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>> David Bacigalupi: Good morning. I'm going to call to order the meeting of the board of administration for the Police and Fire retirement plan. We'll start off with roll call. Chair Bacigalupi is present, chair Taylor is present, trustees Sean Bill, Sean Kaldor, Damon Krytzer, Drew Lanza, Vince Sunzeri, and Richard Santos are all present. The last trustee has not been appointed yet. Orders of the day, item -- first thing, you just received an amended to an amended agenda and the only change is some wording on 1.2. So if you use the one that was just handed out, and like I say it's just a little bit of word structure on 1.2. And then also on item 4.1A, change the retirement date I think I already changed it -- change the retire date on Daniel Addiego, the effective date will go from October 15th as listed to October 23rd. FTC item 4.1D, and that's fire captain Richard Jones service retirement, the effective date will go to October 15th. Instead of October 1st. And that will be 25.04 years of service. And then last item is item 4.2B, service connected disability and that has been deferred at the attorney's request. Unless any other board members have any orders of the day, we'll start.

>> Russell Crosby: Short announcement. We have a new investment officer who joined us yesterday. Darren Miller joins us from Goldman Sachs where he was there for seven years and then prepare to that he worked in accounting at a number of startups. So he comes with good experience to us and we're certainly glad to have him. And as I mentioned to the governance committee a few minutes ago he will be making about one quarter of what he was making at Goldman so I hope we can keep him for more than a day or two. Welcome Darren.

>> David Bacigalupi: Welcome Darren to the board. We look forward to working with you. We'll drive you nuts in no time at all! [ Laughter ]

>> David Bacigalupi: Okay item 1.1, investments, discussion and approval to invest \$100 million in PIMCO distressed service credit opportunities fund II and for the secretary to negotiate and execute the agreement. Anything to discuss on that Carmen?

>> Carmen Racy-Choy: Absolutely, I'll give an overview of the item. This item and the next item were actually discussed at the investment committee meeting. The plan currently has a \$90 million investment in PIMCO's senior distressed opportunity fund. The fund was launched in 2008 to take advantage of the dislocation in the

credit market. Fundamentally, PIMCO has a very broad mandate. They can invest across the whole credit spectrum. The return on investments, since inception to June 30th, 2011, was 17.5 net of fees. And the lockup on the fund is actually coming to expiration at year-end. PIMCO is giving us two options. One is to redeem the assets. Two is to move the assets into the next disco fund. We are recommending to maintain the 90 million and add an additional 10 million. This will result in an approximate weight of 3.7% invested in PIMCO Disco 2. This will cause the plan to have an allocation to credit of approximately 6%. By the way, there is a correction in that the NAPC memo you have in front of you in the first line of the third paragraph states that the allocation to PIMCO DSCO 2 would be 5%. The allocation would be 3.7% of the plan. So in total, credit with the sites and little bit over allocated is because the Sykes and Makai shields mandates are self liquidating and the managers are not allowed to reinvest the proceeds. So if there are any questions? I can --

>> David Bacigalupi: Any questions for Carmen? I'll entertain a motion.

>> Richard Santos: I'll put forward a motion.

>> Second.

>> David Bacigalupi: Discussion? Any discussion of the motion? Hearing no further discussion, all in favor, all opposed, motion carries. Thank you Carmen. 1.2, approval of modifications to the Police and Fire plan's statement of investment policy to revise the equity investment structure to approve at the August 4th, 2011 board meeting including the new performance objectives of passive and global equity investments.

>> Carmen Racy-Choy: Thank you. The overall goal was to reflect the new equity structure. On page number 3 the asset allocation has been reflected. And on page 15, the new benchmarks that are needed for the new mandates are shown. In addition, we've added on page 16 a description of the goals for the managers. I would like to point out there is one title on the document on page 16, global equity investments, it is stating that the objective for the domestic equity component, and that should be the global component. So we apologize for that.

>> David Bacigalupi: Okay so change domestic equity to global.

>> Carmen Racy-Choy: To global equity.

>> David Bacigalupi: For the record. Okay, any questions of Carmen? Damon.

>> Damon Krytzer: So I just want to confirm again. We are going to revisit this again after the SLI visibility study, right?

>> Carmen Racy-Choy: Right. We are going to establish basically targets based on risk.

>> Damon Krytzer: Totally. My issue is not necessarily that or any of the Quant. I'll send through the investment committee maybe some proposed thoughts. Because there's still a lot of things on like roles and responsibilities that I think should be in here and then I think other things read a little bit more like a textbook where there's too much education.

>> Carmen Racy-Choy: Cortex, one of the things that they're supposed to be doing is revisit the SIP and basically what we asked them to do is to bring forward a best practices statement of investment policy, that defines the governance, the roles, and because of that has -- you know there are a lot of things that can be improved in the documents. Where they talk about the goal of the investment program, all the way to pointed out. This is going to be done from Cortex. Once we have a goal from Cortex we'll bring it forward to the investment committee have more discussion and then obviously bring it forward to the board.

>> David Bacigalupi: Vince.

>> Vincent Sunzeri: It was a concern it wasn't current. We may be in violation, and there's some things in the investment policy statement that needed to be cleaned up and given that Cortex is already going to be doing the work. Why put all the effort come. I think these revisions are helpful. The only thing we might want to consider is

we talked about an addendum that would be a little bit more specific on some of the targets. You'll notice open pager 3 what we did discuss at the meeting was to not get too specific on the general asset classes in terms of the targets because we didn't want to box Carmen in too much and at the same time, we didn't want to be too specific in that as we make changes to asset allocation we have to constantly change the investment policy statement. So I think that move is good but the addendum was something that I think we wanted to add that was maybe a little bit more specific in terms of the elaboration targets.

>> Damon Krytzer: And those are all in the text though. Those -- it is just so random you have to find it. It is 20% and 15% of this.

>> Vincent Sunzeri: Correct. If you go back to page 2 and the asset allocation that goes back to 2009 it is a work in progress and I'm comfortable with this change. But I think Damon's comments are right-on, that it's going to need to be completely reworked.

>> Damon Krytzer: I have one last comment that probably doesn't even need to be mentioned. But the document itself just putting in context, in my opinion it's not really for us. So -- it's for the managers, right? So if we're investing with a development manager, you could say look at the developed market piece and you follow that. The fact that it is sort of embedded in the text right now I don't think -- I don't think it puts us at any specific risk. But it just could be cleaner.

>> Vincent Sunzeri: It does put us at risk if we're not following a document. As trustees, we create a document we put guidelines in place and then we don't implement on that. There's a liability there.

>> Carmen Racy-Choy: Yeah, I think the document is in fact, it's a definition. The trustees are defining the roles and the authority of the CIO, the CEO and their expectations. So I think in a way, their expectations of staff and their expectation of managers. So it is your document to craft. Definitely. And definitely, a lot of the long term goals of the pension plan need to be incorporated into it.

>> David Bacigalupi: Okay. So we'll be seeing more of this. Any other questions? If not, I'll entertain a motion.

>> Richard Santos: I'll approve the matter with the modifications.

>> Second.

>> David Bacigalupi: Further discussion on the motion? Hearing no further discussion, all in favor, all opposed, motion carries. Item one.3, update on the status of the portfolio transition.

>> Carmen Racy-Choy: This relates to the equity structure that was approved at the prior board meeting. We've fundamentally completed contracting with Russell, relating to the specific transition. We -- Russell recommended that we implement the overlay because the overlay allows them to have an overview of the money that's moving from point A to point B so it eases basically the work involved and the cost of the transition. And so we're currently in the late stages of setting that overlay. Next, as soon as we're done which should be in a matter of days, we will start basically the appropriate analysis to do the transition. So we expect to undertake the transition before the next board meeting.

>> David Bacigalupi: Okay, questions of Carmen?

>> The only question I have is similar discussion about what came up about the hedging on the emerging markets. I want to feel comfortable that the hedge that's put in place is an appropriate hedge for that asset class. Can you comment more on that?

>> Carmen Racy-Choy: That's fundamentally what we're contemplating. Is -- there's a series of hedges that we're potentially thinking of putting in place. One of them involves getting more protection through -- currently the emerging market mandate is going to be passive. And there is a way -- we're looking basically at the cheapest protection. It will be linked to emerging markets through the EEM or some other appropriate benchmark. So we are definitely looking at both broad portfolio hedges and the specific ones, for emerging markets and I would

anticipate that we would come up with a mix of both. Would you like to know more about the hedges, meanings once we've defined what it is we want to do would you like to have a discussion on it?

>> I think it would be beneficial to run that through the investment committee that specific piece.

>> Carmen Racy-Choy: Okay.

>> Because if you will recall we're almost at a double weight with regard to the index at a time when a serious transition i'm comfortable with that from a long term specific but concerned that that is not appropriately placed moving forward . Being.

>> Carmen Racy-Choy: I think in late September will be our next investment committee meeting. We'll take our concerns to the investment committee.

>> Okay.

>> Carmen Racy-Choy: But we'll probably undertake the transition at an earlier stage so --

>> David Bacigalupi: Damon.

>> Damon Krytzer: Since there's no discussion or action we can do this offline. If I were part for any detailed discussion forgive me about not recalling, but about two things. One is the passive mandate and how we move towards an active. That's an area that I think we all agree that there is alpha for active management and maybe we don't all agree with that. But -- and the second part was on what we're actually hedging.

>> Carmen Racy-Choy: So the first -- let me first say that yes we do agree that we should be active in emerging. There is very little discussion on that point. The idea from transition is to implement the new portfolio structure as quickly as possible. As you know, if we are to go and select the managers, this is a process that will

actually take multiple months. And the idea is to get as close to the risk profile that the board would like to have, through initially passive mandates, and then, as soon as possible, or as soon as the board has selected emerging market managers we can then start the managers and stop the passive replication. So the plan is not to be passive long term but as an intermediate and temporary step until we find the right managers. With respect to -- sorry you had two questions.

>> One is, what are we hedging?

>> Carmen Racy-Choy: Based fundamentally -- the allocation to emerging markets that we propose, was roughly an allocation of 22% of the equity allocation in emerging market. The MSCI -- the Aquii 13, 14%. The reason we recommended that recommendation significantly higher is because looking at the opportunity set the GDP of emerging markets is above think%. And if you look at the growth of emerging markets in five years it's expected to be around 40%. So it's kind of hard if we actually, really, stick very close to the benchmark, we're basically not representing a very big portion of the investment opportunity set. So the intention was to kind of move halfway towards where we think emerging markets are going to be. The board at the last meeting fundamentally conveyed there was an issue, this is the right move to make from a long term perspective. But that in the short term, the move could actually result in -- could actually be detrimental to the plan in the short term. Especially that we're currently moving to a passive mandate, and typically active management affords you a little bit of protection. So the thought was, the fees -- the median fees in emerging markets space is approximately 100 basis points. The intent was to use the 100 basis points and to try and get a certain level of protection. I think everybody understands that that fee is not going to get you a great amount of protection. But the idea was, to get a small amount of protection, something that would be equivalent to the protection that an active manager could afford you if you were actually invested through active management.

>> Protection of what?

>> Carmen Racy-Choy: From down turns in the emerging market.

>> So we're going to go long 2X the target, or so, 20% from 13?

>> Carmen Racy-Choy: Uh-huh.

>> Which I'm not uncomfortable with. Through an index and then we're going to short the index to get us back to the -- why don't we just go long futures for the time being?

>> Carmen Racy-Choy: We have not kind of figured -- at this stage we haven't figured out how we're going to do it but one way you could do it is obviously a straight equity holding is equivalent to having a long call and a short put. And rather than shorting the put at the current levels, you can get protection by shorting the put at lower levels. This way you don't participate in the first 2, 3, 5% of downturn that happens. So this is one way that you could implement it, and actually, since writing the put is actually quite valuable, you could actually do that for almost very little cost.

>> But we're not calling a short put protection? Good I see what you're saying here. I think you're saying you can buy the exposure at a lower level by issuing the put, earn some premium as well, so you might be able to strike a better entry point open the position.

>> Carmen Racy-Choy: The equity position is equal to having a long call and a short put. If you put those two together that's equivalent to having an equity position. So rather than hold an index of physical securities, you could simply hold a call option at the current market level, and short basically the put. But you can short it at a lower level and this gives you a certain level of protection. This is one of the strategies we're considering. We're still not at the stage where we have decided what we're doing and we probably will end up doing different approaches. Meaning we probably won't just pick one way.

>> I think my questions is semantics so we're good. I don't necessarily see a short pit regardless of what it is, I wouldn't call it protection but I totally agree with the strategy. So it's a semantic issue, that's it.

>> David Bacigalupi: Vince.

>> Vincent Sunzeri: It is not semantics. It is --

>> What's that?

>> Vincent Sunzeri: Because a short put might increase the risk more so. The idea essentially is that we want to capture the upside by the greater exposure to the emerging markets over a longer period of time. But if there's risk we want to protect the down side. So whether a short put, a long put, an outright hedge, something to protect that cushion of down side is more important. And that's what --

>> We love to get assigned. If we fell below the docket we'd love to get assigned.

