

BOARD OF ADMINISTRATION

*City Hall
Wing Committee Rooms 118-120
200 East Santa Clara Street, San Jose, CA 95113*



Meeting Minutes – Revised

Thursday, August 15, 2013

8:30 AM

City Hall, Wing Rooms 118-120

Federated City Employees' Retirement System

BOARD MEMBERS

*Matt Loesch, Chair
Lara Druyan, Vice-Chair
Arn Andrews, Trustee
Michael Armstrong, Trustee
Martin Dirks, Trustee
Stuart Odell, Trustee
Ed Overton, Trustee*

NON-VOTING BOARD MEMBER
Pete Constant

COUNSEL
Jeff Rieger, General and Fiduciary Counsel

DIRECTOR RETIREMENT SERVICES
Roberto L. Peña

OPEN SESSION - 8:30 A.M. - time certain or soon thereafter

Present: 4 - Arn Andrews, Martin Dirks, Stuart Odell and Ed Overton

Absent: 3 - Matt Loesch, Lara Druyan and Michael Armstrong

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Acting Chair Andrews called to order the Federated City Employees' Retirement System and the Federated City Employees' Health Care Trust meeting at 8:34 a.m.

• **ORDERS OF THE DAY**

Acting Chair Andrews made the following changes to the Orders of the Day:

Item 4.d - Waive Sunshine, handout was received late.
Item 1.8b - IFEBP Travel - removed

A motion was made to approve the Order of the Day and to Waive Sunshine on Item 4.d.

Aye: 4 - Andrews, Dirks, Odell and Overton

Absent: 3 - Loesch, Druyan and Armstrong

1. CONSENT CALENDAR

Item 1.8b - Non-voting Boardmember Constant explained to the Board the reason of the travel prior to Board approval, but noted that City Council had pre-approved the travel request in case there was an issue with Board approval. He added that the conference was highly recommended and felt that based on the contents and the presenters that it was reasonable to attend.

A motion was made to approve the Consent Calendar Items 1.1 to 1.11.

Approved. (M.S.C. Dirks/Overton, 4-0-0, with 3 absent: Loesch, Armstrong and Druyan)

Aye: 4 - Andrews, Dirks, Odell and Overton

Absent: 3 - Loesch, Druyan and Armstrong

1.1 Application for a Non-Service Connected Disability

- a. **David A. Crothers**, Maintenance Worker II, Department of Transportation.
Request for a Non-Service-Connected Disability Retirement, effective May 1, 2013; 26.62* years of service. (Recommended Approval)

- b. **Linda K. Doering**, Public Safety Dispatcher, San Jose Police Communications. Request for a Non-Service-Connected Disability Retirement, effective August 23, 2012; 20.12* years of service. (Recommended Approval)

1.2 Change In Status to Non-Service Connected Disability

- a. **Mike M. Imanaka**, Senior Events Coordinator, Department of Transportation. Request for a Change in Status from a Service Retirement to a Non-Service-Connected Disability Retirement, effective November 10, 2012; 13.00* years of service. (Recommended Approval)

1.3 Approval of Service Retirements

- a. **Henry Houda**, HVAC Mechanic, Environmental Services Department, effective September 28, 2013; 15.24* years of service.
- b. **Mike McCue**, Mechanic, Public Works Department, effective September 14, 2013; 27.39* years of service.
- c. **Thomas D. Norris**, Senior Executive Assistant, City Manager's Office, effective November 8, 2013; 6.00* years of service.
- d. **Gregg H. Owens**, Zoo Manager, Parks, Recreation and Neighborhood Services Department, effective September 14, 2013; 15.05* years of service.
- e. **Michael X. Randolph**, Hazardous Material Inspector, Fire Department, effective June 8, 2013; 25.50* years of service.

