



CITY OF SAN JOSÉ, CALIFORNIA  
DEPARTMENT OF RETIREMENT SERVICES



BOARD OF ADMINISTRATION

CITY HALL

City Hall Wing Committee Rooms 118/119  
200 East Santa Clara Street, San Jose, CA 95113

BOARD MEMBERS

**Matt Loesch, Chair**, Trustee  
**Ed Overton, Vice-Chair**, Trustee  
**Pete Constant**, Trustee  
**Ash Kalra**, Trustee - **Absent**  
**Jeffrey Perkins**, Trustee  
**Arn Andrews**, Trustee  
**Vacant**, Trustee

SECRETARY

**RUSSELL U. CROSBY**

THURSDAY

DECEMBER 9, 2010

8:30 a.m.

**ACTION MINUTES**

CALL TO ORDER - 8:35 a.m.

ORDERS OF THE DAY

Item 17 was heard first followed subsequently by items 25, 26, 27, 23b, 23c, 23a, and 16

RETIREMENTS

1. Disability Retirements - None
2. Disability Retirement for Re-Hearing - None
3. Change in Status
  - a. **Ronald Ippolito**, Equipment Operator, Parks, Recreation and Neighborhood Services. Request for a change in status from Service Retirement to a Service-Connected Disability (SCD) retirement effective March 20, 2010; 20.58 years of service. (*Deferred from November 10, 2010 Board Meeting*) **Denied. (M.S.C. - Constant/Overton, 5-0-1)**

- b. **James M. Rodolfa**, Custodian, General Services Department. Request for a change of status from Service Retirement to Service-Connected Disability (SCD) retirement, effective August 29, 2007; 6.47 years of service. **Denied. (M.S.C. - Overton/Constant, 5-0-1)**

**CONSENT CALENDAR (Items 4 through 14) **Approved. (M.S.C. - Overton/Constant, 5-0-1)****

**4. Request for approval of Non-Service-Connected Disability Retirements**

**Brian Bowen**, Plant Operator, Environmental Services Department. Request for a Non-Service-Connected Disability Retirement, effective December 9, 2010; 20.97 years of service.

**5. Request for approval of a Change in Status to a Non-Service-Connected Disability Retirements**

**Roman Dizon, Jr.** Animal Services, General Services Department. Request for a change of status from Service Retirement to a Non-Service-Connected Disability Retirement, effective June 3, 2010; 8.84 years of service.

**6. Request for Approval of Service Retirements**

- a. **Katrina D. Allen**, Director, Public Works Department, effective January 22, 2011; 9.01 years of service.
- b. **William H. Alvarenga**, Custodian, General Services Department, effective December 25, 2010; 21.00 years of service.
- c. **Elviro A. Cudal**, Custodian, Police Department, effective December 25, 2010; 21.67 years of service.
- d. **Zita Daulton**, Senior Office Specialist, Police Department, effective January 22, 2011; 26.15 years of service.
- e. **Diana Flauding**, Associate Architect, Public Works Department, effective November 27, 2010; 8.96 years of service.
- f. **Kelly J. Locke**, Senior Electronics Systems Technician, Airport Department, effective December 1, 2010; 5.23 years of service.
- g. **Valerie Malvini**, Office Specialist II, Police Department, effective January 22, 2011; 13.09 years of service.
- h. **Laurence R. Manley**, EMA II Mechanic, General Services, effective January 8, 2011; 21.16 year of service.
- i. **Roberto L. Molina**, Senior Geographic Systems Specialist, Public Works Department, effective December 11, 2010; 24.05 years of service.
- j. **Ernest J. Najar**, Maintenance Worker II, Department of Transportation, effective December 11, 2010; 29.9 years of service.
- k. **Michael G. Noble**, Senior Painter, Environmental Service Department, effective January 8, 2011; 24.96 years of service.
- l. **Irma B. Pagan**, Principal Office Specialist, Police Department; effective January 8, 2011; 30.09 years of service.

- m. Flora Lee Price**, City Clerk, City Clerk's Office, effective December 25, 2010; 6.75 years of service. (With reciprocity)
- n. Edward T. Tolentino**, Deputy Director, Planning, Building and Code Enforcement, effective February 19, 2011; 15.73 years of service.
- o. Steven Ray Wilson**, Program Manager II, Airport Department, effective January 22, 2011; 30.08 years of service.

**7. Deferred Vested**

- a. Taniuska C. Davila**, Custodian, Convention, Arts and Entertainment Department, effective November 4, 2010; 9.17 years of service.
- b. Paul Krutko**, Chief Development Officer, City Manager's Office, effective January 20, 2011; 9.04 years of service.
- c. Michael S. McInerney**, Senior Executive Analyst, City Manager's Office, effective January 22, 2011; 8.50 years of service.
- d. Nancy Mendizabal**, Senior Construction Inspector, Department of Transportation, effective December 25, 2010; 9.22 years of service. (With reciprocity)
- e. Randell D. Valente**, Senior Maintenance Worker, Department of Transportation, effective April 29, 2011; 26.37 years of service.

**8. Board Minutes**

Approval of Board Minutes of November 10, 2010.

**9. Return of Contributions**

- a.** Voluntary
- b.** Involuntary

**10. Investment Summary Report**

Report on Investments as of October 31, 2010.

**11. Approval of Monthly Expenditures**

Report of Federated Retirement Plan expenses for October 2010.

**12. Investments**

Adoption of Resolution No. 6706 acknowledging receipt of report on investments for the period October 1, 2010 through October 31, 2010.

**13. Communication/Information**

- a.** 2011 Meeting Schedule.

- b. Letter to Plan Vendors regarding: No Holiday Gifts.

**14. Approval of Travel Conference Attendance**

**Pete Constant** – CAPP Pension Plans II, March 5-6, 2011

**Pete Constant** – Benefits Conference for Public Employees, March 7-8, 2011

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

**Theodore N. Alders**, Retired Police Property Clerk I, retired 09/19/87, died 11/19/10. No survivorship benefits.

**OLD BUSINESS-DEFERRED/CONTINUED ITEMS**

- 16.** Discussion and action regarding Internal Revenue Code Tax Compliance Review by Ice Miller for the Federated City Employees' Retirement System.
- a. Review and recommendation to City Council on ordinance amending Chapter 3.28 of Title 3 of the San Jose Municipal Code to incorporate provisions related to the primary purpose of the Federated City Employees' Retirement System, use of retirement plan assets, prohibited retirement plan transactions, pension benefit vesting, pension benefit and contribution limits, required benefit payments, permissive purchases of service credit, rollover of employee contributions into other tax qualified plans and accounts, permissive retirement plan investment vehicles, qualified domestic relations orders and contributions, benefits, service credit for qualified military service, date of establishment of medical benefits account, and to make other technical amendments related to Internal Revenue Code provisions for qualified governmental retirement plans; and, **Approved. (M.S.C. - Overton/Constant, 5-0-1)**
  - b. Adoption of a Resolution 6703 authorizing submission of the following applications to the Internal Revenue Service, upon Council approval of an ordinance containing the required Plan tax compliance language:  
*(Deferred from November 10, 2010 meeting)*
    - i. Application for a tax determination letter, with a payment by the Plan of the \$1,000 determination letter filing fee.
    - ii. Application to the Voluntary Compliance Program (VCP) for correction of failures to adopt timely amendments to the Retirement Plan as required under federal tax law and to define the establishment date of the Plan's IRC 401(h) account, with a payment by the Plan of the \$20,000 VCP fee.  
**Approved. (M.S.C. - Overton/Constant, 5-0-1)**
- 17.** Discussion and possible action regarding Supplemental Retirement Benefit Reserve (SRBR):
- a. Discussion and possible action on SRBR calculations from the Cheiron Company.
  - b. Discussion and possible action on City Council action regarding SRBR payments. *(Continued from November 10, 2010 meeting)*

- i. Adopted Resolution No. 75635
- ii. Memo to City Council from Alex Gurza dated November 16, 2010.  
**Agendize in February or March 2011.**