>> Vincent Sunzeri: That's what would increase our i'm not sure what we want to do.

>> If we short the put that will probably get us to that allocation, isn't that right?

>> Carmen Racy-Choy: I suggest we discussion this at the next investment committee.

>> David Bacigalupi: Okay, so this will go back to the investment committee and be discussed I'm sure.

>> Carmen Racy-Choy: Absolutely.

>> David Bacigalupi: Great, thank you. Next item, 1.4, update on the asset liability modeling study.

>> Carmen Racy-Choy: Thank you. This is also a quick update. As you know, Mr. Michael Moehle was working on the asset liability study, resigned and joined Cheiron. The city has a period of five to six weeks we couldn't really work with Mr. Moehle. The city council as of last week, we -- Mr. Moehle and the department have actually

filed for a waiver to the city council of the revolving door ordinance. And this was granted at last week's meeting. So fundamentally, we're back on track. And obviously we are developing about modeling so this is something that will take a couple of months to bring to fruition.

>> Russell Crosby: And just as an aside, the Cheiron folks have agreed to an extremely reduced rate for Mike to us on any work that he continues to do. So that there's no question of either Mike or the firm getting any benefit out of this relationship.

>> David Bacigalupi: Okay, thank you. Any questions? Under new business. Item 2.1, discussion regarding the title of director of retirement services. Dick, did you?

>> Richard Santos: Yes I think it speaks for itself. We have a couple billion dollar plan. The word secretary, no disrespect to secretaries, it is an administrative process. I think that would be the right thing to do so for the board, I hope it will have a better title than just the word secretary. Unless it's Secretary of State. But other than that.

>> Russell Crosby: Could I suggest that this is really part of the Cortex study? And that this subject be rolled into them, and let them come back with some suggestions to the board?

>> Richard Santos: Sounds like good input because that's what we're doing anyway.

>> David Bacigalupi: Okay we'll refer that to the Cortex. Thank you, Dick.

>> Richard Santos: Yep.

>> David Bacigalupi: Okay, item 2.2, update on time line for revised version of the Police and Fire benefits handbook on the retirement services department Website. Donna.

>> Donna Busse: It's not good news. The last handbook was published as of 02-03. I went through with Mollie and there were probably 23 ordinances that affected the Police and Fire plan since that one was published. It's going to take a while for us to update. What we are suggesting to you is if there is a particular topic that you want to make sure we get on the Website, which I think you said benefits fact sheets which do cover a lot of stuff, is not sufficient, tell us what areas you want to get cleaned up and we'll get a fact sheet up sooner on that topic.

>> Mollie Dent: I any from a legal standpoint putting out a handbook that isn't completely updated is problematic. So we talked about specific fact sheets that maybe would be helpful to members where that could be a stand-alone that would be completely up to date.

>> David Bacigalupi: Go ahead Sean.

>> Sean Kaldor: Maybe as we get sections that were updated, it could say, this entire section is updated, or this is up to date or this is up to date. You can imagine loot of people are looking at retirement and reciprocity and DROs and --

>> Donna Busse: If there is a certain topic that you want we have a pretty good detailed reciprocity. But DRO, and good basic description of the benefits. Ing.

>> Sean Kaldor: Like reciprocity counting on the fire side or --

>> Donna Busse: You're saying reciprocity is not updated?

>> Sean Kaldor: I don't think if it's updated, it might take a year to do it or six months.

>> Donna Busse: More like a year.

>> Sean Kaldor: Start on chapter 1 or whatever, and go through and say every three months we add the two or three chapters that have been updated. I haven't gotten direction or surveyed the members. Right now it's going to get more calls on benefits analysts and that's another drain on the system.

>> Donna Busse: Okay I'll look at the reciprocity and see if that's a hot topic. Maybe we'll work on DROs.

>> Sean Kaldor: Talk to benefits analysis and ask what is offline that can be offloaded of benefit to you.

>> David Bacigalupi: Donna, the lowest price million plan is being charged to members, so that unused sick leave hour bank, is that automatically being applied towards those premiums, or do members have to apply? And have we updated the Website as to that? That's one that I know I've heard quite a bit about and I've called you on.

>> Donna Busse: It's automatically applied. It's really -- sick leave is a touchy subject for us because it is half active benefit and half our department. A lot of the calculations is an active payroll issue and what we do in retirement is our issue. So we don't want to put information that is not our area as far as what the city side does to calculate all that and what the rules are for that. We can put some information on about the bank and what we do with it once the city creates it. Because they 23rd create the pay.

>> Sean Kaldor: Good.

>> David Bacigalupi: Thank you.

>> Sean Kaldor: I can throw out one reciprocity question I get all the time, that is the cumulative years of service and what it counts for. I know it's somewhat addressed in the fact sheet but I know that calculation when you add up the total years of service it can count towards retirement but does that count for your conversion, two and a half%, and I know the factors come to me and might not be addressed in the materials right now.

>> Donna Busse: The answer is no on both of those. We'll make sure if it's not on there to clarify some of those issues.

>> Sean Kaldor: Can we get an update in maybe six months where things stand? Thank you.

>> David Bacigalupi: Okay, thank you. Okay, item 2.3, discussion and action regarding request for actuarial calculations for retiree benefit changes as requested by the San José Police and Fire retirees association. And you have a letter received from the association. And Ken Heredia is here to address the board.

>> Good morning, Ken heredia retired firefighter all those benefits are vested and can't be changed under the law. Be that as it may we also recognize that the city is currently contemplating putting on a ballot measure that would dramatically change those benefits. I don't need to list those for you at this point, but be that as it may, we're working now trying to avoid a legal confrontation with the city. And in so doing have had discussions with the City Manager's office, trying to find a common place where we can agree to the association would not fund a lawsuit. We're not in a position to keep anybody from suing anybody over anything. Those benefits belong to me as an individual and to anybody else as an individual and we can't or shouldn't or wouldn't try to stop someone from doing what they need to do to protect their benefits. Hours, as the association goes, we also have an obligation to make sure we're acting prudently and try to avoid any litigation with the city. In that regard, we came up with a proposal asking the city that if indeed they decide to go forward with a ballot measure, if the ballot measure included items we list in the memo and the association would agree not to fund a lawsuit. What individual does individual does. In those discussions, the first question always has been, what are the savings to the city? I'm certainly not in a position to come up with those numbers so we ask that the retirement board authorizes the plan actuary or staff or someone, to come up with those savings, recognizing that when the city proposed an initial draft of the ballot measure they were able to obtain from retirement services an estimate of the cost savings. We'd like to be afforded the same courtesy. If you would like me to answer any questions about the proposal I'd be happy to. Otherwise can I sit down.

>> David Bacigalupi: Okay, questions. Damon.

>> Damon Krytzer: If there's any applied bias in any of my questions that would not merit that way at all.

>> There would probably be bias in my answers, you know what?

>> Damon Krytzer: Fair enough. I was curious, in a general sense the union has actuaries, right? Is in a specific reason why you want the City's -- or the plan's actuaries to --

>> I'm not representing the union. It's the association of retired police officers and firefighters.

>> It's the retirees.

>> Damon Krytzer: I got it, I got it. My only question is, was there a response on these terms? Like how much do you think these terms are going to change, before they would get added to a response to a ballot measure? I mean, are we going to do this four or five times, do you think, or once or twice?

>> Well, we have our proposal to the city, and that is our proposal. They want to know how much it will save. We can't tell them. If they come back with, let's call it a counterproposal, I think it would be them at that point to find out what their cost savings would be. And possibly, possibly we could do it one time or two times. I have no idea. So we have a general sense of where does this go at this point. Are we -- we're not going to be able to give up enough to meet the City's expectation. That's just not going to happen. What we can do is something like this: That mitigates the harm to retirees and survivors. That mitigates the impact on their economic life, feasibility for their life. And we've come up with those proposals, linked together, to try to do something to take care of everyone's interest. So I have no -- so I guess the answer is, I don't know.

>> Damon Krytzer: That's fair. They saw this and they basically says what's the cost savings?

>> Right. And I asked them to support us in our endeavor to get costing today. They were noncommittal on that and did -- well I shouldn't speak for them so I won't.

>> Mollie Dent: So just for the board's information there is a precedent for having the plan's actuaries do work for other parties. It's basically a conflicts-type waiver for you. But in the past, the work has always been paid for by the party requesting the work to be done. So either the city or the union would pay for the work to be done. It's not a cost to the plan to have the actuary cost-out some benefit or proposal change. So that's -- it's been done in the past. The thing that's not --

>> David Bacigalupi: Mollie, just so I'm clear on that, when the city comes in and said we've calculated, if we go to the ballot with these issues, when we costed that for them the city paid us back for that?

>> Mollie Dent: Cheiron probably has not been involved in that, the outside actuaries have not done that. This is a request to have your -- as I read it anyway, a request to have your outside do work. When that's been done in the past either the union or the city has paid for that to be done.

>> Damon Krytzer: To clarify, the city has not been charged for any actuarial contract ?

>> Mollie Dent: I know of. I've not done your outside work for a long long time. You might ask Mr. Richeda. There have been occasions in the past when if parties come together and say we want to cost for a benefit enhancement cost. This is not a benefit enhancement this is the opt but it would still have a cost associated with it.

>> David Bacigalupi: Vince then Conrad.

>> Vincent Sunzeri: Do you want to respond?

>> I disagree with Mollie. There are several occasions when the retiree associations and the unions have asked for actual values of benefits and have not been charged. There was a policy at one point that when a valuation, was going to be -- we used to do it ever two years ago, I think it's every year now, I'm not sure, that if there were benefits that the retirees were interested in or the city was interested in that those would be included in the valuation. When the SRBR was first talked about the retirees association nor the POA nor local 230 paid for that valuation. I don't know what the situation has been after I left the board in -- whenever that was, 2000, I think. But -- no later than that. 2007. Time flies, man! So I don't think that's accurate. It may be accurate from some point forward. I was the union president for eight years on that executive board for 20. And we never paid for any valuations. So there maybe a change. I don't know.

>> So to follow up with that, I guess there's three points I want to make. Number one is going forward, should we be paying for things like this at the plan level? I'm not sure that's in our best interest to be making those decisions. This may not be the only request. There may be other requests. And if we accept one request, then we're somewhat inclined to accept the other requests. And I would be more inclined to say that we -- we have no problem asking for the actuary to do the study. However, the cost would be passed on to the association. And then finally it is awkward at the board level if we request a study. Then we're in a position of, do we support that study? If in fact we paid for it? And it tends to put us in the middle of the debate. And I'm not sure that that's the position we should be in.

>> Well, let me just ask you did you have this discussion when the city asked for some numbers and did you deny the city the opportunity to our staff to get those numbers for the city and why shouldn't we be offered the same courtesy?

>> That is a valid point. I just ask the requests go directly to the board and the board is not aware of. That is something on the governance issue that we don't know.

>> That's my question, do we run numbers for other people?

>> Russell Crosby: That was done at one point in time and it stopped. Now that Mike Moehle is gone we have no capability of doing that.

>> Those are not coming from retirement services?

>> Russell Crosby: They have their own actuaries.

>> Sometimes has been presented as retirement services numbers.

>> Russell Crosby: They might be operating off something old. Nothing ongoing.

>> They told us it came from retirement services. They told us a couple of weeks ago.

>> Russell Crosby: Then they're using old numbers.

>> At all cost you want to avoid litigation. I'm not sure we should be in the position of paying for those types of requests.

>> David Bacigalupi: Okay, Conrad's next.

>> Conrad Taylor: Good morning Ken, I know you want to avoid litigation but I'm not going to be able to support this request. My reason why. You're requesting the board to spend money on an actuarial evaluation that can be illegal. You are going to change vested rights. I'm looking at who gave the retirement association authorization to negotiate. You're not only negotiating for retired members but you're also negotiating for active members and did the association do any type of voting? Did they poll the retirees? Did they poll the actives? Did you do any type of voting on that? If you go on Facebook, that this is a hot topic. What happens to retirees now, active next month, if this goes through they are expecting certain rights and now all of a sudden they don't have those rights. And I know in your letter you said well, it's going to be cost prohibitive for individuals to sue. But if you get 100, 200, 300

people together and they put \$1,000 in apiece, you have \$300,000 right there for your lawsuit. And then SRBR, that became effective 2002.

>> Yes.

>> Conrad Taylor: So now you want to go back 15 years for -- it's going back 15 years in your letter to the money, to individuals who at least have 15 years on.

>> Right.

>> Conrad Taylor: So we go back 15 years. What happens to the individuals that are actively working and they have an expectation to the SRBR. So now we just negotiated that right away. So that's why I'm not going to be able to support this.

>> So you don't support the proposal.

>> Conrad Taylor: I do not support your proposal for coming before the board.

