
Profile

Question applies to Police and Fire Retirement Plan Board, Federated City Employees' Retirement System

Public members of the Board of Administration of the San Jose Police and Fire Department Retirement Plan or the Federated City Employees Retirement System must live within 50 miles of San Jose City Hall and meet specified eligibility requirements.

Employee members of the Retirement Boards must be active employees who are members of the respective retirement plan. The Police and Fire Department representative must be an employee of the Police or Fire Department respectively. The employee representatives to the Federated Board shall be employed by different departments.

Retiree members of the Retirement Boards must be persons who have retired under the provisions of the respective retirement plan.

Lawrence Jay

First Name

Castellano

Last Name

Email Address

Which Boards would you like to apply for?

Federated City Employees' Retirement System: Submitted

Are you a resident of San Jose?

☒ Yes ☐ No

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Member Category: *

☒ Retiree Representative

Length of Residency

☒ 6 or more years

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If not a resident, do you live within 50 miles of San Jose City Hall?

☐ Yes ☐ No

What district do you live in? To verify, please click here: <https://eservices.sccgov.org/rov/?tab=dt> *

☒ District 6

[REDACTED]

Street Address

[REDACTED]

Suite or Apt

San Jose

City

CA

State

95125

Postal Code

[REDACTED]

Primary Phone

[REDACTED]

Alternate Phone

County of San Mateo

Employer

Human Resources Manager III

Job Title

[REDACTED]

Address of Current Employer

City of San Jose

Current Employer of Spouse

[REDACTED]

Address of Current Employer of Spouse

Administrative Officer

Spouse's Job Title

If retired and receiving a pension, please state source of pension.

San Jose's Federated City Employees Retirement System

Interests & Experiences

High School, College, Professional, Vocational, or Other Schools Attended. Please include Major or Field of Study, Dates Attended, Degree and Date of Degree.

Monterey High School, 1973-1976, High School Diploma Monterey Peninsula College, 1976-1978, General Education San Jose State University, 1978-1980, Bachelor of Science, Public Recreation Administration Santa Clara University, 1990-1991, no degree

List any position or office held in any governmental agency, civic, or charitable organization including the dates

Premiere One Credit Union: 2018, Board Member; 2000-2018, Credit Committee and Supervisory Committee, Chair International Foundation of Employee Benefit Plans: 2014-present, Speaker San Jose Retired Employees Association: 2013-present, Board Member Shotokan Karate-do International, U.S. Federation, 2004-present, Executive Board Member and General Secretary

English

Languages Spoken

Special Awards or Recognitions Received

Please state why you want to become a member of this Board or Commission including specific objectives which you would work toward as a member. If you are applying for the Board of Fair Campaign and Political Practices, please indicate any familiarity or experience you may have with campaign laws.

My interest and motivation is driven by the fact that I am an annuitant of the FCERS. I hope to enjoy the benefits of FCERS for many years, and I hope to have the opportunity to play a part in the decisions that will ensure the plan remains financially sound in perpetuity—for myself, my beneficiary and all other plan members. Specific objectives include 1) ensuring maximum implementation of the City Auditor's Audit of Retirement Services (October 2017) and the supplemental report from the Stanford Institute (November 2017); 2) ensuring safe and responsible investment policies and strategies that maximize plan assets; and 3) ensuring safe and responsible investment policies and strategies that increase the plan's funding status.

