



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, Vice Chair
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

Harvey Leiderman, General and
Fiduciary Counsel

THURSDAY

DECEMBER 6, 2012

8:30 a.m.

AMENDED AGENDA

• **ORDERS OF THE DAY**

City Clerk Swearing in of Newly Appointed Trustee Nick Muyo
City Clerk Swearing in of re-appointment of Trustee Vincent Sunzeri

1. **INVESTMENTS**

- 1.1 **CLOSED SESSION**: Conference with Investment Consultant pursuant to GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE PENSION FUND INVESTMENTS (THREE INVESTMENTS)

OPEN SESSION

- 1.2 [Discussion and approval of modifications to the Police & Fire Department Retirement Plan's Investment Policy Statement.](#)
- 1.3 [Presentation of the third quarter 2012 Performance Report by NEPC.](#)
- 1.4 [Presentation of the October 2012 Flash Report by NEPC.](#)
- 1.5 [Discussion and action regarding the portfolio transition.](#)
- a. Discussion and approval to continue authority to delegate the selection of passive equity, fixed income, and real assets strategies for the current pending portfolio transition to staff and NEPC LLC and for the Secretary to negotiate and execute agreement(s) with the selected manager(s) as appropriate.

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call Sonia Morales (408) 794-1004 as soon as possible, but at least three business days before the meeting.

*Estimated

For questions please contact Sonia Morales at (408) 794-1004
Version 2.4

- 1.6 [Authorization for the Secretary and the City Attorney to negotiate and execute the Second Amendment to the agreement with Hanson Bridgett LLP to increase the compensation for the remaining term of the agreement to end June 30, 2014 by \\$250,000, for a total contract amount not to exceed \\$500,000.](#)

2. **NEW BUSINESS**

- 2.1 [Discussion and action on Plan Expenses for October 2012.](#)
- 2.2 [Discussion and action on Cheiron's preliminary Valuation Results.](#)
 - a. [Memo from Alex Gurza, Deputy City Manager, regarding Supplemental Retiree Benefit Reserve \(SRBR\), dated November 29, 2012.](#)
- 2.3 [Discussion and action on Cheiron's preliminary OPEB Assumptions.](#)
- 2.4 [Staff report regarding history of the 401\(h\) practice and clarification of the employer credit language in the San Jose Municipal Code.](#)
- 2.5 [Discussion and action on the proposed City Ordinance amending various sections of Chapter 3.28 of Title 3 of the San Jose Municipal Code to clarify the City Charter supersedes the Federated City Employees Retirement Plan in event of conflict, clarify the definition of Tier 2 member, discontinue the Supplemental Retiree Benefit Reserve, clarify actuarial soundness is determined consistent with the California Constitution, and make additional requirements for mandatory Medicare enrollment, to be effective January 1, 2013.](#)
- 2.6 [Approval of the City of San Jose Police and Fire Department Retirement Plan's 2012 Comprehensive Annual Financial Report \(CAFR\) and acceptance of the audited financial statements for fiscal years ended June 30, 2012 and 2011.](#)
- 2.7 [Communication to the Board of Administration of the City of San José Police and Fire Department Retirement Plan from Macias Gini and O'Connell \(MGO\), the Plans external auditor:](#)
 - a. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
 - b. Required Communications.
 - c. Management Comments and Recommendations.
- 2.8 [Election of Chair and Vice Chair.](#)
- 2.9 Discussion and action regarding Trustee orientation and annual training requirements.

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

- 3.1 Oral update on the strategic plan meeting. Receive and file.
- 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.
- 3.4 Demo of Electronic Board Packets
- 3.5 Oral update on Pension Administration System RFP. Receive and file.
- 3.6 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),

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

- 3.7 **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.

- 3.8 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL - PURSUANT TO GOVERNMENT CODE SECTION 54956.9(c) – Deciding whether to initiate litigation (2 cases).

OPEN SESSION

4. **RETIREMENTS**

4.1 **Service Retirement**

- a. **Allison J. Cabral**, Battalion Chief, Fire Department, effective December 22, 2012; 20.49* years of service.
- b. **Brian T. Christian**, Police Sergeant, Police Department, effective January 19, 2013; 20.13* years of service. *With reciprocity*)
- c. **Gregory M. Crader**, Police Officer, Police Department, effective January 31, 2013; 25.08* years of service. *(With reciprocity)*
- d. **Gregory J. Gunsky**, Police Officer, Police Department, effective January 19, 2013; 25.01* years of service.
- e. **James Morphis**, Fire Captain, Fire Department, effective December 30, 2012; 24.44* years of service.
- f. **Michael Tallerico**, Fire Engineer, Fire Department, effective December 22, 2012; 25.68* years of service.
- g. **Hector M. Vasquez**, Police Officer, Police Department, effective January 19, 2013; 25.58* years of service.