>> That's fine, you know I mean I don't particularly like it. You know I don't think anybody likes it. On the other side of the issue Conrad is, we don't have anybody standing up for us today saying you CalAPRS did. CalAPRS we don't see that on the City Manager, very few people on the city council. We're trying to mitigate the damage that was done to the people you're talking about. To the old people and the survivors, they lose their cola. Their cola is about 60% of their pension. You take that away from those people and reduce their cola to 1%, where are they going to be in 20 years? We still may be in court five years from this. If the city does this and we sue them we're going to be in court three to five years as our estimate. What happens to those people during that period of time? I appreciate your position on this proposal. I'm not asking you to support the proposal. I'm asking you to allow us to find out how much this proposal will save the city. And see if that's -- fits within the City's parameters. If

not fine. We'll go forward. Without any idea how much it's going to save, I could be talking to that briefcase over there.

>> David Bacigalupi: Dick.

>> Richard Santos: I was hoping we could keep this simple. I think we're making it harder than today. I don't know today what's wrong with information. I think it clarifies a bunch of things. What we have trouble with is lack of communication. We're not asking actuaries every single day, it's when needed. This board has the authority to do things when needed. If this clarifies things makes things better city retirees so on we should look at that. I remember a case that came through here. Some of these folks that are not firefighters and police officers, I'm amazed that this person died when he made \$1500 a month or what have you and survivors got little. So you had to be very sensitive about those issues. I think when information like this has been long periods of time that you said Vince, so many years goes by we need to update these things. And so if we can today avoid lawsuits, ballot measures, that keeps on damaging everybody, a little information is not going to hurt anybody. And you can say when you want it, when you don't want it and in this particular case I think we should support this just to get the numbers straight. Because we got a group here trying to do some savings before we go to court, so let's find out the real information. This helps us anyway because you might avoid the next actuaries. Whether it be an MRI or anything else, you can't keep letting the years go by. To me this is a win situation for everybody. Information is needed and we're making all kinds of major decision in the last three or four months. I applaud all of you, you're not police officers or firefighters, you are heavily educated in the financial measures and we're doing well and this is part of that process in making new changes. So the more information we get to help everybody involved, I hope do you it. Remember these retirees no matter what built the foundation where all this money is coming from. They're an integral part of it and this is not something hard to ask for. It's just information. And there's a whole lot of money here that could be helpful, just a small portion, to probably avoid a lot of wrongdoing. So I hope you all support this.

>> David Bacigalupi: Thanks dick. Sean.

>> Sean Kaldor: So this proposal was made all 22nd. My understanding two days ago the city has a counterproposal involving both the SRBR and the Police and Fire retirees medical plan.

>> Counterproposal to us? It's interesting that you heard about it and I have not.

>> Sean Kaldor: I understand that, I completely understand it.

>> I don't.

>> Sean Kaldor: I understand your frustration, is what I'm saying.

>> I'm not frustrated.

>> Sean Kaldor: The problem is there is an iterative process. The process that was worked out, with the other bargaining groups or with bargaining groups was that each group will get their own cost estimates and when they come to kind of somewhat agreement, then they'll come to the retirement board and we'll be able to have our actuary say, this is the official plan's estimate on that. Agreed upon or tentative resolution and if everyone's okay with those numbers then they move forward. Given the fact it's gone back and forth or they've replied to this offer I think it's still going through that iterative process and I think that's a more logical way for the board to get involved at the end rather than at each proposal phase.

>> Well, what's the offer?

>> Conrad Taylor: It is on their Website. What they offered the police and firefighter was no SRBR and a low cost health care plan.

>> That's to the union not to us. I misunderstood you.

>> Conrad Taylor: You're absolutely correct. That is the offer to the actives and would effect the retirees as well. The city may be able to speak to that better.

>> I thought you meant a counteroffer to the offer. I misunderstood you.

>> Conrad Taylor: I don't want to get in the middle and I guess you have to talk to the city. The understanding of the whole process going on, I don't want to price out issues, iterative --

>> You don't want to price out?

>> Conrad Taylor: If they want to pay for the evaluation that was done I think we could do an evaluation for the retirees.

>> David Bacigalupi: Okay, Conrad.

>> Conrad Taylor: This is probably a question for Carmen, just off the top of your head, in your six on the proposal it jumps back up to --

>> Carmen Racy-Choy: Yes I mean and even in the five years where there is a change it's 2 rather than 3 and so -- and the impact for five years is not going to be significant. So the -- the change to cola I would not expect much savings from it. The SRBR changes, honestly, I don't know if that's legally possible. So I think the actuary would say, consult your attorney. And since the SRBR up to the last valuation was not taken into account on the valuation, if you change the SRBR, since you weren't funding for it in the first place, it doesn't really make an impact. Because it wasn't included in your valuation to start with. So if you aren't funding it you're kind of saying if it happens it happens. But I'm not creating a fund for it in the aggregate fund. Then fundamentally if you change something in the package it's not going to impact. Because you were disregarding it to start with. So I don't expect that to really have an impact. I can't speak for the third bullet because I'm not aware of what the change is and what kind of cost it would have.

>> David Bacigalupi: Aracely did you want to address the board?

>> Yes, I wanted to make comments. We did on the retiree health care that is posted on our Website. We have not responded to the proposal that the retirees association has made. But I do want to clarify that we do not negotiate with the retirees association. They are referring to their document as a proposal but they understand that it is not subject to meet-and-confer. We are having discussions with them, but there's been no consensus on any of the discussions that we've had. So just want to provide that clarification.

>> David Bacigalupi: Okay, thank you. Russ did you have something?

>> Russell Richeda: Just, and I think it's something that your board said. The boards -- obviously this is a fiduciary issue in the fact that it involves plan funds. One threshold issue the board might consider is use of plan funds to pay for an actuary when there's a joint request from either bargaining parties or the city retirees and the association. In virtue of using the plan's actuaries in the sense it's a neutral stakeholders and it's to know the plan at best opposed to outside actuaries either retained by the city or by an employee organization of the retirees association. But obviously that doesn't seem to be where we are with respect to this proposal.

>> David Bacigalupi: If the association said that they would pay for the use of our actuaries, would that create a conflict later on should some proposal be accepted and agreed upon?

>> Russell Richeda: Well, perhaps not a conflict in the legal sense, and for example, the way you can't use a lawyer if a lawyer is representing the other side of a transaction. But the impartiality of that actuary might be question if first one party uses that actuary and ask that actuary to do it jointly. Mollie?

>> Mollie Dent: I think the contract actually requires the board to -- I think the contract with the actuary would require the board to waive that contract. Because the contract says that they shouldn't be going out independently

of the board working for either the city or the impose. I mean that's a common concept but it's up to the board whether you want to let them do that.

>> Russell Crosby: Well I don't know that what the retirees are proposing here is to enter into a contract with Cheiron. I think what they were proposing is simply to piggyback on the relationship the board has and then --

>> Mollie Dent: Right. But the board has two issues. Does the board want your actuary to do the work for the retirees and use plan money? There are two issues the board needs to address.

>> David Bacigalupi: Sean, you're next. Then Dick then Drew.

>> Sean Kaldor: I have two questions, Police and Fire and the negotiating process that's going on now, when these people retire would they get a different benefit than you're proposing there?

>> I guess it would be up to your union what happens at the stage of the game. We're talking about the people that are retired as of the date that we get a settlement with the city.

>> Sean Kaldor: These are for those current retired, they could costing would relate to the current retirees?

>> Yeah, I mean if the city --

>> Sean Kaldor: Thank you.

>> I don't know how the city is going to interpret that, I've talked to both the unions about this before I even met with the city. To your point Conrad too, is that the executive boards of both organizations, well, the presidents of both organizations were contacted and talked to about this proposal before we made it to the city so we did reach out. So I don't know what Facebook, I don't know what that's all about.

>> Conrad Taylor: Did they bring up any issues on its, did they support it?

>> They said there were no conflicts with our proposal, with what they were doing with the city. What they told me.

>> Richard Santos: I'll go after Drew, because he hasn't spoken. I'll go after him.

>> Permanent member of staff? We would outsource that normally anyway? Okay, that question not reveal. Okay.

>> David Bacigalupi: Okay, Dick.

>> Richard Santos: I don't see this as negotiations. I see it as already been negotiate and you're trying to get update on statistics and so on. I think this plan should do it. The plan could waive this conflict and I think they should pay for it out of the plan because it's again it's trying to help update numbers that are being questioned. And again, I don't think it's such precedent setting, the board has a right to do what they want to do. I have a feeling for consensus first. Again I don't know what's wrong with information, what we're scared about. Getting information we can use hopefully in a proper way to avoid a lot of future problems. These statistics need to be updated that's what they're asking and I think we should support it.

>> David Bacigalupi: Thank you. Let me just ask, Russell, any idea what the cost of this would be? Send it to them and get an estimate? Sean and David.

>> Russell Crosby: I've rarely seen bills less than \$15,000.

>> Quick question, what percentage of the retired association?

>> Have I no idea.

>> 10%, 15%?

>> Ary have no idea.

>> David Bacigalupi: Jay is here. How many --

>> We have 1100 retirees, I don't know how many are on --

>> David Bacigalupi: Damon and Vince.

>> Damon Krytzer: Information is great but we're not a wealthy plan. Even if we are I don't want to necessarily pay for anyone other than actuaries for the plan's assets itself. I mean that's going to be my bias moving forward, period and I'd also be just as happy to put a more general agenda item out to try to settle you know sort of set this in context and say okay do we want to pay for anybody to request information outside of the plan's assets?

>> David Bacigalupi: Vince.

>> Vincent Sunzeri: I was just going to make a motion.

>> David Bacigalupi: Go ahead.

>> Vincent Sunzeri: I make a motion that we decline any unilateral requests to utilize our assets to investigate this better, further, or additional matters that are unilateral requests.

>> Why even have unilateral in there? Would we want to pay for it if everyone requested that? Vfs that's not unilateral. If the city came or the.

>> I would still vote no.

>> Vincent Sunzeri: Specifically?

>> On any actuarial issue that has to do with negotiation, where we could be seen as implied support.

>> Vincent Sunzeri: That's why I'm saying, I'm suggestioning we reject this, or any unilateral, any one party coming to us to request this.

>> I'm saying I would be comfortable if you struck unilateral.

>> David Bacigalupi: We have a motion on the floor. Do I have a second?

>> Sean Kaldor: I'll second it. And then address it.

>> David Bacigalupi: Go ahead.

>> Sean Kaldor: I see reason for the unilateral point. At some point they're going to have to do something, we're going to have to cost it. We're going to have to see the cost to the fund, cost it anyway. We're going to be the final ash terse to tell them, these are the actual savings to the contribution rates. We have to do that anyway to implement the changes into the plan. So I think we owe it to everybody to say yes, this will be the savings, it will save \$1 million this year and implement that and result in the actual savings.

>> Which in itself is interesting because we don't have any say in anything but spending the money to price it out.

>> David Bacigalupi: But we're the keepers of it though.

>> Russell Crosby: We're the ultimate keepers of the numbers.

>> David Bacigalupi: We don't make changes to it or get involved with the negotiations about.

>> That's weird to me.

>> David Bacigalupi: All we do is administer what the city gives to us.

>> I say that's weird to me.

>> Russell Crosby: The employers will have its set of numbers and the union will come up with a set of numbers. But the only valid numbers are yours, your actuary. It's normal in negotiations that each side gets to a point, and then once they've done the deal then the trust fund has to step in and cost the whole thing out with its actuary and say this is the impact.

>> I could still use the argument though that someone else should pay for that as well. If we're not actually -- look it's beyond the scope of this. It's not -- it's the principle argument.

>> Mollie Dent: I was saying you could get to that when you get to that. But you're right. Somebody could actually do it, the mean that the actuary of the plan has to do it, the plan has to pay for it.

>> We're actually still going to have to do it for ourselves, everyone is going to hear that final, final number so it has to be done eventually whether there's another step where they take it and sign and finalize an agreement before we do our work that's something to be discussed.

>> David Bacigalupi: I have a question you know on the motion. I know, in previous service to this board, that it was common for the city, or the labor groups, to come to this board and ask for something to be costed out because it was part of the negotiation strategy. I also understand the changes that have been discussed about this plan not doing that, that everybody in current, recently years, has had their own actuaries doing their studies. And then, like Sean said, our -- once something is agreed upon we have to study it because we have to

implement it. My question is, if the city were to come here, and want something costed, are they going to be held not same standard? We've had this discussion on board governance and we've had the problem with, if Russell's boss tells him, I want this done, or one of the councilmembers tells Russ, Russell, I want this thing done, you can't say no to Russell's boss and we are not Russell's boss.

>> Russell Crosby: I am strong enough to say that's plan assets and we can't spend that. Can you do whatever you want to do but are you paying for it?

>> Are you proposing to amend the motion by saying that will be established as formal policy of the department?

>> David Bacigalupi: I don't think we have that agenda'd to do that. We can put that on next month's agenda. I just feel uncomfortable saying I've seen some of these reports and I'm uncomfortable staff is doing based on the request of their boss. I just don't want to see double standards out there .

>> Do we want to revise this to address this specific topic and take away the discussion of unilateral? I'm afraid it is going to come up again.

>> David Bacigalupi: It needs to come up again.

>> It should come up again.

