

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## Minutes of the Board Meeting

Thursday

SAN JOSÉ, CALIFORNIA

June 6, 2013

### CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, June 6, 2013 in regular session at City Hall Wing Rooms 118/120, 200 East Santa Clara Street, San José, California 95113. Chair Sean Kaldor called the meeting to order at 8:32 a.m.

### BOARD MEMBERS

**Sean Kaldor**, Chair -Present  
**Richard Santos**, Trustee -Present  
**Sean Bill**, Trustee -Present  
**Damon Krytzer**, Trustee -Present(*Departed at 1:45*)  
**Drew Lanza**, Trustee -Present  
**James Mason**, Trustee -Present  
**Nick Muyo**, Trustee -Present  
**Elizabeth Rounds**, Trustee -Present  
**Vincent Sunzeri**, Trustee -Present

### NON-VOTING BOARD MEMBER

**Pete Constant** -Present

### DIRECTOR RETIREMENT SERVICES

**Roberto L. Peña** -Present

### COUNSEL

**Harvey Leiderman**, General and  
Fiduciary Counsel -Present

**RETIREMENT SERVICES STAFF PRESENT:** Donna Busse, Sonia Morales, Linda Alexander, Tram Doan, Heidi Poon, Lesley Lamb, Daryn Miller, Ron Kumar, Aynur Yeniay, Barbara Hayman, Gina Billings.

**ALSO PRESENT:** Dan LeBeau; NEPC, Allan Martin; NEPC, Alex Gurza and Cheryl Parkman; OER, Attorney Swift, Jim Spence; President, Association of Retired San Jose Police and Fire Fighters, Robert Sapien; Local 230, Dr. Das; City of San Jose.

**Chair Kaldor called to order both the Police & Fire Department Retirement Plan and Health Care Trust meetings at 8:32 a.m. The Board viewed the Orders of the Day and entered into Closed Session.**

**Board entered into Closed Session at 8:35 a.m. The Board returned from Closed Session at 10:00 a.m. The Board reconvened into Open Session at 10:12 a.m.**

Chair Kaldor stated that this is the first meeting that the Board is using iLegislate software and thanked Staff who put this together.

**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 (five investments).

**CLOSED SESSION:** PUBLIC EMPLOYEE APPOINTMENT AND EMPLOYMENT. GOVERNMENT CODE SECTION 54957(b)(1) – POSITION: CHIEF INVESTMENT OFFICER/ASSISTANT DIRECTOR OF RETIREMENT SERVICES.

**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.

**There was nothing to report out of Closed Session.**

**CALL TO ORDER: 8:32 a.m.**

• **ORDERS OF THE DAY**

**Chair Kaldor made the following changes to the Orders of the Day:**

- **Item 2f – Waive Sunshine**
- **Item 6.3b – Waive Sunshine**
- **Health Care Trust – Waive Sunshine**

**A motion was made to approve the Orders of the Day.**

**Approved. (M.S.C. Santos/Kreutzer 9-0-0).**

1. **INVESTMENTS**

a) **Presentation of the March 2013 Pension Trust Performance report.**

Allan Martin and Dan LeBeau of NEPC presented the March 2013 Pension Trust Performance report and answered questions from the Board. They noted that for many reasons, the system had been slow to implement the investment policy.

**The Board accepted the report as presented.**

b) **Discussion and approval for the Secretary to negotiate and execute a contract amendment with the following vendors:**

- American Realty Advisors
- Seix Investments Advisors
- RS Investments
- NEPC, LLC

Ms. Aynur Yeniay led the discussion and stated that Staff recommends approval to the amendments.

A motion was made to approve Staff's recommendation for the Secretary to negotiate and execute a contract amendment with the vendors noted above.

**Approved. (M.S.C. Sunzeri/Muyo 9-0-0).**

c) **Discussion and action regarding Hedge Fund manager performance reporting.**

Ms. Doan led the discussion and stated that there is no action to be taken

d) **Discussion and action on defining the process of delegation of duties from the Board to the Investment Committee.**

Trustee Sunzeri led the discussion and answered questions from the Board. The recommendation was made to have the Investment Committee review the plan's investments and stay within the guidelines. The Board will monitor and give guidance.

A motion was made to accept the document as presented, revise the definition of the "material" in the Investment Policy Statement (IPS) to include the engagement of new managers, the establishment of new benchmarks and taking actions outside of the IPS and have the Investment Committee come back with a revision.

**Approved. (M.S.C. Kaldor/Sunzeri 9-0-0).**

e) **Discussion and action on the status of the proposed amendments to the contract with Albourne America, LLC**

Mr. Kumar led the discussion and answered questions from the Board regarding the proposed amendments to the contract with Albourne America, LLC. Mr. Pena will have a discussion with Albourne at the Investment Committee meeting. This item has been deferred to the Investment Committee and no Board action was taken.

