

POLICE AND FIRE RETIREMENT PLAN

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

January 15, 2009

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met at 8:35 a.m., on Thursday, January 15, 2009, in regular session at Department of Retirement Services, 1737 N. First St, Suite 600 - San Jose, CA.

ROLL CALL

Present:

MARK J. SKEEN
BRET MUNCY
BILL BRILL
SCOTT JOHNSON
ROSE HERRERA

CHAIR (Participated by telephone)

Acting Chair

Trustee

Trustee

Council Representative

ALSO PRESENT:

Russell Crosby	-SECRETARY	Mollie Dent	-City Attorney Office
Russell Richeda	-Saltzman & Johnson	Debbi Warkentin	-Staff
Tamasha Johnson	-Staff	Donna Busse	-Staff
Veronica Niebla	-Staff	Jay Wendling	-Retiree
Amanda Ramos	-Staff	Thomas Boyle	-Attorney
Aracely Rodriguez	-OER	Sam Swift	-Attorney
Mike Rosingana	-P&F Retirees	Linda Charfauros	-SJFD
Mike Moffett	-SJFD	Ron Kumar	-Staff
Toni Johnson	-Staff	Jim Jeffers	-Attorney
David Bacagalupi	-Retiree	Bruce DeMers	-P&F Retirees
Allan Martin	-NEPC	Dan LeBeau	-NEPC
Franco Vado	-SJPD	Ali Amiry	-Staff
John Young	-Council Asst	Bill Thomas	-Fed. Retiree
Jesselle Holcomb	-Staff	Maria Loera	-Staff
Sandra Holloway	-SJPD	Lt. Mark Bustillos	-SJPD
Karin Carmichael	-Staff	Eric Ramones	-SJFD
Ernest Brown	-SJPD	Joan Sutton	-SJFD
John S. Donald	-SJFD	James Roush	-SJPD
Thomas Sandoval	-SJPD		

REGULAR SESSION

ORDERS OF THE DAY

Acting Chair Muncy called the meeting to order at 8:35 a.m. He announced that Item 1k's effective date should be 1/25/09; Item 1ww's effective date should be 1/25/09; and that Item 3b has been deferred at the applicant's request.

Acting Chair Muncy also introduced Board Member Ms. Rose Herrera, a newly appointed Council Representative.

Mrs. Busse introduced the newest member of Retirement Services staff, Jesselle Holcomb, Benefits analyst.

RETIREMENTS

1. Service

- a. ***Rudolf F. Agerbeek, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009; 29.56 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- b. ***James M. Airhart, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.62 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- c. ***Bruce D. Alexander, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009; 26.60 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- d. ***Jose G. Avila, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 28.82 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- e. ***Steven D. Barnes, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009, 25.96 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- f. ***Donald C. Bartels, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009, 30.00 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- g. ***John L. Borsi, Fire Engineer, Fire Department. Request for Service Retirement effective January 25, 2009; 36.26 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- h. ***Patrick E. Boyd, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.33 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- i. ***Robert G. Britton, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 27.39 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- j. ***Richard I. Calderón, Police Captain, Police Department. Request for Service Retirement effective December 27, 2008, 30.24 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- k. ***Tony Carrillo, Firefighter, Fire Department. Request for Service Retirement effective January 24, 2009; 28.84 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- l. Enrique A. Carruth, Arson Investigator, Fire Department. Request for Service Retirement effective January 24, 2009; 27.73 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- m. Wesley J. Chacon, Fire Captain, Fire Department. Request for Service Retirement effective January 26, 2009; 27.89 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- n. Mark C. Conrad, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.59 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- o. Thomas J. Conry, Fire Captain, Fire Department. Request for Service Retirement effective December 27, 2008; 29.56 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- p. Jess A. Coria, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 27.00 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- q. Philip Croyle, Battalion Chief, Fire Department. Request for Service Retirement effective January 24, 2009; 33.95 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- r. Dante Cruz, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 27.79 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- s. John S. Donald, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 31.51 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- t. Danny N. Eaton, Firefighter, Fire Department. Request for Service Retirement effective January 24, 2009; 28.84 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- u. Denise Escobar, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009; 28.30 years of service.***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

- v. Michael D. Fields, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 27.41 years of service. (SCD Pending)***