Please state any other information which you feel would be useful in reviewing your application

I have been involved in employee benefits since 1992. I served as the City of San Jose's Benefits Manager from 1992-2006, during which time I managed all of the welfare benefits (e.g., health insurance, dental insurance, life insurance, etc.) for active employees and, as applicable, retirees as well as the City's deferred compensation (§457b) plan. Since retirees' benefits were provided through the City's vendor agreements, I am very familiar those overlapping welfare benefits for FCERS participants and beneficiaries. And since the deferred compensation plan required oversight of investment options in accordance with pre-approved investment policies, I am familiar with the similarities with the investment management responsibilities in the FCERS portfolio. The City's Deferred Compensation Advisory Committee (DCAC), the governance body that oversaw the deferred compensation plan, is appointed by the City Council and therefore subject to all aspects of the Brown Act and the Public Records Act. My experience as the plan administrator helped prepare me for the FCERS monthly meeting environment and protocols. Also, from 2002-2006, I was an elected (by management employees) trustee of the DCAC. Throughout my tenure as Benefits Manager, my next City position as Deputy Director of Parks, Recreation and Neighborhood Services (PRNS) and my current position with San Mateo County (SMC, during which I've had virtually all of the same responsibilities as their interim benefits manager), I established ad hoc and ongoing labor-management bodies as forums for ensuring productive, win-win communications with stakeholders. I believe those experiences have heightened my awareness of the plethora of stakeholders and their respective perspectives at the policy level, as well as the challenge of addressing those sometimes-competing interests within the parameters of, in this case, the FCERS plan. Lastly, I have a Certificate of Public Plan Policy (CAPPP) from the International Foundation of Employee Benefits Plans (IFEBC). I was a member of the 1998 charter class, and I now teach (since 2014) a class in the CAPPP program titled Administrative Strategies.

Do you own property in the City of San José?

☒ Yes ☐ No

If yes, please list the addresses here.

[REDACTED]

Do you rent property in the City of San José?

☐ Yes ☒ No

If yes, is it a month-to-month lease?

☐ Yes ☒ No

State and local law require that you abstain from participation in decisions that may affect your financial interests, including sources of income, interest in real property, personal finances or investments. In addition, if appointed, you may be required to fill out a disclosure statement which identifies certain of your financial interest beginning with the immediate twelve-month period prior to your appointment. Please review the scopr of your board/commission in Municipal Code Chapter 2.08. Based on your best judgment, does this Board or Commission make decisions that may affect sources of income, interests in real property, personal finances or investments of you or your spouse?

☒ Yes ☐ No

If yes, please explain. Please identify any organizations, associations, corporations, or entities by which you are employed or associated that might be affected by decisions of this Board or Commission, and the positions you hold in these entities.

"Yes" meaning "possibly". I am a party to the pending lawsuit regarding retirees who have been adversely impacted by the Internal Revenue Code §415b. If the final resolution is administered by the FCERS, I would abstain from any related action as advised by the Board's counsel. If the final resolution is administered by the City, I believe there would be no conflict of interest, though I would ultimately defer to the Board's counsel.

Question applies to multiple boards

If appointed, you will be required to fill out a disclosure statement, which identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment and annually on or before April 1 of each year thereafter. Please confirm that you have read Fair Political Practices Commission (FPPC) Form 700 Reference Pamphlet and agree to file required FPPC Form 700 Statements of Economic Interest, as required by current City Council Conflict of Interest resolution.

☒ Yes ☐ No

Question applies to multiple boards

Have you ever been required to file a Statement of Economic Interest (Form 700) and failed to do so?

☐ Yes ☒ No

Question applies to multiple boards

If yes, please explain in complete detail.

Question applies to multiple boards

Please confirm that you have reviewed and agree to comply with the San Jose Municipal Code Chapter 12.08 (Prohibition of Gifts), City of San Jose Ethics Policy (City Policy Manual 1.2.1), and City of San Jose Gift Policy (City Policy Manual 1.2.2).

☒ Yes ☐ No

Julie Edmonds-Mares

Reference 1 Name

[REDACTED]

Reference 1 Address

[REDACTED]

Reference 1 Phone

Bob Leininger

Reference 2 Name

[REDACTED]

Reference 2 Address

[REDACTED]

Reference 2 Phone

Supplemental Questions

Have you ever attended a meeting of the Commission(s) to which you are applying?

☒ Yes ☐ No

Would you be available to attend meetings at the scheduled time?

