned at 10:50am.

Submitted by Patricia Karnes