>> David Bacigalupi: If the motion's valid we can --

>> Mollie Dent: I do think that you really only agenda'd this specific request. So I think that's what's agenda'd and I any it would be more appropriate for you to address this specific request than to address the bigger issue, agenda'd it specifically to address the bigger issue if you think you need to.

>> David Bacigalupi: Oh, I any we need to.

>> Go ahead.

>> I would say would you amend the motion?

>> I will. So I'll make a motion to reject the request of the association of retired Police and Fire, that the plan perform an analysis and pay for that analysis.

>> David Bacigalupi: Okay, and do I have a second for that motion?

>> Second.

>> David Bacigalupi: Okay I have a motion and second. Now is there any further discussion on that motion?

>> As long as we can agendize, it doesn't need to be part of the motion but as long as we agendize at the next session a discussion of the policy of what we price and not price.

>> Richard Santos: Let me get the clarification, we're rejecting this motion?

>> David Bacigalupi: That's the motion.

>> Richard Santos: And the reason is?

>> I think we've been discussing that for the last 20 municipals.

>> Richard Santos: It's like ping pong, going back and forth.

>> My reason is three. Number 1, cost. I don't believe the plan should be paying this. Number 2, there may be multiple requests. There may be more than one, two three or four and we set a precedent. And finally I think it puts the board in a position of do they support what data comes out of that and we're not in a position to be doing that.

>> Richard Santos: And I think I heard Russ say that that wouldn't put us in a position of precedent setting. Is that correct Russ?

>> I didn't hear that.

>> Russell Richeda: Precedent wise is a term, you could grant it obviously that doesn't go to your other points.

>> Sean Kaldor: Russ, when did we start declining City's request to price out proposals, was that six months ago?

>> Russell Crosby: No. It's -- there's been a long standing kind of issue that weigh don't use outside actuaries. I would never for example, if the city -- if I didn't have Mike and the city said, do X, Y and Z, my next question is, are you paying for it? And they have. There have been a number of cases during my time here where the city's requested something and they ended up paying for it. But as a routine we would never use the outside actuaries where you start running the metered for any request for any single party.

>> Sean Kaldor: What about the inside actuary using inside resources to price?

>> Russell Crosby: We did that.

>> Sean Kaldor: Are we doing that now?

>> Russell Crosby: We don't have staff resources.

>> Sean Kaldor: But --

>> Russell Crosby: He is gone, no longer a staff resource, and it's outside money to use him from this point forward. The only thing we are using him in a direct fashion is the ALM support for Carmen his role with Cheiron is completely different. He doesn't interface customers at all.

>> Sean Kaldor: Whether we use resources, two days of a staff person's time or an outside contractor, I put it in the same bucket.

>> Put it out again, you said we have no intention of getting an outside actuary.

>> Russell Crosby: He got us fired both existing actuaries and went both plans to Cheiron. You don't need --

>> Anyone's request going forward will incur an external cost. Somebody needs to write a check to Cheiron.

>> Russell Crosby: Correct.

>> Dick, that's one of the core reasons, no matter who, we have to write a check to Cierch. We don't.

>> Richard Santos: My position is we take each case as it comes, I don't see a president sitting, I think information needs to be updated. I think it's important to avoid a lot of possible problems. Again we have a right to say no and see if it's vital and in this case I see it's vital.

>> And your point is an excellent one. Ever since the new members joined every one of us has been concerned about the city as well asking staff to complete requests too, outside the scope of this because they're really taxed as well. So I think that that's something this we should try to figure out how we address internal as well as external.

>> David Bacigalupi: Any other discussion? Call for the questions.

>> May I?

>> David Bacigalupi: Yes.

>> Robert Sapien. I sounds like there is room for more discussion on how these requests will be handled in the future. If we don't have a determination of how they'll be handled, how can we reject the one that's before you today? Thank you.

>> David Bacigalupi: Thank you. Any further questions?

>> Richard Santos: Comment is we're doing so many other things waiting for Cortex, Mr. Sapien has a good point. Why -- we should hold off and do this that the best advice for all of us.

>> I think that is a sage advice. We rejected because of that policy has been established and does that so be it.

>> Richard Santos: I'd appreciate that.

>> Sean Kaldor: I don't think it hurts.

>> David Bacigalupi: Are you making a motion to defer?

>> Mollie Dent: A substitute motion to defer. Scldd a substitute motion to defer consideration of this and receive the entire policy recommendation from staff underwhich this could be considered next month.

>> Mollie Dent: Then the proceed is, after you vote, is to.

>> David Bacigalupi: We're discussing the substitute motion on this point. Any discussion on the substitute motion.

>> Vincent Sunzeri: Yes.

>> David Bacigalupi: Vince and then Russ.

>> Vincent Sunzeri: Is this something that's going to be discussed under governance by Cortex? If so we're not going to have answers on that for three or four months. And deferring this for another month isn't going to solve the problem.

>> Russell Crosby: And for whatever it's worth I won't be at your next meeting.

>> As far as Cortex is concerned, I don't think we are going to be pricing --

>> It could change as a result of Cortex later on.

>> David Bacigalupi: We could come back with a policy next month and have Cortex even revise the revised policy. But there's a concern here that if somebody else asks, because they're writing the checks to the people that are, you know, our support staff, that, you know, it could be subject to change. And that's why I think we need to have a general policy, as well.

>> Russell Crosby: Well the key element is to remember is that there is no more internal staff. And any request of an actuarial study has to go outside? And it triggers a bill from Cheiron. It's a different game.

>> David Bacigalupi: We're discussing the motion to defer this to next month. Is there any further discussion on this motion?

>> The only thing I want to say is do we want to deal with this policy as it is now, set a new policy, the association can come back to us once they know what our new policy is and make a second request. It does not prevent them from doing that. I'm not sure if we want to delay.

>> Richard Santos: And what's the harm? As long as we're communicating stuff, why be hasty? Why not sit down and talk about it. We started in January, I came here in February and we've made some great changes so far that we've been living one way, now we're trying to live another way, why be hasty? Let's talk about it, making great policy and wait and do it.

>> You make the opposite point with Dr. Das as well in legal points as well. If this is the city and this is going to come out the different way, if this were the city would you be so adamant?

>> Richard Santos: If this information is needed for everybody involved what's wrong with that? No harm to me.

>> But.

>> Richard Santos: Case-by-case, what's the information asked and so on request that if something comes up just foolish and we all feel that way, I may feel that way, but right now I don't.

>> David Bacigalupi: Russ, do you have something you want to say?

>> Russell Richeda: Perhaps the board might want to consider the next agenda item, the overall piece that may not have been discussed during this discussion and may depending on your decision on 2.4 is sort of the background context. Because obviously there is a context of litigation here. That doesn't necessarily mean you have to grant this motion at all. I mean the underlying motion. But it might be a reason to defer it so you can consider it in a broader context. Because as board member Santos kind of indicated, there is you know that

unique factor to this request. Doesn't mean you have to grant it but there is this unique factor, this litigation not at all been part of the context for any of these proposals that have come before you in the past.

>> Mollie Dent: So I think what Mr. Richeda is saying is that under item 2.4, you may be talking about getting some legal input on precisely the issue of whether it would be proper for the board and the plan to pay for this kind of work on behalf of the single party. You -- but back to Mr. Sunzeri's point, the motion is to defer. You can certainly defer the item if you want to. If you decline the request as posted today the request can still come back before you at a future date.

>> David Bacigalupi: Sean was next and Conrad and Vince.

>> Sean Kaldor: So I like the idea of making a decision based on a policy and I'm focused on having a good policy in place as a priority. These decisions don't even come to us in future, if people know what they can do and can't do so I don't think deferring it for a month and then saying under this new policy that we adopted, I don't see the harm. They see a many if the choice is declined now or a policy in which it might get accepted or declined next month, I don't see the harm in that.

>> David Bacigalupi: Conrad then Vince.

>> Conrad Taylor: may change vested rights? I mean it's an organization that didn't do a poll or didn't vote on -- to their members and they didn't do a poll or do a vote on active members. So if we go ahead and do this study, do we open ourself up for a liability?

>> Russell Richeda: Well, you're certainly getting into the fiduciary issues of exclusive benefit. You're supposed to expend plan funds on items that you consider in the you know exercise of your good faith and discretion that would result in information and/or decisions that benefit all plan participants as you judge that to be the case. Now the vested rights issue is difficult. I mean, that's almost an argument for deferral. I think you have phrased it very strongly, Conrad, and it seems odd to expend money. Again you know it presupposes there's a vested rights

issue and maybe I'm putting the cart before the horse by agreeing to your assumption that there's a vested right issue. But there may well be. And if there is a vested rights issue in the existing benefit design then it does seem odd at this point even if it was a joint request to cost out a figure that would be a proposal that would cut back on those vested rights. But you know it's hard to give just, you know, adequate off-the-cuff advice at this point. But I think there's a problem there.

>> Mollie Dent: I would say I view it as really an issue of your fiduciary duty with respect to the plan resources. And you're here to administer the plan and here to administer the existing plan. And so this is something outside the existing plan. But I do think that it's something that under the context of 2.4 you can ask Mr. Richeda to give you a more complete analysis on. But I think there's a real issue about whether or not it's a valid use of the plan resources to pay for this, when it's not a benefit that when the structure of what's not been proposed in the existing plan and is not anything that you have any indication that there's been any agreement on whatsoever. And the retirees association was quite candid that they can't bind individuals. So I think those are all things that you would have to take into account when you are coming to crafting a policy for the future. But right now, the issue I am before you is whether or not it's right for the plan to pay for costing something that is just the proposal of the one group.

>> David Bacigalupi: Okay, Vince.

>> Vincent Sunzeri: Mr. Chairman, I believe I made a motion, I believe I had a second and I don't believe we had a vote on that motion before we had a change.

>> David Bacigalupi: The substitute motion is to defer this to next month.

>> Mollie Dent: The land was a second on that. The procedure is to vote on the substitute motion first.

>> David Bacigalupi: Before we have any further action.

>> Russell Crosby: Who voted on that?

>> Richard Santos: Me. I think the situation that Sean brought up is a good one, let's take care of everything because you always have groups that want something. I understand the fiduciary responsibility. That's why I suggest we get a policy that takes care of everybody.

>> David Bacigalupi: Okay, any other discussion on the motion to defer this to next month? Jest.

>> Ton substitute motion, Robert Sapien, local 230, in hearing Mr. Conrad's points on the amount of energy surrounding this issue, I would support this substitute motion in that whether we jump to deny the request today and simply say we can bring it back at a later date, the actual impact of a denial before you're ready to decide is going to have -- add more to that energy that's out there. So I would say whatever you decide in a subsequent meeting, give it the time for due consideration and can you come back with a decision. But to create this whip saw, oh we can put it off and bring it back another day, worked away from here with vested benefits who are now threatened and who are coming back in good faith trying to avoid litigation and try to avoid shardship. Please use due consideration, take some time and get some information for folks.

>> David Bacigalupi: Thank you. Any other discussion on the substitute motion to defer this?

>> My only piece of context I think that was also -- that was an excellent point. My concern with the specific case, we can sernlgt address it on the substitute as well, on this particular issue we're going to have six more groups come to us and ask us, we're going to have a taxpayer group come to us, everyone with a vested right on another side, is going do rks as well, and that's my concern in this particular case. i'm fine talking about this next meeting as well. But that's the context here.

>> David Bacigalupi: Okay, that's towards the original motion. But on the substitute motion do we have any further discussion on putting this off till next month? Hearing no discussion, all in favor? All opposed.

>> Opposed.

>> David Bacigalupi: Okay, we have one --

>> Russell Crosby: I'll accept surnses.

>> Just a second for approached agenda items .

>> David Bacigalupi: What we are going to need in a policy document, all the questions twhear with raise id during this active discussion.

>> We need a discussion and action on policy and have that separate?

>> David Bacigalupi: But the motion on the floor is to deny this, it can be changed or added to or left as-is.

>> Are we asking Russ or anybody to -- what are we doing --

>> Mollie Dent: You are going to have item 2.4 too to discuss.

>> David Bacigalupi: All right we have time certain items we are going to go to and then we'll go to item 2.4. Time certain items 4.1, and I'm going to do the service retirements and I'll entertain a motion at the end. To cover all did service retirements. 4.1a, Daniel J. Addiego, Fire captain, request for service retirement, effective October 15th, 2011, 25 years of service. 4.1B. application for police officer Crete Crowther. Effective October 1st, 2011 with 25.03 years of service. 4.1C. Police lieutenant Lawrence P. Ellsworth, effective October 1, 2011, 25.3 years of service. 4.1D is a application for service retirement from fire captain Richard K. Jones, effective October 1, 2011, 25.03 years of service with reciprocity. 4.1E, Fred Lagergren, effective October 1, 2011, 20.03 years of service. 4.1F. Randall J. Pauley, effective October 1, 2001. 25.38 years of service. 4.1G is an application for

Rodney D. villa, effective October 29, 2011, 25.11 years of service. for the record, are any of these applicants in the audience? I know the police but not the fire applicants. Do I have a motion?

