

CITY OF SAN DIEGO RETIRED EMPLOYEES ASSOCIATION
4185 Galt Street, San Diego, CA 92117-1126
GENERAL MEMBERS MEETING MINUTES March 14, 2006

President Nancy Acevedo called the meeting to order. Special note: It was the 75th birthday of John Lockwood, former City Manager, and there were approximately 75 people were in attendance.

MINUTES

Minutes of February 14, 2006 were approved as submitted.

TREASURER'S REPORT

Sylvia Tatum reported:

Grand Total Reserve-Operating Balance on 2/1/06	\$15,249.08
Receipts for February	\$2,118.68
Expenditures for February	\$1,396.80
Grand Total Reserve-Operating Balance 2/28/06	\$15,988.51

Legal Fund Total:

THREE NEW SDCERS BOARD MEMBERS

Joe Flynn, our retiree representative on the SDCERS Board, announced that Franklin Lamberth is the newly elected General Board Representative to SDCERS. Also, the City Council is in the process of approving two citizens that Mayor Sanders selected for the Board: Peter Q. Davis and V. Wayne Kennedy (former vice chancellor for UCSD's administration, who handled a \$9 million budget).

SDCERS' NAVIGANT REPORT COMMITTEE -Joe Flynn reporting.

March topic: SDCERS Contingency planning in event of bankruptcy.

(Next meeting: April 19, 1p.m. at SDCERS, validated parking for members.

Topics will include- Reducing the UAAL, EAN, amortization periods, eliminate the waterfall, reserve accounts. Governance and education.)

Joe Flynn reported that Virginia Silverman is our "stakeholder", representing City retirees at this committee, which is reviewing recommendations from the "illegal acts" investigation by Navigant Consulting, Inc. (Patricia Karnes is her alternate.)

The March topic focused on what would be the responsibilities of the SDCERS Board if there were a City bankruptcy. Joe pointed out that the cities don't go into bankruptcy just to get rid of labor contracts, as it would cost \$100 million, at least, in legal bills to go through bankruptcy. (We learned that the lack of cash flow triggers government bankruptcy, not their debts. SDCERS accounts are separate from the City. 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.)

ADVOCACY COMMITTEE

Ty Rogers reported that the committee is monitoring SDCERS meetings, and attending court hearings, so they know retirees' eyes are upon them.

CSDREA AUDIT COMMITTEE REQUESTS VOLUNTEERS

This ad-hoc committee, of three retirees, is looking for additional volunteers to establish ground rules of legal funds and verify that the funds are used as they are intended to be used. Contact Nancy Acevedo.

***NEW MEETING SITE FOR MAY 9, 2006:

MISSION TRAILS PARK GOLF CLUB

CSDREA is looking for a location that is large enough for meetings and lunch. Our May meeting will be held at MISSION TRAILS PARK GOLF CLUB on a trial basis. Lunch will be served.

SDCERS FUND BALANCE as of March 13, 2006 increased \$49 million from last month.

PROGRAM: Doug McCalla, Chief Investment Officer at SDCERS

Doug said that 70% to 80% of every dollar you receive comes from earnings. He asked if the SDCERS Board is going to push down the volatility accelerator, increasing risk to investments. He pointed out that the City has taxing authority. Active money managers monitor SDCERS' dollar allocation plan, buying when an asset category plunges and selling when it is high. As a result Doug has national recognition.

Submitted by Patricia Karnes