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

w. Thomas A. Gianatasio, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 36.12 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

x. Karen L. Hildebrandt, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.00 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

y. James Hirano, Arson Investigator, Fire Department. Request for Service Retirement effective January 24, 2009; 26.5 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

z. John M. Hodges, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 27.7 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

aa. Martin E. Hoenisch, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 25.66 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

bb. Paul S. Kennedy, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 28.45 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

cc. Gerald L. Kelpler, Jr., Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 29.36 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

dd. Paul J. King, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 36.28 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ee. John R. Laurent, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 33.97 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ff. Andrew C. Layne, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009, 23.75 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

gg. Doris M. Lee-Harold, Police Officer, Police Officer. Request for Service Retirement effective January 24, 2009; 20.61 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

hh. Kenneth J. Leong, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 26.93 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ii. Peter H. Lovecchio, Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 28.69 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

jj. George J. Lucchesi, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009, 32.7 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

kk. Jan L. Males, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 27.23 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ll. Robert J. Martone, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 32.73 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

mm. Mark L. McIninch, Lieutenant, Police Department. Request for Service Retirement effective January 24, 2009; 26.97 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

nn. Timothy I. Miller, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009, 32.6 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

oo. Carlos Miranda, Police Captain, Police Department. Request for Service Retirement effective January 24, 2009; 27.98 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

pp. Wilfredo J. Montano, Lieutenant, Police Department. Request for Service Retirement effective January 24, 2009; 27.73 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

qq. Mike Montuy, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 28.84 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

rr. Robert J. Naughten, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 25.69 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ss. David E. Norling, Police Officer, Police Department. Request for Service Retirement effective January 25, 2009; 26.93 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

tt. Anthony J. Ojeda, Firefighter, Fire Department. Request for Service Retirement effective January 24, 2009, 28.83 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

uu. Eugene R. Phillips, Jr., Lieutenant, Police Department. Request for Service Retirement effective January 24, 2009; 26.96 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

vv. Peter E. Pomerleau. Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 28.00 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ww. Edward L. Powell, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 27.78 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

xx. Karl D. Pringle, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009; 27.95 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

yy. Thomas P. Schnutenhaus, Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 29.29 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

zz. Terrence C. Simpson, Sergeant, Police Department. Request for Service Retirement effective January 23, 2009; 29.29 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

aaa. Gilbert Siqueiros, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 28.46 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

bbb. Jerome G. Smith, Jr., Lieutenant, Police Department. Request for Service Retirement effective January 24, 2009; 28.00 years of service.

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ccc. Roger B. Smith, Firefighter, Fire Department. Request for Service Retirement effective January 25, 2009; 29.55 years of service. (SCD Pending)

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ddd. Dan R. Stapp, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 27.75 years of service. (SCD Pending)
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

eee. Cruz Tapia, Fire Engineer, Fire Department. Request for Service Retirement effective January 10, 2009; 41.7 years of service.
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

fff. Richard J. Valenzuela, Firefighter Fire Department. Request for Service Retirement effective January 25, 2009; 27.73 years of service. (SCD Pending)
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

ggg. Ernesto J. Vallecilla, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.84 years of service. (SCD Pending)
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

hhh. Jeffrey B. Weber, Arson Investigator, Fire Department. Request for Service Retirement effective January 10, 2009; 27.71 years of service. (SCD Pending)
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

iii. Gary L. Weekley, Battalion Chief, Fire Department. Request for Service Retirement effective January 24, 2009; 27.39 years of service.
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

jjj. Thomas M. Westrup, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 29.53 years of service. (SCD Pending)
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

kkk. Douglas F. White, Police Officer, Police Department. Request for Service Retirement effective January 10, 2009; 27.97 years of service.
(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

2. Disabilities

a. **James Roush, Police Officer, Police Department. Request for Service-Connected Disability Retirement effective January 15, 2009; 18.5 years of service.**

Police Officer Roush was present and was represented by *Mr. Jeffers*.

For the record, the following medical reports have been received:

RENEE OWNBEY, D.C.	10/15/08 (2 RPTS); 9/22/08; 5/23/08; 3/30/07
LUCY LIN, M.D.	1/3/08
IMTIAZ QURESHI, M.D.	1/25/06
EMEKA NCHEKWUBE, M.D.	12/12/05; 10/26/05; 9/19/05; 8/22/05
JEFFREY COE, M.D.	5/4/05 (2 RPTS)
JOHN RENNICK, M.D.	1/27/05

JAMES SAADI, M.D.	1/17/04; 2/14/96
MARIA MATSUMOTO, M.D.	10/23/03
JOHN COLMAN, M.D.	6/10/99

Medical Director	Date
RAJIV DAS, M.D.	12/11/08

Dr. Das stated Officer Roush suffers from an orthopedic injury to the low back.

