

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

5

THURSDAY

SAN JOSÉ, CALIFORNIA

JUNE 10, 2010

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met at 8:36 a.m. on Thursday, June 10, 2010, in regular session at City Hall in the Council Chambers, 200 East Santa Clara Street San José, California 95113.

ROLL CALL

PRESENT:

Matt Loesch	Chair/Trustee
David Busse	Vice Chair/Trustee
Ed Overton	Trustee
Pete Constant	Trustee
Ash Kalra	Trustee
Arn Andrews	Trustee

ABSENT:

Jeffrey Perkins	Trustee
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ALSO PRESENT:

Russell U. Crosby	Secretary/Director	Roger Pickler	Staff
Mollie Dent	City Attorney	Ryan Jusko	Staff
Russell Richeda	Conflicts Counsel	Ali Amiry	Staff
Mark Danaj	Human Resources	Karen Carmichael	Staff
Allen Demers	Human Resources	Ron Kumar	Staff
Donna Busse	Staff	Ceara O'Fallon	Staff
Pam Swikart	Staff	Veronica Niebla	Staff
Amanda Ramos	Staff	Matthew Harvey	GS
Charnel Benner	Staff	Shirleen Lilly	EVS
Rajiv Das	Medical Director	Judith Harsany	PD
Elizabeth Pappy	Attorney		

REGULAR SESSION

Chair Loesch called the meeting to order at 8:36 a.m.

ORDERS OF THE DAY

Chair Loesch made the following changes to the agenda:

Item 1a the effective date should read April 10, 2008.

Item 1b the effective date should read March 28, 2006.

Item 3ee application pulled by the applicant.

Item 3gg effective date should read June 26, 2010.

Item 3kk should include Department of Transportation.

Item 4a the effective date should read August 10, 2010.

Item 4d application pulled by the applicant.

Item 15 the effective date should read June 2, 2010.

CLOSED SESSION

Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to subsection (c) of Section 54956.9 of the Government Code.

Number of matters to be discussed: 8

There were no results to report out of the closed session.

RETIREMENTS

1. Disability Retirements

- a. **Matthew Harvey**, Animal Control Officer, General Services. Request for Service-Connected Disability Retirement effective April 10, 2008; 1.75 years of service. Mr. Harvey was present and represented by Attorney Elizabeth Pappy. (*Continued from May due to concerns regarding alternate employment*)

MEDICAL REPORTS – DR'S NAME	DATED
John Colman, M.D.	1/9/09 (8x), 11/4/08, 10/22/08 (2x), 5/22/08, 4/24/08, 10/1/07
Sandra Reidel, M.D	10/5/07, 2/23/07
Satish Sharma, M.D.	3/28/07, 2/21/07
Jamie Staley, M.D.	2/21/07
H. Kleinberg, M.D.	2/21/07

MEDICAL REPORT FROM BOARD'S DIRECTOR	DATED
Dr. Rajiv Das	3/24/09

Ms. Busse reviewed Mr. Harvey's history and restrictions.

Trustee Constant stated that his concerns were due to conflicting statements from the City on work restrictions and availability of alternate employment. He asked to hear from Mr. Danaj on those particular issues.

Mr. Danaj stated that on March 23rd, 2010 a letter from the Board to the General Services Department asked if Mr. Harvey could be accommodated in the position of Animal Services Officer with his work restrictions, the answer was no. The Board then asked if Mr. Harvey could be accommodated in any other position at the time of his retirement, the answer was yes, as an Account Clerk. He explained that at the time of the interactive process, Mr. Harvey presented work restrictions to the City that exceeded the restrictions from the Board's physician. As a result, the City could not accommodate him.

Mr. Demers stated that the restrictions from the employees' personal physicians can differ and be more restrictive than the Board's physician's restrictions.

Trustee Loesch stated that Trustee Constant's questions tie into Mr. Harvey's disability but are more of a global issue with the process that needs to be discussed in a study session. He noted that he is looking for an August date for the study session.

Trustee Constant stated that he is asking the City for the specific restrictions they used to come to their conclusion that they could not provide Mr. Harvey with another position.

Mr. Danaj read the specific restrictions to the Board. He noted that during the process of placing Mr. Harvey in an Account Clerk position, Mr. Harvey presented more restrictions from his representing physician stating he could not perform in that position as of November 4th, 2008.

