



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

DIRECTOR RETIREMENT SERVICES

Roberto L. Peña

COUNSEL

Harvey Leiderman, General and
Fiduciary Counsel

THURSDAY

MARCH 7, 2013

8:30 a.m.

AMENDED AGENDA

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.
FOLLOWED BY OPEN SESSION REGULAR BOARD AGENDA AT 9:30 A.M.

CLOSED SESSION

I. INVESTMENTS

CLOSED SESSION: Conference with Investment Consultant pursuant to Government Code section 54956.81 to consider purchase of particular pension fund investments (3 investments).

II. OLD/BUSINESS/CONTINUED-DEFERRED ITEMS

1. **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a), (ONE CASE)

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

2. **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 – 9:30 A.M.
Regular Agenda

• **ORDERS OF THE DAY**

1. **INVESTMENTS**

1.1 [Presentation of the fourth quarter 2012 Performance Report for the Pension Trust.](#)

1.2 [Discussion and action regarding 2013 Capital Market Assumptions.](#)

2. **NEW BUSINESS**

2.1 [Discussion and action regarding adoption of Resolution 3798 revising the Investment Policy Statement.](#)

2.2 [Discussion and action on the report of Plan Expenses for January 2013.](#)

2.3 Discussion on the Consent Decree regarding modified duty positions. (*Deferred from the February 2013 Board meeting*)

2.4 [Discussion and appropriate action on whether to waive attorney-client privilege with respect to the privileged memorandum from Reed Smith to the Board regarding active Board member disability retirement applications.](#)

2.5 [Discussion and action regarding paying travel expenses for CIO interviews.](#)

2.6 [Discussion and action regarding staff report on Reed Smith expenditures for contract to date.](#)

2.7 Contribution Rates and Amounts for 2013-2014.

- a. [Discussion on legal analysis from Reed Smith regarding Board's authority to account for the elimination of the SRBR when setting contribution rates for Fiscal Year 2013-2014.](#)
- b. [Discussion on Contribution Rates and Amounts for Fiscal Year 2014.](#)
- c. Discussion and action regarding [Resolution 3800](#) setting new city and employee contribution rates and amounts for Police members to be effective June 23, 2013.
- d. Discussion and action regarding [Resolution 3801](#) setting new city employee contribution rates and amounts for Fire members to be effective June 23, 2013.

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

3.1 [Discussion and appropriate action regarding potential revisions to the pricing methodology for member purchases of service credit for unpaid leave of absence time under Municipal Code section 3.36.717.](#)

3.2 Oral update on payroll audit, FLSA and overtime payment issues. Receive and file.

3.3 Oral update from Councilmember Constant. Receive and file.

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

4.1 **Service Retirement**

- a. **Ricardo Fontanilla Jr.**, Police Officer, Police Department, effective April 27, 2013; 26.54* years of service.
- b. **Andrew LoCicero**, Patrol Sergeant, Police Department, effective April 27, 2013; 26.61* years of service. (*With reciprocity*)

4.2 **Service-Connected Disability**

- a. **Alan Soroka**, Police Sergeant, Police Department. Request for a Service-Connected Disability Retirement, effective March 7, 2013; 14.26* years of service. (*Recommended Approval.*)

4.3 **Change of Status to a Service-Connected Disability**

- a. **Gilbert A. Lee**, Police Officer, Police Department. Request for a Change of Status to a Service-Connected Disability Retirement, effective June 25, 2011; 25.27* years of service. (*Recommended Approval.*)
- b. **George Palma**, Fire Engineer, Fire Department. Request for a Change of Status to a Service-Connected Disability Retirement, effective January 23, 2010, 20.77* years of service. (*Recommended Approval.*)
- c. **Roger B. Smith**, Firefighter, Fire Department. Request for Change of Status to a Service-Connected Disability Retirement, effective January 25, 2009, 29.55* years of service. (*Recommended Approval.*)
- d. **Ray H. Storms**, Fire Captain, Fire Department. Request for a Change of Status to a Service-Connected Disability Retirement, effective June 30, 2009; 25.00* years of service. (*Recommended Approval.*)

5. **DEATH NOTIFICATIONS** - None

6. **COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS**

6.1 **Investment Committee (Sunzeri/Bill/Krytzer/Mason)**

– Last Meeting: February 13, 2013 - Next Meeting: March 13, 2013

- a. Report from the Chair of the Investment Committee. Receive and file.
- b. [Minutes of January 16, 2013, Joint Federated and Police & Fire Investment Committee meeting.](#) Receive and file.
- c. Discussion and action on recruitment process for the Chief Investment Officer.

