

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: DENNIS HAWKINS, CMC

SUBJECT: SEE BELOW

DATE: JANUARY 21, 2011

Approved

Date

SUBJECT: REPORT ON ELECTION AND INTERVIEW FOR THE APPOINTMENT OF A FIRE RETIREE REPRESENTATIVE TO THE BOARD OF ADMINISTRATION OF THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

RECOMMENDATION

The City Council acknowledges receipt of the following:

1. The Certification by the City Clerk of results of nomination conducted among the retired members of the Police and Fire Department Retirement Plan; and,
2. Recommendation from the panel convened to interview candidates for the Retiree Representative on the Police and Fire Retirement Board; and,

At the Council's discretion:

3. Appoint one retiree member to the Board of Administration of the Police and Fire Department Retirement Plan to a term expiring November 30, 2014.
4. If an appointment is not made, direct the City Clerk to conduct a new process to recommend the appointment of a retired member as necessary.

BACKGROUND

Under a revised governance structure adopted by the City Council in August 2010, a Fire Retiree representative was added to the Board of Administration of the Police and Fire Department Retirement Plan. Consistent with previously adopted procedures, the Office of the City Clerk conducted a nomination process that resulted in two candidates, Richard Santos and Cruz Tapia. Ballots were mailed to all retired members of the Police and Fire Department Retirement Plan. The voting was conducted between November 5 and December 6, 2010 with the following results:

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Candidate	Votes Received
Richard Santos	509
Cruz Tapia	176

The purpose of the retiree voting process is to **nominate** candidates to the City Council to be considered for appointment to the Retirement Boards. Following the vote, as required, an interview panel consisting of George Beattie, representing the San Jose Police Officers Association; Jeff Welch, representing San Jose Firefighters, Local 230; and Alex Gurza, the City Manager's designee was convened and will meet on January 24 to interview the two candidates. A supplemental memo will be issued following the interview with the panel's recommendations. The purpose of the interviews is "to ensure that the candidates are viable in that they will be able to attend meetings of the board and fulfill the time commitment of member of the board."

ANALYSIS

The nomination, member vote, and interview process has been conducted by the Office of the City Clerk consistent with the requirements of the procedures adopted by the City Council and appropriate sections of the San Jose Municipal Code. The appointment of all individuals to serve on City boards and commissions, including the Retirement Boards, is within the discretion of the City Council.

Under the new Governance Ordinance adopted by Council on August 3, 2010, appointment of the Fire retiree representative to the Police and Fire Department Retirement Board is required to be "routine business on the Council agenda" and the Council must have cause for rejection of the nominee who receives the most votes from the retirees and is recommended by the interview panel. Cause for rejection is defined in the Code to include but not be limited to "Council finding that the recommended candidate will not be able to attend meetings of the Board and fulfill the time commitment of a member of the Board, or to act in accordance with fiduciary duties or carry out the requirements of governing legislation, including the requirements of Chapter 3.36 of Title 3 of this Code."

PUBLIC OUTREACH

This memo has been posted on the City's website as a part of the City Council agenda. In addition, this information has been posted on the websites for the Police and Fire Retirement Systems and copies of the memorandum have been distributed to appropriate employee and retiree organizations.



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

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- 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)**

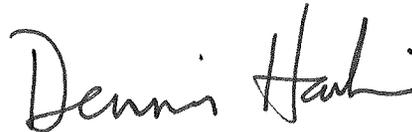
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, , or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate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

COORDINATION

This memorandum has been coordinated with the Offices of the City Manager and City Attorney and the Department of Retirement Services.

CEQA

Not a project.



Dennis Hawkins, CMC
City Clerk

For questions, please contact Dennis Hawkins, City Clerk, at (408) 535-1275.



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 9-15-2010

Name TAPIA CRUZ, Jr
Last First Middle

Present Address _____
Number Street City State Zip

How long at current address 32 yrs

Telephone _____ E-Mail _____

EMPLOYMENT
 Current Employer Retired San Jose Fire Dept Address _____
 Telephone _____ Years Employed 42

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? *NO*

3. Have you attended any San Jose City Council meetings in the last 6 months? If so, what was the reason for your attendance? *YES: COUNCIL meeting on Binding Arbitration/ Retirement.*

4. What are your goals and objectives for serving on the Retirement Board?
Protect the interest of the people of San Jose, along with protecting the interest of retirees.