>> Motion to approve.

>> Second.

>> David Bacigalupi: Motion and second. Hearing no discussion, all in favor, opposed, the motion carries.

>> Richard Santos: Mr. Chair, I know nobody here, few people on TV land might be looking in, I just want to say all these police officers and firefighters, put in a lot of years taking away from their families to serve the city. We really appreciate that very much.

>> David Bacigalupi: And I worked with every one of the police officers. I can't say for the firefighters.

>> Richard Santos: I have.

>> David Bacigalupi: If you're watching good luck in retirement, it's really a pleasure. 4.2, service connected disabilities. 4.2A, Brent T. Dickinson, request for service connected disability retirement effective September 1 2011, 21.18 years of service. For the record, are you Brent?

>> My name is Brent Dickinson.

>> David Bacigalupi: Brent, welcome, and you're representing yourself. Okay Molly, excuse me Donna.

>> Donna Busse: Fire captain Brent Dickinson is requesting a service connected disability based on his left ankle lower leg hearing and lower back. He's 48 years old with 21.22 years of service. Medical reports are listed in your packet. His work restrictions are that he cannot run he must avoid any high impact activities with his left

heel. He is currently and at the time of his application on disability leave. There is no permanent modified duty available.

>> David Bacigalupi: Dr. Das do you have anything to toad the information in your packet?

>> Dr. Das: 90 don't.

>> David Bacigalupi: Did you want to make a statement or presentation ?

>> You know what I think Dr. Das's report speaks for itself and the list of doctors I've seen have contributed to that and the status of where I'm at.

>> David Bacigalupi: Thank you, captain. Any questions or I'll entertain a motion.

>> I'll ask this question, it isn't personal. If they would have been able to modify your work, would you want to keep working?

>> I did entertain that, I went to fire administration. I was supposed to get a call back and never did and at this point I just want out.

>> Thank.

>> Richard Santos: I make a motion that we grant the service connected disability to captain Dickinson.

>> Second.

>> David Bacigalupi: I have a motion and second.

>> I have a further question. I was curious, the reinjury, the second fall was back in March. What was the cause of that?

>> You know, as for just -- in stairs trying to get down from my residence, you know because of the way that I was trying to walk down, you know I ended up slipping on a stair. And just further aggravated it. You know it didn't change the outcome, and again, for somebody that served for 21-plus years, definitely not the way I want to go out. Not my style. If I could I would be here even with as much as going on. But stuff happens and again, after close to 16 months of trying, I get to walk around with a brace, potentially incorrect placement somewhere down the road for refusing. And the reality is, I'm not going to be able to get back to what I want to do which is my spot.

>> That's fair.

>> So my only question around that I guess is for Dr. Das, or maybe, I don't know who can answer it. But it seems to me like the second injury or the fall was -- that was you know if we're calling it permanent nature, that was the issue, right? The question was around the service-connected part.

>> Dr. Das: Actually with the mechanism of injury, that avascular necrosis of the bone. The bone had lost blood supply. Can you not identify it early and so the kind of mechanism he describes in terms of falling would not cause the avascular knee crow's that he had. He had a significant heavy weight land on his foot. And it doesn't -- there's an analogy in the hand with the Scafoid bone when people fall on it. You don't see any damage to the bone for a long period of time even when you get the initial X rays. The key point is to follow up and get serial X rays and CAT scan and you have to have that index of indication. His restrictions are not based on whatever symptoms he has, it's not based on pain. It's based on the stability of his ankle. He has no choice. If he came to me wanting a job as a firefighter with this finding I would be able to say no, you cannot work as a firefighter, because of this particular problem. This is -- there's not really any question as far as the particular injury, and in terms of the mechanism, it flows very well with the clinical picture. There's no, yeah, no question.

>> David Bacigalupi: Vince.

>> Vincent Sunzeri: No questions.

>> David Bacigalupi: Dr. Das, that really clears up for me. I really appreciate the extra information.

>> Dr. Das: Okay, I guess my report needs to be a little clearer then.

>> Richard Santos: When I saw this the above would preclude officer din inn SOP none, this is the kind of trustee Lanza has asked, and the unions and the city have all got to come together, when you have young people. I happen to know this young man, I was there a couple of years when he came on energetic, well qualified, heck of a job. I just note that he would say at 48 years old with 21 years, I mean he came out young, he was sharp. And I haven't seen him for a long period of time but my guess they were all working together so these are issues that the board needs to address and maybe is not in our, you know, authority to do but we need to address them to the city, those are letters we are going to be looking at and other thins we need to talk about, this fund can't keep this on we talk about everyone who need to be so concerned with cost, we all are. We need to look at this especially people who want to stay. Like in this case, what are you going to do? That's my input.

>> David Bacigalupi: Sean.

>> Sean Kaldor: I busiest truck and one of the busiest stations in the entire department. Very well respected, especially known for being especially safety conscious. When this first happened, all the guys for this to happen to, I could just see the morale of the station shrink as it got on and on. The process got messed up the treatment got messed up, the paperwork got messed up. situation at the station, it was devastating to a large number of people. So my heart completely goes out to captain Dickinson.

>> David Bacigalupi: Thanks Sean. Any further discussion on the motion? Hearing no further discussion? All in favor, all opposed, motion carries. Captain Dickinson, best to you and your family.

>> Richard Santos: Can we take five to the restroom?

>> David Bacigalupi: Sure. Let's come back at 20 after, on this clock on the wall. Take a short break. [ Recess ]

>> David Bacigalupi: We'll call this meeting back to order. We're on 2.4. Sean did you want to start this one off?

>> Sean Kaldor: So this is something I had asked for and it has to do with some of what we are seeing here today, there are proposals floating around from different organizations, retirees, firefighters representatives local 230, police representatives POA and the city, a number of different proposals to those bargaining groups and as well as the ballot measure and all of those things have different factors in there and something at some point will get agreed to or imposed on. And the concern is that some people who are receiving benefits from this plan might not agree with that and might take up a legal case against one or another, however that works out. That puts us and the plan in a tough spot. You can imagine simply a proposal saying a retiree saying it's going to get a 2 per cent cost of living adjustment, law that apply, they go to court. They're in court for, their attorneys were estimating three to five years. What do we do as a plan, for someone who's being told the city only wants to pay a certain amount? But they think they have a legal right to another amount. What do we charge the city? Do we charge them for the amount the city expected to pay, what do we actually pay the person? Do we put tonight a trust trust? We are going to get sued for what they feel they have a legal right to. What I was asking for in this agenda item was some guidance from our conflicts counsel, simply looking at these options that are out there, such as COLA change or SRBR change, what in their opinion is legal, and if something's agreed to that goes through -- that is challenged, while it's in the courts, what has been the practice or what would be the legally appropriate practice for the board to do in terms of paying the benefits and collecting the funding of the plan? So that was my thinking behind this agenda item.

>> David Bacigalupi: Okay so we're looking for a little direction from legal counsel.

>> Sean Kaldor: Correct.

>> David Bacigalupi: Is it something specific? I mean there's been issue I think this issue today really raised a sore point, in that what's our liability, if we participate in something that is a violation of someone else's, one of our trustees, one of our participants' vested rights, and if we participate in that? And I think you know, I'd ask counsel to comment. But I -- you know I think that we have to remember, and I know for Damon you mentioned, sometimes it seems crazy but we don't design the plan, we just administer it. I think I heard this comment early on when I heard discussions at the board level regarding hearing officers and things like that, that was negotiated and that might be subject to meet-and-confer with the unions. Because that hearing officers had come up in the past. And it's not for us to create changes. It's up to the unions and the city to agree to make changes and then when they've made a change it's up to us to administer. And you know, counsel are we wrong in that as long as we limit our scope of what we're doing?

>> Mollie Dent: Well I think what I -- I'll be candid with you. Our office will not be producing the initial legal opinion on this for the board. I think it's totally appropriate for you to ask your conflicts counsel. I do think it would be a good idea to outline the specific questions you want your conflicts counsel to address so that you do get your questions answered and get them answered efficiently. Our office will look at what your conflicts counsel has to say. We would obviously, may have different opinion than conflicts counsel from the standpoint of legal advice to the city. So we -- we're fine with your asking your conflicts counsel for an outside legal opinion on the specific legal issues. We would recommend what you're saying which is I think identify you know specific questions that you want addressed. Because otherwise you could end up with a work product that is not I responsive to your question.

>> David Bacigalupi: Maybe that is the way to do it. Maybe if we go through Russell's office, there are legal situations, can we do that? What authority do I have? What's our liability if we do that? My thought is maybe we come back next month, and in the meantime, every board member send in to Russell's office concerns about the legality authority, kind of what Sean's been addressing but you know that's not all encompassing. Everybody's got some thoughts on it. So you know what's the opinion of the board if we have a central clearinghouse of Russ 'em, we take a look at it and then we'll have it on for discussion and action next month and then we can give conflicts counsel direction to come back with.

>> Sean Kaldor: I'm just thinking of the timing, for example, negotiations like this, if we make clear what our follow will be, in other words, if changed the SRBR, our attorney is telling us it's legal and if it's changed we will you know implement those changes and people won't receive an SRBR payment.

>> Mollie Dent: I think you do have two opinions on the SRBR so we could bring those back on the vested nature of the benefit one from us and one from Mr. Richeda.

>> Sean Kaldor: I'll change it to the cola. There's 80 different issues right, everyone understands if the cola is changed we will change our bill to the city and we will reduce the changes to the members. If someone challenges it in the legal system then they'll challenge it in the legal system that's fine. If they ultimately prevail everything gets fixed, that might influence the whole process versus us saying if you change it we'll still bill you the full amount and still pay everyone the full amount if it's challenged legally, later on the it's found to be legal then we will go back and get the money back from people. I mean how we handle things might influence this entire process. So timing wise I'd rather say let's get all our inputs to Russell, our questions to Russell, get them to Russ and try and get an answer by November, December, October-November.

>> David Bacigalupi: Okay, Russ.

>> Russell Richeda: I'd.

>> Leslye Corsiglia: Also like to give a list of questions to Russell to put on whatever master list is coming back to you so you can see if the questions I'm coming up with are questions you want answers to. They may or may not be. There are state laws that are passed by the legislature from time to time that purport to apply to charter cities and governor Brown may be proposing others. What is the board required to do in relation to do, what is the board permitted to do in relation to that. And you may or may not want that dealt with. Or constitutional amendments of which there have been eight or ten, none of which, I'm sorry, initiatives that purport to amend the California constitution as far as vested rights in a variety of ways. The ones in the past are off the table. Almost

certainly there will be ones in the future. Is that something you want guidance on or would you rather wait until those amendments become more real and are actually out in the street? Those are the I understand Sean's perspective is a whole different one about actual litigation.

>> Sean Kaldor: What are we going to do number one.

>> Russell Richeda: The whole background you may or may not want information open, the Orange County 3% of 50 case, which some of us would concede was an assault on vested rights. The orange count did not take an active part in that litigation opposing the county's right to cut back on vested rights. You may want some information on why the board did not. On the other hand you have in your packet today CalPERS the board of administration for Cal PERS is not definitive but they say in general terms that they are going to take appropriate measures to enforce vested rights. We don't quite know what that means but do you want me to coordinate with Cal PERS's general counsel for example, to find out what legal opinions they've developed on that issue and what's their rationale for their pokes. But I don't expect or request answers now, it's just I'd put those in a list, and you could decide whether or not any of those things are inquiries you would want to address.

>> David Bacigalupi: I think if we collect all of those things there are some things we may want to prioritize. We may want answers to 20 questions but we may have a priority.

>> Sean Kaldor: I appreciate that. There are questions I would like to have an answer to, but my pressing question is what are we going to do December one or January one if an agreement is made or proposed, why aren't you accepting my -- we're caught in the middle and what do we tell the city we're not going to bill you? I don't know how to handle that.

>> David Bacigalupi: We say we are going to bill you but the city says no we're deducting not going to pay you.

>> Sean Kaldor: I don't know what we need to do as a board to live up to our fiduciary requirements. I don't know if we would get involved in litigation aspects. That's a whole 'nother situation. It's the administration of the fund I'm thinking of.

>> David Bacigalupi: Damon.

>> Roles are fiduciaries, our job is to administer. At some point in time that time may be coming sooner rather than later, it may be valuable to take a position. And let me give you a couple laymannologies. they cornlt to drink beyond the level they should you don't want to continue to deliver the drungs. And I think at some point in time we're going to see the signs on the wall that there's some specific decisions that we or positions that we might want to take, and voice, may not have a bearing on the outcome but at the board level responsible for these assets, take a position and state those positions publicly about how we feel about the direction this plan's going, given decisions that are being made that are out of our control. It may have a control or it may have an impact on the decisions that are being made but it could be very valuable for us to take positions there.

>> David Bacigalupi: Thank you, Vince or Damon.

