

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

April 21, 2011

CALL TO ORDER

The Board of Administration of the Federated City Employees' Retirement System met on Thursday, April 21, 2011, in special 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, Trustee	-Present
Ed Overton, Vice-Chair, Trustee	-Present
Arn Andrews, Trustee	-Not-Present
Michael Armstrong, Trustee	-Present
Lara Druyan, Trustee	-Present
Stuart Odell, Trustee	-Present
Marty Dirks, Trustee	-Present

DIRECTOR RETIREMENT SERVICES

BOARD SECRETARY
Russell U. Crosby -Present

COUNCIL LIAISON

Pete Constant - Present

ALSO PRESENT:

Russ Richeda	-Conflicts Counsel
Mollie Dent	-City Attorney
Sharon Erickson	-City Auditor
Steve Hendrickson	-Auditor
Carmen Racy-Choy	-Staff
Ron Kumar	-Staff
Veronica Niebla	-Staff
Donna Busse	-Staff
Michael Moehle	-Staff
Mary Dariano	-Staff
Aracely Rodriguez	-OER
Karin Carmichael	-Staff
Tim Callahan	-Retiree

Rajiv Das	-Medical Director
Ali Amiry	-Staff
Robin Opheim	-Auditor
Gerry Chappuis	-MEF/Public Works
Tom Reilly	-ESD/OE3
Leslie Ku	-Public Works
Allison Suggs	-OER
Roger Pickler	-Staff
Sonia Morales	-Staff
Amanda Ramos	-Staff
Alan Demers	-Human Resources
Vicotria Brown	-SJACS

THURSDAY

APRIL 21, 2011

8:30 A.M.

AGENDA

• ORDERS OF THE DAY

Item 5.1 will be heard first.

Item 1.1 will be heard when a meeting room becomes available.

Approved. (M.S.C. Overton/Druyan, 6-0-1)

1. RETIREMENTS

1.1 Service-Connected Disability

Victoria A. Brown, Senior Dispatcher, General Services Department. Request for a Service-Connected Disability, effective February 7, 2010; 16.08 years of service. (*Closed Session requested by applicant pursuant to Government Code Section 54957.*) **Denied. (M.S.C. - Overton/Odell, 6-0-2).** A motion was made to reconsider item 1.1. **Approved. (M.S.C. - Overton/Loesch, 6-0-1)** The petitioner requested a Non Service Connected Disability. **Approved. (M.S.C. - Overton/Loesch, 6-0-1)**

1.2 Change in Status

Honorata Adriano, Analyst II, Library Department. Request for a change of status from a Service Retirement to Service-Connected Disability Retirement, effective January 1, 2005; 15.04 years of service. **Denied. (M.S.C. - Overton/Odell, 6-0-1)**

2. CONSENT CALENDAR (Items 2.1 through 2.12)

Item 2.11(a) pulled from Consent Calendar at the request of Chair Loesch.

Approved. (M.S.C. - Overton/Druyan, 6-0-1)

2.1 Request for Approval of Service Retirements

- a. **Agha I. Ahsan**, System Control Supervisor, Environmental Services Department, effective March 31, 2011; 11.04* years of service.
- b. **Albert C. Balagso**, Director, Parks, Recreation & Neighborhood Services, effective March 31, 2011; 25.32* years of service.
- c. **Adalberto Beattie Jr.**, Senior Engineer Technician, General Services, effective March 31, 2011; 13.58* years of service.
- d. **Richard D. Betti**, Building Inspection Manager, Planning, Building & Code Enforcement, effective March 19, 2011; 12.37* years of service.
- e. **Darryl Boyd**, Principal Planner, Planning, Building & Code Enforcement, effective March 31, 2011; 25.46* years of service.
- f. **Eh A. Chen**, Associate Architect, Public Works Department, effective March 31, 2011; 20.44* years of service.
- g. **Steve P. Contreras**, Senior Maintenance Worker, Airport Department, effective March 31, 2011; 21.45* years of service.
- h. **JoAnn Fey Crowther**, Librarian II, Library Department; effective May 14, 2011; 25.73* years of service.
- i. **Ernesto A. Espitia**, Maintenance Supervisor, Department of Transportation, effective March 31, 2011; 26.40* years of service.
- j. **Alexander R. Guiang**, Principal Accountant, Redevelopment Agency, effective March 31, 2011; 21.49* years of service.

