

**CITY OF PHOENIX
EMPLOYEES' RETIREMENT BOARD**
101 South Central Avenue, Suite 600
Phoenix, Arizona 85004

January 28, 2009

MEMBERS PRESENT: Ms. Elizabeth Bissa, Chairperson
Ms. Linda Reidenbach, Vice Chairperson
Mr. David Hensley, Board Member
Ms. Barbara Lang, Board Member
Mr. Rick Naimark, Board Member
Ms. Janet Smith, Board Member
Mr. Kerry Wangberg, Board Member
Mr. Bob Wingenroth, Board Member

ABSENT: Ms. Cathleen Gleason, Board Member

ALSO PRESENT: Ms. Donna Buelow, Retirement Program Administrator
Ms. Paula Whisel, Recording Secretary
Ms. Jackie Temple, COPERS
Mr. Greg Fitchet, COPERS
Atty. Mary Chang, Law Department
Atty. Gary Verburg, Law Department
Atty. Marc Lieberman, Kutak Rock
Mr. Randy Spenla, Audit Department
Ms. Jodi Nicholson, Finance Department

The City of Phoenix Employees' Retirement Board met at 17 S. 2nd Avenue, 2nd Floor Subcommittee Room, Phoenix, Arizona on January 28, 2009 at 9:30 a.m., to conduct regular business.

1. **Call to Order**

Vice Chairperson Bissa called the meeting to order at 9:32 a.m. She stated Chairperson Gleason was unable to attend the meeting. She stated Mr. Naimark would join the meeting progress.

2. **Election of Board Officers and Appointment of Committee Membership**

Ms. Buelow stated each January, based on the Charter and Board policy, the Board considers the election of a Chairperson and Vice Chairperson for a one year term. She stated Board policy indicates the Chairperson and Vice Chairperson shall not serve more than three consecutive terms in the same office. She stated Chairperson Gleason had served as chairperson for three consecutive terms.

Mr. Wingenroth moved to nominate Vice Chairperson Bissa as Board Chairperson. Ms. Lang seconded the motion. Vice Chairperson Bissa stated she accepted the nomination. No additional nominations were presented. The motion carried unanimously. Ms. Bissa was elected Chairperson for 2009.

Ms. Smith moved to nominate Ms. Reidenbach as Vice Chairperson. Ms. Lang seconded the motion. Ms. Reidenbach stated she accepted the nomination. No additional nominations were presented. The motion carried unanimously. Ms. Reidenbach was elected Vice Chairperson for 2009.

Ms. Buelow stated Chairperson Bissa would announce the appointment of committee members in February 2009.

3. **Approval of Meeting Minutes**

- a) November 12, 2008 (Special Retirement Board Meeting)
- b) November 19, 2008 (Retirement Board Meeting)
- c) December 8, 2008 (Charter Amendments/Policies & Procedures Committee meeting)
- d) December 17, 2008 (Retirement Board Meeting)

Ms. Buelow stated a correction was made to the December 17, 2008 minutes. She stated the sixth paragraph on page 11 should state "ensued" instead of "ensured."

Mr. Naimark moved approval of the November 12, 2008, November 19, 2008, December 8, 2008 minutes and the revised December 17, 2008 minutes. Mr. Wingenroth seconded the motion. The motion carried unanimously.

Atty. Gary Verburg approached the table.

Mr. Naimark moved to convene in executive session at 9:39 a.m. Mr. Wingenroth seconded the motion. The motion carried unanimously.

[Executive Session took place concerning items 5 and 17.]

Atty. Verburg left the room.

The Board convened in open session at 10:29 a.m.

5. **Discussion Regarding Engagement of Outside Counsel**

No action was taken.

17. **Discussion with Attorney to Consider Position and Instruct Attorney Regarding Lawsuit CV2002-020383 Regarding Former and Current Head Start Workers**

Mr. Naimark moved to have the Board adopt the position as advised by the attorney during the executive session. He stated the action should be done in conjunction with the attorneys representing the City, if they choose to take action. Mr. Wingenroth seconded the motion. The motion carried unanimously.

Atty. Lieberman left the room.

Ms. Buelow stated open meeting law requires topics discussed in executive session to remain confidential.

Mr. Naimark left the room.

4. **Investment Committee Report**

The Investment Committee met on January 28, 2009.

Approval of Investment Committee Minutes of December 17, 2008

Vice Chairperson Reidenbach stated the minutes had been approved.