**NEW BUSINESS**

- 18. Approval to rescind retirement application of **Anne Katashima**, approved November 10, 2010.  
**Approved. (M.S.C. - Overton/Andrews, 5-0-1)**
- 19. Adoption of Resolution 6705 denying the re-hearing request of **Shirleen Lilly** for a Service-Connected Disability. **Approved. (M.S.C. - Andrews/Constant, 5-0-1)**
- 20. Adoption of Resolution 6704 denying the application of **Sedera K. Olker** for a Service-Connected Disability. **Approved. (M.S.C. - Andrews/Constant, 5-0-1)**
- 21. Approval for the Secretary and City Attorney to negotiate and execute the First Amendment to the Agreement with Hanson Bridgett LLP, the Board's external investment counsel, to extend the term of the agreement to June 30, 2014 and increase the maximum compensation to an amount not-to-exceed of \$250,000; and to increase 2010-11 budget by \$70,000. **Approved. (M.S.C. - Constant/Andrews, 5-0-1)**
- 22. Election of Board Chair and Vice Chair for Calendar Year 2011. **Re-elect 2010 Chair and Vice Chair. Approved. (M.S.C. - Constant/Andrews 5-0-1)**
- 23. Audit Report
  - a. Acceptance of Independent Accountant's Report on Applying Pension Data Evaluation Agreed-Upon Procedures. **Accepted. (M.S.C. - Constant/Perkins, 5-0-1)**
  - b. Acceptance of Macias Gini & O'Connell's Required Communication to the Board of Administration of the Federated City Employees' Retirement System for the Fiscal Year Ended June 30, 2010. **Accepted. (M.S.C. - Constant/Perkins, 5-0-1)**
  - c. Acceptance of Macias Gini & O'Connell's Management Comments and Recommendations for the Fiscal Year Ended June 30, 2010. **Accepted. (M.S.C. - Constant/Perkins, 5-0-1)**
- 24. Authorize the City Attorney's Office to negotiate and execute an amendment to the Agreement with Ice Miller, LLP the Board's outside tax counsel, to include professional services provided by additional personnel effective June 1, 2010; to allow for the addition of personnel subject to the approval of the City Attorney's Office; to amend the scope of work to include additional services; and to increase the maximum amount of compensation payable by \$25,000 for a total not to exceed amount of \$60,000; and to increase the 2010-11 by \$25,000. **Approved. (M.S.C. - Constant/Andrews, 5-0-1)**
- 25. Review and action on Cheiron's OPEB Actuarial Assumptions for the Valuation period ending June 30, 2010.

- **Approved 20 year layered amortization for 2010 Valuation and beyond. (M.S.C. - Andrews/Constant, 5-0-1);**
  - **Directed Counsel to obtain a written opinion from Ice Miller regarding 401(h) limit;**
  - **Approved Cheiron's recommendations for the health care trend rate, claims cost, and demographic assumptions for the 2010 OPEB Valuation. (M.S.C. - Overton/Perkins, 5-0-1); and,**
  - **Approved Cheiron's recommendation for the blended discount rate to be used for the 2010 OPEB Valuation. (M.S.C. – Constant/Perkins, 5-0-1)**
26. Discussion and action on Cheiron's Pension Valuation for the period ending June 30, 2010. **Accept report with direction to staff to review performance return. (M.S.C. - Constant/Andrews, 5-0-1)**
27. Discussion and action regarding the timing of the implementation of the methodology approved by the Trustees at their November 10, 2010 Meeting for Employer Annual Required Contributions being Set as the Greater of Two Dollar Amounts: a) the Contribution Amount Reported in the Valuation or, b) the Employer Contribution Rate Times the Emerging Payroll for the Year. **Approved implementation of the recommended approach (the greater of two amounts: the dollar ARC or the payroll rate times the emerging payroll) for fiscal year 2011-2012. Direct Counsel to draft necessary Municipal Code changes. (M.S.C. - Constant/Perkins, 5-0-1)**

#### **STANDING COMMITTEES / REPORTS / RECOMMENDATIONS**

28. **Committee for Investments (Perkins/Loesch/Andrews-alternate/Vacant) – Next meeting December 15, 2010. Note and file.**

Summary of Minutes of the September 23, 2010 Committee for Investments Meeting.

29. **Policy Committee (Vacant/Overton/Constant – alternate/Loesch) - None**

#### **EDUCATION AND TRAINING**

30. **Notification of CalAPRS' Trustees Round Table**

- a. Trustees' Round Table, Double Tree Hotel, 2050 Gateway Place, San Jose, CA – January 28, 2011.
- b. General Assembly, Monterey, CA – March 3, 2011 thru March 8, 2011.

#### **Notification of IFEBP Training**

- a. Investments Institute, Las Vegas, NV – Monday, April 11, 2011 thru April 13, 2011.
- b. Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.
- c. Trustees and Administrators Institutes – New Trustees, Hilton, San Francisco, CA – Monday, June 13, 2011 thru June 15, 2011.

- d. Certificate of Achievement in Public Plan Policy (CAPPP) – Employee Pensions – Part 1, Hilton San Francisco, CA - Monday, June 13-14, 2011.
- e. CAPPP – Employee Health – Part 1, Hilton San Francisco, CA – Monday, June 13-14, 2011.
- f. CAPPP – Employee Pensions – Part II, Hilton San Francisco, CA – Wednesday, June 15-16, 2011.
- g. CAPPP – Employee Health – Part II, Hilton San Francisco, CA - Wednesday, June 15-16, 2011.

**FUTURE AGENDA ITEMS None**

**PUBLIC/RETIREE COMMENTS Tim Calahan spoke to the board regarding the recent report by the City Auditor on Pension Benefit Sustainability.**

**ADJOURNMENT**