>> Damon Krytzer: I'm so glad I'm coming after that. I kind of agree, our fiduciary responsibility is not limited to the investments and to deciding if somebody qualifies for disability but it is you know about things that affect the sustainability of the plan. When I think about this plan I think about the four-year-old that wants to become a fireman and is there going to be a plan that's effective for them? There's so much bias and we should be theoretically the one unbiased place to speak for the plan and to speak for as goofy as this sounds to speak for the four-year-old, right? There's no one else really talking about the sustainability. I'm not taking a position but is a 3% you know, cost of living adjustment high? You know, what -- war the effects of SRBR? If we want to find those things out for ourselves, to take a position, you know I think that's tremendous. I just -- I'll leave it at that. My other point was just a little more specific to, you know, to sort of amplify your concern on the actual implementation, it kind of seems like with the SRBR for instance from what I recall none of that's solved and it just basically up to the board to calculate. What the hell does that mean? It's up to the board to calculate? They go through this whole

negotiation, it's up to the board to calculate? I'm not really comfortable that we're going to get a ton of direction anyway. We're going to have to come up with our own -- our own implementation interpretation probably as to do we bill? Do we charge back? I think we're going to have to -- we're going to be forced to make those discussions I think anyway. Which is you know, unfortunate but it's kind of the way it is. And we -- I don't know that we can necessarily put some kinds of a policy framework. I think a lot of that's going to have to be addressed unfortunately on a per position basis.

>> David Bacigalupi: Dick?

>> Richard Santos: Going to say a little more it's going to be a case-by-case. Whether it be SRBR or cola, you know I've read the two reports. Say yes you have, whom all of you I don't want to meet and confer. We're just going to administer this plan. When you just administer that's the easy part. Protecting it, have to take positions and it's going to be case-by-case. And so we can hand in 20 questions apiece, something else is going to come up about so we just got to be open and when the city let's just say the city violates something that they negotiated with the union and they're telling us to pay it and we look at that and say well we can't afford to do that. Do we really have the authority to say time out no we're not? Much more than sitting hereby, the fiduciary responsibilities is awesome. So like anything else yeah we all want a certain amount of money and certain things promised but when it comes time to say can you pay it without harming someone else what can we do? It's going to be case-by-case. I don't think any policy is going to cover this like we're trying to do for them month. Again, this is just a lot of work to be done and things are going to come up that never came up before during these tough times.

>> David Bacigalupi: Okay, thank you, Sean.

>> Sean Kaldor: The comb of what I'm talking about here is a very tactical one responsive one to the changes. So what do we think is legal and not legal and then if that changes of change is created and someone takes a legal stance against it given what we think is legal and not legal how do we deal with? The bigger discussion of an overall policy and telling the city we think they're spending too much on pensions or they're

getting themselves into trouble or the benefits could be changed one way or another, I think that's a whole different discussion and much broader discussion.

>> Did you have in mind to get advice and put that in context or did you have something specific in minds that we should address?

>> Sean Kaldor: I'd like to see based on the proposals that are out there if those proposals are made, if those are implemented and this would be the City's ballot measures or from each of the bargaining groups or from the bargaining groups even, if any member signs off and says I'm suing or any retiree signs off and says I'm suing, what do we do? cola changes there's a big category I don't care what the exact proposals are 1% 2% 9%, if there is a change to the cola that's imposed on someone and they take a legal issue on it do they have good grounds to stand on, should we continue to build the city or not bill the city what's the mechanism? Do we put the money into a trust and once the lawsuit is resolved then pay it? If ten people sue what should we do for the other 1,500 retirees? If ten of them sue us and we believe they're right should we do something different for the other people or should we change it for all the people? I don't know how to handle -- that's what I'm looking for guidance on. I don't want to -- ultimately when we control the money that's when we have people coming at us saying, just because the city wants you to and the same for the city saying you can't bill me for something that I haven't agreed to pay people.

>> Russell Crosby: Well I've seen a lot of this drama acted out in Erisa plans not government plans. There are differences. Once the plans get changed you are going to get sued, you need to be sued, you have got to resolve that in your mind so what, the world doesn't end. The process of suing you if the case is strong enough the judge is going to issue a preliminary injunction. There will be a court that will do something and you lawyers can chime in here. But the process, when you get sued, is you don't just kind of say oh, my God they've got a suit against me. You're going to defend yourself, it will go into a court somewhere and the judge will issue a preliminary injunction if he feels there's a strong case or maybe he doesn't, he just lets it go and says okay continue to administer like you're administering now. Whether you've adopted the new regime or you're continuing to pay the old one you're going to get sued on either side. Somebody is going to come after you whatever stand you take at

that point, and then it's going to be a litigation strategy. Whoever your lawyer is at that point, whether it's these guys or you've got the new law firm in hand at that point. They're going to give you a strategy that says okay, you've now got a preliminary injunction. This is what the judge said. Next steps, well, the judge is going to spell out in that preliminary injunction what you're going to do and what you're not going to do to a very large degree. You're going to continue paying benefits on the olds basis or you're going to continue paying benefits on the olds basis. That part of normally that preliminary injunction is going to say that and give you instructions on what you're supposed to do while then the main case proceeds on and it will be years before it gets resolved.

>> So preliminary injunction for 30 people what do I do for the other 1500 people?

>> Russell Crosby: It's not going to be 30 people. The judge is going to give a plan and tell the lawyers what to do. It's not going to parse out --

>> Mollie Dent: It really depends on how it comes to fruition. Certainly when we talk about item 3.2, that's certainly an area on which you will want to query any of your prospective legal counsel. Is benefits are changing. It's not the first time benefits have changed in the state of California in a public plan. The Orange County case was not the first. I mean there's plenty of precedent for benefit changes in the state both benefit enhancements and benefit decreases. So it really -- the -- how the litigation is filed will determine what your response will be and what your role will be. But I'm perfectly comfortable with having you ask Mr. Richeda to address those issues. I think that it is helpful to be really specific on it. On the cola changes you have the fundamental issue, is it a vested right to begin with.

>> David Bacigalupi: And is it a vested right for everyone.

>> Mollie Dent: Correct and who is it vested in. Because all of these you're going to have to start with that and then you go well, if it isn't you go one direction. If it is, well, what if one person sues, what if a group sues, what if many people sues, you have to address that differently, what the role of the board would be, and it math may not be the board that gets suit, it may be the city that gets sued.

>> Russell Richeda: Most class action basis, yes, it's logical possible in an interesting law school hypothetical, even in that situation, there's -- there actually are reverse class actions brought by the defendants to convert the individual case into a class action. There's requirements and it may not be applicable here but it's part of the strategy that the board might want to think about. But almost certainly it will be a plaintiff class action because there is a big pool of money out of which the attorney can get a third. In one point there could be a comparable legal format. I don't know that there would be TR, injunctive relief Russell. It's rather difficult to get a TRO. Even in the 3% of 50 case there wasn't any interim relief. That's why I will be very interested factually the issues they are raising. There is not recent examples of benefit reductions, as we all know 20 or 30 years in the past have pen rising years. There haven't been benefit reductions particularly reductions that could be seen as violations of vested rights. It was all the other way. Yes there's cases of over 30 years ago but I don't think we can get relevant information from the retirement lawyers who represented the parties in those cases. So this is relative new stuff. So it may be relevant to you to see how Cal PERS has or is dealing with this or anybody else we can contact through CalAPRS.

>> David Bacigalupi: Sean next and Conrad.

>> We're just wasting our time and we need to see what comes to us on a case-by-case basis.

>> David Bacigalupi: Drew. .

>> Drew Lanza: And concern is that we have a lot of power when we speak with one voice? We represent around this table the four core constituencies, the active union, the retirees some the participants and the government. And it is not yonlt scope, what Sean has told us where all four of those constituencies are telling us to do something different. The government's telling is you one thing, something else has gone to the ballot telling us something else. Those aren't necessarily the same thing. The union is telling us one thing and the retirees are telling us something else. I'm very worried we might be at a meeting in five or six months, saying how do we interpret it, what do we do? We get a vote of two, two, two and two, I'm voting for the retiree I'm voting with the

taxpayers. It would be a higher overarching sense ever who we are because maybe when that came to pass rather than voting our constituencies, we can look at each other and say we are members of this vote and we have a higher overarching purpose which is X, we are going to vote X, we may have to aline up with nobody. If we're not careful we will get vulcanized and once we are vulcanized we are very ineffective. Sean I'm glad you brought this up. Find out where the solid ground is, find out where the fuzzy ground, and in private companies it is a mission statements who are we and what do we do. But I would like to think in the end our loyalty is more to this board, what we're supposed to be doing who we're supposed to be taken care of than it is to necessarily the taxpayers or the government or the union or the retirees. And I don't know how the hell we're going to achieve this but it is something we should be talking about in the background.

>> David Bacigalupi: Thank you Drew. Conrad.

>> Conrad Taylor: I understand what Drew is saying. We need a position and now we have legal research that says whoa, you can't do that. And now you're taking it you're out there you're speaking on behalf of the board and it's an illegal position. What if you take a position that dick may take a position, and I'm completely different than his position. We could have multiple positions in here. We could have nine different positions in here all talking on different positions so I think we need some type of legal framework to start. .

>> Drew Lanza: And that would really weaken us if we do that. That hurts us .

>> David Bacigalupi: Dick and then --

>> Richard Santos: Again, repeating the same thick, case by case. The by our two counsels at the time the way it looks legal will have one counsel from this and we're going to hire a counsel. That's the legal advice we'll be taking and then whatever board how that votes will be responsible. So when that day comes I'm not worrying about retirees and worrying about somebody else. I'm here to protect the plan like y'all and I will be taking the legal advice for our hired attorney who gives me the best representation. If I don't take it and something happens it's on me. But since I've been in government and even when I was a firefighter union member, I went to the legal

counsel, that's whatever at the time. When I was on here with you Dave I say we took the legal counsel and that's why at the time we didn't agree with the city and we had a conflict attorney come on and we had good basis to make the decisions we made.

>> David Bacigalupi: Sean.

>> Sean Kaldor: Mollie to understand your office and Russ, you say to make sense send it to Russ.

>> Mollie Dent: I think you can get him started on it first. We will certainly take a look at it. And --

>> Sean Kaldor: Your office's comments would come in separately?

>> Mollie Dent: Yes they would come in separately. And I think that like I say, when we -- when we talk about the RFP for legal services that will certainly be one of the key areas that we will be asking all of the attorneys that come to us. Is, how they would handle that, what their experience with dealing with that situation. And so that you get the best skill set for that.

>> Sean Kaldor: Okay, thank you.

>> David Bacigalupi: Conrad.

>> Conrad Taylor: I think we can agree that this is a rapidly working field, so we need to get russ on how we set coordinate with Cal PERS counsel and Orange County's counsel on how they took their position.

>> David Bacigalupi: Okay. Any other comments, questions? I think we've given Russell direction on what we're looking for as well as Russ and Mollie. So we'll --

>> Sean Kaldor: Is that enough to go from Russell? I guess are we going to compile questions or would that be enough to --

>> Richard Santos: I think he has enough.

>> Russell Richeda: Were you addressing me? One discrete task is what Conrad said, assuming that's what the board wants. Easy, comparatively easy assuming I'm sort of guessing what you want but I think I can fill in the gaps. I think it's --

>> Russell Crosby: The question is do you understand what they want? You sort of have an image, at one point there was a suggestion that trustees send me questions, issues, subject matter that you want addressed here. I package those up, and send them off to him and at the same time I send them off to him I give you guys a copy so you know what has come in from all of your fellow trustees.

>> Sean Kaldor: Should we review that list at the next meeting to make sure it's what we need to answer right now?

>> Mollie Dent: I think it's very simple to call Orange County and ask them. I believe the answer is that the board went ahead and did what they were supposed to -- in other words the city was suing to stop a benefit enhancement. I believe the board administered the benefit enhancement in the meantime but that's an easy thing to find out to find out what Orange County did. The problem with CalAPRS is that's a really different animal than our systems, where you've got multiple employers negotiating benefit changes but to a group trust. So I don't know that you're going to get much of an answer out of CalAPRS -- Cal PERS other than the opinion they've written. Again that's not difficult to find out.

>> Sean Kaldor: Phone call to see what you would do in this situation if there was a disagreement between the -  
- trying to impose something, do you have a policy, what's the legal grounds for the policy?

>> David Bacigalupi: I mean that's pretty clear cut. He can get started on that. There's other issues out there I'd like to have those come from through Russell. There is going to be some things that are going to be a case-by-case basis but in the meantime there are generalities.

>> Sean Kaldor: I don't want this too broad brushed. A lot of things can come forward later and we have to respond to things. At least we have a general approach and thought process we're ahead of the thing rather than plunking down January 1, we are unprepared to figure out how -- what we're going to do.

>> I'm not clear, what is the actual goal of 2.4? What are we trying to get to here?

>> Sean Kaldor: So if there's a disagreement between the city and labor groups about a change, in other words, decreased environment probably the city saying we're going to impose this change or a ballot measure, the voters have voted that you no longer get X. There likely will be a legal challenge to that. What do we do? Do we keep paying them money? Do we hold the money in the trust? Do we keep charging the city? That's the question.