☒ Yes ☐ No

Please describe your experience in serving on a Commission or Board.

• I served as an elected trustee to the City's Deferred Compensation Advisory Committee. • I am a current board member of the San Jose Retired Employees Association. • I was chair of the PremierOne Credit Union (formerly Municipal Employees Credit Union) Supervisory Committee. This month (March 2018), I moved to the PremierOne board of directors. • I am the Chief Instructor and president of the board for a community karate program in Sunnyvale (Satsuma Dojo at the Columbia Neighborhood Center (CNC)) that has offered a low-cost program to a low-income neighborhood through an all-volunteer team of instructors since 2006. Since 2013, Satsuma Dojo has provided \$250,000 in in-kind services to the CNC. • Satsuma Dojo is affiliated with a 130-country international organization—Shotokan Karate-Do International Federation—headquartered in Tokyo, Japan. I am the General Secretary for the board of Shotokan Karate-Do International—U.S. Federation.

Considering your experience and activities in business, labor, professional, social, or other organizations, indicate the experience, training, knowledge and/or skills which qualify you for appointment to the selected commission(s).

I have been involved in employee benefits since 1992. I served as the City of San Jose's Benefits Manager from 1992-2006, during which time I managed all of the welfare benefits (e.g., health insurance, dental insurance, life insurance, etc.) for active employees and, as applicable, retirees as well as the City's deferred compensation (§457b) plan. Since retirees' benefits were provided through the City's vendor agreements, I am very familiar those overlapping welfare benefits for FCERS participants and beneficiaries. And since the deferred compensation plan required oversight of investment options in accordance with pre-approved investment policies, I am familiar with the similarities with the investment management responsibilities in the FCERS portfolio. The City's Deferred Compensation Advisory Committee (DCAC), the governance body that oversaw the deferred compensation plan, is appointed by the City Council and therefore subject to all aspects of the Brown Act and the Public Records Act. My experience as the plan administrator helped prepare me for the FCERS monthly meeting environment and protocols. Also, from 2002-2006, I was an elected (by management employees) trustee of the DCAC. Throughout my tenure as Benefits Manager, my next City position as Deputy Director of Parks, Recreation and Neighborhood Services (PRNS) and my current position with San Mateo County (SMC, during which I've had virtually all of the same responsibilities as their interim benefits manager), I established ad hoc and ongoing labor-management bodies as forums for ensuring productive, win-win communications with stakeholders. I believe those experiences have heightened my awareness of the plethora of stakeholders and their respective perspectives at the policy level, as well as the challenge of addressing those sometimes-competing interests within the parameters of, in this case, the FCERS plan. Lastly, I have a Certificate of Public Plan Policy (CAPPP) from the International Foundation of Employee Benefits Plans (IFEBC). I was a member of the 1998 charter class, and I now teach (since 2014) a class in the CAPPP program titled Administrative Strategies.

What is your understanding of the purpose of the Commission?

My understanding is that the role of the Board is to oversee the administration and operation of the plan, including all assets, personnel, etc., in accordance with the provisions (and standards) in the City Charter, the Municipal Code, the plan's own policies and procedures, and any applicable Federal and State laws. Individual board members are fiduciaries who should exercise independent thought and judgment regarding board matters. Despite board members being nominated for specific seats on the FCERS board by different constituent bodies (e.g., active employees versus retirees versus City Manager), those members, once appointed by the City Council, must be solely committed to the plan and all plan participants. They cannot be prejudiced by the unique interests of any particular constituency.

Please list three issues facing the City that you feel the Commission should address.