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?

Policy should be clear without any opportunities for interpretations by individuals.

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?
Consider requests for retirement, investing funds, pension plan(s).
2. What is your understanding of the roles of the Retirement Board in relation to Retirement Services staff?
Staff assists board members through research, recommendations, etc.
3. What is your understanding of the relationship between the Retirement Board and City Council?
City council appoints board members. Board's responsibility to administer retirement funds investment, in accordance to established agreements.

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

Funding for all retirees,
prudent oversight of investments
Answering to people of San Jose

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

Both short & long term goals need
to be reasonable for the now &
the later.

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?

Honesty, Integrity. I believe in right
& wrong and I will defend you when
you are right, and I'll tell you when I
believe you are wrong.

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

YES & NO THE CITY CONTRIBUTIONS
ARE PUBLIC FUNDS, BUT THE EMPLOYEES' CONTRIBUTIONS
ARE NOT PER SE. THE BOARD'S JOB IS TO DO THE
BEST FOR BOTH CONTRIBUTORS.

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?

For me as a beginner, attending classes training sessions, talking to & learning from people who have come before me & are people of integrity & honesty.

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? Limited experience with risk budgeting. As to the current markets, look in the past and find out your mistakes and not make the same mistakes again.

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.

In view of the markets probably fixed income would be a large portion 40% of asset allocation: 15-20% Alternative assets.

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?

I believe pension plans should invest in whatever businesses, commodities have proven track records, even though they may not have the highest returns.

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

Accountability through a review panel on a regularly scheduled basis. At any point in time when returns are not what they should be, it's time to look for another leader (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. *THAT policy should address selection & monitoring of investments, objectives, assets needed, manager selection.*

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

Minimal training, but I am willing to invest my time in learning, and ultimately be AN ASSET to this BOARD.

Background Checks and References

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

*Ruben Millar
Tony Landeros
David Lenma
Ralph Ortega*

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

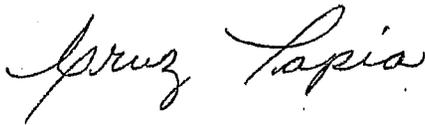
Cruz Tapia
Police and Fire Retirement Board

As your representative on the Police and Fire Retirement Board, I can only pledge to do the best job for our retirees and the people of San Jose.

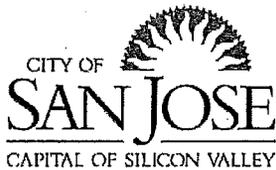
While I don't have a lot of experience with financial planning/projects other than those I have done for my family, I promise to learn so that I can fulfill my duties to the best of my ability.

You can count on my bringing honesty and integrity to this opportunity.

Cruz Tapia



Cruz Tapia



RETIREMENT BOARD APPLICATION

Please check the appropriate box:

- Police and Fire
- Federated

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 (408) 535-1275
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PLEASE COMPLETE PAGES 1-4

Name SANTOS Richard PAUL Date 10/14/10
Last First Middle

Present Address: _____
Number Street City State Zip

How long at current address 40+

Telephone _____ E-Mail _____

EMPLOYMENT
 Current Employer Retired Address _____
 Telephone _____ Years Employed _____
SAN JOSE FIRE DEPT

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? **NO**

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

yes - my Community Budget issues

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

**PRESERVE the plan
INVESTMENT RETURNS.
ALL potential RETIREES ARE TREATED fairly/respectful
make sure the administration is providing -
4 star services
Retirement Plan is administered AS BUSINESS
OR TRUST & HONOR
Reduce costs FOR ALL stakeholders**

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?

**Audits is the Best Policy
& is here to the direction of the BOARD**

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 *Did - now*

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 *now*

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.