>> David Bacigalupi: And it's not just if the city implements something, if a side group comes along and makes a negotiated agreement, we're going to give up the cola. If the retirees association says we're going to give up the cola, the city says we accept that, what can we do, if somebody says you can't give up my cola, that's a vested right. Sean direction is what do we do? Do we suspend the money do we hold the money do we pay it, do we go with what we think is correct versus you know what's been agreed to? So I think that's what Sean's looking for.

>> So my understanding is as trustees we don't have anything to say about what the actual benefits are negotiated.

>> Right, slum.

>> What's passing through and that we are just taking in and administrating what's giving to us.

>> Absolutely.

>> Why would we -- sneaps cps wait for that and when there's no agreement and one side imposes a change such as by ballot measure what do we do?

>> If you don't have an agreement by all parties would I imagine this would go to court, right?

>> Sean Kaldor: So what do we do while it's --

>> You do nothing until you have a clear decision.

>> Sean Kaldor: We don't pay benefits?

>> You don't are do anything other than you're doing now, until it's clear.

>> What, the city would continue to pay for those benefits?

>> You'd be paying what was existing I would think until you have a legally binding agreement between the party.

>> All anybody has to say no there's a blood measure we're not paying for those benefits anymore.

>> Doing nothing you would take them to court.

>> Sean Kaldor: What do we do?

>> You stay with what you have been doing, you don't change the money.

>> Sean Kaldor: But the.

>> -- we're not going to go bankrupt in two years. We're already pretty underwater --

>> What I don't think we need to do is argue at this point. I think what we need is some legal opinion on direction of where we would go.

>> Mollie Dent: So that's a very specific legal question about the procedure that would apply if there is a nonnegotiated change. The procedure that applies if there's a negotiated change is very straightforward. It comes to the -- it's a municipal code amendment, the board could comment on it at that point, and could say we don't like it. Or we think it will cost money or we think it will save money or whatever. But would you get to see it and you would get to comment on it. If it's a nonnegotiated change in benefits, then I think that's a very specific -- it really does depend on the way the litigation proceeds. And I think that Russ can give you some of the different scenarios if you want him to.

>> Russell Richeda: It also depends. This is so open-ended. What if the bargaining parties decided to reduce all benefits for retirees by 80%. And to increase future benefits for actives, not yet retired, by 80%? That's the negotiated deal. It comes to you, to implement. And let's -- and then I think the first thing you might want to do is ask whoever your counsel is then, how does that comport with vested rights? I mean there's some point where something is so out of line, that maybe you have a different fiduciary response to it. On the other hand, though, many things or at least some things are in the fuzzy category that Drew just mentioned. In the fuzzy legal areas I go back I forget if Sean mentioned this, lots of things are happening not particularly germane to us, but on the cola Colorado just ruled there were no vested rights in the particular cola they had. But in Colorado it wasn't like ours, it was all over the place, they had changed it periodically, increasing it and decreasing this. It didn't apply to us. Minnesota has just come up with a similar case that a cola is not vested. Perhaps those are things you want to be notified about but ultimately they are not particularly germane because they depend on the particular steps, coming cents and particular practices. Lots of things are going on and it's hard to predict what's going to be presented to you. Against a case-by-case.

>> I think you can go into a lot of ideas of cola goes away or what have you, the board has an opinion on that and you get into all kinds of solvency questions and things like that. I think you need to close the circle or otherwise you're going to be chasing your tail.

>> Sean Kaldor: We could say the ballot measure if the ballot measure was passed and opposed what do we do?

>> Are we going to a ballot measure?

>> Do we know it's going to be a ballot measure?

>> Sean Kaldor: We don't know anything but I think there's relative --

>> Russell Crosby: If it's been agreed to --

>> Sean Kaldor: That's been shared with all the employee groups and exactly presented in city council about exactly where they would like to go. We don't know what's going to happen but there's a lot of effort behind that.

>> Mollie Dent: I don't know what the date is for the council. Do you know what the date is for the council to consider the ballot measure at this point? I mean it's going to be sometime in the fall.

>> Sean Kaldor: It will be they have to do it by the start of December in order to have it on the March ballot.

>> My gray hair tells me there's a category of bridges that you would like to cross before you come to them and this is one of those kind of bridges.

>> I suggest we be a little bit more open ended and look at this from the perspective if it is in fact a nonnegotiated benefit rather than a ballot measure or something more specific how does the board proceed with implementing that, that is the legal question.

>> Mollie Dent: I think you have to look at each of the benefits individually, you have to start with is it a vested right? You've got the cola, you've got the SRBR, you've got the basic pension formula itself, the age of retirement. There are a variety of things that make up the benefit.

>> On that point we could spend money on exploring this one, the age benefit, we could go spend money on SRBR we could spend money on ballot all these different things and we don't really know what we're going to see. So why not wait until we actually see something come towards us and take action?

>> The reason is we're going to get the hell lobbied out of us and we ought to make you up our minds before the lobbyists. And that's why we keep our integrity.

>> I've never met a lobbyist here.

>> If union people tell us, we're going to get the hell lobbied out of us from all sides I think.

>> David Bacigalupi: Damon you're next.

>> Damon Krytzer: To Sean's point, assuming we have a lot of questions and get a whole lot of analysis and call Orange County what's our expectation from having some policy or expectation out of this? Do you really envision how you would frame some kind of direction?

>> Russell Richeda: I'm not sure -- I think it's better to deal with difficult situations ahead of time and I don't think it's frivolous to assume difficult things are coming down the road both in terms of what the city might do, in terms of constitutional initiatives. I don't think any of that is frivolous. It's happening now so my crystal ball isn't that good

or my prediction of future is not that good. If you could sort of construct probable worst case scenarios and then you have that as a factual background and then you decide what's appropriate. And you can just have procedural, you know, easy stuff that you contact each of the proposing parties and ask for their legal arguments in favor of whatever they're advocating. Just stuff that's nickel and dime stuff but it's still a protocol and then you refer it out to legal counsel. You want legal counsel to find out the law but also the practice by other similarly situated boards. Either in California outside California, even if you think outside California is relevant, you have these vague categories much procedural responses that gives you a framework for dealing with very emotional things. Drew is absolutely right. When these things become real, the temperature is going to go up a thousand degrees immediately. The number of people in the audience. We all maybe have not been through this but various people have been through this. This is going to get hot explosive and difficult immediately and tempers and temperatures are going to be very hard. There's going to be a lot of harsh angry words that are going to be here and presented to you. And the more we can say we hear you, we understand, but we have this policy and it's a rational policy and it helps us get through. Also, the restrictions that law would impose on you to expend money. Either on education -- particularly for advocacy. Because there are some bright lines that you might want to know about. Yeah, there's a fuzziness at thages about what you can do for education as opposed to what can you not do for advocacy. Still good to know. And it might be elements of the policy even though it's not going to deal with everything.

>> What we're basically -- so that's more understandable to me. We're trying to put together a decision making process. We're not trying to put together a policy, if this happens, then we do this. What we're basically saying, here is the information we have acquired, here is where we go to That was helpful, thank you.

>> David Bacigalupi: Okay, have you gotten enough direction?

>> Russell Crosby: Send me your questions, we'll bring them to the next board meeting.

>> Take a look at some of the things that were discussed.

>> Russell Richeda: I'm happy to. I'm not sure if the board is directing me to do that.

>> Mollie Dent: I think there was a specific request for contacting Orange County and Cal PERS.

>> David Bacigalupi: Cal PERS may not be as helpful but at least start there. Okay, so everybody contact -- (inaudible).

>> Richard Santos: And what can we do and that's been the problem since we have all been together. And I'm glad he brought this up because we -- like you said, case-by-case and things change but we have to know something because we've already had issues here where we can't do this because we don't have authority. We don't even know that. We just assume it in some cases, if that's the case we wouldn't have half the cry east that we had just a month or two that have already been solved. Because I think we have that authority. But until we get the cases that we need to show that we will needs to take the step, all of a sudden how has that been the problem? If the board would have taken action it wouldn't have been a approximate. These salary groups, we should have consomething. Anyway it's a good discussion to open up, we should get it solved and get business.

>> David Bacigalupi: All right, 3.1, update on status of trustee replacement.

>> Russell Crosby: Mr. Constant is missing today and I have no update. I know that they're still discussing what to do and how to go forward.

>> David Bacigalupi: They're still at that point. Carry that over to next month. Update on -- 3.2 is update on legal services request requests for proposals.

>> Mollie Dent: So we're still working on it. The Federated board wants to go forward with it too. I won't say joint but it can be RFP. Each board can select their own counsel. It will be the same if you want if same counsel you can have the same counsel and if you want different you can have different. The Federated board wanted one or more less than a majority of their members on the selection panel for their board. And as I said last month we're

open to having you all do the same. They wanted to basically, I think make sure that it wasn't totally driven by our office selecting the counsel. That is not the intention. We will definitely have the director of retirement services on the panel and if you want to have a board member or two on the panel you can do that. You all wanted to see the RFP so it will come back to you next month. I want to have a complete contract -- well, the contract is not the main thing. But I want to have a well developed scope of service so that you all can see the way we envision the interface working with our office. I did have an opportunity to talk to the Oakland city attorney's office. They just recently -- they have even stronger charter provisions than we do for their City Attorney actually coming to the meetings but still they contract the services out. We with will not need to continue to come to the meetings. They have indicated that they have contracted the services out for their Public Safety plan. They have an independent attorney for the public safety plan under contract to the city attorney's office. Just as we're envisioning doing. And your question about what happens if you get sued, their outside legal counsel is representing them in litigation against the city attorney's office. So it happens, you're not the only ones that have that situation. And we think we can set up a process where it's clear that where there is a conflict between the city and the board, you'll have your own independent attorney.

>> David Bacigalupi: Okay, thank you Mollie.

>> Richard Santos: Let's see if they paid the 50 bucks for insurance.

>> David Bacigalupi: Okay, item 3.3, update on the payroll audit F LLSA and the overtime payment issues. Veronica.

>> What they can find in the AUP agreed upon procedures related to FLSA. Finance has responded that for some of the missing data, there was three months of missing data identified by Macias in their agreed upon procedures. They will provide the missing data, and they have provided a date of September 30th to provide retirement services. Once we have those adjustments we'll determine whether they are material amounts and come back to the board with some sort of recommendation how to go forward. Without knowing what impact those adjustments will have, it's hard to provide an update at this point.

>> Sean Kaldor: You think our November board meeting come back with a specific proposal, here's what we should be doing?

>> I believe so.

>> David Bacigalupi: Any other questions? Thanks Veronica. Okay item 3.4, discussion and action regarding board meeting location. And Donna has put a memo in your packet.

>> Donna Busse: That was just to provide background information. I think there were trustees here that were not around when everything on the move happened on why we are here.

>> David Bacigalupi: Okay.

>> Donna Busse: This is actually again an item that trustee Santos requested discussion.

>> David Bacigalupi: Mollie, was this put in the municipal code?

>> Mollie Dent: Month, not in the municipal code, I think the Muni code is scheduled to come forward this fall. There's a series of municipal code comeament, this will be an amendment to probably chapter 2 tch boards and commissions, right now in the board cause eye adjudicatory, the Planning Commission has to meet here as well as the appeals hearing board, those kind of boards and commissions.

>> David Bacigalupi: Okay. Rth Mr. Chair.

>> David Bacigalupi: Dick.

>> Richard Santos: One thing is, putting this here to advantages about the video when we can do the same thing, when it talked about us being at the retirement office. So that's no big cost item according to what I have been informed. But I think the whole issue is this, what the board wants to do, I think it's part of Cortex and so on. I think maybe we should take a look at that and then also we had a meeting this morning on the governance, maybe Sean will talk about and that's part of maybe that we're talking about a letter and so on things about we want to make it independent how we can go about it and show how it's better. That's something we could take a look there to send it fonder try get support if that's what the board wants to do. I personally do, you informed me that since I was gone 11 years that you had meetings there. I know all the pluses it's that simple, staff resources when things go up, legal questions go back not archives, whatever we do it's there. Parking is perfect. You can go on and on. I'm not trying to sell it, it's common sense to come over here it's a disadvantage to our staff and everyone else. While we're talking about efficiency, they might want to have a file up there and put some notes instead of carrying packages all over the damn place. I don't see how it's going to be disruptive. It's only a few people that have to go over there but the majority of us are over there. Whether it is fire and police officers that's who we cat tore. Everybody is invited to come. but I look at it as an efficiency point of view nothing personal and I think maybe part of that report that Sean is going to give or talk about what we're doing on the governance capitol maybe that's the way to include it but it's up to you. I just feel comfortable over there. As you indicated to me when you were chair and you were doing it it was a lot easier and efficient. So.

>> David Bacigalupi: I tell you I was on the board when this came out of mayor's office and the council. I didn't support it then. My opinion known, I thought there were more advantages to meeting in our own office. I was part of this board when we bought the building, with that in mind, is having our meetings at our own office, and going on. I see a major -- a major thing missing from our office is the video equipment, that now has become standard, and people being able to watch this, you know, off the Internet. And recording this and so I do see that as an advantage. But I don't think it's an an advantage that we can't duplicate, even advance. This is the heart of Silicon Valley, I've attended these meetings both in person and by telephone. It's a lot easier getting on a telephone conference than our office. I don't know why we have a better system than the city. This is a pain here, you can't hear anything.