I believe three important City issues the FCERS board could help address are as follows: 1) The funding status of the plan. The board can make policy decisions and develop strategies that improve the funding status, improve the viability of the plan, reduce the need to address unfunded liabilities and ease the cost impact on all stakeholders. 2) Increase plan assets. Even for fully-funded plans, assets need to continue growing (through investment returns and employer/employee contributions) to meet the assumed discount rate. This issue is even more important for plans like FCERS that are under-funded. 3) Compliance with prior approved commitments. These include the new VEBA plan in accordance with the voter-approved Measure F. Also included are the proposed ordinance allowing retirees access to additional Medicare carriers and the guaranteed purchasing power provision of the Settlement Agreement with retirees.

I would like to say . . .

I believe I would be a quality FCERS trustee with many years of experience as a trustee on a defined contribution plan, as a plan administrator for two different defined contribution plans and as the benefits manager for two different agencies. I understand that while I might be recommended as a "retiree representative", my loyalty as a trustee is to the plan and all of its members, not just retirees, while being equally sensitive to the contributors—the City and active employees. I've sat through most of the FCERS board meetings since mid-2016 and feel familiar with the gist of the issues. I understand the critical nature of the FCERS plan's funding issues and am sensitive to the related cost/budget impact on the stakeholders. To the extent material policy changes are needed to improve the plan's funding status or to increase plan assets, I would volunteer my contributions to the communication effort in a way that best educates stakeholders to gain support. I hope the evaluation committee and the City Council will give me the opportunity to contribute to the successful oversight of the FCERS plan.

(Optional) Please upload a resume.

Retirement Board Questions Only

Question applies to Police and Fire Retirement Plan Board, Federated City Employees' Retirement System

Please list your applicable experience or expertise relevant to public retirement plan administration. *

☒ Health and welfare and/or employee benefits management

Please summarize your qualifications to serve as a member of the Retirement Board? Briefly highlight your skills, training, education, qualifications, experience (licenses and/or certifications) and personal qualities that you will bring to the Board and share with the organization.

I have been involved in employee benefits since 1992. I served as the City of San Jose's Benefits Manager from 1992-2006, during which time I managed all of the welfare benefits (e.g., health insurance, dental insurance, life insurance, etc.) for active employees and, as applicable, retirees as well as the City's deferred compensation (§457b) plan. Since retirees' benefits were provided through the City's vendor agreements, I am very familiar those overlapping welfare benefits for FCERS participants and beneficiaries. And since the deferred compensation plan required oversight of investment options in accordance with pre-approved investment policies, I am familiar with the similarities with the investment management responsibilities in the FCERS portfolio. The City's Deferred Compensation Advisory Committee (DCAC), the governance body that oversaw the deferred compensation plan, is appointed by the City Council and therefore subject to all aspects of the Brown Act and the Public Records Act. My experience as the plan administrator helped prepare me for the FCERS monthly meeting environment and protocols. Also, from 2002-2006, I was an elected (by management employees) trustee of the DCAC. Throughout my tenure as Benefits Manager, my next City position as Deputy Director of Parks, Recreation and Neighborhood Services (PRNS) and my current position with San Mateo County (SMC, during which I've had virtually all of the same responsibilities as their interim benefits manager), I established ad hoc and ongoing labor-management bodies as forums for ensuring productive, win-win communications with stakeholders. I believe those experiences have heightened my awareness of the plethora of stakeholders and their respective perspectives at the policy level, as well as the challenge of addressing those sometimes-competing interests within the parameters of, in this case, the FCERS plan. Lastly, I have a Certificate of Public Plan Policy (CAPPP) from the International Foundation of Employee Benefits Plans (IFEBP). I was a member of the 1998 charter class, and I now teach (since 2014) a class in the CAPPP program titled Administrative Strategies.

Please discuss your pension plan and/or investment management and oversight experience including the development of key financial policies.

As the administrator and as a trustee for the City of San Jose's defined contribution plan and as the administrator for the County of San Mateo's defined contribution plan, I facilitated (in partnership with plan consultants) the development of investment policies and the monitoring of investment portfolios, including the number and diversity of investment options and the short-/long-term performance of each investment. The DC environment is different from the DB environment in that participants self-direct their investments, and they can only choose the investments approved within the plan. Therefore, plan participants depend on the trustees to fulfill their fiduciary duties by offering only "best in class" investment options in their respective asset classes. The City's DCAC trustees developed and approved its own investment policy (which specified asset classes, investment options per asset class, performance benchmarks probation and replacement processes, etc.), we hired our own consultant and broker-dealer as experts in performance reviews, and we directed our recordkeeper to provide investment performance reports quarterly and annually and to change the fund line-up in accordance with consultant's and the committee's evaluation. In the DC environment, it is equally important to accompany fund changes with a participation communication plan. While that aspect is less important in the DB environment, it is reminder that a DB investment subcommittee, for example, must adequately communicate its findings and recommendations to all its appropriate stakeholders. For the SMC deferred compensation program, I have the same duties and responsibilities I had in San Jose as the Benefits Manager.

Please describe your understanding of the relationship between the Retirement Board and City Council? The City Administration? Retirement Services staff? Employee bargaining units? Plan participants and beneficiaries?

• City Council—The Board is established by the City Council through the City Charter and in the Municipal Code, and individual board members are appointed by the City Council. The Board's oversight must align with provisions, benefits and policies approved and directed by the City Council (after, in most cases, the collective bargaining process). • City Administration—The Board has a collateral relationship with the City Administration in implementing decisions and policies of the City Council. The Board and the Administration must collaborate to ensure that the division of labor accounts for all aspects of each implementation and the ongoing operations. • Retirement Services Staff—The staff is funded by the two retirement plans, and the staff, through the Director of Retirement Services, takes direction from the boards. In return, the staff provides the boards with valuable information by which they can their best, informed decisions. • Employee Bargaining Units—The bargaining units are important stakeholders of the City's retirement program who negotiate with the Administration and the City Council for certain elements of plan design. They can provide valuable input and feedback to the board on its implementation of City Council direction. • Plan Participants and Beneficiaries—Participants and beneficiaries are payors to the plan, and trustees owe their fiduciary duty to them. They are current or future clients and customers of the plan, and the Board has a role for ensuring reconciliation between the real and perceived benefits that will be provided by the plan to the participants and beneficiaries.

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

In my perspective, the short-term goals of the Retirement Board should include implementation of the remaining provisions of Measure F and the retiree settlement agreement. The short-term goals should also include implementation to the City Auditor's recommendations in its October 2017 audit of retirement administration plus the supplemental recommendations of the Stanford Institute for Economic Policy Research in the November 2018 analysis of CSJ's retirement plans' investment portfolios. The long-term goals should be focused on new and updated policies and strategies related to asset allocations and actuarial assumptions that increase the plan's funding status and assets.

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

The retirement funds are public in that City contributions into the retirement system are derived from revenues that would otherwise be used for public programs and services. Increases or decreases to City retirement contribution rates impact the amount of funds available for those other programs and services. Those contributions to the retirement system, along with contributions from employees and investment earnings, become assets of a trust that can be used only for certain dedicated purposes.

Have you read the report by the City Auditor entitled, "Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels?" This report is available at: <http://www.sanjoseca.gov/auditor/AuditReports/1010/1010.pdf>

☒ Yes ☐ No

If so, how is this report applicable to the work you would do as a Retirement Board Member?

As approved by the City Council, the report provides direction to the Retirement Services staff to ensure that the retirement plan's performance and financial health is shared in a way that ensures prospective budget decisions can be made in a fully-informed manner vis à vis the retirement program (see Recommendations #5 and #6). In addition, the report underscores the importance of the board's and board members' due diligence in its oversight of the biennial actuarial process, its management of the investments and their governing policies, and the plan's discretionary expenses.

