

SDCERS Board Meeting - March 21, 2008

Reported by Joe Flynn

It was a good day for Retirees. Dave Hall, the new Retiree Trustee was sworn in by the City Clerk, took his seat, and moved right into the action. It was apparent that he brings a new perspective and a wealth of experience to the process. He contributed on the policy level, and on the personal level. When a promotion was announced in the Investments Group, Dave asked if that person was present. Told that she was not, he asked if she could be there at the next meeting so he could meet her, and so she could meet the Board. Nice touch.

In the non agenda public comment period, I made a request for creation of some SDCERS fact sheets or "Frequently Asked Questions" similar to the one produced last year to explain the changes in the Actuarial reporting. Since the campaign season is heating up, and the UT is recycling the "Cadillac Pensions" and the extra, extra, read all about it "city employees retiring with 140% of their salary" editorials, retirees are in dire need of facts to refute this drivel. Someone should point out to them that "recycled paper" refers to the material, not the text. As one retiree said, he asked the UT to "show me the math." No response.

So I hope we can get some fact sheets, to share with our friends and neighbors; little things like the fact that there are 500 retirees on monthly pensions of less than \$500 a month. No Cadillac pension there. Of course, it would not sell many papers either.

The **Disability Committee** is moving on with the reexamination of disability retirees. All have been required to provide updates on their medical records of their disabling conditions and quite a few have been required to take physical examinations. Of these, a number have been set for hearings before an adjudicator to determine if they still qualify for disability retirement. If they no longer qualify, their benefits could be terminated. This review process is a requirement of the Municipal Code designed to prevent abuse of the system.

On the disability qualification and light duty positions, the Committee is right where I left them. The process is still hung up on the idea that if an injured worker is moved into a temporary light duty position and can do that job, that they do not qualify for disability retirement. Most often these individuals are Police Officers or Firefighters. The efforts of city Departments to work with injured employees and give them a chance to heal and perhaps return to their original position appears to be working against the individual. If they cannot regain the physical condition necessary to return to their job and the temporary light duty job is eliminated, they have an uphill battle to prove disability. I appreciate the difficulty of SDCERS Staff; and this is an area where the City needs to provide clarity. Right now, it appears that some employees are being sacrificed to process.

The Voluntary Compliance Program is on the last lap -- actually it is in the Council's lap. As mentioned earlier, SDCERS has complied with its portion of the program, but it is necessary for the Plan Sponsor - the City of San Diego, to adopt its part of the process and incorporate some of the items into the Municipal Code. All of the supporting documents for Council action were completed by March 19. The Technical Tax Ordinance is scheduled to be introduced at Council on April 1. A second reading and adoption is scheduled for April 15 (on Tax Day.) This should complete the City's necessary action within the time allotted by the IRS.

Audit Committee Chair Armon Kamesar gave the Board an update on the FY 2007 Independent Audit. It was a very positive report with no red flags. The Independent Audit Committee is made of of three volunteer citizens with expertise and experience in auditing and accounting. Volunteers are; Mr. Kamesar, Marilyn Brown, and Michael Collins. In addition, two Board members, Steve Meyer and Thomas Hebrank serve on the committee.

This committee was a recommendation of the Navigant Report, echoed by the Kroll report. Another independent view of SDCERS finances to provide transparency.

The Investment Committee reported some new investment opportunities. During the bear market, SDCERS portolio did sustain losses of approximately 5% but this occurred when the market had lost 20%. During the down markets, Chief Investment officer Doug McCalla has been busy picking up low priced bargains.

The Board spent considerable time talking about the policy for selecting and managing a **Fiduciary Council**, and deferred until next month the selection of such counsel until the Board has an opportunity to interview some of the finalists.

These are only the highlights of an extensive Board agenda. Check the website for more info; better yet, attend one of the Board meetings for your own view of things. Then you will be able to put names with faces, and while you're at it, thank the volunteer and elected Trustees for their efforts. A word of appreciation goes a long way.

Joe Flynn, Retiree