## 2. NEW BUSINESS

### a) **Discussion and action on the report of Plan Expenses for April 2013.**

There was a motion to approve the report of Plan Expenses for April 2013.

**Approved. (M.S.C. Santos/Sunzeri, 8-0-1, 1-absent, Krytzer).**

**Item 2b was heard after Item 2d.**

### b) **Oral update from Councilmember Constant. Receive and File.**

Councilmember Constant reported that the City will vote on the budget and what the Retirement Board approved is what made it in the City Budget.

**Item 2c was heard after item 2a.**

### c) **Discussion and action regarding authorizing the Secretary work with the City Attorney's Office to negotiate and execute the Second Amendment to the agreement among the Board Administration for the Police and fire Department Retirement Plan, the City of San Jose, and Reed Smith LLP for legal services to increase the maximum compensation by \$250,000 for an amount not to exceed \$750,000.**

The discussion was led by staff who answered questions from the Board.

A motion was made to approve the action regarding City email for Trustees.

**Approved. (M.S.C. Santos/Lanza, 8-0-1, 1-absent, Krytzer).**

### d) **Discussion and action regarding Cortex Phase II Report and Recommendations.**

Chair Kaldor led the discussion and stated that this is coming out of Governance Committee and went over the Cortex Phase II Report and Recommendations. Mr. Iannucci joined via teleconference and gave a quick overview. Councilmember Constant stated that the City Council was waiting for recommendations from the retirement boards before acting on the Cortex recommendations.

A motion was made to accept the full report and proceed with the four items identified in the cover memo which include:

- 1). Accepting the Cortex Report
- 2). Direct Staff to evaluate the seven items
- 3). Form an Ad Hoc Committee to work with Federated
- 4). Forward the rest of the report to the City for their consideration

**Approved. (M.S.C. Kaldor/Sunzeri 8-0-1, 1-absent, Krytzer).**

Chair Kaldor led the discussion of the Ad Hoc Committee. Mr. Bill, Mr. Sunzeri, Mr. Mason and Mr. Lanza have expressed interest.

A motion was made that the Ad Hoc committee be composed of Trustee Lanza as the chair with Trustee Sunzeri, Trustee Bill and Trustee Mason as members.

**Approved. (M.S.C. Kaldor/Rounds 8-0-1, 1-absent, Krytzer).**

- e) **Discussion and action on report back from actuary Cheiron regarding Service Purchases Analysis.**

Chair Kaldor led the discussion and deferred this item to the next Board meeting in August while the City determines what it wants to do.

- f) **Discussion and action regarding the City's request for recommendations on Police Tier 2 draft ordinances.**

**This item has been Waived Sunshine as noted in orders of the day.**

Judy Boyette, Hanson Bridgett law firm, representing the City, appeared before the Board to respond to questions. The Board and staff preliminarily discussed open issues in the proposed ordinance that would make it difficult to implement without further direction.

A motion was made to have staff develop the steps and actions to implement Tier 2, and for Fiduciary Counsel gather legal, administrative and actuarial comments and present them to the City Council before the 60 day Board comment period ends.

**Approved. (M.S.C. Kaldor/Krytzer 8-0-1, 1-absent, Krytzer).**

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

- a) **Oral update on payroll audit, FLSA and overtime payment issues. Receive and file.**
- b) **Oral update from Councilmember Constant. Receive and file.**

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

**Items 4.1a through 4.5a were heard at 10:36 a.m.**

a) **Service Retirement**

- a. **Cynthia E. Cooke**, Police Sergeant, Police Department, effective May 25, 2013; 26.50\* years of service.
- b. **Robert Lopez**, Police Sergeant, Police Department, effective August 3, 2013; 23.15\* years of service.
- c. **Clifford Nakao**, Police Sergeant, Police Department, effective July 20, 2013; 27.19\* years of service.
- d. **Micheal Williams**, Police Officer, Police Department, effective July 6, 2013; 13.92\* years of service.

Access the video or audio, the agenda and related reports for this meeting by visiting the Retirement Services website at <http://sjretirement.com/> or [http://sanjose.granicus.com/ViewPublisher.php?view\\_id=44](http://sanjose.granicus.com/ViewPublisher.php?view_id=44). If you have any questions, please contact the Retirement Services Department at (408) 794-1000.

