



CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR MEETING OF THE ADMINISTRATIVE COMMITTEE
MINUTES

November 30, 2009

Administrative Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 10:00 AM on the day above written.

ROLL CALL AT 10:04 AM

Members Present: Carla Lombardi, Jeff Beatty, Danny Aguirre, Brian Burry (arrived 8:32), Paul Cliby, Marvell French (arrived 8:38 am), Ken Nerland, Oscar Williams

Members Absent: None

Also Present: Russ Richeda, Legal Counsel, Stanley McDivitt, Kathleen Riley, Yvonne Arellano, Pattie Laygo

APPROVE MINUTES

Approve minutes of October 20, 2009, Regular meeting of the Administrative Committee.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member Nerland to approve the minutes of October 20, 2009, Regular meeting of the Administrative Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Beatty, Burry, Cliby, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: French, Aguirre

APPROVE AGENDA

Approve agenda of the November 30, 2009, Regular Meeting of the Administrative Committee.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member Williams to approve the agenda of November 30, 2009, Regular Meeting of the Administrative Committee, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Beatty, Burry, Cliby, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: French, Aguirre

TIMED SCHEDULED HEARINGS AND MATTERS

10:00 AM Review and consider updated Surplus Projection Reports as prepared by The Segal Company, the Boards' Actuary.

ACTION: Received

The Committee received a summary and overview of the draft updated surplus projection reports for both Systems, from Paul Angelo and Andy Yeung of the Segal Company, which included payroll reductions provided by the City of Fresno and the method used in modeling those reductions, new alternative market returns of 16%, 20% and 8.25% under the assumed, optimistic and pessimistic scenarios for fiscal year 2009/2010. The Committee also considered and extensively discussed an alternative approach of using a seven-year smoothing period in developing the actuarial value of assets, and adjusted amortization periods for unfunded actuarial accrued liabilities.

The Committee directed legal counsel to prepare an opinion contingent on the policy of the flexibility afforded to the Boards for the surplus projection of surplus based on a projection of the actuarial valuation of assets as recommended in the November 25, 2009, letter from the Segal Company.

ON MOTION BY Member Nerland seconded by Member Williams to accept the Surplus Projection Reports for Both Systems and direction to consider the projection of surplus based on a projection of the actuarial valuation of assets as recommended in the November 25, 2009, letter from the Segal Company, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Beatty, Aguirre, Burry, Cliby, French, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: None

A. CONSENT CALENDAR

1. Approve date and time of the next meeting of the Administrative Committee scheduled at 8:30 a.m. on Tuesday, December 15, 2009.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member Nerland to approve the consent calendar, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Beatty, Burry, Cliby, French, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: Aguirre

B. AGENDA ITEMS

1. Review draft Comprehensive Annual Financial Reports for fiscal years ending June 30, 2008 and 2009, and forward to the Boards for final acceptance and distribution.

ACTION: Approved/Adopted

The Committee received and accepted draft Comprehensive Annual Financial Reports for Both Systems and directed staff to submit reports to the Boards for consideration at the next Board meeting.

-
2. Consider issue memorandum for discussion and direction concerning Conversion Applications for Disability Retirement.

ACTION: Approved/Adopted

The Committee reviewed background of the issue, accepted memorandum and concluded that when an application to convert a service retirement to a disability retirement is filed concurrently with or subsequently to the application for service retirement, application may continue to be processed and adjudicated after the applicant's service retirement.

ON MOTION by Member Cliby seconded by Member Nerland to accept memorandum by legal counsel that concludes when an application to convert a service retirement to a disability retirement is filed concurrently with or subsequently to the application for service retirement, application may continue to be processed and adjudicated after the applicant's service retirement, DULY CARRIED RESOLVED by the following vote:

AYES: Lombardi, Beatty, Aguirre, Burry, Cliby, French, Nerland, Williams

NOES: None

ABSTAIN: None

ABSENT: None

-
3. Review, consider and discuss memorandum by Boards' Legal Counsel regarding DROP Distribution Interest Rate Crediting.

ACTION: To Committee for Review

The Committee received opinion prepared by legal counsel that the interest rate assumption that is then in effect is the interest rate that is to be applied to the undistributed amount on the DROP accounts of those former DROP participants taking an installment pay-out of their DROP account. The Committee discussed this issue and received comment from Paul Angelo of the The Segal Company, and determined that the Committee and Legal Counsel shall conduct more in-depth review for discussion at the next Committee meeting.

-
4. Update regarding a due diligence visit to Benchmark Medical Consultants.

LAID OVER

ACTION: Laid Over

-
5. Review, consider and discuss memorandum by Boards' Legal Counsel regarding Interviews of Tax Counsel Candidates.

ACTION: Received

The Committee received summary of results of the request for qualifications for outside tax counsel, considered finalists reviewed by legal counsel and selected Whiteford, Taylor & Preston, Steptoe & Johnson, and Ice Miller an interview by the Committee.

-
6. Annual review and performance evaluation of the Boards' Legal Counsel.

ACTION: Approved/Adopted

The Committee reviewed and discussed evaluation and directed staff to accept and final the evaluation as presented and submit to the Board Chairs for signature. Legal Counsel added that cost-of-living has been waived for this year.

-
7. Annual review and performance evaluation of the Boards' Actuarial Firm.

ACTION: Approved/Adopted

The Committee reviewed evaluation and briefly discussed relationship, response, reports and presentation, and approved staff's recommendation to accept and final the evaluation as presented and submit to the Board Chairs for signature.

C. INFORMATION ONLY ITEMS

1. Fresno City Health and Welfare Trust Agendas for Regular Board meeting of November 18, 2009 and minutes of the Regular Board meeting of October 14, 2009.

ACTION: Received

-
2. November 22, 2009, Daniel Borenstein: Calculation error inflates Contra Costa Pensions.

ACTION: Received

-
3. November 22, 2009, Revamping Public Pensions: Public Retirement is the taxpayers' business, (ModBee.com)

ACTION: Received

-
4. November 21, 2009, StanCERA releases list of \$100,000-plus pensioners. (ModBee.com)
ACTION: Received

 5. November 20, 2009, Editorial: City's proposed cuts aren't pretty, but they're realistic.
ACTION: Received

 6. November 19, 2009, Swearengin: 100 layoffs needed to Fix Budget. (George Hostetter and John Ellis, The Fresno Bee)
ACTION: Received

 7. November 17, 2009, Stanislaus Couty Retirement System starting to recover from losses. (ModBee.com)
ACTION: Received

 8. November 12, 2009, Government Pensions: The voters may weigh in. (capitolweekly.net)
ACTION: Received

 9. October 2009, My Big Fat Pension Payoff. (Governing.com)
ACTION: Received

 10. October 29, 2009, City managers in San mateo and Santa Clara counties have united to cut retirement benefits for new hires. (mercurynews.com)
ACTION: Received

 11. October 19, 2009, Access to Pension Payments on Trial. (contracostatimes.com)
ACTION: Received

 12. October 15, 2009, CalPERS offered incentives to inflate pension funds value. (capitolweekly.net)
ACTION: Received

 13. August 12, 2009, Dan Walters: California has amassed a mountain of debt. (sacbee.com)
ACTION: Received

 14. August 13, 2009, Mountain of Debt: Social Security crisis looms. (Associated Press)
ACTION: Received

 15. August 4, 2009, Prius pensions: San Diego and Orange go hybrid. (calpensions.com)
ACTION: Received

D. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

E. UNSCHEDULED ORAL COMMUNICATIONS

None

F. PUBLIC COMMENTS

None

G. ADJOURNMENT

1:35 p.m.