>> Richard Santos: Talking about Councilmember Constant about this and other things. He said, I didn't have any I have no problem with it, this is what he said, I have no problem with it. The video when it was first told it was supposed to be a big cost item, when I talk with staff, it's not. I'm sure we could have a better chair than these and I can hear a lot better.

>> David Bacigalupi: I think you know a little bit of technical adjustments in our own office and we can make as good, if not better, the system that we have here. I would can, you know I don't try to be rude to any board member I try and keep track of who's ready to speak next but we don't have a system here to do had a. So I scratch it out and I miss some people and lose control there and I apologize for that. But I mean, there's things that if that's the only thing that this location has over in advantage of our office, I think we need to get our office cleaned up and do that and go back to our own office having meetings. I fully support you Dick. Vince then Sean.

>> Vincent Sunzeri: Just purely from a professional perspective, this environment I believe is a bit more professional. It I hi fulfills the sunshine viewpoint of what the city is trying to do in the direction of trying to take things. And if in fact we make a decision then that also I think impacts Federated as well. I don't know about you. But I have used video. I miss the meeting in March and so I went to the video and watched and it was beneficial to be able to do that. And I've also watched live some of the Federated meetings as well because there's some content and some of the agenda items that are worthwhile seeing. Really, the only disadvantage I see here for us as trustees is the quality of the chair. And if we want a chair such as Councilmember Constant, maybe, that should be a request. But that's a minor disadvantage in my viewpoint. Donna listed off the advantages and disadvantages and I didn't see that the disadvantages were that significant particularly for preparing things on the advantage side, looking at reviewing the tapes, preparing the agendas, going back to prepare the minutes. It's critical, in the tracking that's done. So I don't see the need to move back in that direction. I like the fact that we're kind of moving forward. And if in fact we have the temperature turned up on us, I'd like to be in this venue where we can accommodate the people that would want to come in and address us. And I think you have the venue to do that.

>> David Bacigalupi: Okay, thank you. Sean you're next.

>> Sean Kaldor: So I guess I'm not wed one way or another. But I appreciate the extra effort it takes for all the staff to come all the way down here and make the time and be away from the office whereas they could pop in and be there for the ten minutes that relates to them and then go back to their office work. So if it would facilitate their operations to be more productive, I would be completely okay with moving back to the retirement board building. It is not as expansive as this or if we move into the other location, so as you say if we need to entertain a crowd of 100 or 200 people we can't do it back there but those are there if we were to have a very large crowd anyway. I don't think Cortex will be able to get to this level of detail, where should you meet? And I don't know if they take a strong position on it as a consultant to come in and say clearly it's decisively better this way or that way. So if it's something we want to do at least we can make a recommendation or a letter or sign off on something to council saying for these reasons, we believe it would be more efficient, we could implement a video system and such to address the sunshine issues.

>> David Bacigalupi: Thank you, Mollie.

>> Mollie Dent: I do want to note that the full council approved the recommendations in the mayor's report. So I don't -- for your information, it is a council policy currently. It is not in the municipal code but the full council did approve the recommendation that boards like this board do meet at City Hall.

>> David Bacigalupi: But didn't I hear you say you were preparing an ordinance so it was going to be in the municipal code?

>> Mollie Dent: Yes, there is supposed to be one coming forward this fall for an update on the number of issues that came out of the ethics review and that would be one of them.

>> David Bacigalupi: Okay, questions or comments, motions? Okay. Next item. Russ.

>> Russell Richeda: Just a quick comment. The last time this came up here, through Councilmember Constant, very much came through this is a very important council policy it is not in the municipal code yet so there isn't that level. I think the more that we could either amplify the pros and cons of staying here or the pros and cons of moving and the more we can if the board decides to move, the more you can clarify the arguments in favor, I think that's both respectful but I think it is an action that may not be viewed favorably by the council. Which doesn't mean you shouldn't take it but you should be aware of that and at least make sure that this is a move worth making. And that you've documented pith. I don't think at this point there's adequate documentation.

>> David Bacigalupi: We've already said we don't have the equipment right now I mean and there was no motion on the floor so I think that kinds of answers it.

>> Russell Richeda: But before everybody on the board and the councilmembers agreed that this was an experiment. So the board didn't commit itself to staying here permanently even then. But I think some of the disadvantages that I was expecting to occur really haven't occurred like getting bumped, et cetera. But there may be other disadvantages that I'm not aware of you know, that staff time et cetera that the board might justify to be a reason to move back.

>> Russell Crosby: There was no motion and the chair moved on. I don't understand. I will make the comment that next meeting, the meeting will be at the new location. They said we'll go out there. So at least for next meeting you're going to be out there. But you'll be back here after that.

>> If we have crowds are 200, it's probably a heated issue. I'm just concerned about whether or not you're armed. That would be my preference.

>> David Bacigalupi: You'll only know when necessary.

>> Richard Santos: I know we're going to move on. But since this occurred, things have changed in this retirement system. That's why I bring it up, being professional, yes, we're professional, let's be in that building

there, being independent, that's where we belong. I'm not going to change that part of it. This group got together since that policy was there. The way I understand things, talking to Drew, talking to Sean, different committees, some of these things will now show we ought to take a look at that.

>> David Bacigalupi: Thanks Dick. Number 3.5, update on electronic board packets.

>> Donna Busse: Update on electronic board packets. Barbara put it -- outreach to people to try to see if she could get any kind of sample RFIs she got none back. San Mateo developed their own in-house system and I believe San Diego did not do an RFI. They are using I 30 the same system that their council or their other -- the city already had a program or contract with somebody. So she's going to develop her own RFI which she is going to do. At the Federated meeting last month there is a -- Pete Constant said that the clerk is also looking into electronic packets and to try to coordinate our efforts to them. We did outreach and they haven't started anything so they are probably going to piggyback on us. We just wanted to see how far they were and they're not. We're going to continue on our path and continue to update them on what our progress is.

>> David Bacigalupi: Okay, thank you. Maybe we can have the two board members that have theirs give us lessons how to use them.

>> Works great is all I can say.

>> David Bacigalupi: Retirements we've done. Item number 5 death notifications I have 5.1 is the notification of the death of Garyn P. Scott, police sergeant, retired December 2, 2010, passed away on January 6th, 2011, survivorship benefits to Donna, spouse and Darry and Don Van, sons. If there's a question about how late this occurred, legal issues of who was going to get what benefits from the family and stuff. With that I'd like a moment of silence please. Thank you. He was taken, young family and stuff, taken too soon. Okay add okay committee reports, 6.1, ad hoc committee for disability determination minutes, A is the minutes of ad hoc, B is the minutes of ad hoc disability determination process of May 31st, 2011. You have those minutes in your folder, we don't need to approve those, do we? Just accept those, note and file. Thank you for your work. Item 7, consent calendar

items, 7.1 through 7.5, usually taken in one motion unless a member would like something pulled. The chair would like to pull the minutes. Anything else to pulled?

>> 7.5, if Russ would elaborate on that for just a moment.

>> David Bacigalupi: Pull 7.5. Anything else from any of the board members? I'll entertain a motion for the remainder of the consent calendar.

>> So moved.

>> David Bacigalupi: I have a motion and second. Any quoter discussion? Hearing no temperatures discussion, all in favor, opposed, motion carries. Typo, Cruz Tapia says fired department retiree. For his sake, he wasn't fired. He is a fire department retiree. Minor little typo, nothing serious but then we'll take care of that. First page. Okay, 7.5, communication and information. You wanted board detail, Sean?

>> Yes, no way to, CalAPRS, their board, attorneys, what is the context on that?

>> Russell Richeda: To clarify, they issued a position paper, about a ten-page document. It didn't clarify the background. I have to assume this wouldn't have been issued if the board of administration hadn't approved it but that's just an assumption or an inference by me.

>> Okay, thank you.

>> David Bacigalupi: Any further discussion? I'm entertain a motion for the remainder of the consent calendar. Is there any discussion? Hearing no further discussion, all in favor, all opposed, motion carries. Discussion and training, contact resist EI's office. If you're interested in any of those trainings. Proposed agenda items. this is part of the agenda set up for proposed agenda items. We had one earlier but just I don't think we need to beat that one to death again.

>> Like to bring us something.

>> David Bacigalupi: Go ahead Drew. .

>> Drew Lanza: Is this the good time to do it? I met with the mayor and a two other members of the new guys how are we doing what do we think? We spent the first 15 minutes commenting on how slow and painfully frustrating government is, but we spent the rest of the time talking about this notion of sort of being independent and having our own staff. It was an interesting meeting in particular from the Federated board I think his name was Stuart O'Del in charge of the mayor's pension fund under our control we had more control over setting salaries, it would have a dramatic impact on raising the performance of the fund. And I just would report to the board, Sean you might want to add to this. I think the mayor seems very receptive to a proposal from us to do that. I know we're looking at doing that versus outsourcing and we're going to study that. I had lunch with Dick yesterday talked to him about it. Sean when he was in London we swapped a couple of e-mails. If you want to add to that Sean. I thought that was interesting especially given the context of what we heard from the City Manager last month. Seems like there's an opening to do this. I don't know what more to do, we do have a governance committee, I thought that was interesting. Sean you want to make a comment on the meeting?

>> They sell very receptive.

>> David Bacigalupi: Thank you for the update. .

>> Drew Lanza: Sure.

>> Richard Santos: I gather out of that discussion we're going to respond with a letter. .

>> Drew Lanza: That's what the mayor thought.

>> Richard Santos: To much in locations, we're looking at it in terms of being independent, to be more efficient and especially with when it came to financing as Andrews indicated to me that it was a -- everybody was receptive.

>> Sean Kaldor: To point that out we met as a governance committee this morning and Cortex is going to move very rapidly. So you'll each be getting calls and have a chance to interview with them and whole range ever questions and open discussion with them. So if you can think a little bit beforehand about opportunities you think for us to operate as an organization or as a board, they're very reSeptemberive to hearing all of that and I think our recommendation will have the full weight of Cortex we'll come back to the board, we're talking about what did we say December 1?

>> Russell Crosby: Yes.

>> Sean Kaldor: As a subcommittee we'll come back with our recommendations to the full board.

>> Conrad Taylor: If I may make one recommendation to this is that next month the agendas can be light. The reason being is that over on the police side we have eliminated the modified duty position. We are probably going to be looking at between 13 to 16 bodies coming before us on disability retirements. So if we could keep that a light agenda, and just deal with that.

>> Russell Crosby: We're fine with that yeah. And then the following month you'll see things like your hopefully some ALM work, some, O, the experience study for the evaluation and then the following month the valuation itself. So October --

>> Sean Kaldor: Make decisions based on the experience study to change all of our assumption or consider our assumptions.

>> Russell Crosby: I was trying to make October light because I'm not going to be there. Other than disability, I've talked to David about that. Disabilities will be a very heavy agenda for you folks and difficult cases in some case so.

>> David Bacigalupi: Any other propped?

>> I would just suggest that since we have these committees and ad hoc committees that we slot a time for ballpoint meetings.

>> David Bacigalupi: Have it agendized so there can be a verbal report back updating the rest of the board.

>> Exactly. On the investment side I think we had a very effective meeting and it was a joint meeting with some of the members of the Federated board. There was some very interesting discussion that I think we can have deeper discussions on and delve into regarding the fact that we have two very talented boards, a huge knowledge base of information, and yet, we're scuffling around with them finding managers and us finding managers and we allocate assets and they allocate assets and Carmen's responding to everybody's needs and there might want to be a more macro-discussion about where we should head with that at some point in time.

>> David Bacigalupi: Okay.

>> Especially arounds what can be delegated to whether it's the investment committee or the disability committee, what -- you know what can actually be delegated so the full board doesn't -- what minutiae that the whole board has to here versus some of the macro issues we should hear.

>> David Bacigalupi: I any that was discussed today, been reviewed and pretty much recommended, it makes it easier for the board to you know --

>> I think that was great, we need in the future and don't answer this but in the future, selecting a specific manager versus changing an allocation waiting, should we have just been able to vote for that in the investment committee? We didn't really hear any comments anyway.

>> Russell Crosby: That's part of what Cortex is going to bring to you, structure of committees, authority, all of those sorts of things will come through their process. Have you had your questionnaire already?

>> Yes.

>> Russell Crosby: Very good.

>> Mollie Dent: Right now your cates are really ad hocs.

>> Russell Crosby: Except exem for investment committee.

>> Ad hoc committee to rebalance --

>> David Bacigalupi: We changed it to a standing investment committee.

>> Mollie Dent: But I think the idea of having a place on the agenda for committee was voted a good idea, both ad hoc and standing.

>> David Bacigalupi: Any other proposed agenda items? Hearing none, this is the time for public comments. We've worn everybody out even Ron. All right, the meeting's adjourned. Thank you.