A motion was made to approve 4.1a through 4.1d.  
**Approved. (M.S.C. Santos/Muyo 9-0-0).**

b) Change in Status to Service Connected Disability

- a. **Eric Bygdnes**, Fire Engineer, Fire Department. Request for a Change of Status to a Service-Connected Disability Retirement, effective November 13, 2010; 26.20\* years of service. Ms. Lamb, Benefits Manager, read the medical restrictions into the record. Mr. Bygdnes was present, represented by Attorney Sam Swift. The following reports were presented to the Board:

LISTING OF MEDICAL REPORTS

Date	Medical Provider
<b><u>I Lower Back</u></b>	
<b>Mechanism of Injury</b>	
1 July 18, 2003	James Reynolds, M.D.
2 December 8, 2006	James Reynolds, M.D.
<b>Assessment/Treatment/Disability</b>	
1 May 8, 2000	James Reynolds, M.D.
2 November 28, 2000	James Reynolds, M.D.
3 July 14, 2003	Unknown
4 August 15, 2003	Lawrence Chan, M.D.
5 October 14, 2003	James Reynolds, M.D.
6 April 3, 2007	David Eller, M.D.
7 April 17, 2007	Michael Lai, M.D.
8 August 13, 2007	Raymond Hshieh, M.D.
9 November 29, 2007	James Reynolds, M.D.
10 March 4, 2008	James Reynolds, M.D.
11 October 9, 2008	James Reynolds, M.D.
12 November 13, 2008	James Reynolds, M.D.
13 September 29, 2009	James Reynolds, M.D.
14 October 23, 2009	David Eller, M.D.
15 November 4, 2009	James Reynolds, M.D.
16 November 4, 2009	James Reynolds, M.D.
17 November 4, 2009	Michael Lai, M.D.
18 November 24, 2009	James Reynolds, M.D.
19 January 25, 2010	James Reynolds, M.D.
20 April 19, 2010	Arati Dunbar, M.D.
21 April 16, 2010	George Oldham, M.D.
22 April 16, 2010	Greg Nee, M.D.
23 April 17, 2010	Vincent Burke, M.D.
24 April 22, 2010	Michael Lai, M.D.
25 May 13, 2010	James Reynolds, M.D.
26 September 30, 2010	James Reynolds, M.D.

Access the video or audio, the agenda and related reports for this meeting by visiting the Retirement Services website at <http://sjretirement.com/> or [http://sanjose.granicus.com/ViewPublisher.php?view\\_id=44](http://sanjose.granicus.com/ViewPublisher.php?view_id=44). If you have any questions, please contact the Retirement Services Department at (408) 794-1000.

27	September 30, 2010		Michael Lai, M.D.
28	April 28, 2011		James Reynolds, M.D.
29	January 26, 2012		James Reynolds, M.D.

**Left and Right Knees**

	<b>Mechanism of Injury</b>	
	April 15, 2004	Warren King, M.D.
	April 19, 2004	Sepideh Moayed, M.D.
1	April 14, 2004	Warren King, M.D.
2	April 22, 2004	Warren King, M.D.
3	April 29, 2004	Warren King, M.D.
4	April 30, 2004	Warren King, M.D.
5	July 6, 2004	L. Greenfield, PA
6	October 12, 2004	L. Greenfield, PA
7	October 26, 2004	L. Greenfield, PA
8	November 4, 2004	David Eller, M.D.
9	November 15, 2004	L. Greenfield, PA
10	November 19, 2004	Warren King, M.D.
11	December 21, 2004	L. Greenfield, PA
12	March 1, 2005	L. Greenfield, PA
13	April 14, 2005	L. Greenfield, PA
14	May 10, 2005	L. Greenfield, PA
15	November 15, 2005	L. Greenfield, PA
16	November 21, 2006	L. Greenfield, PA
17	December 5, 2006	Brewster Imaging
18	December 7, 2006	L. Greenfield, PA
19	May 21, 2008	L. Greenfield, PA
20	August 12, 2008	M. Fought, NP
21	August 12, 2008	Joseph Walter, M.D.
22	May 21, 2008	Warren King, M.D.
23	October 1, 2008	Warren King, M.D.
24	November 22, 2008	Warren King, M.D.
25	December 16, 2008	L. Greenfield, PA
26	March 10, 2009	L. Greenfield, PA
27	June 24, 2010	L. Greenfield, PA
28	June 24, 2010	Solon Finkelstein, M.D.
29	April 5, 2011	Allen Kaisler-Meza, M.D.
30	March 9, 2012	Eugene DellaMaggiore, M.D.
32	June 13, 2012	Eugene DellaMaggiore, M.D.
33	July 17, 2012	Allen Kaisler-Meza, M.D.
34	July 17, 2012	Allen Kaisler-Meza, M.D.

A motion was made to approve the Change in Status to Service Connected Disability for Eric Bygdnes.

**Approved. (M.S.C. Santos/Rounds 9-0-0).**

c) **Early Retirement**

- a. **Geore R. Beattie**, Police Lieutenant, Police Department, effective June 22, 2013; 24.73\* years of service.

A motion was made to approve the early retirement of George R. Beattie.

**Approved. (M.S.C. Santos/Muyo 9-0-0).**

d) **Deferred Vested**

- a. **Melda L. Christmas**, Police Officer, Police Department, effective July 1, 2013; 13.36\* years of service. *(With reciprocity)*

A motion was made to approve.

