

COUNCIL OF UNIVERSITY OF CALIFORNIA EMERITI ASSOCIATIONS  
MINUTES OF THE SPRING MEETING  
UC Berkeley, May 1, 2003  
Seaborg Room, Faculty Club

ATTENDEES: See p. 8

CUCEA Chair Larry Waldron called the meeting to order at 9:30.

#### WELCOME AND INTRODUCTIONS

We were greeted by UC Berkeley Emeriti Association Chair Louise Taylor who cited the generous support to CUCEA from the Berkeley Chancellor's office, and the UCB Retirement Center. She then introduced Vice Provost for Academic Affairs Jan de Vries who relayed greetings from Chancellor Robert Berdahl and Executive Vice Chancellor Paul Gray.

Provost deVries' thoughtful remarks reflected on his experience as an administrator and his academic expertise in history and economics. He described how two forces are now shaping the university: the state budget crisis, and the tidal wave of students. Over a decade UC must admit 60,000 more students, of whom about one-fourth are already here. However, the required number of new faculty is lagging. Limited start-up funds inhibit ability to recruit, and our selection process remains rigorous, so the process isn't rapid.

The recall of emeriti will be increasingly important for meeting teaching commitments. He lauded the UCB Retirement Center for its service, including exploring ways to use emeriti & retirees for service.

As a special interest group CUCEA appears to take a broad interest in the welfare of the university (except for parking!)

#### MINUTES OF OCTOBER 9, 2002 MEETING

The minutes of the October meeting were approved after the following corrections: Adrian Harris is not a cucra representative, but attends the Council as Chair of the Joint Benefits Committee.

Lyman Porter, not Roland Schinzinger, was present as the UCI representative.

#### PRESENTATIONS BY UCOP REPRESENTATIVES

Kay Miller, Executive Director, Client Relations, promised improvement in the next health plan open enrollment. A focus group will address this issue this afternoon when they review a proposed booklet.

Training regarding Medicare, especially as it relates to Blue Cross, is being done, and a booklet is being prepared.

Medicare is concerned about recalled retirees who may become eligible for employer-paid health care because where that occurs; Medicare should not be primary payer. Adrian Harris commended the excellent article in New Dimensions, which he believes should be distributed in advance of open enrollment.

Mark Esteban, Director UCOP H&W Policy, presented open enrollment data showing in which health plans UC actives & retirees enrolled, as well as the numbers of transfers. In 2004 rate increases of 15 to 20% are anticipated. The estimate does not benefit from knowing PERS rates because this year they are not sharing their rate information. Plans for controlling prescription drug cost were discussed. Efficiency and the formulary are also important issues. Adrian Harris remarked that the high cost of non-generic drugs is a serious problem.

Four diseases contribute disproportionately to health care costs: Cardio-vascular disease, diabetes, asthma, and depression. Only 10% of our members expend 70% of our health care dollars.

More robust disease management programs are an expectation to be conveyed to providers.

Joe Lewis, Director UC Customer Service Center, described changes in customer service options include new features, such as playing messages giving wait-time estimates while in queue.

Comment from council representative: Announce at beginning of message the materials required for transaction.

#### PRESENTATION BY UC TREASURER DAVID RUSS

David Russ gave us an informative and interactive presentation of the status of the UC retirement portfolio.

He displayed graphs of cumulative UC equity returns relative to benchmarks over a ten-year period (7/92 to 6/02). The returns while positive, began in 1996 to fall below benchmark of indexed funds. Another perceived inadequacy of the equity management was excessive concentration in a small number of stocks. In November of last year the decision was announced to terminate the internal management of equities, put the assets in the Russell 3000 indexed fund, and then to contract the management with a number of outside managers. As of this date no contracts have been completed, and the equities remain in the Russell 3000. Managers will be thoroughly vetted. Continuous monitoring and strong compliance will be implemented.

Overall, bonds did very well, venture capital investments were very successful, but were only a small part of portfolio (2%).

In response to the question – “How long will the downward trend of earnings continue before the fund needs contributions?” The short answer given – “No one knows.” At a recent UCRB meeting it was stated that a return of 7.5% is required, but estimates of future performance differ. Wilshire foresees a 7.2% return, while Towers-Perrin predicts a more favorable 8.45%.