Mr. Jeffers described Officer Roush’s history of career and injuries.

(M.S.C. Brill/Johnson) to approve. Motion carried 5-0-2.

- b. **A. David Seminatore, Police Officer, Police Department. Request for Service-Connected Disability Retirement effective January 15, 2009; 20.70 years of service.**

Police Officer Seminatore was present and was represented by *Mr. Boyle*.

For the record, the following medical reports have been received:

JOHN E. MASSEY, M.D.	11/4/08
JOHN J. LETTICE, M.D.	10/22/08 (2 REPORTS), 10/8/08, 8/28/08 (2 REPORTS), 8/27/08, 7/14/08, 5/28/08, 4/14/08, 12/16/07, 12/7/07, 11/12/07, 7/23/07
RICHARD DERBY, M.D.	10/30/07
MURRAY A. SOLOMON, M.D.	10/30/07, 12/27/03
DARRELL BRUGA, D.C.	1/4/07, 10/3/06
RONALD J. FUJIMOTO, D.O.	10/3/06
TED H. ROBINSON, M.D.	5/7/04
JEFFREY D. COE, M.D.	2/4/04
ROBERT S. MILLARD, M.D.	1/7/04, 12/23/03

Medical Director	Date
RAJIV DAS, M.D.	12/11/08

Dr. Das stated Officer Seminatore had thoracic surgery but continues to be symptomatic. He continues to receive treatment for pain.

Mr. Boyle described Officer Seminatore’s injuries and treatment history during his employment.

(M.S.C. Brill/Johnson) to approve. Motion carried 5-0-2.

- c. **Joan Sutton, Fire Inspector, Fire Department. Request for Service-Connected Disability Retirement effective January 15, 2009; 17.49 years of service.**

Fire Inspector Sutton was present and was represented by *Mr. Swift*.

For the record, the following medical reports have been received:

1. PATRICK MCCREESH, M.D.	08/25/08 (TWO REPORTS), 07/26/08, 12/06/07, 10/25/07, 09/24/07, 08/23/07
2. RONALD FUJIMOTO, D.O	12/04/07
3. MICHAEL COLLINS, M.D.	07/19/07, 07/06/07, 06/26/07

4. DREW SULLIVAN, M.D.	07/09/07
5. BRUCE ORISEK, M.D.	06/20/05, 03/17/03, 03/04/03, 11/06/02, 09/12/02, 02/25/02, 05/14/01, 01/04/01, 09/27/00, 03/22/00 (TWO REPORTS), 12/15/99, 07/31/97
6. DENNIS BELOM, M.D.	03/14/03
7. NICHOLAS ASTROMOFF, M.D.	01/04/01
8. KLAUS FECHNER, M.D.	08/24/00, 11/13/99
9. MICHAEL SPELLMAN, M.D.	08/11/97
10. STANLEY SHATSKY, M.D.	07/01/97

Medical Director	Date
RAJIV DAS, M.D.	12/15/08

Dr. Das stated Fire Inspector Sutton’s original injury occurred when boxes fell from the ceiling on top of her head. She began experiencing neurological symptoms. She underwent surgery, but continues to be symptomatic and have pain. The restrictions provided are based on those recommended by the surgeon.

Mr. Swift stated Fire Inspector Sutton’s face was fractured, and she suffered thoracic injuries. She had an additional injury to her spine after the original incident. Her treating physician and the Board’s Medical Director agreed that she cannot perform heavy work.

(M.S.C. Brill/Herrera) to approve. Motion carried 5-0-2.

3. Change in Status

- a. ***Ernest P. Brown, Retired Police Officer. Request for change in status to Service-Connected Disability Retirement effective July 13, 2008; 25.08 years of service.***

Retired Police Officer Brown was present and was represented by *Mr. Boyle*.

For the record, the following medical reports have been received:

1. GRADY JETER, M.D.	06/12/2008 (TWO REPORTS), 05/01/2007, 01/04/2007, 12/05/2006, 10/14/2004, 09/03/2004, 07/14/2004, 05/08/2002, 06/15/1995, 05/09/1995, 11/19/1991, 11/28/1990, 01/24/1990, 11/08/1989, 10/30/1989
2. MRI FROM SUNNYVALE IMAGING CTR	12/08/2006
3. MARK LARSEN, M.D.	07/26/2004
4. ARTHUR HOLMBOE, M.D.	03/24/1992, 06/06/1991
5. J. BEHLING, M.D.	10/03/1989
6. RICHARD TURNER, M.D.	09/07/1989

Medical Director	Date
RAJIV DAS, M.D.	10/16/08

Dr. Das stated the applicant has significant degenerative changes, mainly progressed in his knees. The restrictions supplied are based on those of his treating physician.