Consideration of Excess Benefit Arrangement Trust Report

Vice Chairperson Reidenbach stated the Committee had reviewed the excess benefit arrangement report. She stated the report was for the period ended December 31, 2008.

Consideration of Securities Lending Earnings Report

Vice Chairperson Reidenbach stated the Committee had reviewed the securities lending report. She stated R.V. Kuhns & Associates will present the annual review of the securities lending program at the February 2009 Board meeting.

Consideration of Commission Recapture Statement

Vice Chairperson Reidenbach stated this item was informational.

Consideration of Correspondence From Western Asset Management Regarding Downgrade of Sprint Capital Corp.

Consideration of Correspondence From Western Asset Management Regarding Downgrade of Securitized Asset Backed Receivables

Vice Chairperson Reidenbach stated Western Asset had reported two downgrades, Sprint Capital Corp. and Securitized Asset Backed Receivables. She stated the securities were investment grade when they were purchased. She stated it has been the Board's practice to let the managers use their judgment whether to hold or sell the downgraded securities.

Correspondence From Wells Capital Management Regarding Acquisition of Wachovia Corporation

Vice Chairperson Reidenbach stated this item was informational.

Update on GMAC/ResCap Exchange Offer

Vice Chairperson Reidenbach stated this item was informational.

Proxy Vote Summary Report

Vice Chairperson Reidenbach stated this item was informational.

Mr. Wingenroth moved approval of the Investment Committee report including the approval of the minutes. Ms. Smith seconded the motion. The motion carried unanimously.

Mr. Naimark entered the room.

6. **Consideration of and Appropriate Action Regarding Organizational Changes: R.V. Kuhns & Associates**

Ms. Buelow stated at the December 2008 Board meeting Ms. Becky Gratsinger with R.V. Kuhns & Associates provided the Board with information regarding organizational changes taking place within the firm. She stated a memo detailing the changes was included in the Board's material.

It was the consensus of the Board no action was necessary.

7. **Monthly Review from City Auditor Regarding Ennis Knupp "Review of COPERS"**

Ms. Buelow stated the firm hired by the City Auditor to complete the comprehensive review of COPERS had recently met with most Board members and COPERS staff members. She stated the review was a joint project between the Auditor's Office and the Board. She stated the Board had approved payment of slightly more than half of the fees. She stated the project would take place over several months.

Mr. Randy Spenla entered the room.

Mr. Spenla stated representatives from Ennis Knupp had been onsite and were reviewing items such as governance, policies, procedures and laws. He stated Ennis Knupp will have a couple more onsite visits as they work their way through the documentation. He stated Ennis Knupp will present the Board with a draft of their work. He stated he was hoping to have a draft to the Board by March 2009. He stated the audit should be completed by June 30, 2009.

Mr. Wangberg asked the reason for presenting the Board with a draft of the report. Mr. Spenla stated Ennis Knupp presents a draft to see if they have the facts correct.

Mr. Hensley asked if the audit report would be a public record. Mr. Spenla stated the audit report would be a public record.

Mr. Spenla left the room.

8. **Consideration of Request for Purchase of Service Credit for Part-Time Temporary Service Prior to 1982**

Mr. Naimark moved approval of the request to purchase part-time temporary service. Mr. Wingenroth seconded the motion. The motion carried unanimously.

a) Frank Barrey

9. **Consideration of Request for Intervening Military Service Credit**

Ms. Reidenbach moved approval of the intervening military service credit request. Ms. Lang seconded the motion. The motion carried unanimously.

- a) Omar E. Williams

10. **Consideration of Requests for Purchase of Service Credits Pursuant to Board Policy 180**

Mr. Wingenroth moved approval of the service purchase requests. Ms. Lang seconded the motion. The motion carried unanimously.

a) **In-State/Out-of-State/Military**

- | | |
|---------------------|----------------|
| 1) Robert Brannock | 4) Scot Obal |
| 2) Celeste Cockrell | 5) Stacey Obal |
| 3) John Culwell | |

b) **City of Phoenix Full-time Temporary**

- | | |
|-----------------------|----------------------------|
| 1) Josephine Barragan | 11) Richard Shane |
| 2) Edward Enriquez | 12) Jennifer Shoop |
| 3) Harold Freas | 13) Lou Ann Smith |
| 4) Lisa Gmeiner | 14) David Vanderwall |
| 5) Jenny Grote | 15) Mary Veatch |
| 6) Jason Harrell | 16) Rebecca Verdugo-Castro |
| 7) Michael Jeluso | 17) Molly Weiss |
| 8) Victor Lopez | 18) Richard Wendt |
| 9) Steven Lucas | 19) William Zigler |
| 10) Christine Munson | |

c) **City of Phoenix Job-Share**

- | | |
|-----------------|---------------------|
| 1) Jenny Grote | 3) Mary Kyle |
| 2) Nicolina Key | 4) Brittany Morales |

11. **Bills to be Paid**

Ms. Lang moved approval of payment of the bills. Mr. Wingenroth seconded the motion. The motion carried unanimously.

