

POLICE AND FIRE RETIREMENT PLAN

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

February 5, 2009

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met at 8:36 a.m., on Thursday, February 5, 2009, in regular session at Department of Retirement Services, 1737 N. First St, Suite 600 - San Jose, CA.

ROLL CALL

Present:

DAVID BACIGALUPI

BILL BRILL

SCOTT JOHNSON

ROSE HERRERA

SAM LICCARDO

Acting CHAIR

Trustee

Trustee

Council Representative

Council Representative

ALSO PRESENT:

Russell Crosby

-SECRETARY

Russell Richeda

-Saltzman & Johnson

Tamasha Johnson

-Staff

Veronica Niebla

-Staff

Rhonda Snyder

-Staff

Aracely Rodriguez

-OER

Mike Rosingana

-P&F Retirees

Mike Moffett

-SJFD

Toni Johnson

-Staff

Bruce DeMers

-P&F Retirees

Ali Amiry

-Staff

Jon Young

-Council Asst

Sandra Holloway

-SJPD

Mollie Dent

-City Attorney Office

Debbi Warkentin

-Staff

Donna Busse

-Staff

Conrad Taylor

-POA

Lorenzo Sanchez

-SJPD

Sam Swift

-Attorney

Karin Carmichael

-Staff

Ron Kumar

-Staff

Jim Jeffers

-Attorney

Eric Ramones

-SJFD

Lt. Mark Bustillos

-SJPD

Bill Thomas

-Fed. Retiree

REGULAR SESSION

ORDERS OF THE DAY

The Secretary called the meeting to order at 8:36 a.m. He stated Item 11 would be heard first.

He introduced new Board members: David Bacigalupi and Sam Liccardo.

NEW BUSINESS (Out of Order)

11. Election of Board Chair and Vice Chair for 2009.

(M.S.C. Liccardo/Herrera) to elect Johnson as Chair. Motion carried 3-2. (No – Bacigalupi, Brill).

A question was posed to legal counsel regarding the number of votes needed to pass. Attorneys to report out at March meeting.

(M.S.C. Brill/Liccardo) to elect Bacigalupi as Acting Chair for the meeting. Motion carried 5-0.

(Back on Agenda)
RETIREMENTS

1. **Service**

- a. **David J. Aguilar, Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 25.2 years of service.**

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

- b. **Philip Biebel, Sergeant, Police Department. Request for Service Retirement effective January 24, 2009; 28.61 years of service.**

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

- c. **Robert M. Juelson, Fire Captain, Fire Department. Request for Service Retirement effective January 24, 2009; 38.31 years of service. (SCD Pending)**

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

- d. **David Santiago, Police Officer, Police Department. Request for Service Retirement effective January 24, 2009; 28.00 years of service. (SCD Pending)**

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

- e. **Adelino R. Silva, Fire Engineer, Fire Department. Request for Service Retirement effective January 24, 2009; 28.4275 years of service.**

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

2. **Disabilities - None**

3. **Change in Status**

- a. **Lorenzo Sanchez, Retired Sergeant. Request for change in status to Service-Connected Disability Retirement effective August 14, 2007; 28.48 years of service.**

Retired Sergeant Sanchez was present and was represented by *Mr. Jeffers*.

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

RONALD J. FUJIMOTO, D.O.	8/1/08, 9/21/08, 9/19/08 (10 REPORTS), 3/23/07 (6 REPORTS), 3/14/07, 10/6/05, 3/22/05
ARTHUR H. HOLMBOE, M.D.	7/17/07, 2/8/01
DONALD PANG, M.D.	9/12/06
RONALD E. SEAGO, M.D.	5/24/06, 1/26/06, 11/9/05
MARK CULTON, M.D.	10/12/05
CYNTHIA FLORES, P.A.-E.R.	10/5/05
LAWRENCE CHAN, M.D.	6/30/04
NORMAN J. KAHAN, M.D.	2/18/04, 5/6/03, 4/29/03, 11/19/02
MURRAY A. SOLOMON, M.D.	1/15/03
JOSPEH E. WELSH, M.D.	11/19/03
MOHAMMED TAVAKOL, M.D.	11/6/02
MARTIN TRIEB, M.D.	12/20/00

SUE TRIEB, P.A.	6/1/00
DANA DAFNIS, M.D.	3/8/00

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

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

Mr. Jeffers spoke about the applicant's left heel and back as the major disabling conditions.