1.4 Approval of Deferred Vested

- a. **Todd M. Barreras**, Senior Maintenance Worker, Parks, Recreation and Neighborhood Services Department, effective September 21, 2013; 18.31* years of service. (With reciprocity)
- b. **Dana Gleason**, Shelter Veterinarian, Animal Care and Services Department, effective July 27, 2013; 05.75* years of service.
- c. **Jane Hemeon**, Supervisor, Parks, Recreation and Neighborhood Services Department, effective September 4, 2013; 05.43* years of service.
- d. **Monica Kitchiner**, Community Coordinator, City Manager's Office, effective July 19, 2013; 05.74* years of service.
- e. **Shirleen Lilly**, Staff Technician, Environmental Services Department,

effective July 18, 2013; 12.13* years of service.

- f. **Robert H. Nelson**, Electrician, Environmental Services Department, effective July 22, 2103; 14.84* years of service.
- g. **John Oberg**, Civil Engineer, Environmental Services Department, effective September 20, 2013; 20.17* years of service.
- h. **Rozanne Raby**, Building Maintenance Supervisor, Airport Department, effective November 9, 2013; 6.08* years of service.
- i. **Mary Ellen Sanchez**, Senior Office Specialist, Information Technology Department, effective June 4, 2013; 13.46* years of service.

1.5 Approval of Board Minutes

- a. Approval of Board Minutes from June 20, 2013.

Attachments: [6-20-13 MINUTES - FED](#)

1.6 Approval of Return of Contributions

- a. Voluntary/Involuntary

Attachments: [ROC](#)

1.7 Acceptance of Communication/Information Reports

- a. Memo from Debra Figone, City Manager, regarding receipt of the Cortex Governance Report, dated July 11, 2013.
Attachments: [Memo from Debra Figone regarding Cortex Report](#)
- b. Institutional Investor Article, dated July 5, 2013, "Skewed Marketer/CIO Ratios Set Tone at First Ever OCIO Summit".
Attachments: [Institutional Investor Article](#)
- c. Pension and Investments, Article: 'Public pension fund governance: alignment of responsibility with authority', dated August 1, 2012.
Attachments: [Article from Pensions & Investments](#)
- d. Contribution Rate Letter, Tier 1- Federated.

Attachments: [FED Contribution Rate ltr Tier 1 eff 6.23.2013](#)

- e. Contribution Rate Letter, Tier 2- Federated

Attachments: [FED Contribution Rate ltr Tier 2 eff 6.23.2013](#)
- f. May 2013 Performance Flash Report for the Pension Trust.

Attachments: [May Performance Flash Report](#)

1.8 Approval of Travel / Conference Attendance

- a. Roberto L. Peña - CalAPRS, 2013 Administrators' Institute, Quail Lodge Resort, Carmel, CA - September 25-27, 2013.
- b. Pete Constant - 2013 Retirement Research Consortium Annual Meeting, "Retirement Security in Changing Times", National Press Club, Washington, DC - August 1-2, 2013.

IFEBP, 59th Annual Employee Benefits Conference, Las Vegas, NV - October 20-23, 2013.
Item 1.8b-IFEBP travel was pulled as noted in the Orders of the Day.
- c. Daryn Miller - Due Diligence: Investment Managers (Arrowgrass and Kepos), New York City, NY - July 18, 2013.

1.9 Approval of Change in Retirement Date

- a. Approval of change in retirement date for **Thomas E. Conte**; from June 22, 2013 to October 12, 2013.

Attachments: [Change of Retirement Date-Conte](#)
- b. Approval of change in retirement date for **Mark S. Corniuk**; from August 3, 2013 to August 31, 2013.

Attachments: [Change of Retirement date-Corniuk](#)

1.10 Alternate Beneficiary Designation

- a. Approval of Lifetime Retirement Monthly Payment Option to be paid to **Steven R. Wilson**, ex-spouse of Accounting Technician, Yolanda S. Wilson, to be effective May 27, 2013 under Part 23, Section 28.2700 of the San Jose Municipal Code.

Attachments: [Alternate Beneficiary](#)

1.11 Report out of Closed Session

- a. Report out of Closed Session regarding investments approved at the March 21, April 18, and May 16, 2103 Board meeting.

