

**DEFERRED COMPENSATION ADVISORY COMMITTEE**  
**AMENDED MINUTES**  
**Thursday, March 26, 2009**

For information about this meeting, contact the Deferred Compensation Program Office at (408) 975-1465 or email [DeferredCompensation@sanjoseca.gov](mailto:DeferredCompensation@sanjoseca.gov)

Chair Pascal Roubineau called the Deferred Compensation Advisory Committee meeting to order at 9:02 a.m. on Thursday, March 26, 2009, City Hall, Wing-120.

**Roll Call**

Pascal Roubineau, Chair	Employee's Representative (277-2660)
Peter Jensen, Vice Chair	City Manager's Representative (975-7290)
Donna Busse	Management Employees' Representative (794-1020)
Trish Glassey	Employees' Representative (975-7282)
Julia Cooper	City Manager's Representative (535-7011)
Franco Vado	Police Representative (501-0960)
Robert Sapien	Firefighter Representative (277-8810)

**Also Present**

Linda BJORKE	City Attorney's Office
Jeanne Groen	Human Resources, Deferred Compensation Secretary
Connie Wolff	Human Resources, Deferred Compensation Staff
Tina Smith	Human Resources, Deferred Compensation Staff
Bill Tugaw	SST Benefits Consulting
Gary Bozin	ING
Bishop Bastien	ING
Adora Gailo	Finance
Keith Grand	Marsh and McLennan
John Dam	Human Resources, Risk Management
Connie Aparicio-Yanez	Risk Management
Bruce DeMers	Retiree

**CEREMONIAL ITEMS**

1. Pascal Roubineau, Chair, acknowledged the service of Mark Skeen (Deferred Compensation Advisory Committee member from 3/2/01-3/31/09) and Conrad Taylor (Deferred Compensation Advisory Committee member from 1/29/08-3/1/09).
2. Pascal Roubineau, Chair, introduced new committee members Franco Vado, representing the San Jose Police Officers Association, and Robert Sapien representing San Jose Firefighters, Local 230. They were appointed by City Council on March 3, 2009 to serve four-year terms until 3/1/2013. Mr. Roubineau was reappointed by City Council on March 3, 2009 to serve another four-year term.

## APPROVAL OF MINUTES

3. **M.S.C.** (Jensen/Cooper) to approve amended minutes for February 26, 2009.

## OLD BUSINESS

4. Update on DCAC University and DCAC Retreat Dates

Jeanne Groen, Benefits Manager reported that the DCAC University will be held Tuesday, April 28 in W260 from 9:00-4:00 and the DCAC Retreat will be an all-day session on Friday, October 30 in W110 and W120.

**Note:** At the request of the presenters, Items #13, 6, 8 were discussed after Item #4, and followed by Items 5, 7, 9-20.

## NEW BUSINESS

5. Nominate and Select Chair and Vice Chair for Period 4/1/09-3/31/10

**M.S.C.** Busse/Jensen to nominate and select Pascal Roubineau for another one-year term as Chair.

**M.S.C.** Glassey/Vado to nominate and select Peter Jensen for another one-year term as Vice Chair.

There were no other nominations.

6. Discuss Stable Value Credit Rates for Second Quarter and Provide Direction to Staff

Bill Tugaw, SST Benefits Consulting recommended that the Stable Value Credit Rate for the Stable Value Fund remain at 3% for the 2<sup>nd</sup> Quarter due to the low market vs. book value.

**M.S.C.** Jensen/Glassey to accept SST's recommendation and provide direction to staff to keep the rate at 3% for the 2<sup>nd</sup> Quarter, 2009.

7. Accept Report, Review and Discuss ING Annual Plan Review

Gary Bozin, ING presented the report, which covered topics on Participant Activity, Investment Review, Spotlight Section, Action Plan, and Activities and Achievements.

**M.S.C.** Jensen/Busse to accept report.

8. Accept Reports, Review and discuss 4<sup>th</sup> Quarter Plan Report from SST, Annual Investment Review for 2008 from ING, and Recommendations

The Committee deferred discussion of SST's 4<sup>th</sup> Quarter Plan Report until April since the Investment Subcommittee has not completed its review and recommendations concerning this report. Gary Bozin, ING presented his report.

**M.S.C.** Jensen/Glassey to accept ING's report on Annual Investment Review for 2008, defer discussion of the SST Report on 4<sup>th</sup> Quarter Plan until April and agendize acceptance of the Investment Subcommittee's recommendations for the April Deferred Compensation Advisory Committee meeting.

9. Review, Discuss and Approve First Amendment to the Agreement with ING regarding Change in Hours for Telephone Services

Jeanne Groen, Benefits Manager reported a nationwide change in ING's customer service telephone hours as of March 2, 2009, which resulted in a 30-minute a day reduction from the service agreement. The Committee discussed the service hours and the agreement with ING, and directed ING to provide information at the April meeting on communications that have been and will be provided to participants regarding the change in customer service hours.

*NOTE: If you have any questions or concerns, please contact Courtney Phommachack at (408) 975-1433*



The Committee directed staff to find out if ING can obtain statistics regarding call volume/times from City of San Jose participants and report these statistics at the April meeting.