*I have not read all
but do understand
through previous
experience & news*

Familiarity with Board

1. What is your understanding of the responsibilities of Retirement Board members?

*Trust, honesty, comply to Board Direction
Preserve the Plan & provide services
work together in reducing costs
for all participants*

2. What is your understanding of the roles of the Retirement Board in relation to Retirement Services staff?

*collaboration - Board sets policy
Board members do not direct staff
we work with the CEO in streamlining
the plan for the beneficiaries*

3. What is your understanding of the relationship between the Retirement Board and City Council?

*when we were all Board members
we all had a vote
work together to achieve the very
best for the plan*

4. What do you consider to be the three most important issues currently facing the Retirement Board? RETURNS ON INVESTMENTS
INTEGRITY OF BOARD
MGMT OF THE RETIRE SYSTEM
5. What do you perceive as the short and long term goals of the Retirement Board?
GUARD/PROTECTOR OF THE SYSTEM
PROVIDE SERVICES
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?
EXPERIENCE AS A FORMER
ELECTED BOARD MEMBER
12 YRS AS VICE CHAIR
8. Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not? YES THERE ARE TAXPAYERS
FUNDS ADMINISTERED BOTH FOR THE CITY
& RETIREES
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 - I COMPLIED FOR 12 YRS
AS A FORMER BOARD MEMBER
CONFERENCES SHOULD BE SELECTED
BASED ON AN ESTABLISHED BOARD POLICY
OK EDUCATION & JOB REQUIREMENTS

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?

AS A FORMER BOARD MEMBER &
DURING MY TENURE THE RETIREMENT
SYSTEM HAD MAJOR INVESTMENT GAINS
ATTENDING CONFERENCES & VISITS TO OWN
INVESTMENT FIRMS

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?

SAME ANSWER ABOVE
ALSO AS AN ELECTED OFFICIAL I HAVE
SUFFICIENT EXPERIENCE IN DEALING WITH
BUDGETS, INVESTMENTS & PERSONNEL

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.

DIVERSE PORTFOLIOS
GOOD MGMT & DIRECTION
MAKING SURE BOARD MGR
FOLLOWS BOARD/INVESTMENT DIRECTION
& GUIDELINES

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?

MY PAST EXPERIENCE DURING MY
ELECTED 12 YRS WAS VERY SUCCESSFUL
GOOD INVESTMENT & HIRED MORE INVESTMENT
MGRS - DIVERSE PORTFOLIOS
USE OWN CONSULTANTS FOR ADVICE/INVESTMENTS

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

QUARTERLY OR SIX MONTHS - EVALUATE ON
PERFORMANCE AND PRODUCTIVITY
TERMINATE ON CRITERIA ESTABLISHED
BY THE BOARD - DILIGENCE IS AN
INVESTIGATED PROCESS

I WAS INVOLVED IN HIRING & TERMINATION
WITH INVESTMENT FIRMS

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.
- CRITERIA, GUIDELINES, POLICIES
by the Board ALL should work for
the retirement plan - NOT individual ISSUES
Adhere to the established discipline

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 past Board member & Vice Chair for
12 yrs
an elected Santa Clara Valley Water
District for 10 yrs - 2 yrs as chair
BS Degree - Public Administration

Background Checks and References

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

ED SOLANO
Richard Toledo
Jim Miceli
Mike Gross

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

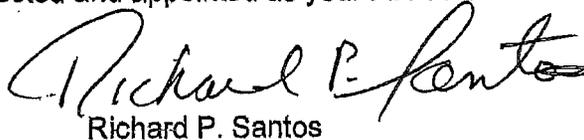
Richard P. Santos
Fire Retiree Representative

I served as your Vice Chair of the San Jose Police/Fire Retirement system for 12 years. During that time I initiated the Independent Plan Board Attorney and Plan Doctor. I also initiated the increase of Retirement Investors from around 4 to 16 at that time. This proved to be an advantage in investment returns as the Fund increased its assets value.

As a former Fire Board member and currently an elected official I have continued working with budgets, investments and employee negotiations. My fiduciary responsibility is to preserve the Pension system, hire the very best investors to get the best returns possible and make sure the administrative process provides the very best services for retirees. The Retirement Plan was created to provide potential retiree benefits as part of the employees providing dedicated public services.

As your elected Fire Retiree Representative I will work towards establishing the creditability, trust, and integrity that was challenged. The theme has to be a collaborative process to minimize the costs for all stakeholders during these challenging economic times.

I have given the City of San Jose over 32 years of dedicated Fire Service and it would be an honor to be elected and appointed as your Fire Retiree Representative.



Richard P. Santos