*Estimated

- k. **Margarida V. Lam**, Senior Accountant, Airport Department, effective March 26, 2011; 21.66* year of service.
- l. **Calvin H. Matsui**, Senior Engineer, Public Works Department, effective April 30, 2011; 23.69* years of service.
- m. **Bridget A. McKay**, Recreation Program Specialist, Parks, Recreation & Neighborhood Services, effective March 19, 2011; 21.20* years of service.
- n. **Arthur A. Munoz**, Associate Construction Inspector, Public Works Department, effective March 31, 2011; 27.00* years of service.
- o. **Robert S. Nanez**, Groundswoker, Parks, Recreation & Neighborhood Services, effective March 31, 2011; 21.54* years of service.
- p. **Hung Ty Ngo**, Associate Engineer, Public Works Department, effective March 31, 2011; 26.27* years of service.
- q. **Mary S. Pascoe**, Recreation Program Specialist, Parks, Recreation & Neighborhood Services, effective March 31, 2011; 19.34* years of service.
- r. **Sara Pauneto**, Senior Permit Specialist, Planning, Building & Code Enforcement, effective June 25, 2011; 22.31* years of service.
- s. **Lois M. Perkins**, Senior Office Specialist, Human Resources, effective March 19, 2011; 22.71* years of service.
- t. **Joe B. Rodriguez**, Senior Arts Program Coordinator, Office of Economic Development, effective May 28, 2011; 20.19* years of service.
- u. **Arthur Rosales**, Parks Manager, Parks, Recreation & Neighborhood Services, effective March 31, 2011; 29.80* years of service.
- v. **Robert L. Ruff**, Assistant Director, Redevelopment Agency, effective March 31, 2011; 25.74* years of service.
- w. **Christopher J. Sarbaugh**, Planner II, Planning, Building & Code Enforcement, effective March 31, 2011; 31.90* years of service.
- x. **Greg Schultz**, Maintenance Supervisor, Department of Transportation, effective March 31, 2011; 30.50* years of service.
- y. **Sudhir Singh**, Environmental Inspector, Environmental Services Department, effective March 31, 2011; 19.80* years of service.
- z. **Jesse M. Siordia**, Senior Construction Inspector, Public Works Department, effective March 31, 2011; 27.69* years of service.
- aa. **Robert M. Snell**, Landscaper, Department of Transportation, effective March 31, 2011; 21.91* years of service.
- bb. **Danny T. Tsao**, Senior Architect, Public Works Department, effective March 31, 2011; 26.58* years of service.
- cc. **Lori E. Vadnais**, Librarian, Library Department, effective May 28, 2011; 25.85* years of service.
- dd. **Michael J. Valverde**, Senior Latent Fingerprint Examiner, Police Department, effective April 30, 2011; 18.41* years of service.
- ee. **Frankie Villarruz Jr.**, Heavy Diesel Equipment Operator Mechanic, Environmental Services Department, effective March 19, 2011; 16.55* years of service.
- ff. **Michelle L. Wang**, Accounting Technician, Library Department, effective March 19, 2011; 21.73* years of service.

2.2 Request for Approval of Deferred Vested

- a. **Arlene L. Campos**, Senior Office Specialist, General Service Department, effective May 20, 2011; 16.13* years of service.
- b. **Crispin Campos**, Custodian, Airport Department, effective March 23, 2011; 11.65* years of service.
- c. **Julie E. Caporgno**, Senior Planner, Planning, Building & Code Enforcement Department; effective March 31, 2011; 15.03* years of service. (With reciprocity)
- d. **Carol W. Overton**, Senior Deputy City Attorney, City Attorney's Office, effective April 21, 2011; 18.09* years of service.
- e. **Ellen D. Ryan**, Deputy Director, Environmental Services Department, effective April 9, 2011; 7.92* years of service.
- f. **Elaine S. Sugimoto-Jones**, Senior Engineer Technician, Public Works Department, effective May 17, 2011; 8.96* years of service.
- g. **Dianne C. Williams-Conklin**, Traffic Checker II, Department of Transportation, effective May 17, 2011; 20.50* years of service.

2.3 Request for Approval to Rescind Retirement

- a. Approval to rescind retirement of Gloria Urban, approval at the March 10, 2011 meeting.

2.4 Request for Approval of Change of Retirement Date

- a. Approval of change of retirement date of Cora Velasco; from March 5, 2011 to March 10, 2011.
- b. Approval of change of retirement date of Stephen Darby; from March 5, 2011 to March 19, 2011.
- c. Approval of change of retirement date of Mary Follenweider; from March 19, 2011 to March 31, 2011.
- d. Approval of change of retirement date of Joanne Terwilliger; from March 19, 2011 to June 11, 2011.
- e. Approval of change of retirement date of Ruth Kohan; from March 20, 2011 to March 19, 2011.
- f. Approval of change of retirement date of Deriek G. Clemmons; from March 31, 2011 to June 25, 2011.

2.5 Request for Approval of Monthly Payment Option

- a. Approval of request from Yolanda Wilson, ex-spouse of Steven R. Wilson, retired Program Manager II, for Monthly Payment Option, effective March 1, 2011 under Chapter 3.28, Part 23 of the San Jose Municipal Code.
- b. Approval of request from Peter Ross, ex-spouse of Ruth Kohan, retired Librarian, for Monthly Payment Option, effective April 1, 2011 under Chapter 3.28, Part 23 of the San Jose Municipal Code.

2.6 Board Minutes

Approval of Board Minutes of March 10, 2011.

2.7 Return of Contributions

- a. Voluntary
- b. Involuntary

2.8 Investment Summary Report

Report on Investments as of February 28, 2011.

2.9 Approval of Monthly Expenditures

Report of Federated Retirement Plan Expenses for February 28, 2011.

2.10 Investments

Adoption of Resolution No. 6723 acknowledging receipt of report on investments for the period February 1, 2011 through February 28, 2011.

2.11 Communication/Information

- a. Benefits Review Forum Report for February 2011. This item was pulled from the Consent Calendar in order to explain the report to the new Trustees. Deputy Director Busse informed them that the report is received monthly by all of the labor groups, Office of Employee Relations, Human Resources, and Retirement Services. **Note and File.**
- b. Benefits Review Forum for March 2011 – **CANCELLED**
- c. CalAPRS Roundtable Educational Travel Report – by Matt Loesch.
- d. IMN Public Fund Summit Educational Travel Report – by Matt Loesch.
- e. Principles of Pensions Management Training at Stanford Travel Report – by Marty Dirks.
- f. Memo from Russ Richeda, Saltzman & Johnson regarding Little Hoover Commission Report on Public Pension, dated March 29, 2011.
- g. Memo from Russ Richeda, Saltzman & Johnson regarding CalPERS Special Review, dated, March 24, 2011.
- h. Memo from Russ Richeda, Saltzman & Johnson regarding Governor's Reform Proposals, dated April 12, 2011.

2.12 Approval of Travel Conference Attendance

- a. Marty Dirks - CalAPRS, Principles for Trustees, Stanford Law School, Palo Alto, CA- March 22-25, 2011.
- b. May Cheung - CalAPRS, Information Technology Roundtable, Burbank, CA – Friday, April 8, 2011.

- c. Stuart Odell - CalAPRS, Principles for Trustees, Stanford Law School, Palo Alto, CA-
March 22-25, 2011. **CANCELLED**

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

- 3.1 **Frank Bilbao**, Housing Rehabilitation Supervisor, retired 2/16/93, died 3/4/2011. Survivorship benefits to Allison C. Bilbao, spouse.
- 3.2 **George A. Borglum**, Supervising Accountant, retired 5/8/82, died 2/10/11. No survivorship benefits.
- 3.3 **Robert Buckholz**, Airport Maintenance Worker, retired 7/13/96, died 2/17/11. No survivorship benefits.
- 3.4 **Frances A. Daly**, School Crossing Guard, retired 8/19/93, died 3/9/11. Survivorship benefits to Edward Daly, spouse.
- 3.5 **Lawrence E. Dionne**, Senior Construction Inspector, retired 7/1/09, died 3/17/11. No survivorship benefits.
- 3.6 **Jesse A. Flores**, Maintenance Worker I, retired 1/7/90, died 3/10/11. Survivorship benefits to Ernestina Flores, spouse.
- 3.7 **Ray C. Gallaher**, Gardener, Parks, Recreation & Neighborhood Services, retired 5/4/85, died 4/5/11. Survivorship benefits to Margarette, Gallaher, spouse.
- 3.8 **James S. Imokawa**, Senior Construction Inspector, retired 4/19/86, died 2/17/11. No survivorship benefits.
- 3.9 **Suju Ju**, Senior Office Specialist, retired 9/4/10, died 12/14/10. No survivorship benefits.
- 3.10 **Rosalie Kendall**, Secretary I, retired 1/3/81, died 2/3/11. No survivorship benefits.
- 3.11 **Patricia E. Kramer**, Dispatcher, active employee, died 4/2/11. No survivorship benefits.
- 3.12 **Charles W. Munoz**, Construction Inspector, retired 7/24/04, died 4/2/11. Survivorship benefits to Elizabeth Munoz, spouse.
- 3.13 **Diane R. Navarro**, Staff Specialist, active employee, died 4/2/11. Survivorship benefits to Sandra Navarro, daughter.