**M.S.C.** Jensen/Glassey to direct staff to present a contract amendment in April for the Committee to review that provides for consideration from ING in exchange for the reduction in customer service hours.

10. Review, Discuss and Provide Direction to Staff regarding the Terms and Conditions Agreement for Self-Directed Brokerage Account to Accept all Money Sources

Jeanne Groen, Benefits Manager presented a draft of an agreement for ING to accept all money sources into the self-directed brokerage account.

**M.S.C.** Jensen/Glassey to direct the staff to bring an agreement back to the Committee in April that allows multiple money sources, and to obtain written input from SST regarding potential use of the Stable Value Fund as the designated fund.

11. Review, Discuss and Provide Direction to Staff on Budget Reserve Policy—Staff

Jeanne Groen, Benefits Manager presented the current Budget Reserve Policy, which consists of two components, as shown below, and staff recommended continuation of this policy:

- Contingency/Stabilization Reserve equal to 25% of the fiscal year's budgeted expenditures
- \$50,000 Reserve for Major Plan Changes & Requests and Proposals

Staff also recommended that the Committee change its current practice for reviewing the Budget Reserve Policy to four years to coincide with the term of the investment provider service contract. The Committee discussed the Policy and the term of reviewing the policy.

**Public Comment:** Bruce DeMers commented that he does not believe the Committee can raise participant fees.

**M.S.C.** Busse/Sapient to accept the staff's recommendation to continue the current Budget Reserve Policy as stated above with the following changes:

- In addition to an annual review in the context of the annual budget, perform a dedicated review of the Reserve Policy as part of the preparation for the investment service provider new contract/contract renewal.
- Update the wording on the Budget Reserve Policy to say "maintain reserves (in the form of beginning fund balance for each fiscal year)". Under current policy's Contingency/Stabilization example, add the comment: "(for example, based on the 2008-2009 adopted budget, the reserve level should be \$121,629)".

12. Review, Discuss, and Approve Deferred Compensation Budget for 2009-2010

Jeanne Groen, Benefits Manager, presented the Deferred Compensation Budget for 2009-2010.

**M.S.C.** Jensen/Busse to accept the budget with the following corrections:

- Amend Attachment B to include an interest income for 2009-2010 calculated using the budget office's interest earnings percentage for next fiscal year.
- Amend Attachment C to reflect no increase from the Base for Non-Personal Services.

The Committee also directed staff to check with the Budget Office to ensure the revenue number and interest income is correct.

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13. Review, Discuss, and Approve the Purchase of Fiduciary Liability Insurance for the Period April 11, 2009 to April 10, 2010

John Dam, Deputy Director/Risk Manager and Keith Grand, Marsh and McLennan, presented the Fiduciary Liability Insurance Proposal and the recommendation to continue to purchase the insurance from Chubb, the current carrier. John Dam presented two renewal options for the Committee to consider:

- Renewal Option 1: 4/11/09 to 4/11/10 (12 months)
- Renewal Option 2: 4/11/09 to 7/01/10 (18 months)

M.S.C. Jensen/Cooper to accept the recommendation for insurance with Renewal Option 2 and direct staff to determine whether Committee members must personally pay the \$25 Waiver of Recourse fee.

INFORMATIONAL ITEMS

14. Update on Status of 1999-2007 Reconciliation—Staff

Jeanne Groen, Benefits Manager, referred Committee members to the print memo regarding the reconciliation update.

15. Update on Legislative, Market and Consultant Activity

This monthly update will be included with the update for the April meeting.

16. Verbal Update on ING Service Provider—Gary Bozin

Gary Bozin, ING provided a brief update.

17. Review ING Service Log and Loan Activity Report for February 2009

Gary Bozin, ING referenced the print Service Logs.

18. Update on February 2009 Fund Performance Summary

Gary Bozin, ING, referenced the print Fund Performance Summary document.

19. Review Updated Deferred Compensation Website

Connie Wolff, Staff referred the Committee members to the print documents showing navigation of the internet and intranet websites for Deferred Compensation.

OPEN FORUM

There was no public comment.

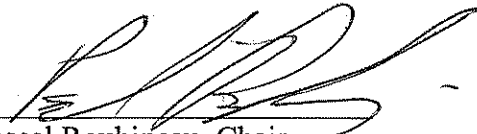
UNFORESEEABLE EMERGENCY WITHDRAWAL

20. None



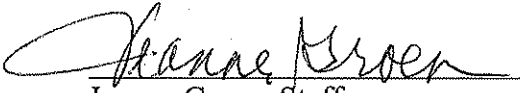
ADJOURNMENT

M.S.C (Jensen/Glassey) to adjourn at 11:12 a.m.



Pascal Roubineau, Chair  
Deferred Compensation Committee

ATTEST:



Jeanne Groen, Staff  
Deferred Compensation

NOTE: M.S.C. MEANS MOTION SECONDED AND CARRIED, UNLESS OTHERWISE INDICATED, MOTION PASSED UNANIMOUSLY.

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