



Memorandum

**TO: HONORABLE MAYOR
AND CITY COUNCIL**

FROM: DENNIS HAWKINS

SUBJECT: SEE BELOW

DATE: May 9, 2012

Approved

Date

**SUBJECT: APPOINTMENT OF A POLICE DEPARTMENT EMPLOYEE MEMBER
TO THE POLICE AND FIRE RETIREMENT BOARD**

RECOMMENDATION

1. The City Council accepts the certification of results of an election conducted among active sworn Police Department employees by the City Clerk for the nomination of a Police Department employee representative to fill an unscheduled vacancy on the Board of Administration of the Police and Fire Department Retirement Plan.
2. The City Council appoints James Mason, an active Police Department employee, to the Board of Administration of the Police and Fire Department Retirement Plan for the balance of an unexpired term ending November 30, 2013.

BACKGROUND

San Jose Municipal Code Section 2.08.1210 requires that one of the nine members of the Police and Fire Retirement Board be an active Police Department employee member of the plan. On February 3, 2000, the City Council adopted procedures for the nomination of an active employee for the Police and Fire Retirement Board. On February 3, 2012, Conrad Taylor, the Police Department employee representative to the Police and Fire Retirement Board resigned from the Board. Under the rules and procedures, a nomination and election process was initiated by the Office of the City Clerk to fill the balance of the unexpired term of the Police Department employee representative.

The purpose of the active employee election process is to nominate candidates for consideration by the City Council for appointment to the Retirement Boards. The appointment of all individuals to serve on City boards and commissions is within the discretion of the City Council. However, under Municipal Code Section 2.08.1245 (F), the Council may only reject the highest vote recipient for cause. Cause for rejection may include but is not limited to, the Council

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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.

As prescribed in the procedures and consistent with the Municipal Code, the Office of the City Clerk conducted the employee election process as follows:

- February 14, 2012: Active Police Department sworn employees notified of vacancy on the Board and the dates of the nomination and election periods
- February 27 – March 16, 2012: Open Nomination period
- April 6 – May 7, 2012: Election period
- May 7, 2012: Ballots counted and results certified by the City Clerk.

ANALYSIS

Only one candidate, James Mason, submitted nomination papers. A copy of Mr. Mason’s ballot statement and questionnaire are attached to this memo. All ballots were due to be submitted to the Office of the City Clerk by 2:00 p.m. on Monday, May 7, 2012. At that time, our office had received 243 ballot envelopes. The results of the voting are as follows:

Candidate Name	Number of Votes
James Mason	241
Write-In	1
Empty envelope - no ballot	1

PUBLIC OUTREACH

This memo will be posted on the City Clerk’s website as a part of the May 15, 2012 City Council agenda. In addition, this information has been posted on the website for the Police and Fire Department Retirement Plan and copies of the memorandum have been distributed to appropriate employee bargaining units.

- 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)**
- 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)**

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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.

A handwritten signature in black ink, appearing to read "Dennis D. Hawkins". The signature is stylized with a large initial "D" and a long horizontal stroke.

Dennis D. Hawkins, CMC
City Clerk

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

My name is James Mason, and I humbly ask for your support for my candidacy for board member for the Police and Fire Retirement Board. The San Jose Police Officers' Association has given me their endorsement.

I have worked as a police officer in SJPD for 10 years and in law enforcement for 20 years. During my time with the department, I have been assigned to VCET and several different units within BFO, Special Ops, and BOI. Having been injured on-duty several years ago, I understand from personal experience the damage our careers can inflict upon our bodies.

Prior to my time with SJPD, I spent 10 years at Burlingame PD. While there, I served as a Burlingame POA Board Member, VP and President. In these capacities, I was directly involved with negotiating retirement benefits on behalf of Burlingame POA's membership.

In closing, I ask for your vote for Police and Fire Retirement Board Member. I believe that I possess the experience, and understanding of the current issues, that is so desperately needed in the face of our current political climate.

Thank you for the consideration of your vote.



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

Name WASON JAMES R. Date 3/14/12
Last First Middle

Present Address: _____
Number Street City State Zip

How long at current address 15

Telephone _____ E-Mail _____

EMPLOYMENT

Current Employer SAN JOSE POLICE DEPT Address 201 W. MISSION ST.

Telephone _____ Years Employed 10

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?

SEE ATTACHED FOR WRITTEN ANSWERS.

3. Have you attended any San Jose City Council meetings in the last 6 months? If so, what was the reason for your attendance?
4. What are your goals and objectives for serving on the Retirement Board?
5. Have you read the City Auditor's Retirement Board Travel Audit?
6. Do you support the recommendations of the City Auditor?
7. Do you have any additional recommendations for changes in the Travel Policy?
8. Have you ever failed to file a Statement of Economic Interest (Form 700) when you were required to do so?
9. Are you aware that gifts over \$50 in value, including food and entertainment, must be reported on the Form 700?
10. Are you familiar with the City's prohibition of the receipt of most gifts over \$50 in value? (Municipal Code 12.08.010)
11. Have you ever traveled at City expense?
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?
2. What is your understanding of the roles of the Retirement Board in relation to Retirement Services staff?
3. What is your understanding of the relationship between the Retirement Board and City Council?
4. What do you consider to be the three most important issues currently facing the Retirement Board?
5. What do you perceive as the short and long term goals of the Retirement Board?

6. Have you discussed the role of a Retirement Board member with a current or former Retirement Board member or with Retirement Services staff?
7. What specifically can you add or bring to the Retirement Board?
8. Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not?
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?

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?
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?
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.
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?
5. How would you evaluate an investment manager? When would you terminate an investment manager? How should due manager diligence be conducted?
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.
7. List any abilities, skills, licenses, certificates, specialized training, work-related experience or interests you have which are applicable to this Board or Commission:

Background Checks and References

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

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?

General Background

1. Word of mouth
2. No.
3. Yes. I have attended numerous City Council meetings to listen to the proceedings.
4. To ensure the plan is appropriately administered and the benefits are sustainable over time to current and future retirees of the Police and Fire Fund.
5. Yes.
6. Yes.
7. Not at this time.
8. No.
9. Yes.
10. Yes.
11. No.
12. Yes.

Familiarity with Board

1. Grant or deny retirement benefits, disability benefits, determine employees eligibility for membership in the pension plans and eligibility for retirement benefits, administration and investment of the retirement funds. The board has other responsibilities as itemized in the Municipal Code, including producing an annual report, creating contractual agreements, holding regular meetings, and creating rules and regulations for its guidance.
2. The Retirement Services Staff assists the Board in achieving its responsibilities through research, analysis, recommendations and other tasks deemed appropriate.
3. Board members are appointed by the city Council. Board members are responsible for how the retirement funds are invested and administered, within the agreements set forth between the City and members of the fund.
- 4 - The Board must appropriately invest the funds in an ever changing and unstable environment.
 - The Board must ensure the effective Administration of the plan in the face of severe staffing concerns that are ever changing and diminishing.
 - The Board must ensure the impartial administration of the Plan.
5. The short term goals should be focused on two of the points articulated in question#4; Dealing with staffing issues and the impartial administration of the plan. The long term goal is the third point made in question #4; investing the plan funds in a manner that ensures the sustainability of the fund.
6. Yes.

7. I bring almost twenty years of Law Enforcement experience. During that time, I served on the POA Board (of a different municipality) as a Director, eventually serving as Vice-President and then as President. In that capacity, I negotiated numerous retirement benefits for the members. Although I do not have a background in investment / finance, I am aware that there are investment / financial professionals appointed to the Board by the City Council, and therefore will be able to draw upon their experience and expertise.
8. The fund is made up of contributions made by City public funds, member contributions, and investment returns.
9. Yes.

Experience/Expertise

1. An initial foundation of Professional training coupled with on-going training, networking, and reliance on the expertise of financial professionals.
2. The markets are an ever changing environment. It is important to task staff and consultants to look at alternative forms of investment that can provide predictable levels of risk for a given level of return.
3. Asset allocation is key to driving portfolio returns. Traditional simple equity/bond split ignores opportunities presented by alternative investment classes. The allocation must be constantly evaluated and reviewed for risk and forecasts.
4. Yes. However, it should be carefully analyzed and each considered in light of their track record and asset profile.
5. An evaluation of an investment manager should include evaluating their qualifications and past performance, holding them to performance targets and aggressively holding the managers accountable. Related to due manager diligence, I believe that it is important to support consultants compiling of top tier candidates, evaluated by the staff.
6. The plans statement of investment policies is a sizeable document that must spell out investment policies. This appears to be done already. The key is that all decisions that have strategic impact must be thoughtfully evaluated and adopted.
7. I have served on numerous city committees and on the Association Board of Directors at my previous agency. I am familiar with rules of order, regulations governing boards, as well as fiduciary responsibilities. Having negotiated retirement benefits, I bring a knowledge and passion to collaborative efforts of disparate groups.

Background Checks and References

1. References:

Tina Avelar

Tom Sims

Franco Vado

Ted Trujillo

2. Yes. DUI in 1987. After a celebration, where I had been drinking, I called my girlfriend to come pick me up. She left the car and drove me home in my vehicle. She later decided, against my recommendation, to walk back to her car. Not wanting her to walk, I unfortunately decided to drive. I was arrested for DUI after colliding into a neighbor's car pulling out of my driveway. I was booked and released, paid a fine, restitution, and completed classes.

3. No.