Russ is working to get information more promptly to 403b investors, but causes of delay lie more with HR than with the Treasurer.

Adrian Harris questioned the use of 5-year averages of asset value. Stanley Kowalski and David Russ explained that this actuarial valuing of assets is used to avoid the volatility of market values. Russ noted that UC faculty live longer than the national average, so UC has a particular interest in long-term earnings.

Harris suggested that the money market fund be eliminated as a component of the Multi-asset fund, or eliminated completely. Russ will look into it.

At this point the treasurer's interactive presentation segued into a discussion of the positions taken by the three members of the

#### CUCEA *ad hoc* INVESTMENT OVERSIGHT COMMITTEE.

The committee was proposed at the October 2002 CUCEA meeting and members were Sheen Kassouf, Adrian Harris and Julian Feldman. Kassouf's and Harris's written recommendations were distributed to the members, and Feldman elected to reserve his opinions for verbal expression at this meeting. (Sheen Kassouf was not present at the meeting.)

*The secretary at this point will inject a very brief summary of the two thoughtful written views and hope not to distort or misrepresent either one.*

**Sheen Kassouf-** *The system took unnecessary risks in recent years causing the "surplus" to shrink so seriously that it may soon disappear. The risks taken would not have benefited defined benefit annuitants, but may now cost them. The hope of beating the returns of indexed funds using active managers is an illusion.*

**Adrian Harris** – *Investing is a long-term proposition, and diversification is essential. If the university had taken a conservative stance in the past, there would be no surplus permitting the suspension of employee contributions during recent years.*

Julian Feldman asked if CUCEA wants to get into the business of looking over the treasurer's shoulder, and expressed his view that it should. He believes treasurer Russ has been open and receptive to our views. The treasurer is now putting more in TIPS and in indexed equities, both conservative positions that serve us well. He remarked that TIPS do better than the CPI (Consumer Price Index).

Treasurer Russ responded by saying that having all assets in TIPS would be excellent for current retirees, but not for future retirees.

Adrian Harris expressed his confidence in Treasurer Russ, the Regents' Investment Committee and the Office of the President. He said we will continue to press for 100% COLA's, but should offer advice only when we have something (constructive) to say. He believes a good job has been done regarding the long-term view.

Adrian Harris strongly recommended immediate elimination of the money market fund. It has never attained the return of other assets. Russ recommends making the all-asset fund a default option, but elimination of the money market fund requires the Regents' approval.

Speaking of diversity, Russ pointed to the high returns from venture capital funds and indicated that the current goal is to increase their fraction of the portfolio from 2% to 5%. The fraction of TIPS was increased last year to 5%. There are plans to invest in real estate, not in buildings, but in partnerships with limited liability. (In one of his previous positions Russ's firm purchased a hotel infected with legionnaire's disease!) He does not at all object to close monitoring by CUCEA, and suggested we examine regularly his web site.

#### COST OF LIVING ADJUSTMENTS FOR ANNUITANTS

Larry Waldron distributed a document circulated at the April UCRS Board meeting which explained how COLAS are calculated for annuitants. It includes a table comparing the cumulative increase in CPI (consumer price index) with the retained purchasing power of each semi-annual group of retirees. In all groups, going back to 4 annuitants who retired in 1961 (!), the retained purchasing power exceeds 81%. However, Adrian Harris remarked that persons who retired 25 years ago had much lower salaries. He noted that the most recent COLA of 2% (as mentioned in the document and in New Dimensions) responds to a 3.45% increase in the CPI. He will suggest that New Dimensions explain, as does the document, that the 1.45% difference is not forgotten, but deposited in an "inflation bank".

## **BREAK FOR LUNCH**

### **REPORT OF THE JOINT BENEFITS COMMITTEE**

The minutes of the Joint Benefits Committee meeting of March 7, 2003 were distributed. Included were recommendations on health care, retirement payment inequities, withdrawal of funds from tax-free accounts, and the multi-asset fund composition.

**ACTION:** The recommendations of the JBC, including the addendum, were unanimously approved.

John Craig asked why do annuitants pay 32% of the cost of the High Option plan but only 16% of the cost of the PPO plan?

