



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Lee Price, MMC
City Clerk

SUBJECT: APPOINTMENTS TO FILL
UNANTICIPATED VACANCIES
ON THE POLICE AND FIRE
RETIREMENT BOARD

DATE: March 9, 2009

RECOMMENDATION:

- A. The City Council consider the appointment to fill an unscheduled vacancy for the active employee member of the Police Department on the Board of Administration of the Police and Fire Department Retirement System for a term expiring November 30, 2009
- B. The City Council consider an appointment to fill the unscheduled vacancy for the active employee member of the Fire Department on the Board of Administration of the Police and Fire Department Retirement System for a term expiring November 30, 2011

BACKGROUND

The San Jose Municipal Code, Section 2.08.1210 establishes the Board of Administration for the Police and Fire Department Retirement Plan shall include one member who is an employee of the Police Department and a member of the Plan and that one member is an employee of the Fire Department who is a member of the Plan. On August 24, 1999 the City Council approved procedures governing elections conducted among officers and employees for employee representatives to the Retirement Boards. Section 215 of the procedures defines the process to fill unscheduled vacancies of employee representatives to the Retirement Boards.

Bret Muncy resigned as the Police Department employee representative on the Police and Fire Retirement Board on January 28, 2009, his term was scheduled to end on November 30, 2009. Effective February 1, 2009, Mark Skeen resigned as the Fire Department employee representative on the Police and Fire Retirement Board, his term is had been scheduled to expire on November 30, 2011.

As directed by the City Council on February 10, 2009, the Office of the City Clerk opened the nomination process, as provided in adopted procedures, to fill the vacancies through an appointment process. Employees in the Police and Fire Departments could submit nominations for the positions between February 11 and March 3, 2009. There is only one nominee for each seat: Keith Keesling as the Fire Department employee representative and Conrad Taylor as the Police Department employee representative.

Honorable Mayor and City Council

March 13, 2009

RE: Appointments to fill Police and Fire employee representatives to the Retirement Board

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As required by the adopted procedures, the Office of the City Clerk collected a candidate's statement from each nominee and verified the signatures on the nomination petitions as valid. Each nominee has also submitted the required supplemental questionnaire. These materials were submitted to the Police and Fire Retirement Board for their consideration in making a recommendation to the City Council.

On March 5, 2009 the Police and Fire Retirement Board met and interviewed both candidates. The Board unanimously recommends that the City Council appoint Conrad Taylor as the Police employee representative for a term expiring November 30, 2009 and Keith Keesling as the Fire employee representative for a term expiring November 30, 2011.

ANALYSIS

The procedure to fill the two unscheduled vacancies on the Police and Fire Retirement Board has been followed and completed. The Retirement Board has submitted its recommendations to the City Council to fill the vacancies. It is within the Council's discretion to consider the recommendations and take action as it deems appropriate regarding appointments to fill the unexpired terms of the Police and Fire employee representatives to the Police and Fire Retirement Board.

PUBLIC OUTREACH

Both the San Jose Police Officers Association and San Jose Fire Fighters, Local 230 were notified of the vacancies and the process to fill the employee representative seats. In addition, communication was distributed to all employees in both the Police and Fire Departments via email and each department's regular internal communications processes.

This memorandum does not meet any of the criteria below; however, it will be posted on the City's website for the March 24, 2009 Council Agenda.



Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**



Criterion 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

Honorable Mayor and City Council

March 13, 2009

RE: Appointments to fill Police and Fire employee representatives to the Retirement Board

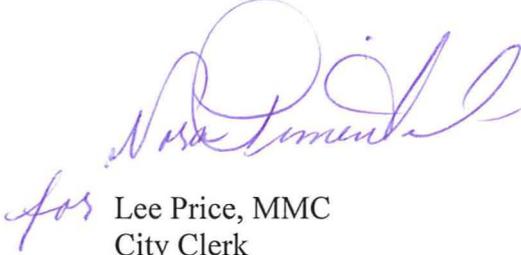
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Criterion 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

CEQA

CEQA: Exempt (Not a Project).


for Lee Price, MMC
City Clerk

For additional information, please contact Dennis Hawkins, Assistant City Clerk, at 535-1275