Trustee Overton asked if Mr. Harvey was formally offered a position with the City.

Mr. Danaj responded that at the end of the placement process it was determined by Mr. Harvey's

physician that he could not perform those duties because of his restrictions; therefore, based on that conclusion he was not offered a position.

Trustee Overton stated that it seems that the City's restrictions trump the treating physician's restrictions. He asked Mr. Danaj if the City would have known about Mr. Harvey's treating physician's restrictions prior to the City trying to place him in an Account Clerk position, would they have taken the steps to try and place him in that position?

Mr. Danaj responded that the City does not have the authority to go back and take the Board's physician's restrictions and apply them if they differ from the employees treating physician's restrictions.

Trustee Overton then asked if the City does not have the authority to take the Board's physician's restrictions and override the employee's treating physician's restrictions then why was it not determined by the City that the employee was disabled.

Mr. Danaj stated that it is not the authority of the employer to define someone as disabled or not. The City uses the employee's treating physician's restrictions in its determination and does not use the Board's physician's restrictions, as they are two different bodies.

Trustee Overton asked if the City would offer Mr. Harvey a position now.

Mr. Danaj stated that the City would start the process of looking at the restrictions that he and his personal physician would currently present to them and come to a conclusion from that to determine if a position with the City could be accommodated.

Trustee Busse stated that the staff report provided to the City stated that he was denied based on evidence showing that his condition does not preclude him from doing other work for the City. At the time there were alternate positions presented to him. In the November 10, 2008 letter, a week before he was separated, as well as in the letter of separation it was stated that there was no expectation that the City could accommodate his work restrictions.

Trustee Constant stated that he reluctantly supports the motion, as his belief is that the City should have been able to find a position for Mr. Harvey. He noted that it is unfortunate that the Federated Retirement System has to pay out for someone who he feels does not need to retire, and has the ability and desire to work. He stated that the process needs to be fixed as it provides a disservice for everyone involved.

(M.S.C. Constant/Busse) Motion to approve the service-connected disability. 5-1-1 (Loesch – No) (Perkins – absent)

Chair Loesch called for a ten-minute break and for the meeting to reconvene at 10:15 a.m.

The meeting reconvened at 10:19 a.m.

- b. Shirleen Lilly, Staff Technician, Environmental Services. Request for Service-Connected Disability Retirement effective March 28, 2006; 12.13 years of service. Ms. Lilly was present and represented herself.**

MEDICAL REPORTS – DR'S NAME

DATED

EDUARDO LIN, M.D.	02/13/2009; 11/10/2008(2 RPTS); 11/09/2006; 06/07/2006 (6 RPTS); 12/01/2004; 08/08/2002; 05/10/2002; 12/06/2001
HITEN DAVE, P.T.	11/13/2008; 04/29/2008
LUIS ZAVALA, M.D.	05/14/2007; 03/19/2007
KAMBIZ BEHZADI, M.D.	07/28/2005; 05/25/2004; 11/21/2003; 03/04/2003; 01/03/2003; 12/13/2002;

MEDICAL REPORTS – DR'S NAME

DATED

GEORGE KHOURY, M.D.	03/23/2005
DANIEL W. MEUB, M.D.	03/22/2004; 02/09/2003; 01/12/2003 (2 RPTS); 09/07/2001
IAN BARONOFSKY, M.D.	11/11/2003
LUIS MANUEL ZAVALA, M.D.	06/09/2003; 03/17/2003
COLIN EAKIN, M.D.	10/23/2001
ROBERT LAMM, M.D.	09/06/2001
CECIL G. S. CHANG, M.D.	07/09/2001
MELVIN BRITTON, M.D.	06/05/2001
GEORGE PERLSTEIN, M.D.	05/07/2001

MEDICAL REPORT FROM BOARD'S DIRECTOR	DATED
RAJIV DAS, M.D.	03/24/2009; 01/29/2009; 10/16/2008; 07/12/2007; 05/17/2007; 12/18/2006; 09/05/2006; 08/03/2006

Ms. Busse reviewed *Ms. Lilly's* medical history and work restrictions. She noted that there is permanent modified duty available in her department and that she is a candidate for permanent alternate employment.