Kay Miller explained that there are actuarial (cost) reasons, but Julian Feldman believes that UC wants to get out of High Option. Miller assured Craig that it is not done on the basis of ill will.

### **REPORT ON THE FIRST CONFERENCE OF THE ASSOCIATION OF RETIREMENT ORGANIZATIONS IN HIGHER EDUCATION (AROHE)**

Shelley Glazer, Director of the UCB Retirement Center reported on this new organization, of which she is a founding member. The first conference of the organization was held last October at the University of Indiana, Bloomington. Representatives from 35 colleges and universities attended. Shelley Glazer, Eddie Murphy and Julian Feldman represented UC. AROHE's goal is to share information across the country, particularly with regard to integrating emeriti and retiree associations into campus life. A conference is planned for 2004. All campuses are urged to become members (\$100/yr). Can be found on the web at [www.retirees.u.org](http://www.retirees.u.org)

### **TREASURER'S REPORT**

Treasurer Lyman Porter distributed financial data showing the balance in each of two accounts maintained by former Treasurer Leon Schwartz. We are solvent. A checking account pays 0.8% interest with a current balance of about \$6600; a mutual fund of government securities earns about 4.0%, and has a balance of about \$15000. The cash flow sheet shows an amount of \$1600 received for the year from the Academic Council. This has been reduced to \$1500 for the coming year, a modest cut. Dues notices were sent in mid March, but so far only 3 of 8 campuses (SF did not get

timely notice) have responded – Santa Barbara was first, followed by Berkeley and San Diego.

Julian Feldman reported that CUCEA had allocated \$5000 for the Senior Health Care Symposium last year in Irvine. However, because of the generosity of Judy Boyett's office only a modest part of CUCEA's \$5000 was spent, so we prosper.

Charles Berst suggested we might well use our new-found money to reduce the stress of single-day north/south flying trips by providing compensation for overnight accommodation of our aging officers.

**Motion:** (Berst, with friendly amendment by Harris)

All individuals whose travel is paid by CUCEA for making north/south trips to CUCEA meetings be reimbursed for overnight accommodation, subject to the availability of funds.

Discussion made it clear that campus representatives are not included, but are to be reimbursed by their campus associations.

**The motion carried by wide margin.**

## HISTORIAN'S REPORT

Ralph Nair distributed the Historian's report.

## REVISIONS AND AMENDMENTS TO CUCEA BY-LAWS

The following revisions to CUCEA By-Laws, circulated with the meeting agenda, were discussed and voted on as a single motion.

### *II. Membership*

*D. The Chair of the Joint Benefits Committee shall be an ex-officio member of the Council.*

*E. The three past Chairs of CUCEA shall be members of the Council.*

### *III. Council Officers*

*H. Web Manager - The Web Manager shall be elected to a two year term and may be re-elected.*

*The Web Manager shall: Set up and maintain a web site for CUCEA at the Web Manager's home campus.*

**The changes were unanimously approved.**

## ELECTION OF HONORARY MEMBER

In accord with By-Law Section IIC, Norah Jones was unanimously elected Honorary Member.

## ELECTION OF OFFICERS

The following slate of CUCEA officers was offered for election.

Chair – Carl Zytowski (present (Vice Chair)

Vice Chair – John Craig

Treasurer – Lyman porter

Secretary – Larry Waldron

Information Officer – Marjorie Caserio  
Archivist – Norah Jones  
Historian – Ralph Nair  
Web Manager (new) - Marjorie Caserio  
**The slate was elected unanimously.**

#### CERTIFICATE OF APPRECIATION

Ralph Nair presented a certificate of appreciation to Philip Levine for 10 years of outstanding service as CUCEA Information Officer (1993 to 2003). It was remarked that when Phil was asked to do something, it got done.

#### New Business

##### *Constantine Panunzio Award*

Charles Berst, currently a member of the Constantine Panunzio Distinguished Emeriti Award selection committee, asked for a straw vote on a proposal to split the award among UC campuses. In Berst's experience the selection committee receives too many worthy nominees for a single award. A single choice eliminates many excellent candidates. Distributing the award money among campuses will of course reduce its monetary value, but the recognition and honor of receiving the award exceeds the money value, in his opinion. The selection committee is looking with interest at the proposal, and CUCEA opinion would be helpful. Robert Blattner (UCLA) spoke against the proposal; Louise Taylor (B) spoke in favor. She reported that the Berkeley Association has plans to independently make awards to its distinguished emeriti. Council members apparently were not of a settled opinion; 5 voted in favor, 3 were opposed, while most members abstained.