Attachments

CANDIDATE'S STATEMENT

I have been a member of the Police and Fire retirement system since January of 1986. I try to stay current on the status of our plan by reading published minutes and speaking to our board representative. My strongest qualification for this position is my desire to insure this plan is successful in its designed purpose. A board member will need many skills to obtain this objective. These skills include an ability to plan into the future, fiscal knowledge, an ability to listen, ask question on topics that are complicated, decision making ability, leadership and the ability to work with a diverse group of people in a team environment. As a Battalion Chief, I use these skills every day. In my current assignment I am the Fire Department communication manager. This responsibility includes long term planning, achieving short term goals, budgeting management, personnel issues and working with Police communications. I have administered the federal homeland security grant for both the City of San Jose and worked with the 9 Bay Area counties on the larger (29 million dollar) homeland security grant. My proven skills in leadership, team working environment will be an asset to the board.

Respectively submitted,



Keith Keesling



RETIREMENT BOARD APPLICATION

Please check the appropriate box:

- Police and Fire
- Federated

Submit to:

City Clerk's Office
 200 E. Santa Clara Street, Wing Room 243
 San Jose, CA 95113-1905
 (408) 535-1275
 CityClerk@sanjoseca.gov
 Attention: Dennis Hawkins

PLEASE COMPLETE PAGES 1-4						Date <u>2/28/09</u>
Name <u>Keesling</u>		<u>Keith</u>		<u>K.</u>		
Last		First		Middle		
Present Address: _____		<u>San Jose</u>		<u>CA</u>	<u>95120</u>	
Number		Street		City	State	
How long at current address <u>1.5 years</u>						
Telephone _____			E-Mail _____			
EMPLOYMENT						
Current Employer <u>San Jose Fire Department</u>		Address <u>170 W. San Carlos</u>				
Telephone <u>277-4444</u>		Years Employed <u>23</u>				

General Background

1. How did you learn of a vacancy on this Board?

- Internet
- Newspaper
- Personal contact from Councilmember
- Personal contact from City staff member
- Word of mouth
- Other (please specify)

Department bulletin.

2. Have you attended any Retirement Board meetings in the last 6 months? If so, what was the reason for your attendance?

Yes. To watch the retirement of a co-worker.

3. Have you attended any San Jose City Council meetings in the last 6 months? If so, what was the reason for your attendance?

No

4. What are your goals and objectives for serving on the Retirement Board?

To protect the benefits of the beneficiaries.

To control the expenses to the employer.

To address the effect of the change in the economy as it impacts the plan.

5. Have you read the City Auditor's Retirement Board Travel Audit? Yes No

6. Do you support the recommendations of the City Auditor? Yes No

7. Do you have any additional recommendations for changes in the Travel Policy?

I have skimmed the report. I have not read the report in depth.

8. Have you ever failed to file a Statement of Economic Interest (Form 700) when you were required to do so? Yes No
9. Are you aware that gifts over \$50 in value, including food and entertainment, must be reported on the Form 700? Yes No
10. Are you familiar with the City's prohibition of the receipt of most gifts over \$50 in value? (Municipal Code 12.08.010) Yes No
11. Have you ever traveled at City expense? Yes No
12. Please confirm that you have reviewed and agree to comply with the City of San Jose Ordinance (San Jose Municipal Code Chapter 12.08), City of San Jose Ethics Policy (City Policy Manual 1.2.1), City of San Jose Gift Policy (City Policy Manual 1.2.2), and City Council Conflict of Interest Policy (Council Policy No. 0-34).
- Yes I have read and agree to comply.
 No I have not read and/or do not agree to comply.

Familiarity with Board

1. What is your understanding of the responsibilities of Retirement Board members?
It is my understanding Board members have a fiduciary responsibility to the Plan.
2. What is your understanding of the roles of the Retirement Board in relation to Retirement Services staff?
The Board sets policy for the administration of the plan with support from the staff.
3. What is your understanding of the relationship between the Retirement Board and City Council?
The Board provides information to the Council through the director on the current and projected status of the plan to assist the Council with their decision making ability.

4. What do you consider to be the three most important issues currently facing the Retirement Board?

The effect of the current economy.

The long term effect of the economy to the Plan.

Setting achievable long term goals for the successful administration of the Plan.

5. What do you perceive as the short and long term goals of the Retirement Board?

For the short term; identify the effect of this changing economy of the plan and evaluate the current plan of action.

Long term, review and identify the effects of the economy and develop a plan of action given these considerations.

