



CITY OF FRESNO RETIREMENT SYSTEMS
REGULAR MEETING OF THE ADMINISTRATIVE COMMITTEE
ACTION AGENDA

August 23, 2007

Administrative Committee held a meeting in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 9:00 AM on the day above written.

ROLL CALL AT 9:00 AM

Members Present: Carla Lombardi-Chair, Paul Cliby, Danny Aguirre

Members Absent: Burry, French

Also Present: Stanley McDivitt, Kathleen Riley, Russ Richeda, Legal Counsel, Frank Balekian

APPROVE AGENDA

Approve agenda of August 26, 2007, Administrative Committee meeting.

ACTION: Approved/Adopted

ON MOTION by Member Cliby seconded by Member Aguirre to approve the agenda of August 26, 2007, regular meeting of the Administrative Committee, DULY CARRIED by the following vote:

AYES: Lombardi, Cliby, Aguirre

NOES: None

ABSTAIN: None

ABSENT: Aguirre, French

TIMED SCHEDULED HEARINGS AND MATTERS

9:00 AM

Update, review and discussion along with Robert Andersen, Assistant Director of the Department of Public Utilities and Tei Yukimoto, Senior Deputy City Attorney regarding the formation of the Municipal Water District.

ACTION: Received

Robert Anderson, Assistant Director of Public Utilities, Tei Yukimoto, Senior Deputy City Attorney and Larry Reigal with Navigant Consulting provided an overview of the issues surrounding the current Exploratory Phase of the project. In this exploratory phase they have requested information on CalPERS benefits to ensure that the level of benefits for employees will remain the same or better than their current benefits.

The strategy is to submit to the City Council on September 28, 2007, a Plan of Service, which is required or included as part of the application to be filed with LAFCO for the creation of the proposed special municipal water district. This application will detail how the district will be created, the form of its organizational structure and what benefits will be provided to employees. The Special Municipal Water District must be placed on the June 2008 ballot for voters to decide whether to approve the creation of a separate municipal water district. The decision to move forward with the proposal will be with the City Council based upon the Plan of Service described by the LAFCO application.

The discussion included acknowledgement by Mr. Anderson, Ms. Yukimoto and Mr. Reigal that there are numerous legal issues which must be reviewed and dealt with if the City wants to move forward with the Special Municipal Water District. Mr. Anderson stated that they are still in the preliminary stages, exploratory stages of the project before pledging support and service to the proposal to create a separate district. His support is contingent upon employees being kept whole with respect to their retirement and health and welfare benefits. There was a discussion and clarification surrounding options concerning continuation of the City's pension benefit for employees going to the new water district. Mr.

Anderson was under the impression that employees would not be eligible to continue in the Employee's Retirement System if the voters approved the creation of the Special Municipal Water District. The Committee and Retirement staff clarified that under the current Charter provisions that is correct, but advised Mr. Anderson that the City Council could also place on the ballot the Charter Amendment which would allow for employees to continue to participate in the Retirement System upon voter approval. Ms. Yukimoto acknowledged that the team is waiting for information from CalPERS on proposed benefit structures for the special municipal water district and that the legal issues related to a new district and eligibility under the Employee's Retirement System would involve a full review of legal issues pertaining to the Charter and Fresno Municipal Code. Mr. Alex Correa and Mr. Sam Frank both expressed strong concerns regarding the formation of the municipal water district and the effect it will have on City employees. The Committee concluded the extensive discussion with a request for the Retirement Administrator and the Boards' legal counsel to work with the staff of Public Utilities and the sub-Committee working on the formation of the special water district project including the City Attorney's office to ensure that communications between the parties are open and that all necessary and pertinent information is provided.

9:30 AM

Presentation from Antonio Avalos, Ph.D., Research Director with the Center for Economic Research and Education of Central California, Department of Economics, at California State University, Fresno regarding a Special Study of the Economic Impact of City of Fresno Retirement System Benefit Payments.

ACTION: Received

Dr. Antonio Avalos, Research Director at Cal State Fresno, provided a brief overview of his draft proposal which outlined the scope and methodology for the approach to the Economic Impact study proposed. Dr. Avalos asked pertinent questions regarding the use and purpose of information obtained from the proposed study in order to better understand the scope of the proposed project. The Committee requested that Dr. Avalos provide detailed proposals with separate and joint Retirement System proposals submitted for review at the next Board meeting. Dr. Avalos estimated the timeline for completion of the entire project to be approximately four weeks.

A. AGENDA ITEMS

1. Review, discussion and direction regarding a request to waive a portion of interest costs on the purchase of temporary time by Mr. Doug Hecker.

ACTION: To Board

Russ Richeda, Legal Counsel, provided a review of Mr. Hecker's request for waiver of interest associated with his purchase of the additional temporary time that the Committee/Board have agreed to allow him to purchase. Mr. Richeda summarized his conclusions based upon the facts presented and recommended that the Committee not approve the waiver of interest. The Committee questioned Mr. Hecker as to when he initially inquired about the purchase of this additional time and why he waited until late 2005/January 2006 to make the request. The Committee directed staff to recalculate the amount of interest on the purchase of additional time through 1997. The Committee will take the issue to the Board recommending approval of the revised interest amount for the purchase of additional temporary time requested by Mr. Hecker.

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2. Review, discussion and direction regarding medical advisory services.

ACTION: To Staff for More Info

The Committee reviewed and discussed the current status of this project and directed staff to contact AC Transit, Newton Medical Group and UCSF for additional information on medical

advisory services.

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3. Review, discussion and direction regarding age 50 retirement/DROP participation for the Employees Retirement System

ACTION: To Staff for More Info

Staff provided a status update concerning discussions with Dennis Major held in July, reviewed reasons for the recent delays, and advised that it was expected that the project will be moved forward as meetings with Mr. Major and City Council members have been scheduled to review and discuss the issues with this proposed change. Staff will provide an update to the Committee at its next meeting.

B. INFORMATION ONLY ITEMS

1. Action agenda of August 1, 2007, Administrative Committee meeting.

ACTION: Received

C. PROPOSED AGENDA ITEMS FOR NEXT COMMITTEE MEETING

None

D. UNSCHEDULED ORAL COMMUNICATIONS

None

E. PUBLIC COMMENTS

None

ADJOURNMENT 11:15 AM

There being no further business to bring before the Committee, and hearing no objections, the Chair declares the Administrative Committee meeting adjourned.