



DRAFT FOR APPROVAL
DEFERRED COMPENSATION ADVISORY COMMITTEE
INVESTMENT SUBCOMMITTEE
MINUTES
Thursday, September 24, 2009

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

Julia Cooper called the Deferred Compensation Advisory Committee Investment Subcommittee to order at 9:08 a.m. on Thursday, September 24, in City Hall, W-262.

Roll Call

Julia Cooper, Chair	City Manager's Representative (535-7011)
Pascal Roubineau, Vice Chair	Employee's Representative (277-2660)
Donna Busse	Management Employees' Representative (794-1020)

Also Present

Linda Bjorke	City Attorney's Office
Jeanne Groen	Human Resources, Deferred Compensation Secretary
Connie Wolff	Human Resources, Deferred Compensation Staff
Courtney Phommachack	Human Resources, Deferred Compensation staff
Gary Bozin	ING
Bishop Bastien	ING
Bill Tugaw	SST Benefits Consulting
Chuck Sklader	SST Benefits Consulting
Elizabeth Sanford	Councilmember Pete Constant's Office

APPROVAL OF MINUTES

1. **M.S.C.** (Roubineau/Busse) to approve minutes for April 15, 2009.

OLD BUSINESS

2. Review, discuss and make recommendations regarding the use of the Investment Policy to evaluate funds and whether the Investment Policy needs to be changed, especially in regard to Standards of Investment Performance and Investment Fund Evaluations.
Chuck Sklader, SST Benefits Consulting, reviewed SST's recommended changes to the Investment Policy.

M.S.C. (Roubineau/Busse) to approve the recommended changes to the Investment Policy, with modifications requested by the Investment Subcommittee, and present the revised Investment Policy to the Deferred Compensation Advisory Committee at the October 22, 2009 meeting.

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

NEW BUSINESS

3. Review, discuss and provide direction to staff on publishing fund performance reports.
Chuck Sklader, SST Benefits Consulting reviewed use of the “City of San Jose Deferred Compensation Investment Returns” format to report investment returns.

M.S.C. (Roubineau/Busse) to direct staff to keep the current format for reporting investment returns (the City of San Jose’s “City of San Jose Deferred Compensation Investment Returns”), but add appropriate language to this format so participants understand that this is a secondary source; provide explanatory language regarding the primary source (ING’s “ING Performance Update”) and provide the web link to the ING document.

4. Review, discuss and provide direction to staff on frequency of fund performance review meetings with Deferred Compensation Advisory Committee Investment Subcommittee and Deferred Compensation Advisory Committee.
Bill, Tugaw, SST Benefits Consulting provided the review.

M.S.C. to discuss this topic at the DCAC Retreat on October 30, 2009 under the agenda item related to plan governance.

5. Review, discuss and make recommendations regarding 2009 Second Quarter ING investment results.

Lisa Gilarde, ING Vice President of Mutual Fund Due Diligence and Analysis (via teleconference) gave a presentation on the 2009 Second Quarter ING investment results.

M.S.C. (Roubineau/Busse) to set up an Investment Subcommittee meeting as soon as practical after the DCAC Retreat on October 30 to review DCAC’s investment fund watch list, include fund recommendations from ING and SST, assess whether there should be an adjustment in which funds are offered, and, if any of the recommendations includes a fund replacement, provide a selection of recommended funds to consider for such fund replacement.

6. Review Analysis of Target Date Funds, Discuss and Make Recommendations.
Bill Tugaw, SST Benefits Consulting, recommended delaying a review of target date funds until more information is available from the Securities Exchange Commission or Department of Labor.

M.S.C. (Roubineau/Busse) to direct staff to bring updates on Target Date Fund Analysis to the Investment Subcommittee on a regular basis.

7. Review Stable Value Fund Portfolio, Discuss and Make Recommendations.
Chuck Sklader and Bill Tugaw, SST Benefits Consulting, provided a Portfolio Review and analysis.

M.S.C. (Busse/Roubineau) to direct staff to continue to monitor this topic and bring back to the Investment Subcommittee for review as appropriate.



8. Review, discuss and make recommendations regarding selection of active versus passive managed funds.

Bill Tugaw and Chuck Sklader, SST Benefits Consulting, presented a report on “active” versus “passive” fund management, including the philosophies behind these distinct fund management strategies.

M.S.C. (Roubineau/Busse) to direct consultant to include discussions on active versus passive fund management when analyzing and making recommendations on fund selection/replacement.

OPEN FORUM

There was no public comment.

ADJOURNMENT

The meeting was adjourned at 11:20 a.m.

Julia H. Cooper, Chair
Deferred Compensation
Investment Subcommittee

ATTEST:

Jeanne Groen, Staff
Deferred Compensation

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

