

**Retirement Board
of the
East Side Union High School District
Public Retirement System
Minutes of the Special Meeting
Meeting held at the Education Center
January 25, 2007**

1. Call to Order

The Special Meeting of the Retirement Board of the East Side Union High School District Public Retirement System was called to order at 5:20 p.m. by Bob Nuñez. Member Shirakawa, Member Nguyen, Member Herrera, Member Biehl, Member Garcia, Member Kurr, and Member McKell were present. Member Bega was absent.

2. New Business

The ByLaws of the Retirement Board of the East Side Union High School District Public Retirement System was disseminated to the Board.

2.2 Election of Officers

President:

Motion to nominate Member Nuñez as President by Member Kurr, seconded by Member McKell.

Vote: 8/0, Member Bega absent

Vice President:

Motion to nominate Member Kurr as Vice President by Member Shirakawa, seconded by Member McKell.

Vote: 8/0, Member Bega absent

Secretary:

Motion by to nominate Member Biehl as Secretary by Member Nguyen, seconded by Member Garcia..

Vote: 8/0, Member Bega absent

2.3 Designation of Time and Location of Regular Meetings of the Board

The first annual meeting of the Retirement Board of the East Side Union High School District Public Retirement System was held on January 25, 2007. Since this is the first meeting of the Board, it was decided that a follow-up Retirement Board meeting will be scheduled in six (6) months to review the program. Thereafter, annual meetings will be scheduled in January of every year.

Motion to approve meeting calendar by Member Shirakawa, seconded by Member McKell

Vote: 8/0, Member Bega absent.

2.4 Consideration and Designation of Investment Program for the Proceeds of the District's recent OPEB Bond Issue

Member Kurr discussed the recommendations of the District's Financial Advisor, Dale Scott and Company, relative to the investment pool, which will be held by trustee/trustees. An irrevocable trust may only be used for the purpose the investment pool (Other Post Employment Bonds) was created which is to pay the obligations of the East Side Union High School District for retired employee's health insurance and other benefits after retirement. The funds held in an irrevocable trust may not be used for payment on the bonds or interest payments unless the purpose of the pool is no longer needed. A revocable trust does have some flexibility to the extent that the balances may under certain circumstances be used to pay bond holders. A revocable trust may be transferred to an irrevocable trust but an irrevocable may not be transferred to a revocable trust.

Member McKell asked what would happen if the obligation for retired employee's health benefits went away considering proposals taking place within the State of California. If the obligation went away, the pool would be dissolved and the remaining funds in the pool could be used to retire the debt. A letter from the Financial Advisor or Bond Counsel was requested to verify this alternative. The recommendation of the Financial Advisor was to initially split the pool into an irrevocable trust and a revocable trust with \$20,000,000 an irrevocable trust and \$12,000,000 in a revocable trust.

The Financial Advisor had solicited seven proposals for the investment pool of which six agencies submitted a proposal and the League of California Community Colleges decided not to participate. The recommendation was for the Board to approve the split between revocable trust and irrevocable trust as indicated and to award the service contract to Self Insured Schools of California for the irrevocable trust at \$20,000,000 and the service contract for the revocable trust at \$12,000,000 to Wells Capital. The awards were based on the lowest management fees and responsible performance.

Motion to approve the split between revocable trust and irrevocable trust as indicated and to award the service contract to Self Insured Schools of California for the irrevocable trust at \$20,000,000 and the service contract for the revocable trust at \$12,000,000 to Wells Capital by Vice President Kurr, seconded by Member Nguyen.

Vote: 8/0, Member Bega absent.

3. Public Comment – None

4. Adjournment

The meeting was adjourned by President Nuñez at 5:40 p.m.

Respectfully submitted,



Secretary of the Retirement Board
of the East Side Union High School District
Public Retirement System