6.2 **Audit & Risk Committee (Bill/Lanza/Muyo)**

- Last Meeting: February 21, 2013 - Next Meeting: March 21, 2013

- a. Report from the Chair of Audit Committee. Receive and file.
- b. [Minutes of the November 26, 2012, Police & Fire Audit Committee.](#) Receive and file.
- c. [Discussion and action regarding the recommendation to exercise the one year contract extension for Macias, Gini, and O'Connell, external Auditors.](#)

6.3 Governance Committee (Kaldor/Rounds/Santos/Sunzeri)

- Next Meeting: March 11, 2013

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

6.4 Ad Hoc Disability Committee (Santos/Rounds)

- Last Meeting: February 19, 2013

- Next Meeting: TBD

- a. Report from the Chair of Ad Hoc Disability Committee. Receive and file.
- b. [Discussion on Pending Disability Retirements Summary.](#)
- c. [Discussion and action regarding the recommendation to continue the Ad Hoc Disability Committee for six months.](#)

7. CONSENT CALENDAR (Items 7.1 through 7.7)

7.1 Approval of Minutes

- a. [Monthly Board meeting held on February 7, 2013.](#)
- b. [Board Special Meeting Minutes held on October 30, 2012.](#)

7.2 Approval of Travel and Attendance for Conferences and Due Diligence

a. Trustees:

- 1. Trustee Bill
 - SALT Conference, Bellagio Hotel, Las Vegas, NV - May 7-10, 2013.
 - SACRS Spring Conference 2013, Napa Valley Marriott Hotel – May 14-17, 2013.
 - CalAPRS Trustees Roundtable, Doubletree Hotel, San Jose, CA – February 8, 2013.
 - CalAPRS General Assembly, Intercontinental, San Francisco, CA – March 2-5, 2013.
- 2. Trustee Krytzer
 - Institute Fund Summit 2013 Americas, Ritz-Carlton, Laguna Niguel, Dana Point, CA – April 24-26, 2013.
- 3. Trustee Mason
 - CalAPRS Principles of Pension Management for Trustees, Stanford University Law School, Palo Alto, CA – March 26-29, 2013.

b. Staff:

- 1. Daryn Miller, Staff
 - Pension Bridge Annual, The Four Seasons Hotel, San Francisco, CA – April 16th, 2013.
- 2. Heidi Poon, Staff
 - 6th Annual Women's Private Equity Conference, Half Moon Bay, CA – March 14-15, 2013.

7.3 Return of Contributions

- a. Voluntary
- b. Involuntary

7.4 Communication/Information

- a. The Cortex Report: [Research Papers and Articles](#)
- b. [Retirement Services organization and staffing.](#)
- c. [Fiduciary Insurance Waiver of Recourse for policy year February 2013-2014.](#)
- d. [Benefits Review Forum Report, February 2013.](#)
- e. [Cheiron's letter regarding Supplemental Retiree Benefit Reserve as of March 1, 2013, dated February 22, 2013.](#)
- f. [Pension & Investment Alternatives Digest Article: Deutsche Bank: Two-thirds of pension funds increasing hedge fund allocations, Issue date: February 26, 2013.](#)
- g. [Educational Travel Reports:](#)
 - NEPC Public Funds Summit, Tempe, AZ – January 13-15, 2013 – by Damon Krytzer
 - Principles of Pension Management, Stanford University, Palo Alto, CA – March 27-30, 2012 – by Bettina Rounds
- h. [Independent Trustee Resumes.](#)

7.5 Pending Projects

7.6 Educational and Training

- a. [Educational Program and Courses](#)
- b. [Conferences and Seminars](#)
- c. CalAPRS' Training:
 - 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)

7.7 [Report out of Closed Session regarding investments approved at the November 1, 2012 and December 6, 2012 Board meeting.](#)

- **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.