Attachments: [Report out of Closed Session](#)

2. DEATH NOTIFICATIONS (Moment of Silence)

Death Notification was noted and filed.

- a. Notification of the death of **Rene I. Cordero**, Division Manager, active employee, died June 10, 2013. Survivorship benefits to Sylvia Rabago, spouse.
- b. Notification of the death of **Francisco S. Crescini**, Senior Painter, retired July 5, 1992, died May 14, 2013. Survivorship benefits to Macaria Crescini, spouse.
- c. Notification of the death of **Cleve Jarnagin**, Parking Compliance Officer, retired February 16, 2013, died June 21, 2013. No survivorship benefits.
- d. Notification of the death of **Melvin A. McDonald**, Communications Tech II, retired August 1, 1976, died June 23, 2013. No survivorship benefits.
- e. Notification of the death of **Ronald B. McLain**, Senior Plant Operator, retired January 5, 2002, died June 16, 2013. Survivorship benefits to Violet McLain, spouse.
- f. Notification of the death of **Richard G. Roberts**, Staff Analyst II, retired April 02, 1989, died May 31, 2013. Survivorship benefits to Juanita Roberts, spouse.
- g. Notification of the death of **Charlotte A. Smith**, Senior Police Data Specialist, retired July 7, 2001, died July 13, 2013. No survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on staff analysis and recommendation regarding the Cortex Phase II Report.

Attachments: [Cortex Phase II Recommendations by Staff](#)

Ms. Busse led the discussion and answered questions from the Board.

A motion was made to accept the staff analysis and Cortex recommendations with Committee referrals along with the same motion approved as the Police & Fire Department Retirement Plan Board meeting of August 1, 2013.

Item 3b of the August 1, 2013 Police and Fire Department Retirement Plan Minutes were approved as noted : *A motion was made to accept Cortex's recommendation with adjustments that recommendations go to the Governance Committee, and referred the establishment of the stakeholder committee to the Governance Committee and/or the Cortex Committee, and hold the annual meeting in March.*

Aye: 4 - Andrews, Dirks, Odell and Overton

Absent: 3 - Loesch, Druyan and Armstrong

4. NEW BUSINESS

- a. Oral update from the Director of Retirement Services, Roberto L. Peña.

Attachments: [ORG Chart for DRS~08.06.13](#)

Mr. Pena updated the Board regarding Retirement Services Organization chart, staff changes, promotions, issues. office space, Pension Administration System (PAS) contract with Sagitec, Business Contingency Plan (BCP) and vacancies.

This Item was noted and filed

- b. Discussion and action on Board Agenda order.

Mr. Peña brought up the consistency order of the Board Agenda and mentioned that the Police & Fire Department Retirement Plan agreed to move their Consent Calendar section to the front of the Agenda same as the Federated City Employees' Retirement System Board Agenda.

This Item was noted and filed

- c. Discussion and action on the report of the Plan Expenses for May 2013.

Attachments: [May Monthly Expenses](#)

A motion was made to accept the Plan Expenses for May 2013.

Aye: 4 - Andrews, Dirks, Odell and Overton

Absent: 3 - Loesch, Druyan and Armstrong

- d. Discussion and action on proposed City Council Ordinance to eliminate retiree healthcare benefits for new Tier 2 members. Receive and file.

Attachments: [Email from Counsel](#)

[Memo from Alex Gurza RE Ordinance Implementing Changes to Federated Tiers 2 Retiree healthcare Benefits](#)

[Memo from Rick Doyle RE Approval of an Ordinance to Change Retirement Healthcare Benefits for New Employees FCERS plan. Ordinance \(pulled Item 3.5-CC Agenda of 8-13-13\)](#)

[4d - supplemental](#)

Acting Chair Andrews mentioned that the Board has 60 days to review the Ordinance but doesn't think that there are any issues. Counsel Rieger stated that the Board may respond, however is not required to do anything. Acting Chair Andrews directed staff to work with Administration to better understand on how to administer the Tier 2 contribution.