6. Have you discussed the role of a Retirement Board member with a current or former Retirement Board member or with Retirement Services staff? Yes No

7. What specifically can you add or bring to the Retirement Board?

As a Battalion Chief, I bring leadership and team building qualities that will help the board work together to achieve the responsibilities of the plan.

8. Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not?

No. As I understand terminology, I think the fund would be better described as a Designated Fund.

9. It is commonplace for fund managers and service providers to host large events at industry conferences and events. Do you feel that attendance at these "widely attended" events requires compliance with the City's gift policy and FPPC Form 700 reporting?

Yes.

Experience/Expertise

1. How do you ensure that you are maintaining an in-depth and up-to-date knowledge of institutional investing and the capital market environment?

By reading reports, asking questions of our subject matter experts and reviewing results of their work and other similar plans.

2. Given the current status of the capital markets, where do you see opportunities to increase return and reduce risk in the pension portfolios? What is your experience with risk budgeting?

With little experience and not having any input from our paid consultants, I do not have enough information to have an informed opinion.

3. Please describe your views on the role of asset allocation and provide detail on your recommended asset classes and proportions for pension funds like those serving the employees of the City of San Jose.

As I understand asset allocation is a means to lower risk while achieving returns of investments. The allocation compared to risk and return are crucial. The information from similar plans, subject matter experts are all part of the decision making process.

4. Should pension plans like those in San Jose invest in alternative investments such as private equity, commodities, infrastructure or separate account real estate? If so, how? If not, why?

The plan should be open to hear information that may create opportunities to achieve maxim returns within industry standards. Any decision made needs to be an informed decision.

5. How would you evaluate an investment manager? When would you terminate an investment manager? How should due manager diligence be conducted?

Simply put, results matter. I believe the plan has successful policies that address these issues.

6. What should be included in a pension plan's statement of investment policies? Please address the roles of trustees, staff, consultants, investment managers and custodians in asset allocation, portfolio structure, manager selection and due diligence, rebalancing, reporting and analysis.

As a trustee, I will work with plan consultants and plan policy on these issues.

7. List any abilities, skills, licenses, certificates, specialized training, work-related experience or interests you have which are applicable to this Board or Commission:

My skills, ability and work related experience as a Battalion Chief are the strongest assets I bring to the Board. I am currently managing the Fire Department Communication division. I have experience in many different administrative assignments from operational administration to grant management, to training to line Battalion responsibility. I believe my diversity of work experience and leadership skills will complement the Retirement Board team.

Background Checks and References

1. Please provide four personal references (not relatives). Please include name, address, and telephone number.

Daniel Mash
Paul Henry
Todd Osborn
Robert Sapien

2. Have you ever been convicted of a crime (except for minor traffic offenses that resulted only in a fine)? Yes No If yes, please explain in complete detail. State the nature and approximate date of the conviction, the sentence imposed, whether the sentence has been completed, and any other information you consider to be relevant.

3. Have you ever been the subject of investigation that resulted in a sustained finding of financial improprieties? Yes No

My name is Conrad Taylor. Since 1993, I have been a police officer and a member of the San Jose retirement system. During my 16 years as a police officer, I have worked a variety of assignments within the department.

In 1985, I earned a Business Administration, Concentration in Accounting degree, from SJSU with honors and distinction. I was hired by Ernst & Young and eventually promoted to tax manager, responsible for all corporate tax matters for various clients. The clients ranged from fortune 500 to start-up companies.

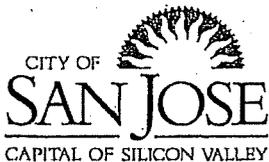
I am a CPA in the state of California. I maintain my financial skills by taking accounting continuing education courses, reading financial periodicals and accounting pronouncements.

I am currently a trustee on San Jose's Deferred Compensation Board. This board administrates about 500 million in trust fund assets. I have assisted on sub-committees regarding updating the trusts policies and analyzing the various accounts offered.

In summary, my strengths and qualifications for the board are my strong financial background, experience, training as a CPA, a vested interest in the plan and my ability to work harmoniously with others.

I am endorsed by the POA for this position.

A handwritten signature in cursive script that reads "Conrad Taylor". The signature is written in black ink and is positioned in the lower-left quadrant of the page.



RETIREMENT BOARD APPLICATION

Please check the appropriate box:

- Police and Fire
- Federated

Submit to:
 City Clerk's Office
 200 E. Santa Clara Street, Wing Room 243
 San Jose, CA 95113-1905
 (408) 535-1275
 CityClerk@sanjoseca.gov
 Attention: Dennis Hawkins

PLEASE COMPLETE PAGES 1-4

Date 2/25/09

Name Taylor Conrad William
Last First Middle

Present Address: San Jose Ca 95148
Number Street City State Zip

How long at current address 15 years

Telephone _____ E-Mail _____

EMPLOYMENT
 Current Employer city of San Jose/Police Address 201 W. Mission St
 Telephone 277-5644 Years Employed 16

General Background

1. How did you learn of a vacancy on this Board?
 - Internet
 - Newspaper
 - Personal contact from Councilmember
 - Personal contact from City staff member
 - Word of mouth
 - Other (please specify)

2. Have you attended any Retirement Board meetings in the last 6 months? If so, what was the reason for your attendance?

Yes, I have attended a board meeting in the last 6 months. My purpose was educational and to learn how the board operates.

3. Have you attended any San Jose City Council meetings in the last 6 months? If so, what was the reason for your attendance?

No

4. What are your goals and objectives for serving on the Retirement Board?

My goals are as follows:

- (A) Work with and monitor the investment managers
- (B) Ensure sound investment principals are being followed
- (C) Maintain a fiduciary responsibility for the security of the members pension resources
- (D) ensure the fund is strong, safe and transparent

5. Have you read the City Auditor's Retirement Board Travel Audit? Yes No

6. Do you support the recommendations of the City Auditor? Yes No

7. Do you have any additional recommendations for changes in the Travel Policy?

Restrict the number to board members and staff attending/traveling to a single event

8. Have you ever failed to file a Statement of Economic Interest (Form 700) when you were required to do so? Yes No
9. Are you aware that gifts over \$50 in value, including food and entertainment, must be reported on the Form 700? Yes No
10. Are you familiar with the City's prohibition of the receipt of most gifts over \$50 in value? (Municipal Code 12.08.010) Yes No
11. Have you ever traveled at City expense? Yes No
12. Please confirm that you have reviewed and agree to comply with the City of San Jose Ordinance (San Jose Municipal Code Chapter 12.08), City of San Jose Ethics Policy (City Policy Manual 1.2.1), City of San Jose Gift Policy (City Policy Manual 1.2.2), and City Council Conflict of Interest Policy (Council Policy No. 0-34).
- Yes I have read and agree to comply.
 No I have not read and/or do not agree to comply.

Familiarity with Board

1. What is your understanding of the responsibilities of Retirement Board members?
- (A) Consider request for retirements
 - (B) Determine eligibility for retirements benefits
 - (C) Fiduciary responsibility for the security of the plan
 - (D) Work with investment professionals
 - (E) Monitor investment policies and guidelines
2. What is your understanding of the roles of the Retirement Board in relation to Retirement Services staff?
- (A) work in conjunction to ensure the compliance of the plans policies and guidelines
 - (B) Work together to supervise the plans assets
 - (C) Work together to provide retirement planning and counselling
 - (D) Work together to ensure the plan is transparent
3. What is your understanding of the relationship between the Retirement Board and City Council?
- Share a common goal for a safe, strong and transparent fund for its participants

4. What do you consider to be the three most important issues currently facing the Retirement Board?
- (A) Current economic conditions
 - (B) Public trust
 - (C) Transparency
5. What do you perceive as the short and long term goals of the Retirement Board?
- (A) Identify inefficiencies or uneconomical policies
 - (B) Stronger, transparent fund
 - (C) Make and enforce rules and regulations for the administration of the fund
 - (D) Monitor investment policies
 - (E) Monitor investment managers
6. Have you discussed the role of a Retirement Board member with a current or former Retirement Board member or with Retirement Services staff? Yes No
7. What specifically can you add or bring to the Retirement Board?
- (A) Strong financial background
 - (B) Strong work ethic
 - (C) Ability to work with others to obtain a common goal
8. Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not?
- No. Money contributed into the retirement fund is held in trust for the sole purpose of paying retirement and associated benefits to the qualified members provided by the San Jose Municipal Code.
9. It is commonplace for fund managers and service providers to host large events at industry conferences and events. Do you feel that attendance at these "widely attended" events requires compliance with the City's gift policy and FPPC Form 700 reporting?
- Yes, all city, state and federal guidelines need to be followed

Experience/Expertise

1. How do you ensure that you are maintaining an in-depth and up-to-date knowledge of institutional investing and the capital market environment?

