

**PENSION REFORM COMMITTEE  
MEETING OF  
Tuesday, March 30, 2004  
4:00 PM – 6:00 PM Meeting**

**401 B Street  
Conference Room, 4<sup>th</sup> Floor**

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**MINUTES**

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**THE REGULAR MEETINGS OF THE PENSION REFORM COMMITTEE ARE  
SCHEDULED FOR EVERY TUESDAY AT 4:00 PM AT 401 B STREET, 4<sup>TH</sup> FLOOR**

THE OPINIONS AND VIEWS OF THE COMMITTEE OR ITS MEMBERS, AND PRESENTATIONS MADE AND DOCUMENTS PROVIDED TO THE COMMITTEE OR ITS MEMBERS, MAY CONTAIN PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER BACKWARD-LOOKING RECONSTRUCTIONS OR FORWARD-LOOKING STATEMENTS, ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT, AND ARE QUALIFIED IN THEIR ENTIRETY BY THIS CAUTIONARY STATEMENT. ONLY STATEMENTS MADE BY THE CITY IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MSRB OR THE NRMSIRs ARE AUTHORIZED BY THE CITY. THE CITY SHALL NOT BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF UNAUTHORIZED STATEMENTS.

**Item 1: Call to Order**

**Item 2: Roll Call**

<u>Members Present</u>	<u>Members Absent</u>	<u>Staff Present</u>
April Boling	Steve Austin	Patricia Frazier
Robert Butterfield		Chris Morris
Tim Considine		Larry Grissom, SDCERS Staff
Stanley Elmore		Mary Braunwarth
Judith Italiano		Pam Holmberg
William Sheffler		
Richard Vortmann		
Kathleen Walsh-Rotto		

**Item 3: Approval of Minutes**

There was a motion for approval of the minutes for the March 16, 2004 Pension Reform Committee (Committee) meetings from Tim Considine. The motion was seconded by Stan Elmore and passed unanimously. There was a motion for approval of the minutes for the March 23 Committee meetings from Judie Italiano. The motion was seconded Bill Sheffler by and passed unanimously.

**Item 6: CalPERS**

The Committee reviewed the list of questions they would like researched in regards to the CalPERS system. They clarified their questions and asked Mr. Grissom to work with the staff at CalPERS to find the answers. Ms. Boling asked that the next agenda include an item to discuss the responses to these questions.

**Item 4: Retiree Health Benefits**

Human Resources Director Cathy Lexin provided the Committee with a presentation on retiree health benefits. Ms. Lexin presented an overview of the eligibility for retiree health insurance, the different levels of benefits, and an approximate cost for the programs and how they are funded. She distributed a package of information which included the applicable Municipal Code and City Charter sections plus legal opinions on health insurance issues.

The Committee asked Ms. Lexin questions about the benefits program. Mr. Vortmann asked if retiree health benefits are perceived as vested benefits by active employees. Mr. Morris reported that he would be able to give his presentation on vesting in two weeks. This presentation should answer Mr. Vortmann's question. Mr. Grissom reported that retiree health benefits are not actuarially priced. On July 1 of each year, when the City contributes to the System, funding for retiree health benefits are deposited into a 401H Trust if there is sufficient surplus earnings.

Mr. Valerie VanDeweghe, the Risk Management Benefits Manager, answered questions about the difference between Non-Medicare and Medicare eligible retirees and the price of benefits. She reported that HMO's are Medicare assigned, so the City pays first. She also said the rising cost of health insurance is due to increasing premiums and increasing numbers of employees, as well as the high cost of prescription drugs.

**Item 5: Meet and Confer**

Ms. Lexin answered three questions the Committee had about the meet and confer process. The questions were; during the meet and confer process, does the City have information about the cost of any new benefit being considered, is that cost information provided to the City Council when they consider the benefit, and is the cost information available to the public. Ms. Lexin said that the meet and confer team does have information on any proposed benefit cost, both the past liability and the normal cost. The information is calculated by the SDCERS actuary through the Retirement Department. When the proposed benefit is discussed with City Council in closed session the actuarial costs for the life of the contract are provided to the Council. When the proposal goes before the public at Council, the cost of individual benefits is not disclosed, just the price of the total benefit package. The cost that is shown is usually expressed as a percentage of payroll.

**Item 7: Work Plan for the Pension Reform Committee**

There were no comments.

**Item 8: Discussion of Upcoming Presentations Related to the Retirement System Overview and Meeting Schedule**

There were no comments.

**Item 9: Assignment Matrix**

Ms. Boling noted that the legal opinion on ex-officio members on the Retirement Board and the delegation of their duty was distributed.

**Item 10: Discussion Related to Previously Docketed Items**

There was no comment.

**Note: Items below were numbered in correctly in the agenda.**

**Item 9 (Item 11): New Business**

There was no new business.

**Item 10 (Item 12): Comments by Committee Chairperson**

Ms. Boling had no comments.

**Item 11 (Item 13): Comments by Committee Members**

There was no comment.

**Item (Item 14): Non-Agenda Public Comment**

There was no public comment.

**Item 13 (Item 15): Adjournment**

The meeting was adjourned at 5:50 PM.

The next meeting will be on Tuesday, April 6, 2004 at 4:00 PM at the same location.