Trustee Kalra asked *Dr. Das* about his statement in his report that *Ms. Lilly's* injuries are classed as degenerative and not attributable to her work duties. *Dr. Das* stated that this would not be disabling although she could experience symptoms while working on a computer. He added that heavy restrictions attributable to the cervical disk disease would not ordinarily be attributive to the work *Ms. Lilly* was doing and asked *Mr. DeMers* if there was a position available at the time of her separation.

Mr. DeMers stated that *Ms. Lilly* did not go through the interactive process nor had any interaction with the return to work program prior to her separation and is not aware of what her work restrictions were at that time. The Environmental Services Department was aware of her work restrictions at that time and found them to be consistent with work restrictions that could be accommodated as a Staff Technician. That is why they did not feel the need to go through the steps of trying to find her another position within the City.

Ms. Lily stated that at the time of her separation she was informed that her department could accommodate her as a Staff Technician. Not aware of what the duties of the position offered were, she noted that she was not physically or mentally capable to perform any job. She stated that there was no further contact with her department after the offer.

Trustee Overton asked *Ms. Lilly* to explain why she resigned in 2002 and the application for her disability came four years later and if she physically tried to do the modified job that her department offered her.

Ms. Lilly stated that she had to voluntarily resign after being on worker's compensation and not returning to work within the time frame set for her. She stated that she had not physically tried to do the modified job offered to her.

Trustee Overton asked if the car accident in 1994 contributed to her neck and back issues. *Ms. Lilly* responded that those issues were resolved and she has been working since.

Trustee Overton stated that the information listed suggest that she could have worked within the modified position of Staff Technician that was offered to her.

Ms. Lilly stated that although the City's doctor stated that she could perform within the position, her current treating physician does not agree with *Dr. Das's* recommendations. She added that her surgeon in 2003 and again in 2005 recommended an additional neck surgery.

Trustee Overton noted that in a memo to the Board from *Dr. Das* dated December 18, 2006, he stated that during a discussion with *Dr. Lin* on December 20, 2006, he reiterated that it was his opinion that her

increased symptoms are due to change in ambient temperature as well as a long commute.

Trustee Overton asked Ms. Lilly if she has attempted to work with the City to find a position that would meet her medical restrictions. *Ms. Lilly* responded no.

(M.S.C. Busse/Andrews) Motion to deny service-connected disability based on lack of causation and the fact that the City had alternate employment. 6-0-1 (Perkins – Absent)

2. Change of Status

- a. **Judith Harsany**, Retired Senior Office Specialist, Police Department. Request for change in status to Service-Connected Disability Retirement effective April 3, 2010; 15.01 years of service. Ms. Harsany was present and represented herself.

Ms. Busse reviewed Ms. Harsany's history and restrictions. She noted that there is no permanent modified duty available within her department and she is not a candidate for alternate employment.

Ms. Harsany added that according to the sub-committee report on May 19, 2010, the two reasons for the recommended denial were that her department did not have any available positions for her which she said was true. She stated that the department had accommodated her until she retired and this affected her disability retirement. She noted that her hand surgeon stated that her injury is seventy-five percent industrial and the surgeon stated that her injury was directly related to the job. She added that she is grateful for the time she was employed with the City.

Trustee Andrews asked Ms. Harsany if she completed the needle EMG test, as there are no results in her report. Ms. Harsany stated that although she completed the test she does not know the outcome but can provide it for the Board at a latter time if needed.

(M.S.C. Overton/Constant) Motion to deny. 6-0-1 (Perkins – Absent)

CONSENT CALENDAR (Items 3 through 11)

(M.S.C. Busse/Andrews) Motion to approve. 6-0-1 (Perkins – Absent)

3. Request for Approval of Service Retirements

- a. **Robert Lee Asher Jr.**, Mechanical Parts Assistant, General Services, effective June 12, 2010; 19.89 years of service.
- b. **Cleopatra A. Asuncion-Heppes**, Senior Analyst, Police Department, effective June 26, 2010; 29.35 years of service.
- c. **Joseph Brady**, Senior Custodian, Convention, Arts and Entertainment, effective June 27, 2010; 19.78 years of service.
- d. **Alice J. Clark**, Development Officer, Housing Department, effective June 26, 2010; 16.87 years of service.
- e. **Nick Corral**, Senior Maintenance Worker, Department of Transportation, effective June 26, 2010; 32.94 years of service.
- f. **Ellen Croutch**, Associate Engineer, Public Works, effective June 26, 2010; 18.78 years of service.
- g. **Joseph P. DiCiuccio**, Senior Deputy City Attorney, City Attorney's Office, effective June 12, 2010; 19.50 years of service.
- h. **Martha Esquivel**, Office Specialist II, Parks Recreation and Neighborhood Services, effective July 24, 2010; 10.92 years of service.
- i. **Pastor S. Esteves, Jr.**, Heavy Diesel Equipment Operator Mechanic, Environmental Services Department, effective June 26, 2010; 25.10 years of service.
- j. **Carole Ann Ferris-Greer**, Recreation Specialist, Parks Recreation and Neighborhood Services, effective June 26, 2010; 28.81 years of service.
- k. **Brian Fowler**, Librarian II, Library, effective June 30, 2010; 28.43 years of service.

- i. **Luis C. Galindo Sr.**, Maintenance Worker II, Department of Transportation, effective July 24, 2010; 30.05 years of service.
- m. **Steven P. Garcia**, Senior Maintenance Worker, Department of Transportation, effective June 26, 2010; 27.19 years of service.
- n. **Yolanda Garcia**, Maintenance Worker II, Parks Recreation and Neighborhood Services, effective June 26, 2010; 20.83 years of service.
- o. **Ann E. Garside**, Plant Shift Supervisor, Environmental Services Department, effective June 26, 2010; 17.89 years of service.
- p. **Barbara Kay Gilbert**, Part-Time Librarian II, Library, effective June 26, 2010; 15.62 years of service.
- q. **Irene Guerra**, Senior Office Specialist, General Services, effective June 26, 2010; 21.75 years of service.
- r. **Alexander Guiang**, Principal Accountant, Redevelopment Agency, effective June 26, 2010; 20.61 years of service.
- s. **Scott L. Haddock**, Air Conditioning Mechanic, Convention, Arts and Entertainment, effective August 7, 2010; 29.25 years of service.
- t. **Irwin Horowitz**, Electrician, Department of Transportation, effective June 26, 2010; 29.43 years of service.
- u. **Steven J. Iaconis**, Senior Recreation Leader, Parks Recreation and Neighborhood Services, effective June 26, 2010; 15.04 years of service.
- v. **Brenda A. Katai**, Gerontology Specialist, Parks Recreation and Neighborhood Services, effective June 26, 2010; 26.24 years of service.
- w. **Anne Katashima**, Administrative Assistant, Police Department, effective June 26, 2010; 29.37 years of service.
- x. **Charles David Kelley**, Facility Attendant, Convention, Arts and Entertainment, effective June 27, 2010; 20.59 years of service.
- y. **Evet S. Loewen**, Chief Deputy City Attorney, City Attorney's Office, effective June 26, 2010; 29.57 years of service.
- z. **Felix H. Lujan Jr.**, Electrician, General Services, effective July 31, 2010; 30.03 years of service.
- aa. **Angela C. McCarren**, Senior Librarian, Library, effective June 26, 2010; 25.03 years of service.
- bb. **Linda P. Meiss**, Librarian II, Library, effective June 26, 2010; 34.62 years of service.
- cc. **Frank D. Mello**, Principal Construction Inspector, Public Works, effective June 26, 2010; 30.02 years of service.
- dd. **Ruth Mills**, Police-Property Specialist I, Police Department, effective July 10, 2010; 30.40 years of service.
- ee. **John Kenneth Mower**, Legal Services Manager, City Attorney's Office, effective June 12, 2010; 24.42 years of service.
- ff. **Arlene Naomi Nakagawara**, Associate Landscape Architect, Public Works, effective June 26, 2010; 24.21 years of service.
- gg. **Lorrain L. Oback**, Marketing and Public Outreach Representative II, Library, effective June 26, 2010; 31.61 years of service.
- hh. **Creston T. Olson**, Maintenance Worker II, Department of Transportation, effective May 29, 2010; 25.59 years of service.
- ii. **Anne Ortiz**, Assistant to City Manager, City Manager's Office, effective June 26, 2010; 29.86 years of service.
- jj. **Linda Patten-Morris**, Parking and Traffic Compliance Officer, Department of Transportation, effective June 26, 2010; 24.19 years of service.
- kk. **Antonio G. Perez**, Warehouse Worker II, Environmental Services Department, effective July 3, 2010; 19.70 years of service.

- ll. **Rick T. Pohle**, Building Rehabilitation Inspector, Airport, effective May 29, 2010; 17.82 years of service.
- mm. **Alex B. Ramos**, Plant Operator, Environmental Services Department, effective July 10, 2010; 30.03 years of service.
- nn. **Moses Serrano**, Senior Maintenance Worker III, Airport, effective July 24, 2010; 30.00 years of service.
- oo. **Greg Schultz**, Maintenance Superintendent, Department of Transportation, effective June 26, 2010; 30.04 years of service.
- pp. **Robert D. Smith**, Parking Control Officer, Department of Transportation, effective June 26, 2010; 19.19 years of service.
- qq. **Felipe S. Vera Cruz**, Associate Engineer, Planning, Building and Code Enforcement, effective June 26, 2010; 21.12 years of service.
- rr. **John Weis**, Assistant Executive Director, Redevelopment Agency, effective July 10, 2010; 9.24 years of service.
- ss. **Gordon Yusko**, Division Manager, Library, effective August 7, 2010; 10.40 years of service.

4. Deferred Vested

- a. **Steven J. Alexander**, Information Systems Analyst, Information Technology, effective August 10, 2010; 7.87 years of service.
- b. **Susan L. Barnes**, Economic Development Officer, City Manager's Office, effective June 30, 2010; 6.72 years of service. (With reciprocity)
- c. **Carol D. Easter**, Supervising Applicants Manager, Information Technology, effective June 19, 2010; 30.00 years of service. (With reciprocity)
- e. **Allen Lang**, Senior Engineer, Planning, Building and Code Enforcement, effective July, 18, 2010; 11.93 years of service.
- f. **James Emery Sadler**, Senior Construction Inspector, Public Works, effective August 29, 2010; 25.22 years of service.
- g. **Steven R. Williams**, Chemist, Water Pollution Control, effective September 10, 2010; 8.72 years of service.

5. Board Minutes

- a. Approval of Minutes of May 13, 2010

6. Return of Contributions

- a. Voluntary
- b. Involuntary - None

7. Investment Summary Report

Report of Federated Investment – April 30, 2010

8. Approval of Monthly Expenditures

Report of Federated Retirement Plan expenses for April 2010

9. Investments

- a. Adoption of Resolution Number 6581 for the period April 1 through April 30, 2010.

10. Communication/Information

- a. Legal Update

- b. GFOA Certificate
- c. Prefunding letter from Gabriel, Roeder, Smith, & Company
- d. Sacramento Bee Article : April 11, 2010 Article regarding Actuary Ira Summer.
- e. Benefits Review Forum – Report for May 2010

11. Death Notifications (Moment of Silence)

Chair Loesch stated there would be a moment of silence for the death notifications.

- a. **Rogelio Campos**, Active Grounds Worker; died April 21, 2010. Survivorship benefits to Maryfe Compos, spouse.
- b. **Doris E. Guerreiro**, Retired Contract Compliance Specialist; retired 7/25/09, died 4/22/10. No survivorship benefits.
- c. **Howard M. Guy**, Retired Chief Building Construction Inspector; retired 4/29/00, died 4/20/10. Survivorship benefits to Susan Guy, spouse.
- d. **Jose C. Quintana**, Retired Maintenance Supervisor; retired 10/4/87, died 5/1/10. Survivorship benefits to Ramona Quintana spouse.
- e. **Thomas Stofflet**, Retired Environmental Services Program Manager; retired 6/21/08, died 4/16/10. No survivorship benefits.
- f. **Carl W. Thorsen**, Retired Senior Engineer Technician; retired 6/27/84, died 4/20/10. No survivorship benefits.

OLD BUSINESS/DEFERRED - CONTINUED ITEMS

12. Oral update on City Auditor's projects.

Ms. Erickson stated that one of the projects the City Auditor's Office is working on is the Pension Sustainability audit. Given the difficulty in defining sustainability, her office will instead be compiling and providing background information to the Board. The next steps for this project are continuing the analysis of the 30-year background information, completing the research of other jurisdictions, and finishing the fieldwork over the summer. She anticipates an audit report will be ready in the Fall.

The second project in progress is the audit of disability retirements. The purpose of this audit is to assess potential factors leading to a high disability rate in San Jose. Her office is reviewing the last 10 years of approvals, denials, and changes in retirement status and obtaining an understanding of the process, definitions, standards, and financial advantages and incentives of disability retirements. In addition, her office is interviewing Board members on a voluntary basis to understand what factors they consider before approving a disability retirement and what training the trustees receive on the disability retirement process. The fieldwork should be completed over the summer with an audit report ready in the Fall.

In regards to the annual financial audit, the contract is complete and entrance conferences are being held with staff. The auditors should complete the bulk of the audit work by the end of September with issuance of the City's CAFRs sometime afterwards.

Trustee Loesch stated that the Board plans to conduct a special study session regarding the disability process and would like the City Auditor's Office to participate. *Trustee Loesch* asked if the actuaries were involved in the sustainability audit.

Ms. Erickson replied that her office is reviewing the actuarial reports and working closely with Retirement Services' staff.

Trustee Loesch suggested that her office talk with the Board's actuary, investment consultants, lawyers, etc.

13. Update on outside counsel for tax qualification review.

Ms. Dent stated that Ice Miller is currently under contract and had their first conference call with System attorneys. The City Attorney's Office provided Ice Miller with a number of documents for them to start their review. The attorneys are considering Ice Miller present to both the Federated and Police & Fire Boards, possibly in September.

14. Update on Board Governance changes.

Ms. Dent explained that the tentative date for the ordinance to go to the City Council for first reading is June 22, 2010 and then the ordinance would come to the Police & Fire Board and the Federated Board for recommendation in August. After review and recommendation by both Boards, the ordinance would go back to the City Council for second reading for an effective date of sometime in September.

NEW BUSINESS

15. Request to terminate the benefit of James Dowgialo effective June 2, 2010.

(M.S.C. Busse/Andrews) Motion to approve. 6-0-1 (Perkins – Absent)

16. Discussion and adoption of the Placement Agent Policy.

Mr. Richeda stated that state law proposed certain mandatory restrictions on investment manager use of placement agents. The Board is well advised from a fiduciary purpose to adopt the type of policy attached. Under state law, the Board has until June 30 to adopt a policy and the attached policy models what CalPERS adopted for its policy of disclosure.

Trustee Overton asked where the term placement agent is defined.

Mr. Richeda explained that it is defined on page 2 of the policy.

Trustee Overton asked about page one of the policy where it says Retirement Services not the Retirement Boards. Should the policy read Retirement Boards as it is the Board's policy and staff recommends consideration of investment managers to the Board.

Mr. Richeda responded that the change could be made to the policy, but, due to the June 30 deadline, the Board may want to adopt the policy with the suggested corrections.

Ms. Dent stated that the first sentence could be modified to include language such as this policy applies to all current investment managers and all investments managers being recommended for consideration to the Boards of the two-plan system by the City of San Jose Department of Retirement Services. This would capture the concept that the Boards ultimately decide to retain managers, but staff makes the recommendation to the Boards.

Secretary Crosby stated that staff contacts and reviews many more managers than those presented to the Board; staff has broader contact with investment managers than the Board, so the policy needs to be more encompassing.

Ms. Dent clarified that as the policy needs to cover both managers who are recommended as well as managers being considered for recommendation, the language needs to include managers being considered for recommendation.

Trustee Andrews asked if the policy can be applied to current contracts.

Ms. Dent responded that the law does not require the policy to be applied to any existing contracts.

Chair Loesch requested clarification on the term "Plan" used throughout the policy as in the Purpose section of the Policy, "Plan" clearly refers to the Police & Fire Department Retirement Plan.

Mr. Richeda stated that the term could be usefully clarified. The Board could instruct staff to change the term "Plan" to "System" throughout the policy to clarify that the reference is to the Federated City Employees' Retirement System.

Ms. Dent stated that, as the Police & Fire Plan already approved the policy as is, a separate policy for the Federated System would need to be approved.

(M.S.C. Busse/Overton) to adopt the policy with the changes the policy to be finalized as directed by the Board for the Chair's approval, and that the Chair confirm that staff has modified the policy as directed. 6-0-1 (Perkins – Absent)

17. **Discussion and notification regarding the administrative implications to the retirement contribution provision of the City's Retirement Plans.**

This item is Note and File

Chair Loesch asked if the request for the actuary to confirm that the increase in employee contribution rates will result in a commensurate reduction in the City's contribution rate has been made.

Ms. Dent clarified the timeline. The City Council is scheduled to approve the additional contribution rates at their June 22 meeting, but the additional contribution rates will not be effective on June 22, as there are ordinance changes that are needed to implement increased contribution rates.

