



BOARD OF ADMINISTRATION
Department of Retirement Services
City Hall, Wing Rooms 118/119
200 East Santa Clara St., San Jose, CA 95113

BOARD MEMBERS

Sean Kaldor, Chair
Richard Santos, Trustee
Sean Bill, Trustee
Damon Krytzer, Trustee
Drew Lanza, Trustee
James Mason, Trustee
Nick Muyo, Trustee
Elizabeth Rounds, Trustee
Vincent Sunzeri, Trustee

NON-VOTING BOARD MEMBER

Pete Constant

ACTING DIRECTOR RETIREMENT SERVICES

Donna Busse

COUNSEL

Jeffrey Rieger, General and
Fiduciary Counsel

THURSDAY

FEBRUARY 7, 2013

8:30 a.m.

AMENDED AGENDA

• **ORDERS OF THE DAY**

1. **INVESTMENTS**

- 1.1 **CLOSED SESSION**: Conference with Investment Consultant pursuant to Government Code Section 54956.81 to consider purchase of particular pension fund investments (two investments).

OPEN SESSION

- 1.2 [Discussion and approval regarding Staff, Investment Committee and NEPC's recommendation on Transaction Cost Analysis vendors and authorization for the Secretary to negotiate and execute agreements with Elkins McSherry and Klarify FX.](#)
- 1.3 [Presentation of the November 2012 Flash Report for the Pension Trust.](#)
- 1.4 [Presentation of the Private Markets Report for period ending September 30, 2012.](#)
- 1.5 [Update by Russell Investments on the portfolio transition and implementation plan.](#) *(Deferred from the January 2013 Board meeting)*
- 1.6 [Approval for the Secretary to negotiate and execute the Second Amendment to the agreement with Russell Investments to extend the term of the agreement to June 30, 2016.](#)

2. **NEW BUSINESS**

- 2.1 [Discussion and action on Plan Expenses for December 2012.](#)

- 2.2 [Update on tax determination status for the Police and Fire Department Retirement Plan.](#)
- 2.3 [Discussion and action on Cheiron's final OPEB Valuation.](#)
- 2.4 Discussion on the Consent Decree regarding modified duty positions.
- 2.5 [Staff report regarding history of the 401\(h\) practice and clarification of the employer credit language in the San Jose Municipal Code.](#) *(Deferred from the December 2013 Board meeting)*
- 2.6 [Discussion regarding pros and cons of the prefunding analysis Annual Required Contribution.](#)
- 2.7 [Discussion and action regarding request from the City Manager's Office to allow their actuary to speak with the Board's actuary regarding the Voluntary Election Plan.](#)
- 2.8 [Discussion and action regarding authorizing the Secretary to negotiate and execute an agreement with Sagitec Solutions LLC for Pension Administration System Software, Services, and Hardware for an amount not to exceed \\$9,000,000, including a 5-year post production support and maintenance cost.](#)
- 2.9 [Discussion and action on Cheiron's Pension and OPEB 5-year Projections.](#)

3. **OLD/BUSINESS/CONTINUED-DEFERRED ITEMS**

- 3.1 [Discussion and action on report back from actuary Cheiron regarding Service Purchases.](#)
(Continued from September 2012 Board meeting)
- 3.2 Oral update on payroll audit, FLSA and overtime payment issues. Receive and file.
- 3.3 Election of Vice Chair.
- 3.4 Oral update from Councilmember Constant. Receive and file.
- 3.5 **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a), (TWO CASES)

Paul Mulholand, et al v. City of San Jose, et al, Santa Clara County Superior Court
Case No. 1-12-CV-219748

George Jaeger vs. City of San Jose, et al, Santa Clara County Superior Court
Case No. 1-12-CV-234048
- 3.6 **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) (2 CASES)(MEASURE B LITIGATION)

San Jose Police Officers' Association v. City of San Jose, et al, Santa Clara County Superior Court, No. 1-12-CV-225926, cross complaint of City of San Jose.

Sapien vs. City of San Jose, et al, Santa Clara County Superior Court,
Case No. 1-12-CV-225928.

OPEN SESSION

4. RETIREMENTS – 10:30 a.m. time-certain or soon thereafter

4.1 Service Retirement

- a. **Russell H. Bence**, Police Sergeant, Police Department, effective March 16, 2013; 27.94* years of service.
- b. **Gary S. Galasso**, Deputy Chief, Fire Department, effective January 19, 2013; 26.00* years of service.

4.2 Service-Connected Disability

- a. **Joseph B. Fleming**, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective February 7, 2013; 17.11* years of service. (*Recommended Approval.*)

4.3 Change of Status to a Service-Connected Disability

- a. **Paul Kennedy**, Fire Engineer, Fire Department. Request for a Change of Status to a Service-Connected Disability Retirement, effective January 24, 2009; 28.45* years of service. (*Recommended Approval.*)

4.4 Deferred Vested

- a. **Robert D. Ballard**, Police Officer, Police Department, effective January 17, 2013; 1.33* years of service. (*With reciprocity*)
- b. **Theresa A. Draffone**, Police Officer, Police Department, effective March 12, 2013; 10.48* years of service.

5. DEATH NOTIFICATIONS

- 5.1 Notification of the death of **Theodore S. Sorensen**, Fire Engineer, retired January 15, 1998, died December 21, 2012. Survivorship benefits to Dona Sorensen, spouse.
- 5.2 Notification of the death of **Roger Wilson**, Fire Prevention Inspector, retired April 6, 1986, died December 7, 2012. No survivorship benefits.

6. COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS

6.1 Investment Committee (Sunzeri/Bill/Kaldor/Krytzer)

– Last Meeting: January 16, 2013 - Next Meeting: February 13, 2013

- a. Report from the Chair of the Investment Committee. Receive and file.
- b. [Minutes of December 12, 2012, Joint Federated and Police & Fire Investment Committee meeting. Receive and file.](#)
- c. [Minutes of November 14, 2012, Police & Fire Investment Committee meeting. Receive and file.](#)
- d. Discussion and action on recruitment process for the Chief Investment Officer.

6.2 Audit Committee (Bill/Lanza/Mason)

- **Last Meeting: November 26, 2012** - **Next Meeting: TBD**

- a. Report from the Chair of Audit Committee. Receive and file.

6.3 Ad Hoc Disability Committee (Santos/Rounds)

- **Last Meeting: January 23, 2013** - **Next Meeting: February 19, 2013**

- a. Report from the Chair of Ad Hoc Disability Committee. Receive and file.
b. Discussion and action regarding number of pre-reviewed applications to be heard at a Board meeting.

6.4 Ad Hoc SRBR Committee (Lanza/ Krytzer/Mason/Muyo)

- **Last Meeting: January 13, 2013**

- a. Report from the Chair of the Ad Hoc SRBR Committee. Receive and file.
b. [Discussion and action regarding Ordinance amending Municipal Code relating to Actuarial Soundness and SRBR.](#)

7. CONSENT CALENDAR (Items 7.1 through 7.9)

7.1 Change of Retirement Application

- a. [Approval of change of retirement date of Hector M. Vasquez, Police Officer, Police Department; from January 19, 2013 to March 2, 2013.](#)

7.2 Approval of Minutes

- a. [Monthly Board meeting held on January 3, 2013.](#)
b. [Board Special Meeting Minutes held on January 3, 2013.](#)
c. [Board Special Meeting Minutes held on October 30, 2012.](#)

7.3 Approval of Travel and Attendance for Conferences and Due Diligence

- a. Heidi Poon - 6th Annual Women's Private Equity Conference, Half Moon Bay, CA – March 14-15, 2013.
b. Lesley Lamb - CalAPRS Benefits Roundtable, Doubletree Hotel, San Jose, CA – February 8, 2013.
c. Pete Constant - CalAPRS, Board Leadership Institute Advanced Principles in Governance, UCLA Anderson School of Management, Los Angeles, CA – January 29-31, 2013. - **CANCEL**
d. Rajiv Das - AAPM&R 2012 Annual Assembly, Atlanta, GA – November 15-18, 2012. – **CANCEL**
e. Ron Kumar - CalAPRS, Investment Officers Roundtable, Doubletree Hotel, San Jose, CA – February 8, 2013.

7.4 Return of Contributions

- a. Voluntary
b. Involuntary

7.5 Communication/Information

- a. [The Cortex Report: Research Papers and Articles](#)
- b. [Retirement Services organization and staffing.](#)
- c. [News from Cheiron: Cheiron, EFI Actuaries combine to form larger innovative consulting firm.](#)
- d. [Educational Travel Reports:](#)
 - Infrastructure Investor Energy Summit, New York, NY – October 2-3, 2012 – by Damon Krytzer
 - Meketa & IFEBP Investment Conferences/TMP Summit, Hilton San Diego Bayfront, San Diego Convention Center, San Diego, CA – November 10-14, 2012 – by Pete Constant.

7.6 Pending Projects

7.7 [Report out of Closed Session regarding investments approved at the October 4, November 1, 2012 Board meetings.](#)

7.8 [Approval of Administrative correction of the January 3, 2013 Special Meeting Minutes to show correct middle initial to “G” for Item 1.2e Kenneth G. Rawson.](#)

7.9 Educational and Training

- a. [Educational Program and Courses](#)
- b. [Conferences and Seminars](#)
- c. CalAPRS’ Training:
 - CalAPRS 2013 General Assembly, InterContinental San Francisco, San Francisco, CA – March 2-5, 2013.
 - CalAPRS – Principles of Pension Management for Trustees, Stanford University Law School, Sheraton Palo Alto, Palo Alto, CA – March 26-29, 2013. (2 Trustee attendance limit per CalAPRS)

- **PROPOSED AGENDA ITEMS**

- **PUBLIC COMMENTS**

- **ADJOURNMENT**

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Department of Retirement Services, 1737 N. First Street, Suite 580, San José CA 95112 at the same time that the public records are distributed or made available to the legislative body.

Our facility is equipped with assistive listening devices for the hearing impaired.