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

My first resources for this information would be our own retirement staff and the plan's consultants. The board agenda already has ongoing reports from staff and consultants, and I would request additional information as needed—in board meetings or off-line from staff and consultants. Also, for my current job with SMC with the defined contribution plan, I receive daily updates regarding the market and relevant regulation/legislation through a number of e-newsletters (including Pensions & Investments and the U.S. Department of Labor). I receive similar communications from NAGDCA and MassMutual, SMC's plan administrator. Much of that information is relevant to the defined benefit environment, and I anticipate that San Jose's staff and peer board members will be able to help me connect with similar resources more closely related to the FCERS plan. Also, I anticipate that internal and external training and development for board members will be encouraged as I believe that it aligns with the fiduciary duty of care required of the plan and its trustees.

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?

Managing the balance of risk and return is an effort that is unique to each plan and its investment policies, and it requires the participation of a range of professionals, including actuaries, investment managers, investment staff, etc. In order to respond to the first question, I would engage in a committee or subcommittee effort to explore and identify those opportunities. While I'm familiar with the concept of risk budgeting and the reallocation of risk to enhance investment returns, I do not have hands-on experience in this area.

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.

My view of asset allocation is that it is a very appropriate strategy and technique for diversifying a portfolio and balancing its risk-return profile. At this time, I do not have my own recommendations for FCERS' or similar funds' asset allocation. Similar to my response to the previous question, I trust that the FCERS plan has engaged in a deliberative process with its team of professionals to arrive at today's investment policies. I would need to engage in a similar process before developing my own conclusions and recommendations.

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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 response to this question is the same as above. That is, I would need to engage in a similar deliberative process with our professional team before developing my own conclusions and recommendations.

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

Similar to the above responses, I would be hesitant to deviate from concepts and policies that have been developed by many thoughtful minds over a number of years. I believe the way in which FCERS currently manages its investment managers is described in its investment policy and, at a working level, is delegated to staff. My input, if any, to this aspect of the investment policy would be to maximize the degree to which the board quantifies its expectations of the investment managers, and then use that same objective criteria for making hiring and termination decisions of those same investment managers.

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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.

Best practice (including the Government Finance Officers Association (GFOA), <http://www.gfoa.org/pension-investment-policies>) suggests that a pension plan investment policy include the following key elements: • Goal statement • Identification of and duties of decision makers • Standards for performance measurement (benchmarks) • Statements on managing risk at the individual securities • Statements on managing risk for the entire portfolio, including asset allocation • Guidelines for hiring and terminating investment managers • Guidelines for hiring and terminating other professionals • Legal standards • Cost management • Transacting or brokering trades Rather than re-state best-practice literature in addressing the roles of decision-makers in investment management, I would note here that the plan itself retains the highest level of accountability for responsible investment practices. A number of decision-makers and professionals are involved in investment management, and those individuals and entities should collaborate on behalf of the plan in establishing policies and expectations and in documenting the manner and standards by which service providers will be managed and evaluated.

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Individuals applying for appointment as public members of the Board are ineligible for appointment to the Board if they meet certain criteria. Please confirm if you meet any of the following criteria:

None Selected

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Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years (except for minor traffic offenses that resulted only in a fine)?

☐ Yes ☒ No

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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 relevant.

Question applies to Police and Fire Retirement Plan Board,Federated City Employees' Retirement System

Are you or your firm currently or within the past five years been the subject of any litigation or claims resulting from any investment activity, advice, a fiduciary relationship, or regarding alleged financial improprieties?

☐ Yes ☒ No

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If yes, please provide details.

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Are you or your firm currently or within the past five years been the subject of any investigation or disciplinary action by any governmental and/or regulatory body (SEC, NASD, states Attorney General or Insurance Commissioner, etc.)?

☐ Yes ☒ No

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If yes, please provide details.

Verification

By checking the box below, you agree with the following statement.

I agree that all of the information contained in my responses to the questions on this application are true and accurate to the best of my knowledge. I further agree that, by checking the box below and submitting this application, online or otherwise, I am affixing my digital signature to this form as of the date submitted.

☒ I Agree *