Mr. Boyle discussed the applicant’s injuries.

(M.S.C. Brill/Skeen) to approve. Motion carried 4-0-3.

- c. **Thomas W. Sandoval, Retired Sergeant. Request for change in status to Service-Connected Disability Retirement effective July 12, 2008; 25.07 years of service.**

Retired Sergeant Sandoval was present and was represented by *Mr. Boyle*.

For the record, the following medical reports have been received:

RONALD BENSON, D.C.	6/26/08; 6/23/08; 9/13/06
MICHAEL MATSUMOTO, M.D.	10/2/08; 6/19/08 (2 RPTS)
THOMAS SANDOVAL (HISTORY OF ILLNESS REPORT FROM APPLICANT)	1987-2006
HARVEY KNOERNSCHILD, M.D.	3/20/07; 12/6/06
EFREN ROSAS, M.D.	8/20/06; 8/11/06; 3/14/06
PHILIP ENGLEMAN, M.D.	8/11/06
JAMES O'DONOHUE, M.D.	8/10/06; 2/20/06; 9/29/05 (2 RPTS)
GORDON THENEMANN, M.D.	5/15/06
HENRY KLEINBERG, M.D.	2/21/06 (2 RPTS)
RENEE OWNBEY, D.C.	10/1/05; 4/21/04
LUCY LIN, M.D.	5/26/05
ROBERT FILPI, M.D.	5/26/05
RANDY PI, M.D.	2/23/05
PETER ABACI, M.D.	1/26/05
MARK LARSEN, M.D.	4/30/04

Medical Director	Date
RAJIV DAS, M.D.	12/11/08; 8/19/08

Dr. Das and Mr. Boyle discussed the applicant's case. At that time, Mr. Boyle requested a deferral of the case to allow time for additional medical information to be submitted.

Item deferred.

4. **Deferred Vested - None**

DEATH NOTIFICATIONS

5. **Notification of the death of Delia J. Bravo-Carney, Active Police Officer; died 11/21/08 and survivorship benefits to Robert L. Carney, spouse.**

(M.S.C. Skeen/Brill) to approve. Motion carried 5-0-2.

6. **Notification of the death of Lawrence R. Favorite, Retired Fire Captain; retired 6/12/74, died 12/7/08. No survivorship benefits.**

(M.S.C. Brill/Skeen) to approve. Motion carried 5-0-2.

NEW BUSINESS

7. Discussion on the allocation of staff work and communications between the DRS Director and the Retirement Board.

Acting Chair Muncy stated he initiated this item. He noted that when work is delegated to staff by other entities, those items should come to the Board. He requested Board input, comments, and suggestions.

Chair Skeen referenced the memo to City Council dated 12/18/08, authored by Mr. Crosby, asking if the Board reviewed the document; he also noted the request for information only asked for four items to be addressed, but there seemed to be additional information provided that was not required. Where did the additional information come from and why was it provided? He also noted the actuarial 5-year smoothing method, which is used to set the contribution rates takes into account the Plan losses. Although the Plan has been going through the difficult financial crisis, the long term strategy was not portrayed in the memo.

The Secretary stated he received directive from the Rules Committee to prepare the memo, which was originally request by the Mayor. The Board's Acting Chair and legal council received the memo prior to it being sent to City Council. The memo fully addressed the Mayor's questions. As noted, that the process of reallocation was initiated prior to the economic meltdown.

Mrs. Racy-Choy stated the 5-year smoothing mechanism mentioned in the memo has a trigger in place, so after a certain level of loss the smoothing stops. She agreed that Chair Skeen is correct that the long term performance should be the goal; however if you look at the last 10 years, the Plan had an average annual rate of return of 7.87% for the 10 year period ending June 30, 2008; and when you deduct manager fees, administrative expenses, and SRBR, the Plan earned a net rate of return of roughly 7.0% annually. When the Plan does not earn the target performance, which is the actuarial net rate of return of 8.0% annually, the funding ratio of the Plan decreases and the financial condition of the Plan deteriorates.

(M.S.C. Brill/Cortese) to approve. Motion carried 5-0-2.

OLD BUSINESS/CONTINUED-DEFERRED ITEMS

8. Travel Audit compliance update.

Mrs. Niebla stated an informational memo has been provided. The priority recommendations have been completed with the exception of item 6, which is priority three, and Item 16, which is priority two. The Department has obtained samples of other Plan policies that will be forwarded to the Audit Committee for review. The City's final Travel Policy will also be forwarded to the Audit Committee.

