

CITY OF SAN DIEGO RETIRED EMPLOYEES ASSOCIATION

GENERAL MEETING

Terry Flynn opened the General Meeting at 11:00 a.m. No new members admitted to being present. Shorty Beights just turned 90. Aug. 6 Robert Murphy; Anna Montaine, Aug. 2. Going to have 48th wedding anniversary: Bob Korch. Ty Rogers 39th. Gloria and Joe Flynn also 39th. John Mattis moved to Texas. He is 91. Marie ???

Bob West spoke about a supplement to Medicare. He is investigating why prior authorization is being required. Netflix with Healthnet: prior authorization required for not using doctor from Medicare.

Reminder: Retirees still have services available through the Employee Assistance Program. Continuing education option. SDSU: institute bona fide college courses designed for retirees. Will be having an open house this month.

Joe Flynn sat in on a meeting with SDCERS regarding the people who do not have health care benefit, but instead have a \$1200 benefit. IRS will not allow exchange to occur: will still have to have bills for reimbursement.

SDCERS is going to have a General Membership meeting at the Balboa Park Club Sept. 9 CERS will go through entire program. David Wescoe and other senior staff will be there. This presentation will be a substitution for the September program. SDREA may have its own \$10 luncheon served to its members after the meeting at that site.

Introduced Cynthia Queen who is here from SDCERS. New member services director: taking over from Rebecca Wilson, who has been promoted. New portal at www.sdcers.org. Can go in and register and get personal info. 1250 have already registered.

Joe is representing, in Nancy's place, some of the issues.

Annual staff meeting of SDCERS: award presented to Patricia Karnes.

Second reading: Council adopted the A version.

Joe Flynn: introduction of guest speaker: Mark Hovey, Chief Financial Officer. CPA and many years of experience.

Speaker

Mark Hovey, Chief Financial Officer for SDCERS, gave an interesting presentation, summarized as follows:

What the role of the CFO is. Actuarial affairs. Budgetary Process.

Role created by David Wescoe.

Current in financial reporting since 2003.

Doug McCalla is Chief Investment Officer.

Financial Applications Project. Implement SAP: costing City around \$20m. Microsoft "Dynamic" \$200,000. Own General ledger, cutting our own checks. Added one additional staff person. EXCEL: user-friendly system.

Actuarial reports: high profile numbers. Cheiron: actuary: Last major piece: assumptions on demographics: e.g. how often and how early are people retiring, leaving. Also death stats. Goal: 8%. Last big piece for Cheiron to insure that plan is managed well.

Funded status: last year 80%. Update on that.

Budget process: independent of the City process. Total overhead \$42 m. \$250,000 less in administrative costs. ITT technology. Admin. Overhead 38%. Allocating more of the investments into a real estate category. Spreading risk, more diversified.

Waterfall: Supplemental COLA: in version A of the ordinance. \$13 m. reserve. Would last until around 2013.

Website: Invited Macafee to do a security study. System tight, secure. Got an A minus grade.

Disaster preparedness. What would happen if there were a business interruption. Did a study: short term: power outage. Arrangement w/ SDMCU: rerun last month's payroll. Long term disruption: LRS vendor: allow SDCERS to operate remotely.

Questions:

Terry Flynn: how does money come to CERS. City remits ARC \$160 m. on July 1 or 2. Doug McCalla divies up money and it is invested.

Only actives were affected by delay in payments.

Bill Schempers: Can handle the incoming calls? Number of employees bank with SDMCU.

Sta Heshimu: How often do people retire or leave the system. Actuarial assumptions. 10 year vesting requirement.

Assume a higher turnover rate will result in lower costs.

Virginia S.: new pension system: details yet to be worked out. New tier of workers: given a new set of benefits.

Money is pooled for investment purposes. But there is different accounting. \$41.8 million does not include payout to retirees.

At Sept. 9 meeting will there be an indication of 13th check and Corbett. Will not know until November.

Given turnover vis a vis new hires. People quitting plan: will improve funding status. People retiring earlier: that will cost more.

\$4.79 million July 31st funding status.

Joe Flynn: presentation to speaker of cup and pen.

Drawing won by Bill Schempers.

Meeting Adjourned 11:54 a.m.

Ruth Ann Hageman, Secretary