#### INSTALLATION OF NEW CHAIR

At this point in the program Carl Zytowski, elected Vice Chair last year, assumed the CUCEA Chair for the coming year. Chair Waldron turned over to him the gavel and plaque which had his name already engraved on it (no escape!). Carl said he had prepared no formal acceptance speech, but only wished to thank Larry Waldron for his good service as Chair over the last year.

#### REPORTS FROM CAMPUS ASSOCIATIONS

Berkeley – A new series of special events was introduced which have proved to be popular. The five-a-year luncheons with speakers continue.

Davis – Retirees and emeriti have free parking in perpetuity! A senior member of the active faculty proposed that retirees pay 10% of the regular fee for parking. This ignited a storm of protest and the administration has seen fit to continue providing free parking for retirees. (As might expected, the subject of parking excited so many council members that it threatened to hijack the remaining meeting time,)

A Davis emerita, Professor of Anthropology Sarah Hrdy, won this year's Panunzio Distinguished Emeriti Award.

The emeriti and retirees associations have proposed a retirement center for the Davis campus,

Santa Barbara – The Association has introduced rewards for the best projects by undergraduates, and one of \$500 recently has been awarded.

Los Angeles – Submitted a written report

San Francisco – The association continues to hold four luncheon meetings a year.

Riverside – Welcomed the council to the forthcoming CUCEA/CUCRA meeting at UCR on October 2 for which plans are proceeding.

Association has held fall, winter and spring meetings, timed not to conflict with the meetings of the staff retirees.

The Alumni office mails out our quarterly newsletter, Tower Talk, which is sent to both staff retirees and emeriti.

Annually the association gives an award for outstanding achievement to an emeritus to whom is given a free breakfast.

Irvine – Several years ago the association established an award for outstanding contributions to the association and to emeriti. This year in early March it was awarded to Leon Schwartz, the late CUCEA Treasurer. Fortunately, he received announcement of the award before his death. Yesterday a memorial service for Leon was held on campus.

The association continues to work on getting a retirement center on campus.

Yearly parking for emeriti is \$300.

San Diego – In spite of good relations with the administration emeriti still have no parking or office space privileges. The association started a newsletter this year that is quite popular.

Have held monthly lectures and meetings.

Considering awards for emeriti outside the Panunzio allowing candidates from a wider range of disciplines.

#### NEWSLETTER CIRCULATION

Louise Taylor requested all campuses to send copies of their newsletters to the UC Berkeley Retirement Center.

ADJOURN at 2:10 pm.

Respectfully submitted,  
Larry Waldron

(With special thanks to Charles Berst for his superb notes taken at the meeting.)

Attendees at the May 1, 2003 CUCEA meeting:

Berst, Charles LA  
Blattner, Robert LA  
Brinkerhoff, Dericksen R

Brucker, Gene B  
Comstock, W. Richard SB  
Costantini, Ed D  
Craig, John SF  
Esteban, Mark OP  
Everett, Glen E. R  
Feldman, Julian I Past Chair  
Glazer, Shelley B Retirement Center Director  
Goldfien, Alan SF  
Greenfield, Moses LA Bio-Bib editor & Honorary Member  
Harris, Adrian LA Chair, Joint Benefits Committee  
Jensen, Dick SB CUCRA Vice-Chair  
Kowalski, Stan OP  
Lakoff, Sanford SD  
Levine, Philip LA Information Officer  
Lewis, Joe OP  
Marriner, Joe LANL  
Marriner, Mary LANL  
Miller, Kay OP  
Murphy, Eddie LA Retirement Center Director  
Nair, Ralph SB Historian & Honorary Member  
Pang, Lily OP  
Porter, Lyman I Treasurer  
Rice, Dorothy SF  
Russ, David OP UC Treasurer  
Taylor, Louise, B  
Timeras, Pauola B  
Waldron, Larry B Chair  
Zytowski, Carl SB Vice-Chair