4.2 Service-Connected Disability – 10:30 a.m. time-certain or soon thereafter.

- a. **Tina R. Boales**, Police Officer, Police Department, effective December 6, 2012; 25.27* years of service. (*Continued from the October 30, 2012 Special Board meeting*)
- b. **Kenneth D. Willey**, Police Sergeant, Police Department, effective December 6, 2012; 21.89* years of service.

4.3 Deferred Vested

- a. **Toran T. Wright**, Police Officer, Police Department, effective December 12, 2012; 10.48* years of service.

5. DEATH NOTIFICATIONS - None

6. COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS

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

– **Last Meeting: November 14, 2012** - **Next Meeting: December 12, 2012**

- a. Report from the Chair of the Investment Committee. Receive and file.
- b. [Minutes of October 23, 2012, Police & Fire Investment Committee](#). Receive and file.

6.2 Ad Hoc Governance Committee-Cortex Phase II (Kaldor/Lanza/Rounds/Santos)

- a. Report from the Chair of the Ad Hoc Governance Committee-Cortex Phase II. Receive and file.

6.3 Ad Hoc Personnel Committee (Lanza/Kaldor/Rounds/Sunzeri)

- a. Report from the Chair of Ad Hoc Personnel Committee. Receive and file.
- b. Discussion and action on recruitment process for the Director and Chief Investment Officer.

6.4 Audit Committee (Bill/Lanza/Mason)

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

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

6.5 Disability Committee (Santos/Rounds)

- a. Report from the Chair of Ad Hoc Disability Committee. Receive and file.
- b. Update on Legal RFP.
- c. Discussion and action regarding help for Dr. Das to extend medical personnel to help expedite with the pending disability lists.

7. CONSENT CALENDAR (Items 7.1 through 7.7)

7.1 Change of Retirement Application

- a. Approval of change of retirement date of **John M. Seaman**, Police Sergeant, Police Department; from December 22, 2012 to November 24, 2012.

7.2 Approval of Minutes

- a. [Monthly Board meeting held on November 1, 2012.](#)

7.3 Approval of Travel and Attendance for Conferences and Due Diligence

- a. Pete Constant - CalAPRS – Board Leadership Institute: Advanced Principles in Governance, CalAPRS Education Partnership w/UCLA Anderson School of Management – January 29-31, 2013.
- b. Don McLaughlin - 2012 Annual Governmental GAAP Update – Webcast.
- c. Deborah Sattler - 2012 Annual Governmental GAAP Update – Webcast.
- d. Ron Kumar - Real Estate Manager Due Diligence: Boston, New York, Philadelphia – December 17-19, 2012.
- e. Barbara Hayman - Denver City Employees Retirement System, Denver, CO – December 3, 2012.
- Sonoma County Retirement System, Sonoma, CA – December 2012.
- f. Toni Johnson - Denver City Employees Retirement System, Denver, CO – December 3, 2012.
- h. Maria Loera - Sonoma County Retirement System, Sonoma, CA – December 2012.

7.4 Return of Contributions

- a. Voluntary
- b. Involuntary

7.5 Communication/Information

- a. [The Cortex Report: Research Papers and Articles](#)
- b. [Benefits Review Forum Report, October 2012.](#)
- c. [Retirement Services organization and staffing.](#)
- d. [2013 Schedule of Meetings.](#)
- e. [Committee Membership Summary.](#)
- f. [Memo from Alex Gurza, Deputy City Manager, regarding Risk and Volatility, dated November 29, 2012.](#)
- g. [Communication from IRS regarding pending tax qualification application.](#)

7.6 Pending Projects

7.7 Report out of Closed Session regarding investments at the August 2, September 6, and October 4, 2012 Board meetings..

8. **EDUCATION & TRAINING**

8.1 **Educational Programs and Courses**

8.2 **Conferences and Seminars**

8.3 **CalAPRS' Training**

- a. Board Leadership Institute, Advanced Principles in Governance, A CalAPRS Education Partnership with UCLA Anderson School of Management, Los Angeles, CA – January 29-31, 2012.
- b. Trustees Round Table, Doubletree Hotels, San Jose, CA – February 8, 2013.

• **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.