**Approved. (M.S.C. Santos/Mason 9-0-0).**

5. **DEATH NOTIFICATIONS-Moment of Silence**

- a) Notification of the death of **Ernest Anderson**, Battalion Chief, retired January 8, 1992, died May 1, 2013. No survivorship benefits.
- b) Notification of the death of **Donald A. Dye**, Fire Captain, retired July 10, 1983, died May 13, 2013. No survivorship benefits.

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

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

- Last Meeting: May 8, 2013 - Next Meeting: June 12, 2013

- a. Report from the Chair of the Investment Committee. **Receive and file.**
- b. Minutes of April 10, 2013 Joint Federated and Police & Fire Investment Committee meeting. **Receive and file.**

b) **Audit Committee (Bill/Lanza/Muyo)**

- Last Meeting: May 16, 2013 - Next Meeting: June 20, 2013

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

Mr. Bill reported that the Committee received a review of risk management systems and their capabilities.

c) **Governance Committee (Kaldor/Rounds/Santos/Sunzeri)**

- Last Meeting: May 2, 2013 - Next Meeting: June 6, 2013 – Joint w/Fed



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

Mr. Iannucci from Cortex reviewed the Chair and Vice Chair positions on a Governance level.

A motion was made to approve the Charter for the Board Chair and Board Vice Chair with the modification that for both the Chair and Vice Chair policy requirement be six voting Board members at the conclusion of three years from adoption and will be reconsidered when the policy is reviewed.

**Approved. (M.S.C. Kaldor/Sunzeri 9-0-0).**

b. **Minutes of May 2, 2013, Joint Federated and Police & Fire Investment Committee meeting. Receive and file.**

d) **Ad Hoc Disability Committee (Santos/Rounds)**

- Last Meeting: May 20, 2013 - Next Meeting: June 17, 2013

a. **Report from the Chair of Ad Hoc Disability Committee. Receive and file.**

Ms. Lamb reported that the June 17<sup>th</sup> meeting was cancelled. They had eleven cases and did not have all of the medical records available to where they want the case to be presented. The next meeting of the Disability Committee will be July 15<sup>th</sup>.

A motion was made to accept the report.

**Approved. (M.S.C. Santos/Mason 7-0-2, 2- absent Muyo, Krytzer).**

7. **CONSENT CALENDAR (Items 7.1 through 7.8)**

7.1 **Change of Retirement Application**

- a. Approval of change of retirement date of **Hector M. Vasquez**, Police Officer, Police Department; from April 27, 2013 to June 22, 2013.
- b. Approval of change of retirement date of **Paul Gillies**, Police Officer, Police Department; from May 25, 2013 to June 29, 2013.

7.2 **Approval of Minutes**

- a. Monthly Board meeting held on May 2, 2013.

7.3 **Approval of Travel and Attendance for Conferences and Due Diligence**

a. Trustees:

1. Damon Krytzer - FRA The Outsourced CIO Summit Conference, The Ritz-Carlton, Miami Beach, FL – June 24-25, 2013.

**b. Staff:**

1. Roberto Pena - CalAPRS Administrators Institute, Northern CA, Location: TBD – September 25-27, 2013.
2. Deborah Sattler - MGO Client Training, Direction Setting 2013, Alameda County Conference Center, Oakland, CA – June 25, 2013.
3. Don McLaughlin - MGO Client Training, Direction Setting 2013, Alameda County Conference Center, Oakland, CA – June 25, 2013.

**7.4 Return of Contributions**

- a. Voluntary
- b. Involuntary

**7.5 Communication/Information**

- a. The Cortex Report: Research Papers and Articles
- b. Education Travel Reports:
  - CalAPRS Principles of Pension Management for Trustees at Stanford University, Palo Alto, CA – March 26-29, 2013 – by James Mason
  - 2012 Public Safety Employee Pension/Benefits NCPERS, New Orleans, LA – October 7-10, 2013 – by James Mason

**7.6 Pending Projects**

**7.7 Educational and Training**

- a. Educational Program and Courses
- b. Conferences and Seminars
- c. CalAPRS' Training
  - Trustees Roundtable, LA Marriott Burbank Airport – June 14, 2013

A motion was moved to accept the Consent Calendar.

**Approved. (M.S.C. Kaldor/Santos 7-0-2 2- absent, Muyo/Sunzeri).**

- **PROPOSED AGENDA ITEMS-NONE**
- **PUBLIC COMMENTS-NONE**

- **ADJOURNMENT**

**The meeting adjourned at 1:55 p.m.**



---

SEAN KALDOR, CHAIR  
BOARD OF ADMINISTRATION

ATTEST:



---

ROBERTO L. PEÑA  
DIRECTOR, RETIREMENT SERVICES