Lt. Bastillo stated there are no modified duty positions available for sergeants.

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

4. **Deferred Vested** - None

DEATH NOTIFICATIONS

5. **Notification of the death of James Aligo, Retired Police Officer; retired 3/7/96, died 11/24/08 and survivorship benefits to Cynthia Aligo, spouse.**

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

6. **Notification of the death of John F. Cahill, Active Police Officer; died 12/4/08 and survivorship benefits to Kaitlin Cahill, daughter.**

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

7. **Notification of the death of Kenneth D. Lanch, Retired Police Officer; retired 8/6/85, died 12/27/08 and survivorship benefits to Patricia J. Lanch, spouse.**

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

8. **Notification of the death of Ann C. Moore, Retired Police Officer; retired 1/5/82, died 12/9/08 and survivorship benefits to William M. Moore, spouse.**

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

NEW BUSINESS

9. **Approval to rescind retirement application of Anthony Ojeda; approved at January meeting.**

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

10. **Approval to rescind retirement application of George Lucchesi; approved at January meeting.**

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

12. **Request for discussion and direction to staff on Segal's Report on Actuarial Valuation of Retirement Health Benefits as of 30 June 2007 (GASB 43/45) and authorization to forward on to City Administration.**

Mrs. Racy-Choy stated she is still in discussion with Segal regarding the draft Valuation Report. She plans to bring it forward next month.

Item deferred.

13. **Approval of request from Susan Simpson, ex-spouse of Sergeant Terrence Simpson, for a Reduced Retirement Option effective 1 January 2009 under Part 17, Section 3.36.3600 of the SJ Municipal Code.**

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

14. **Discussion and request for staff direction concerning medical exams for a) Raul Dawd, b) Joe Roberts.**

Discussion between the Board, staff, legal counsel, Dr. Das, and attorney Sam Swift concerning Dr. Das' requirement of having forms completed by applicant's treating doctor. They spoke about one doctor's refusal to comply, the fees charged by doctors to complete the forms, and the necessity of the forms used by Dr. Das.

(M.S.C. Johnson/Brill) to have Dr. Das complete medical exams of Dawd and Roberts, and staff to continue to arrange for a meeting with Dr. Das, attorneys, and staff to review options for a permanent solution for recommendation to the Board. Motion carried 5-0.

15. **Discussion and election of two new Directors and re-election of the Board Secretary as Board of Directors of:**
- a. 1737 N. First Street Corporation;
 - b. 3169 Dodd Road Corporation;
 - c. 3201 C Street, LLC;
 - d. 3301 C Street, LLC; and,
 - e. SJ O'Fallon, LLC

(M.S.C. Brill/Herrera) to elect Bacigulupi and Johnson to the Board of Directors. Motion carried 5-0.

16. **Authorization for Secretary to negotiate and execute a Continuation Agreement with Macias, Gini & O'Connell for audit of trust funds & City's payroll transmittal process; to continue term of agreement to 8/31/09; modify Exhibit A; and, to increase the not-to-exceed amount payable to \$70,00. (To be shared 35/65% with FCERS – P&F- \$45,500/FCERS - \$24,500).**

The Secretary stated the greater complexity of the payroll system for P&F is reason for the allocation of a higher fee percentage to P&F. He continued that this type of audit should be done regularly every 2-3 years. This ensures that the data transfer is correct.. Both Plans should expect findings from this audit due to the complexities; having an audit should ensure greater future accuracy. The audit will also focus on the pensionable and non-pensionable aspect of payroll for members. The audit will also identify configuration changes to the system and make recommendations on the modules used by staff.