4. **OLD BUSINESS-DEFERRED/CONTINUED ITEMS**

- 4.1 Discussion and possible action regarding change to the Supplemental Retirement Benefit Reserve (SRBR) distribution methodology for recommendation to City Council. **Note and File.**
- 4.2 Discussion and action on Resolution No. 6724 superseding Resolution No. 3116 which establishes rules and regulations for the conduct of Board meetings, to adopt changes to the provisions related to the time and place for regular Board meetings, Board office address and Board quorum. **Approved. (M.S.C. – Odell/Overton, 6-0-1)**

5. **NEW BUSINESS**

- 5.1 Discussion and action regarding City Auditor's Report on Disability Retirements dated April 12, 2011. **Report accepted. (M.S.C. – Druyan/Armstrong, 6-0-1)**
- 5.2 Discussion and action regarding Equity Manager Tracking Error. **Note and File.**

5.3 Discussion regarding Correlations between Domestic and Non-US Equities.

Deputy Director Carmen Racy-Choy and Investment Officer Ali Amiry responded to Trustee questions.

5.4 Staff Presentation on Fixed Income portfolio.

Deputy Director Carmen Racy-Choy and Investment Officer Ali Amiry gave the report.

5.5 Discussion and action regarding change in the implementation plan for the Commodity Allocation. **Accept implementation. (M.S.C. – Odell/Druyan, 6-0-1)**

5.6 Discussion and possible action regarding the 50 mile radius residential requirement for Board of Administration Trustees and the definition of the Council Liaison position.

- a. Ordinance No. 28899 related to 50 mile radius residency requirement for Board members.
- b. Memorandum to the Board from Senior Deputy City Attorney Mollie Dent dated April 12, 2011 and draft ordinance related to Council representative to Retirement Boards.
- c. Letter from Chair Matt Loesch to Mayor and City Council dated March 16, 2011.
- d. Report to City Council dated June 23, 2009 regarding the Fiduciary Governance Models of the City's Retirement Plan and report by Cortex Applied Research, Inc. regarding the findings on the Plans' governance models.

Discussion was held but no action was taken.

5.7 Discussion and action on Resolution No. 6725 approving interest rate assumption and mortality tables to be used for the purpose of determining actuarial equivalency under San Jose Municipal Code section 3.28.1650. **Approved. (M.S.C. – Druyan/Dirks, 6-0-1)**

5.8 Discussion and action regarding Ice Miller contract amendments increasing fees by \$25,000 to a total of \$85,000. **Approved. (M.S.C. – Dirks/Druyan, 6-0-1).**

5.9 Update on status of 115 Retiree Health Trust.

Senior Deputy Attorney Mollie Dent reported that this item will be ready to present to the Board in May or June, 2011.

6. COMMITTEES / REPORTS / RECOMMENDATIONS

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

6.2 Ad Hoc Disability Determination Process Committee Meeting – Next Meeting: April 28, 2011 at 2:30 p.m.

- a. Accept Disability Retirement Review Process Ad Hoc Committee Minutes of February 23, 2011. **Approved. (M.S.C.- Overton/Druyan, 6-0-1)**

7. EDUCATION AND TRAINING

7.1 Notification of Pensions & Investments Training Note and File.

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

7.2 Notification of CalAPRS' Training Note and File.

- 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.

7.3 Notification of IFEBP Training Note and File.

- a. Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.
- b. Trustees and Administrators Institutes – New Trustees, The Mirage, Las Vegas, NV – Monday, June 13, 2011 thru June 15, 2011.
- c. 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.
- d. CAPPP – Employee Health – **Part I**, The University of Chicago, Gleacher Center, Chicago, IL – Tuesday, June 14-15, 2011.
- e. CAPPP – Employee Pensions – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL – Thursday, June 16-17, 2011.
- f. CAPPP – Employee Health – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL - Thursday, June 16-17, 2011.

7.4 Notification of SACRS Training Note and File.

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

7.5 Notification of SALT Training Note and File.

- a. Skybridge Alternatives Conference – SALT, Bellagio, Las Vegas, CA May 11-13, 2011.

• **FUTURE AGENDA ITEMS**

- Staff recommendation on Delegation of Authority for:
 - Secretary to act on behalf of the Board
 - Disability Counsel and staff to decide on disabilities
- Discuss changing the advance meeting notice requirement from 72 hours for City of San Jose Sunshine Rules to the 24 hour requirement for the Brown Act
- Discuss using the calendar year schedule or fiscal year schedule for committee and Chair appointments.
- Trustees suggested hearing from Wamco and Pimco on the fixed income asset class.

- **PUBLIC/RETIREE COMMENTS:** None
- **ADJOURNMENT :** 12:40 p.m.



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

ATTEST:



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