- (A) Read material pertaining to various investment strategies
- (B) Work with individual investment managers
- (C) Pursue continuing education by attending conferences and training seminars
- (D) Attend retreats
- (E) Due diligence

2. Given the current status of the capital markets, where do you see opportunities to increase return and reduce risk in the pension portfolios? What is your experience with risk budgeting?

The underlying principles of a sound investment strategy should not alter based on the current status of the capital markets. However, the application of the principles must be adapted to the climate.

3. Please describe your views on the role of asset allocation and provide detail on your recommended asset classes and proportions for pension funds like those serving the employees of the City of San Jose.

Having a proper asset allocation is an opportunity to increase returns at lower risks for long term investing. Proper asset allocation is one of the boards most important roles. Currently, a successful asset allocation is established , however, it continually needs to be reviewed for new opportunities.

4. Should pension plans like those in San Jose invest in alternative investments such as private equity, commodities, infrastructure or separate account real estate? If so, how? If not, why?

All forms of investment opportunities should be reviewed and analyzed. However, an in-depth analysis with investment advisors and thorough investment policies, procedures and guidelines need to be established for alternative investments prior to any actions performed.

5. How would you evaluate an investment manager? When would you terminate an investment manager? How should due manager diligence be conducted?

Evaluating and investment manager is an on-going process and involves various screening criteria. The board needs to evaluate established bench marks and be wary of promises of spectacular profits. Research, license and regulatory checks need to be conducted in addition to interviews. A system needs to be established which monitors the implementation of the financial plan, investment policy and asset allocation plan of the investment manager. Termination occurs when bench marks are not met or illegal activities, disciplinary action are brought upon the manager.

6. What should be included in a pension plan's statement of investment policies? Please address the roles of trustees, staff, consultants, investment managers and custodians in asset allocation, portfolio structure, manager selection and due diligence, rebalancing, reporting and analysis.

I believe the funds current investment guidelines include the aforementioned items and the boards review of the guidelines on a constant basis ensures the investment policies are being met.

7. List any abilities, skills, licenses, certificates, specialized training, work-related experience or interests you have which are applicable to this Board or Commission:

- (A) 8 years public accounting experience
- (B) Certified Public Accountant--license # 61169E
- (C) Business Administration, Concentration in Accounting from San Jose State
- (D) Tax Manager at Ernst & Young
- (E) Trustee on the San Jose's Deferred Compensation Board
- (F) Fraud detective

Background Checks and References

1. Please provide four personal references (not relatives). Please include name, address, and telephone number.

- (A) Jeff "Ricketts
- (B) Steve Cassidy
- (C) Ken Rawson
- (D) Pete Pomerleau

2. Have you ever been convicted of a crime (except for minor traffic offenses that resulted only in a fine)? Yes No If yes, please explain in complete detail. State the nature and approximate date of the conviction, the sentence imposed, whether the sentence has been completed, and any other information you consider to be relevant.

3. Have you ever been the subject of investigation that resulted in a sustained finding of financial improprieties? Yes No



Department of Retirement Services

Police and Fire Department Retirement Plan

March 6, 2009

Honorable Mayor and Council of the City of San Jose
City of San Jose
200 East Santa Clara St
San Jose, CA 95113

Re: **Nomination of Police and Fire Employee Members to the Police and Fire Retirement Board**

Dear Mayor and Council:

The Council is currently in the process of appointing two Board members to the Police and Fire Retirement Board. At its March 5, 2009 regular meeting, the Board reviewed the qualifications of Conrad Taylor for the police employee Board member seat and the qualifications of Keith Keesling for the fire employee Board member seat. The Board also solicited oral comments from each nominee.

Based on its consideration of the background and qualifications of each nominee, the Retirement Board by motion unanimously adopted as its recommendation that the Council appoint Mr. Taylor and Mr. Keesling to the Board. The Board found each of the nominees to be qualified and capable of bringing important skills, experience, and perspectives to the Board. The Board looks forward to having them seated as new Board members.

The Retirement Board wishes to express its appreciation to the Mayor and Council for their consideration of this matter.

Sincerely,

David Bacigalupi
Acting Chair
Police and Fire Department Retirement Plan