Member Johnson stated the City's Travel Policy will be finalized in February, and training will be provided to all City staff, including DRS staff. Travelers will also be invited to provide feedback on the policy. The final policy should be ready to bring to the Board in March. He also suggested that the Audit Committee's work plan be discussed, and possibly the role of the Committee expanded.

9. Update on the soundness of the P&F Retirement's investment portfolio.

Mr. Alan Martin of NEPC stated that they are in the process of gathering the Plan's performance data in absolute terms, relative basis, and comparisons against other Plans. He discussed the market environment for 2008 and provided performance data of major asset classes as of the third quarter and year. He added that most of the indices have declined. Over the last 12 months, the Fund experienced a gross investment loss of \$482.1 million, including a loss of \$249.4 million during the quarter. Total assets decreased from \$2.56 billion at the beginning of the quarter to \$2.35 billion on 9/30/2008, with \$37.6 million in net contributions. Over the past five years, the Fund returned 7.3% per annum, trailing the total fund benchmark by 0.1% and ranking in the 19th percentile of the Independent Consultant Cooperatives' Public funds Universe. As of 9/30/2008, the portfolio's one year return was -16.5%, trailing the total fund benchmark by 1.2%, and ranking in the 81st percentile of public funds. For the quarter, the Fund posted a -9.6% return, trailing the total fund benchmark by 0.8% and ranking in the 79th percentile of public funds. All asset classes were within policy ranges on 9/30/2008. Mr. Martin stated he has seen a number of recessions and normal cycles, but today is different as it is a global

deleverage in process. There has been too much leverage with the banks. In the subprime crisis a number of banks were overly exposed – the value of assets declined. The banks tried to sell the troubled assets, unfortunately the market had very little liquidity, and without a buyer the value of the asset depreciates. That same situation occurs repeatedly. It can only be resolved when a third party with capital purchases assets that are distressed.

Member Johnson suggested that we should consider performance based fees for managers. Also, part of the discussion the Board should have needs to include changing the open and closed amortization period.

Mr. Martin stated managers have a base fee and if they don't exceed the index they won't collect any additional amounts. It is not a good approach to use with managers because it creates a bias in favor of the market. If the Board wanted to pursue fee restructuring NEPC can assist, but the key is to set the right strategy.

Mrs. Racy-Choy stated the amortization period is an actuarial question and Segal will be presenting at the next meeting. An open amortization period takes the actuarial value of assets and liability and sets it at 30 years each year; however a closed amortization period is set at 30 years and each year the timeframe gets shortened.

Mr. Martin stated the Plans assets are under-diversified, but the Board has accepted his firm's recommendation to move the allocation to a more dynamic asset distribution. NEPC is well positioned to provide more due diligence since dynamic distribution is more complicated. Mr. Martin noted that the Plan has been nominated as Plan of the Year by IMN.

The Secretary stated as changes are done by the Board the policy has been modified.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investments Committee (Skeen, Heredia, Muncy) - None

Real Estate Committee (Skeen, Heredia, Muncy) - None

Investment Committee of the Whole (Full Board) – last meeting 19 November 2008

Solutions to Retiree Healthcare Committee (Skeen, Heredia, Muncy) – None

Audit Committee (Brill, Johnson) – last meeting 19 November 2008

CONSENT CALENDAR (Items 10-17)

(M.S.C. Brill/Skeen) to approve. Motion carried 5-0-2.

PROPOSED AGENDA ITEMS

Chair Skeen requested the following be discussed at a future meeting:

1. Order of Individual Medical Exams for:
 - a. Raul Dawd
 - b. Joe Roberts

Member Brill requested the following be discussed at a future meeting:

2. Board composition and process of appointment/election

Ms. Dent stated she will provide a description of the appointment/election process to the Board.

PUBLIC COMMENTS

Chair Skeen thanked the Board and staff. He stated his time serving on the Board has been an enjoyable experience.

EDUCATION AND TRAINING

18. **Notification of the CalAPRS' Trustees Roundtable scheduled for Friday, 6 February 2009, at the San José Wyndham Hotel.**

It was also mentioned there will be the Annual General Assembly on March 1, 2009 in Monterey, CA.

ADJOURNMENT

There being no further business, **Acting Chair Muncy** adjourned the meeting at 10:35 am.

**BRET MUNCY, ACTING CHAIR
BOARD OF ADMINISTRATION**

ATTEST:

**RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION**