

CITY OF SAN DIEGO RETIRED EMPLOYEES ASSOCIATION  
GENERAL MEETING MINUTES  
Meeting of March 9, 2010  
Recital Hall, Balboa Park

**President Jim Baross** called the meeting to order.

Announcements were made by various people:

--**Advocacy Vice President Patti Karnes** spoke about the City Council meeting that she had observed on March 10. Patti had attended the March 8th Council session in which the City Attorney challenged SDCERS General Counsel Elaine Reagan on SDCERS right to their opinion of what the Charter and Ordinances meant, resurrecting Aguirre's position against SDCERS' independent legal authority. Patti continued, reporting that the City Attorney said, in essence, that the City may have to litigate if SDCERS does not agree with the City's interpretation of its Charter and various pension ordinances. The discussion related to whether or not market losses by SDCERS were part of the UAL (and thus responsibility of the City) or whether market losses were a part of system costs not vested and thus subject to 'substantially equal' sharing with the City employees.

--**Director Dick Wilken** mentioned that the City of Vallejo is undergoing bankruptcy and REA board members will be watching that case carefully. He also talked about the statements the City Attorney's office had made that it is not SDCERS's responsibility to interpret the Charter. There was a recommendation that some SDCERS losses in the stock market be passed on to employees. There is anger in the community toward public sector salaries and retirement benefits that we should recognize.

--**President Jim Baross** reminded the audience that this organization must be out in front. We must stay informed and stay involved.

--**Elected Representative to the Retirement Board Dave Hall** said that members should pay attention to the next SDCERS meeting. A lot of people, he said, are advocating on behalf of retirees. An advocate to work with employees who are about to retire is needed. As a fiduciary, I have to make sure that you retirees have benefits that are going to last a long, long time. We need to pay attention to the position that our City Attorney is taking. Compliments to Patti Karnes: what she and others are doing in observing the City Council is very important.

--**Membership Chair Sylvia Tatum** announced that the service for Bob Snowden will be Thursday, March 11 at 11:00 a.m. at St. Stephens Church, 5825 Imperial Avenue.

--**Member Mary Bush** announced the next meeting and future meetings of the San Diego Women's Connection.

The minutes for the February 9, 2010 General Meeting were approved unanimously.

**Member Joe Flynn** offered information on the Osher Courses at San Diego State which may be taken without testing or grades.

The winner of the drawing was Pat Drummy, who retired from Police Department in 2009.

**Program:**

**Program Vice President Dave Twomey** introduced today's speaker, Liza Crisafi and also Cynthia Queen, Member Services Director at SDCERS. Cynthia Queen announced that Assistant CEO Mark Kobey is filling in for former SDCERS CEO David B. Wescoe. Councilmember Sherry Lightner has named a David B. Wescoe Day at the City Council. Cynthia Queen urged members to look on the SDCERS webpage regularly and to learn about the informational meetings that are coming up.

Dave thanked Janet and John Burgess, Burnie Gipson, and Bob Ferrier for helping out at the check-in table and for setting up the luncheon tables. Future meetings include Captain Joel Roos, the Deputy Commander at the Naval Hospital, who will be the speaker for April. In May, the first of two candidate forums: Districts 2 and 4 candidates.

Dave Twomey turned the podium over to the speaker, Liza Crisafi, who is in the Chief Investment Officer position at SDCERS that was previously occupied by Doug McCalla.

Liza Crisafi began by saying that what happens in the economy influences what goes on in the stock and bond markets. She had multi-colored hand-outs which clearly showed trends in the various markets. In terms of real Gross Domestic Product for the last 20 years, there has been positive growth in the economy. Overall there has been 2.7% nominal inflation. Consumer price index showing goods and services was also pretty steady. For the producer price index, however, there was much more volatility, especially in crude oil prices. Unemployment at 10% is, she said, "fairly normal." Interest rates are very low, from zero to 2.5%. Consumer spending over the last couple of years has come way down, but it is starting to rebound. However, we will probably see fairly low economic growth. A study by the University of Michigan on growth in the economy has shown that the inventory cycle is starting to change in that businesses are starting to add to their inventory. Government spending has spurred economic growth in the last two

quarters. In terms of returns on assets, there is one anomaly: Treasury Bonds.

Looking at SDCERS's investment portfolio, returns are up 15.8% There have been changes to the portfolio in the last six months: investments in the Target Allocation Fund (TALF) fund, sponsored by the Federal Reserve; hiring of an emerging markets manager, a person dedicated to markets that are much faster growing, such as China and India; 15 to 25% investments in Private Equity, which are not publicly traded; and looking at the Large Capital Values Stock Index.

SDCERS Target Asset Allocation Fund is market neutral. They take money from selling short and invest it in the money market.

A number of questions came from the audience, such as, "What is your opinion of the overall health of the pension fund from an actuarial position?" and "What is the impact of outsourcing?"

Overall, Ms. Crisafi said that the investments have made good progress. To look at the figures, people can access the webpage. She said that investments are ahead of the benchmarks. There is a weighting in favor of international markets because there is a lot of opportunities there. When asked about investments in real property, she said that the Townsend Group advises on property. She said that \$.75 out of every dollar in the retirement fund comes from investments. When asked about Corbett and the 13<sup>th</sup> check, she said that they cannot begin to assess that until after July. The retirement fund has \$4.3 billion this year, \$3.7 last year when it was down 19%. Problems will occur if baby boomers start retiring en masse. The average person will have about \$75,000 when they retire, which is clearly not enough to sustain a standard of living for a retiree.

In gratitude for Ms. Crisafi's presentation, REA President Jim Baross presented her with our cup and pen, each containing a SDREA insignia.

The audience gave Ms. Crisafi warm applause as thanks for coming to our meeting and making such a valuable presentation.

There was a tie for the game, "Waldo visits South America," between Bob Korch and Gary Hess. Bob Korch won the coin toss.

Respectfully submitted,

Ruth Ann Hageman, REA Board Secretary