Plan Expenses

- | | |
|--|--------------|
| a) Cramer Rosenthal McGlynn
4 th Quarter 2008 Fees | \$173,930.88 |
| b) Kutak Rock LLP
Professional Services | \$ 9,243.20 |

c)	Pyramis Global Advisors 4 th Quarter 2008 Fees	\$109,821.00
d)	Rodwan Consulting Company 4 th Quarter 2008 Fees	\$ 5,066.00
e)	R.V. Kuhns & Associates 4 th Quarter 2008 Fees	\$ 43,750.00
f)	State Street Corporation November 2008 Fees	\$ 9,443.09
g)	The Northern Trust Company 4 th Quarter 2008 Fees	\$ 8,991.06
h)	Yoder & Langford P.C. Professional Services	\$ 517.00
	Professional Services	\$ 5,734.00
	Professional Services	\$ 846.00

12. **Refunds (through December 31, 2008)**

Chairperson Bissa stated this item was informational.

13. **Pension Payroll – January 1, 2009**

Chairperson Bissa stated this item was informational

14. **Treasurer’s Report as of December 31, 2008**

Chairperson Bissa stated this item was informational.

15. **Pending Legal Opinions**

Chairperson Bissa stated this item was informational.

16. **Administrator’s Report**

Presentation From New Board Member Orientation Program

Ms. Buelow stated staff presented two half-day sessions for Mr. Wangberg and Mr. Hensley to provide a Board orientation as required by Board policy. She stated the presentation materials used at the orientation were included in the Board packets. She stated a number of outside speakers made presentations.

Update on Presentation at City of Phoenix Retirees Association (COPRA) March 2009 Meeting

Ms. Buelow stated she had met with Mr. Wangberg, Mr. Jim Flanagan and Mr. Jack Thomas to develop a draft agenda for the COPRA meeting scheduled for

March 26, 2009. She stated a copy of the draft agenda had been distributed to the Board.

Mr. Buelow stated staff would post the presentation as an event to allow interested Board members to attend.

Update on Retirement Voluntary Separation Incentive Packages for Employees Involved in Reduction in Force

Ms. Buelow stated staff has been working closely with Ms. Smith's staff in providing counseling to individuals who had been offered and granted retirement incentives. She stated for the month of December 2008 around 100 employees had retired.

Mr. Wangberg asked if the number of retirees was higher than normal. Ms. Temple stated twice as many employees retired in December 2008 compared to December 2007. She stated 91 members had retired under the severance offer.

Mr. Naimark asked about the next round of retirement incentives. Ms. Buelow stated those individuals will be required to leave employment by February 28, 2009. Ms. Smith stated those members who expressed interest in retiring will be notified by February 12, 2009.

Ms. Buelow stated the plan's actuary will review the impact of the retirement incentive program when the valuation report and the experience study are completed. She stated the Board should expect a higher than anticipated number of retirements with higher than anticipated benefit amounts due to the retirement incentive payments.

Member Attendance Report for 2008

Ms. Buelow stated the report was informational.

Distribution of FY2008 Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR)

Ms. Buelow stated the CAFR had been distributed. She stated the PAFR was not back from the print shop and will be distributed at the February 2009 meeting.

18. **Discussion with Attorney Regarding COPERS v. Carroll/Stephens, Maricopa Superior Court Case CV2006-011541**

No action was taken.

19. **Future Agenda Items**

No future agenda items were brought forward.

20. **Call to the Public**

There was no response to the call.

21. **Next Board Meeting**

Special – Wednesday, February 18, 2009 at 9:30 a.m.
Regular – Wednesday, February 25, 2009 at 9:30 a.m.

Chairperson Bissa stated this item was informational.

22. **Close Session**

The meeting adjourned at 10:50 a.m.

Donna M. Buelow
Retirement Program Administrator

Paula Whisel
Recording Secretary

APPROVED:

Ms. Elizabeth Bissa, Chairperson
COPERS Retirement Board

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