Mrs. Niebla stated the P&F system is affected by several payroll issues, including, EMT pay codes, FLSA, and military calculations. The fee allocation was done based on reviews of hours necessary for each plan.

Mrs. Racy-Choy stated this can have a huge impact on the liability in pensionable/non-pensionable income, so it is important to perform an audit regularly.

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

OLD BUSINESS/CONTINUED-DEFERRED ITEMS

17. Travel Audit compliance update.

Mrs. Niebla stated the audit recommendations status reports were sent to the Auditor's Office last week. The Audit Committee will be scheduled between now and March.

Member Johnson stated the City Council plans to finalize the new City Travel Policy in March, so he hopes the Audit Committee will be able to convene prior to that.

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

Mr. Kumar stated he provided a memo this morning, as he waited for the updated numbers to report for January.

Member Liccardo suggested adding a disclaimer to the memo.

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investments Committee (Johnson, Bacigalupi, Liccardo) – Nxt Mtg: 2/19/09

Real Estate Committee (Johnson, Bacigalupi, Herrera) - Nxt Mtg: 2/19/09

Investment Committee of the Whole (Full Board) – Nxt Mtg: 2/19/09

Audit Committee (Brill, Johnson) – Nxt Mtg TBD

CONSENT CALENDAR (Items 19-26)

(M.S.C. Brill/Liccardo) to approve with the exceptions of Items 19, and 20d. Motion carried 5-0.

19. Approval of Minutes

a. Monthly meeting held 4 December 2008

Mr. Richeda recommended staff account for the minutes and the Board approve.

(M.S.C. Brill/Herrera) to approve. Motion carried 3-0-2. (Abstain: Bacigalupi, Liccardo).

20. Approval of Travel/Conference Attendance

d. Ali Amiry – Seix Due Diligence – Upper Saddle River, NJ – February 2009

The Secretary stated Seix is doing well, and staff would like to use them for additional work. It has been a while since they were reviewed, additionally in the credit markets they are rated number one, so this is a recommended process. There have been discussions, which relate to the travel audit, about trustees performing due diligence of money managers. Other Plans do not send trustees on due diligence trips; they rely on professional consultants and staff.

Acting Chair Bacigalupi stated trustees accompanying due diligence travel provides trustee education. This is a matter he would like to discuss in the future.

Member Johnson stated the travel audit flagged problems with trustee travel for due diligence. The Plan relies on the expertise of staff.

The Secretary stated many plans are limiting the relationships between trustees and money managers. Such limitations make it easier to analyze performance issues and terminate underperforming managers.

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

PROPOSED AGENDA ITEMS

The Secretary requested the following be discussed at a future meeting

1. Tax Compliance Review update
2. Board Elections

PUBLIC COMMENTS

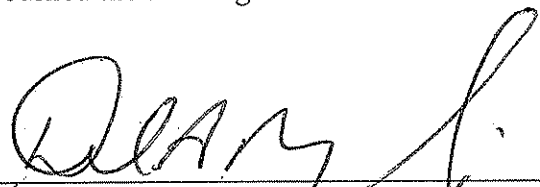
Mike Rosigna stated the forms created by Dr. Das are an overkill to the process. He suggested the Board should just review all of the medical information to base their decision on.

Mrs. Busse stated the Board reviews all medical records supplied based on the applicant's disability application. On the application, the applicant lists the parts of the body that they wish to have reviewed.

EDUCATION AND TRAINING

ADJOURNMENT

There being no further business, **Acting Chair Bacigalupi** adjourned the meeting at 10:50 am.



DAVID BACIGALUPI, ACTING CHAIR
BOARD OF ADMINISTRATION

ATTEST:



RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION