

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

May 19, 2011

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met on Thursday, May 19, 2011, in regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street San José, California 95113.

PRESENT:

BOARD MEMBERS

| | |
|-------------------------|------------------------|
| Matt Loesch, Chair, | -Present |
| Ed Overton, Vice-Chair, | -Present |
| Arn Andrews, | -Present |
| Michael Armstrong, | -Present |
| Lara Druyan, | -Departed @ 12:54 p.m. |
| Stuart Odell, | -Present |
| Marty Dirks, | -Present |

DIRECTOR RETIREMENT SERVICES

BOARD SECRETARY
Russell U. Crosby -Present

COUNCIL LIAISON

Pete Constant - Present

ALSO PRESENT:

| | | | |
|------------------|---------------------|------------------|-------------------|
| Russ Richeda | -Conflicts Counsel | Rajiv Das | -Medical Director |
| Mollie Dent | -City Attorney | Ali Amiry | -Staff |
| Carmen Racy-Choy | -Staff | Gerry Chappuis | -MEF/Public Works |
| Ron Kumar | -Staff | Tom Reilly | -ESD/OE3 |
| Veronica Niebla | -Staff | Leslie Ku | -Public Works |
| Donna Busse | -Staff | Allison Suggs | -OER |
| Michael Moehle | -Staff | Jesselle Holcomb | -Staff |
| Sonia Morales | -Staff | Mary Cornwell | -Finance/AFSCME |
| Nancy Ostrowski | -17PTE/21 AEA, CAMP | Yolanda Cruz | -AFSCME-MEF |
| Allen Demers | -Human Resources | | |

• ORDERS OF THE DAY

- Chair Matt Loesch noted that board meeting will be audio recorded.
- Item 5.3 will be heard first
- Item 5.1 and 5.2 will be heard in sequence
- Item 2.9c was pulled
- Pulled Item 2.3c from Consent Calendar to be heard jointly with 1.1a

1. RETIREMENTS

1.1 Service-Connected Disability (SCD)

Trustee Andrews recused himself from this hearing; he worked in the same department as Mr. Martinez

- a. **John A. Martinez, Sr.**, Warehouse Worker II, Finance Department. Request for a Service-Connected Disability Retirement, effective November 28, 2009; 9.69 years of service. *To be heard jointly with Item 2.3c*
Deputy Director, Donna Busse read the case information into the record. John A. Martinez, Sr. was present. The following records were submitted.

| MEDICAL REPORTS – DR'S NAME | DATED |
|-----------------------------|---|
| JACQUELINE ELSHIRE, NP. | 5/21/10 |
| GRADY JETER, M.D. | 1/11/10 (2), 9/3/09, 7/28/09, 5/7/09, 10/17/08, 10/15/08, 6/30/08, 3/25/08, 1/25/08, 10/5/07, 9/11/07 |
| CHARLES BORGIA, M.D. | 1/15/10 |
| MARK LARSEN, M.D. | 7/1/08, 9/18/07 |
| ANDREW DURKIN, M.D. | 6/6/07 |
| JOHN ROLLINS, M.D. | 6/4/07 |
| MARTIN TRIEB, M.D. | 8/19/03 |
| MARK CULTON, M.D. | 8/4/03 |
| M. RANDALL, M.D. | 6/2/03 |
| MARCO RANDAZZO, M.D. | 5/29/03 |

| MEDICAL REPORT FROM BOARD'S DIRECTOR | DATED |
|--------------------------------------|---------|
| RAJIV DAS, M.D. | 4/8/11 |
| RAJIV DAS, M.D. | 1/10/11 |
| RAJIV DAS, M.D. | 3/24/10 |

A motion was made to deny a SCD for John Martinez Sr.

Approved. (M.S.C., Overton/Odell, 5-1-1, Armstrong nay, Andrews abstain),

A motion was made to approve a Non Service Connected Disability (NSCD) for John Martinez Sr.

Approved. (M.S.C., Overton/Loesch, 5-0-2, Andrews abstain, Druyan absent)

2. CONSENT CALENDAR (Items 2.1 through 2.10)

- Pull items 2.3c and 2.9c.
- A motion was made to approve the balance of the Consent Calendar.
Approved. (M.S.C. Druyan/Dirks, 7-0-0)
- Item 2.3c – **Note and File**

2.1 Adoption of Resolution Change of Status Denying Service-Connected Disability Retirement

- a. Adoption of Resolution 6731 denying the application of **Honorata Adriano** for a change in status from a Service Retirement to Service-Connected Disability Retirement.

2.2 Request for Approval of Service Retirements

- a. **Ruben E. Alvarez**, Associate Structure Landscape Designer, Public Works Department; effective June 25, 2011; 20.05* years of service.
- b. **Connie L. Aparicio-Yanez**, Program Manager II, Human Resources Department, effective June 11, 2011; 20.96* years of service.
- c. **Lisje Archdeacon**, Senior Office Specialist, Parks, Recreation & Neighborhood Services Department, effective June 11, 2011; 15.55* years of service.
- d. **Anna Ayala**, Senior Office Specialist, Planning, Building & Code Enforcement Department, effective July 9, 2011; 30.01* years of service.
- e. **James (Jim) E. Burnett**, Network Engineer, Library Department, effective June 30, 2011; 21.79* years of service.
- f. **Linda C. Byrne**, Marketing & Outreach Manager, Department of Transportation, effective May 28, 2011; 11.64* years of service. (With reciprocity)
- g. **Lawrence J. Castellano**, Deputy Director, Parks, Recreation & Neighborhood Services Department, effective June 25, 2011; 30.01* years of service.
- h. **Susan L. Cate**, Code Enforcement Inspector, Planning, Building & Code Enforcement Department, effective June 25, 2011; 27.32* years of service.
- i. **John H. Cheung**, Lab Technician, Environmental Services Department, effective June 25, 2011; 16.35* years of service.
- j. **Audrey M. Crouch**, Program Manager I, Fire Department, effective June 4, 2011; 16.24* years of service. (With reciprocity)
- k. **Rick D. Dale**, Analyst II, Police Department, effective June 25, 2011; 23.96* years of service.
- l. **Helmut J. Denk**, Senior Environmental Inspector, Environmental Services Department, effective June 25, 2011; 21.19* years of service.
- m. **Timothy M. Donohue**, Building Inspector, Public Works Department, effective June 29, 2011; 25.97* years of service. (SCD-pending)
- n. **Richard Dressler**, Marketing Representative, Library Department, effective April 13, 2011; 12.11* years of service. (With Reciprocity)
- o. **Rodney Fong**, Senior Permit Specialist, Planning, Building & Code Enforcement Department, effective June 25, 2011; 18.68* years of service.
- p. **Dean M. Greer**, Building Inspector, Planning, Building & Code Enforcement Department, effective April 21, 2011; 13.28* years of service. (With reciprocity) (SCD-pending)
- q. **Robert A. Guerra**, Warehouse Worker II, Finance Department, effective June 11, 2011; 21.64* years of service.
- r. **Tellis Hynes**, Environmental Inspector II, Environmental Services Department, effective May 28, 2011; 20.50* years of service.
- s. **Michael E. Johnson**, Mechanic Assistant, Public Works Department, effective June 25, 2011; 20.68* years of service.
- t. **Vito Maletta**, Alarm Technician, Police Department, effective June 30, 2011; 15.00* years of service.
- u. **Garry D. McLeod**, Enforcement Inspector II, Planning, Building & Code Enforcement Department, effective June 25, 2011; 28.64* years of service.
- v. **Albert C. Muccia**, Associate Inspector, Department of Transportation, effective June 30, 2011; 10.01* years of service.

*Estimated

- w. **Nancy J. Nelson**, Staff Specialist, Fire Department, effective May 28, 2011; 12.97* years of service.
- x. **Bonnie G. Ouchida**, Associate Engineering Technician, Public Works Department, effective June 25, 2011; 19.89* years of service.
- y. **Deborah A. Post**, Secretary, Police Department, effective June 11, 2011; 19.96* years of service.
- z. **Amos H. Rendler**, Associate Engineering Technician, Public Works Department, effective June 25, 2011; 23.05* years of service.
- aa. **Joseph A. Rivas**, Facility Repair Worker, Airport Department, effective May 14, 2011; 26.05* years of service.
- bb. **Larry L. Rogers**, Building Inspector, Planning, Building & Code Enforcement Department, effective June 11, 2011; 21.24* years of service.
- cc. **Loren N. Rundle**, Senior Landscape Architect, Public Works Department, effective June 25, 2011; 25.78* years of service.
- dd. **Grace L. Russo**, Staff Specialist, Police Department, effective June 25, 2011; 20.78* years of service.
- ee. **Marcie L. Silva**, Recreation Leader, Parks, Recreation & Neighborhood Services Department, effective May 28, 2011; 10.45* years of service.
- ff. **Andrianna Snively**, Senior Office Specialist, Parks, Recreation & Neighborhood Services, effective June 25, 2011; 28.69* years of service.
- gg. **Michael P. Terwilliger**, Building Inspector Supervisor, Planning, Building & Code Enforcement Department, effective June 11, 2011; 15.19* years of service. (With reciprocity).
- hh. **Randal L. Turner**, Deputy Director, Public Works Department, effective June 11, 2011; 30.06* years of service.
- ii. **Mohini Vijay**, Senior Account Clerk, Library Department, effective June 25, 2011; 15.33* years of service.
- jj. **Barbara C. Wright**, Legal Analyst, City Attorney's Office, effective June 25, 2011; 10.05* years of service.
- kk. **David J. Young**, Warehouse Supervisor, Finance Department, effective June 11, 2011; 27.66* years of service.
- ll. **Gary C. Zatkin**, Associate Construction Inspector, Public Works Department, effective March 31, 2011; 36.35* years of service. (SCD-pending)

2.3 Request for Approval of Deferred Vested

- a. **Fergus P. Gallagher**, Air Conditioning Mechanic, Airport Department, effective May 26, 2011; 18.38* years of service. (With reciprocity)
- b. **Douglas C. Humphrey**, Principal Sanitary Engineer, Environmental Services Department, effective June 30, 2011; 9.87* years of service.
- c. **John A. Martinez, Sr.**, Warehouse Worker II, Finance Department, effective May 2, 2011; 9.69* years of service. (SCD-pending) – *To be heard with Item 1.1* **PULLED**
- d. **Esther Ruiz**, Custodian, Airport Department, effective April 13, 2011; 11.31* years of service.

2.4 Request for Approval of Monthly Payment Option

- a. Approval of request from George Kern, ex-spouse of Janet Kern, active Deputy Redevelopment Manager, for Monthly Payment Option, effective April 1, 2011 under Chapter 3.28, Part 23 of the San Jose Municipal Code.
- b. Approval of request from Nadine Muir, ex-spouse of Irwin Horowitz, retired Electrician, for Monthly Payment Option, effective June 1, 2011 under Chapter 3.28, Part 23 of the San Jose Municipal Code.

2.5 Request for Termination of Benefits

Approval of request to terminate the benefit of **James Dowgialo**, effective May 23, 2011.

2.6 Board Minutes

Approval of Board Minutes of April 21, 2011.

2.7 Return of Contributions

- a. Voluntary
- b. Involuntary

2.8 Approval of Monthly Expenditures

Report of Federated Retirement Plan Expenses for March 31, 2011.

2.9 Communication/Information

- a. Letter from Scott Smith of HansonBridgett regarding Bank of America unrelated litigation, dated April 12, 2011.
- b. Memo from Debra Figone, City Manager regarding Lump Sum Payment of Employer Retirement Contributions and Establishment of the Prepayment Amount for Fiscal Year 2011-2012, dated April 18, 2011.
- c. Memo from Russ Richeda regarding Legal Alert (Governor Brown's Pension Modification Package), dated April 21, 2011. **PULLED – Note and File**
- d. Principles of Pension Management Training at Stanford Law School Travel Report – by Marty Dirks.
- e. Report from Congressional Budget Office (CBO) regarding "The Underfunding of State and Local Pension Plans", dated May 2011.
- f. Benefits Review Forum Report - April, dated April 27, 2011.
- g. Milken Global Conference 2011 Travel Report – by Matt Loesch
- h. Pension Bridge 2011 Annual Conference Travel Report – by Matt Loesch

2.10 Approval of Travel Conference Attendance - None

3. DEATH NOTIFICATIONS (Moment of Silence) **Note and File**

- 3.1 **Robert D. Carey**, Housing Sanitarian, retired 4/11/83, died 4/12/11. No survivorship benefits.
- 3.2 **James A. Close**, Groundswoker, retired 10/04/87, died 4/23/11. No survivorship benefits.
- 3.3 **Malcolm "Max" T. Dakins**, Supervising Auditor, retired 7/28/84, died 4/06/11. No survivorship benefits.
- 3.4 **Frederick A. Lick**, Principal Recreation Supervisor, retired 10/24/92, died 04/23/11. Survivorship benefits to Susan Lick, spouse.
- 3.5 **James H. Overstreet**, Associate Building Project Specialist, retired 10/24/92, died 4/10/11. No survivorship benefits.
- 3.6 **Raymond Retana**, Facility Attendant, retired 12/11/03, died 04/18/11. Survivorship benefits to Marsha L. Retana, spouse.
- 3.7 **Vivienne I. Stout**, Office Specialist II, retired 07/22/00, died 04/28/11. No survivorship benefits.
- 3.8 **Michael A. Vidal**, Custodial Supervisor, retired 03/25/03, died 04/05/11. Survivorship benefits to Lucena Vidal, spouse.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- 4.1. Discussion and recommendation to the San Jose City Council on Ordinance of the City of San Jose amending Title 3 of the San Jose Municipal Code to add a new chapter 3.52, and to amend Sections 3.28.380, 3.28.1980, 3.28.1995, 3.28.2030 and 3.28.2045 and add a new Section 3.28.385 of Chapter 3.28 for the purposes of establishing a new trust pursuant to Section 115 of the Internal Revenue Code related to retiree Health Care Benefit Funding and Payment of Retiree Health Care Benefits.

A motion was made to waive Sunshine for this item.

Approved. (M.S.C., Overton/Druyan, 7-0-0).

A motion was made to recommend amendment to City Council.

Approved. (M.S.C., Andrews/Armstrong, 7-0-0)

5. NEW BUSINESS

- 5.1 Discussion and action on Real Estate and Private Equity allocation with Meketa Investment Group:

- a. Performance Report
- b. Pacing Study/Investment Structure

Laura Wyrick, Steve McCort, and Jess Downer, representatives from Meketa Investment Group, presented the report on 5.1a. They will return to revisit item 5.1b.

- 5.2 Discussion and action on Meketa Investment Group's recommendation regarding the short-term investment of the alternative investment allocation.

Laura Wyrick, Steve McCort, and Jess Downer, representatives from Meketa Investment Group, presented the report.

A motion was made (regarding the Alternative Investment Allocation) to spread the over allocation to Fixed Income and other liquid assets.

Approved. (M.S.C., Odell/Andrews 7-0-0)

- 5.3 Discussion and action regarding results of Actuarial Experience Analysis dated May 2011 conducted by Cheiron.

Gene Kalwaski and Bill Hallmark, representatives from Cheiron, presented the report

- 5.4 Discussion and action regarding Delegation of Authority for the Secretary to act on behalf of the Board.

A motion was made to delegate authority for the Secretary to act on behalf of the Board.

Approved. (M.S.C., Overton/Andrews, 7-0-0)

- 5.5 Discussion and action on Calendar or Fiscal Year Schedule for Committee and Chair Appointments.

A motion was made to use the Calendar Year for Committee and Chair appointments.

Accept. (M.S.C., Loesch/Dirks, 6-0-1, Druyan absent)

- 5.6 Discussion and action regarding Board Governance, including formation of an Audit Committee.

A motion was made to move forward with the formation of an Audit Committee(?).

Approved. (M.S.C., Odell/Armstrong, 6-0-1, Druyan absent)

- 5.7 Discussion and action concerning Government Code section 7513.95 and its impact upon Board members.

A motion was made to have a memo ready for the next Board meeting and revisit the topic.

Approved. M.S.C. Loesch/Andrews, 7-0-1, Druyan absent)

- 5.8 Discussion and action regarding Board Retreat. A motion was made to pursue the idea.

Approved. (M.S.C., Loesch/Andrews, 6-0-1, Druyan absent)

- 5.9 Discussion and action regarding Electronic Agendas. A motion was made to pursue the idea.

Approved. (M.S.C., Loesch/Andrews, 6-0-1, Druyan absent)

6. COMMITTEES/REPORTS/RECOMMENDATIONS

- 6.1 Policy Committee (Overton/Armstrong/Loesch – alternate/Andrews) – None

- 6.2 Ad Hoc Disability Determination Process Committee Meeting (Loesch, Overton, Andrews, Alternate – Armstrong) – Next Meeting: May 26, 2011, 10:30 a.m.

Accept Minutes of March 16, 2011 Meeting. **Accept. (M.S.C., Andrews/Dirks, 6-0-1, Druyan absent)**

7. EDUCATION AND TRAINING Note and File

7.1 Notification of Pensions & Investments Training

Pension Risk Management in a New Era Conference, San Francisco, CA – June 7, 2011.

7.2 Notification of CalAPRS' Training

- a. Trustees' Roundtable, Los Angeles Marriott Burbank Airport, Burbank, CA – June 3, 2011.
- b. Trustees' Roundtable, Double Tree Hotel, San Jose, CA – October 14, 2011.

a. Notification of IFEBP Training

- a. Trustees and Administrators Institutes – New Trustees, The Mirage, Las Vegas, NV – Monday, June 13, 2011 thru June 15, 2011.
- b. Certificate of Achievement in Public Plan Policy (CAPPP) – Employee Pensions – **Part I**, The University of Chicago, Gleacher Center, Chicago, IL - Tuesday, June 14-15, 2011.
- c. CAPPP – Employee Health – **Part I**, The University of Chicago, Gleacher Center, Chicago, IL – Tuesday, June 14-15, 2011.
- d. CAPPP – Employee Pensions – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL – Thursday, June 16-17, 2011.
- e. CAPPP – Employee Health – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL - Thursday, June 16-17, 2011.

7.4 Notification of SACRS Training


Public Pension Investment Management Program - State Association of County Retirement System (SACRS), UC Berkeley, Monday, July 11-13, 2011.

- **FUTURE AGENDA ITEMS - None**
- **PUBLIC/RETIREE COMMENTS - None**
- **ADJOURNMENT - 1:14 p.m.**

ATTEST:



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



**RUSSELL U. CROSBY
SECRETARY, BOARD OF
ADMINISTRATION
DIRECTOR, RETIREMENT SERVICES**