Mr. Moehle stated that staff has had discussion with the actuaries and notified the actuaries that they will have to perform the calculation pending the outcome of the City Council meeting.

Trustee Overton asked if the City Council would have an indication of the impact of the changes in contribution rates before deciding on the issue.

Mr. Moehle responded that, if the changes were made, the City would have a direct offset to its contributions. Staff would need to know the payroll numbers first in order to know the dollar implications.

Secretary Crosby explained that there is almost no difference with the changes in the contribution rates, other than calculations of return of contributions, which will be relatively modest. All that is happening is that the City's required contributions are being shifted over to the employees and the employees are picking up exactly the same amount.

Ms. Dent stated that because of the requirement of an ordinance change, the change in employee contribution rates would not be implemented immediately on July 1. There will be some time lag in the employees picking up the extra contributions and that the actuaries will have to factor into their calculation.

18. **Review of proposed ordinance amending Part 2 of Chapter 3.36 of Title 3 of the San Jose Municipal Code by adding a Section 3.36.205 to exclude from membership in the Police and Fire Department Retirement Plan a Fire Chief or Police Chief who has no prior service credit in that Plan; and provide recommendation to City Council on proposed ordinance pursuant to San Jose Municipal Code Section 3.36.485.**

This item is Note and File

Secretary Crosby stated that this item is a courtesy notification from the City Manager's Office so the Board is advised.

Ms. Dent stated that the Board can make a recommendation, but the Federated Municipal Code is not being amended.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Committee for investments (Perkins/Loesch/Andrews-alternate/Busse)

19. Approval of Federated Investment Committee Meeting Minutes of April 22, 2010

This item is Note and File

20. Approval of the revised Statement of Investment Policy.

Trustee Andrews requested language to be added to the Statement of Investment Policy for bullet six on page seven to read "Complete investment manager due diligence visits as recommended by the Department of Retirement Services."

Trustee Overton suggested the changes include the role of the Investment Committee. (M.S.C. Andrews/Constant) to approve the revised Statement of Investment Policy with the changes to page seven, bullet 6, to read "Complete investment manager due diligence visits as recommended by the Investment Committee." 6-0-1 (Perkins – Absent)

21. Adoption of Resolution number 6582 revising the Statement of Investment Policy.

Ms. Dent stated that the revised Statement of Investment Policy with the changes to the language on page seven as just approved by the Board would be attached to Resolution number 6582.

(M.S.C. Overton/Constant) Motion to approve. 6-0-1 (Perkins – Absent)

22. Approval for the Secretary to negotiate and execute an agreement with RS Investments to manage the System's Small Cap Value portfolio.

Trustee Overton stated that it would be helpful for the full Board to receive comparative data for finalist candidates in manager searches.

Secretary Crosby stated that staff compiled a lengthy document providing in depth comparative data however, as the document was over 120 pages, staff provided Meketa's summary memorandum to the full Board.

Trustee Overton requested a one-page summary of comparative data of manager search finalists for the Board to review going forward.

(M.S.C. Overton/Busse) Motion to approve. 6-0-1 (Perkins – Absent)

Committee of the Whole (Full Board)

Next meeting August 26, 2010.

Policy Committee (Busse/Overton/Constant – alternate/Loesch)

The below item is Note and File

23. Summary of March 26, 2010 meeting

a. Approval of the Comprehensive Travel Policy as recommended by the Policy Committee.

Trustee Loesch asked if changes could be made to the manager search policy, which is part of the comprehensive travel policy.

Ms. Dent responded that it was not agendized to make changes to the manager search policy. The Board could approve the comprehensive travel policy with the manager search policy to be brought back to the

Board for clerical revisions.

(M.S.C. Busse/Kalra) Motion to approve. 6-0-1 (Perkins – Absent)

EDUCATION AND TRAINING

The below item is Note and File

24. 2010 Training Opportunities

FUTURE AGENDA ITEMS – NONE

PUBLIC/RETIREE COMMENTS – NONE

ADJOURNMENT

There being no further business, *Chair Loesch* adjourned the meeting at 11:31 a.m.



**MATTHEW LOESCH, P.E., CHAIR
BOARD OF ADMINISTRATION**

ATTEST:



**RUSSELL U. CROSBY, DIRECTOR
BOARD OF ADMINISTRATION**