This Item was noted and filed

5. COMMITTEES/REPORTS/RECOMMENDATIONS

5.1 Investment Committee (Druyan, Odell, Andrews)

Last Meeting: June 12, 2013

Next Meeting: August

- a. Update from the Chair of the Investment Committee. Receive and file.

No update was reported. Mr. Peña mentioned the next Investment Committee meeting is August 28th and the September 11, 2013.

5.2 Governance Committee (Loesch, Armstrong, Overton)

Last Meeting: May 2, 2013

Next Meeting:

- a. Update from the Chair of the Governance Committee. Receive and file.

No update was reported.

5.3 Audit Committee (Armstrong, Andrews, Overton)

**Last Meeting: August 1, 2013
November 21, 2013**

Next Meeting:

- a. Report from the Chair of the Audit Committee. Receive and file.

Trustee Overton reported that the Audit Committee met on August 1st and reviewed the outstanding recommendations from the City Auditor's Office, discussed Risk Management proposals.

- b. Minutes of the June 20, 2013 Federated Audit Committee meeting. Receive

and file.

Attachments: [Audit Committee Minutes-June 20](#)

5.4 Ad-Hoc Personnel Committee (Loesch, Druyan, Dirks)

- a. Update from the Chair of the Ad Hoc Personnel Committee. Receive and file.

No update was reported.

5.5 Ad-Hoc Policy and Procedures (Overton, Loesch)

- a. Update from the Chair of the Ad Hoc Policy and Procedures Committee. Receive and file.

Trustee Overton stated there was nothing to report.

5.6 Ad Hoc Cortex Response Committee (Loesch, Overton, Dirks)

- a. Update from the Chair of the Ad Hoc Cortex Response Committee. Receive and file.

Trustee Dirks stated there was nothing to report.

6. EDUCATION & TRAINING

Noted and filed.

- a. **Educational Programs and Courses**

Attachments: [The Cortex Report-Educational Programs and Courses](#)

- b. **Conferences and Seminars**

Attachments: [The Cortex Report-Conferences and Seminars](#)

- c. **Research Papers and Articles**

Attachments: [The Cortex Report- Research Papers and Articles](#)

- d. IFEBP- 59th Annual Employee Benefits Conference, Las Vegas, NV- October 20-23, 2013.

- e. CalAPRS, Trustees Roundtable, Doubletree Hotel, San Jose, CA- September 13, 2013.

- **FUTURE AGENDA ITEMS** - None.

- **PUBLIC/RETIREE COMMENTS** - None.

CLOSED SESSION

Acting Chair Andrews mentioned that the Closed Session item was Agendized at the end of the Agenda as a placeholder and asked the Board Members if they feel there was need to go into Closed Session. Counsel Rieger added that there was a privileged memorandum delivered to apprise the Board Members but feels there was no need to go into Closed Session, unless Board Members agree to. The Board agreed to not go into Closed Session.

I. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
PURSUANT TO GOVERNMENT CODE SECTION 45956.9(a) (4 CASES)
(MEASURE B LITIGATION)

Mukhar, et al v. City of San Jose, et al.
Santa Clara County Superior Court Case No. 1-12-CV-226574
Harris, et al v. City of San Jose, et al.
Santa Clara County Superior Court Case No. 1-12-CV-226570
AFSCME v. City of San Jose, et al.
Santa Clara County Superior Court Case No. 1-12-CV-227864
San Jose Retired Employees Association v. City of San Jose.
Santa Clara County Superior Court Case No. 1-12-CV-233660


- **ADJOURNMENT**

Board meeting was adjourned at 9:15 a.m.

The Board began the Federated Employees' Retirement Health Care Trust Agenda following the regular Board meeting.


For: MATTHEW LOESCH, P.E., CHAIR
BOARD OF ADMINISTRATION

ATTEST:


ROBERTO L. PEÑA
DIRECTOR, RETIREMENT SERVICES