

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

7.2a

## Minutes of the Board Meeting

Thursday

SAN JOSÉ, CALIFORNIA

January 5, 2012

Revised

### CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, January 5, 2012 in regular session at City Hall Wing Rooms 118/119, 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, Vice Chair -Present  
David Bacigalupi -Present  
Sean Bill -Present  
Damon Krytzer -Present  
Drew Lanza -Present  
Elizabeth Rounds -Present  
Vincent Sunzeri (departed @ 1:34 p.m)-Present  
Conrad Taylor

### COUNCIL LIAISON

Pete Constant -Present

### DIRECTOR RETIREMENT SERVICES

#### BOARD SECRETARY

Russell U. Crosby -Present

### COUNSEL

Mollie Dent -Present  
Russ Richeda -Present

### ALSO PRESENT

Robert Sapien, San Jose Local 230  
Mike Moffett, Retiree  
Thomas Boyle, Attorney  
Paul Schmidt, Retiree  
Franco Vaso, Police Department  
Eric Grimes, Police Department  
Jim Spence, P&F Retiree Association  
Eric Navarro, Police Department  
Francis Keffer, Police Department  
Alex Gurza, Office of Employee Relations  
Aracely Rodriguez, Office of Employee Relations  
Sharon Erickson, Auditor's Office

### BOARD MEDICAL DIRECTOR

Rajiv Das, M.D. - Present

### RETIREMENT SERVICES STAFF

#### PRESENT

Carmen Racy-Choy, Deputy Director/CIO  
Donna Busse, Deputy Director/COO  
Veronica Niebla  
Jesselle Holcomb  
Ron Kumar  
Sonia Morales  
Troy Gavin  
Tram Doan  
Barbara Hayman  
Jennifer Holmboe

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

### • ORDERS OF THE DAY

Dennis Hawkins, City Clerk, administered the oath of office to Sean Kaldor.

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

Item 4.4(b), Change Barry Stallard's effective date to April 30, 2012  
Item 2.1, A motion was made to Waive Sunshine

**Approved. (M.S.C. – Santos/Bacigalupi, 9-0-0)**

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PF 2-2-12

Item 2.3, hardcopy of the CAFR was received at the Board meeting.

Item 7.2(a), noted change on Amended Agenda – (*Expenses paid by Institutional Investor*).

Item 7.2(b)(c), noted change on Amended Agenda – CalAPRS Travel for Sean Kaldor and Richard Santos.

Item 8.4(a)(b)(c), added CalAPRS Training.

Item 4.2(b), Cheryl Goldsmith, application withdrawn.

## 1. INVESTMENTS

### 1.1 CIO update on Investments.

Ms. Racy-Choy provided an overview of the goal of the investment program and performance of the Plan.

## 2. NEW BUSINESS

### 2.1 Discussion and action on Cheiron's June 30, 2011 Pension Actuarial Valuation Report for the Police & Fire Department Retirement Plan.

Bill Hallmark and Gene Kalwarski from Cheiron, presented the June 30, 2011 Pension Actuarial Valuation Report for the Police & Fire Department Retirement Plan. The Board discussed and agreed to accept the report, excluding the discount rate to be agendized for the next Board meeting.

A motion was made to accept the Cheiron's report, with the exclusion of the discount rate which will be agendized for the February Board meeting.

**Approved. (M.S.C. – Bill, Sunzeri, 9-0-0)**

### 2.2 Discussion and action regarding Cheiron's Assumptions for the June 30, 2011 Other Postemployment Benefit Plan (OPEB) Actuarial Valuation.

Bill Hallmark and Gene Kalwarski from Cheiron, presented Cheiron's Assumptions for the June 30, 2011 Other Postemployment Benefit Plan (OPEB) Actuarial Valuation.

A motion was made to continue the item at the next Board meeting.

**Approved. (M.S.C. – Bacigalupi/Krytzer, 9-0-0)**

Break

Time certain Item 4 – Service Retirements were heard before Item 2.3

## 4. RETIREMENTS – 10:30 A.M. or soon thereafter.

### 4.1 Service

- a. **Robert R. Lopez**, Police Sergeant, Police Department, effective January 21, 2012; 21.61\* years of service. (*With reciprocity*)

**Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**

#### 4.2 Early Service Retirement

- a. Mike E. Enos, Police Officer, Police Department, effective January 21, 2012; 21.19\* years of service. **Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**
- b. Cheryl Goldsmith, Firefighter, Fire Department, effective January 21, 2012; 20.77\* years of service. **Withdrawn.**
- c. Octavio D. Morales, Police Sergeant, Police Department, effective January 21, 2012; 23.69\* years of service. **Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**

#### 4.3 Service-Connected Disability (Seniority order)

- a. Eric Grimes, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective January 1, 2012; 22.06\* years of service. *(Continued from December 2011 Board meeting)*  
**Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**
- b. Eric F. Navarro, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective January 5, 2012; 18.20\* years of service.  
**Approved. (M.S.C. – Bacigalupi/Taylor, 9-0-0)**
- c. Francis C. Keffer, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective January 5, 2012; 13.08\* years of service. *(Deferred from November 2011 Board meeting)*  
**Approved. (M.S.C. – Bacigalupi/Krytzer, 9-0-0)**

#### 4.4 Change of Retirement Date

- a. Approval of change of retirement date of **Robert S. Bennett**, Fire Captain, Fire Department; from January 21, 2012 to December 31, 2011 and 25.25\* years of service.  
**Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**
- b. Approval of change of retirement date of **Barry Stallard**, Battalion Chief, Fire Department; from December 24, 2011 to January 31, 2012 and 25.34\* years of service.  
**Approved. (M.S.C. – Bacigalupi/Santos, 9-0-0)**

Back on regular Agenda schedule

#### 2.3 **Audit Report**

- a. **Discussion and action on the audited financial statements for the year ended June 30, 2011.**
- b. **Discussion and action on Macias Gini & O'Connell's communications to the Board for the year ended June 30, 2011.**

Ms. Niebla led the discussion regarding the Audit Report and noted to the Board that representatives from Macias Gini & O'Connell were present to answer any questions regarding the Audit Report. Rick Green and Annie Louie from Macias Gini & O'Connell presented the report to the Board.

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A motion was made to accept the Items 2.3(a) and 2.3(b), audited financial statements for the year ended June 30, 2011 and Macias Gini & O'Connell's communications to the Board for the year ended June 30, 2011.

**Approved. (M.S.C. – Bacigalupi, Santos, 9-0-0)**

**2.4 Discussion and action regarding a Board retreat.**

Chair Kaldor led the discussion regarding the Board Retreat. Ms. Dent noted that the retreat is really a Special Meeting of the Board, subject to all the normal Brown Act requirements. The Trustees agreed to schedule a Board Retreat at the end of February or beginning of March.

**2.5 Discussion and action regarding a policy on Board election for Chair and Vice Chair.**

Chair Kaldor led the discussion regarding a policy on Board election for Chair and Vice Chair. Item will be discussed at the Governance Subcommittee meeting with a report to the Board with recommendations.

**2.6 Discussion and action regarding Trustees' attendance at the CalAPRS Stanford Law School Institute for Trustees.**

Mr. Crosby reported to the Board that the Trust fund is allowed two Board members to attend the CalAPRS Stanford Law School, but noted that there were five Board members interested in attending. He stated that there may be an opportunity to have one more Trustee attend, if the Board of Administration of the Federated City Employees' Retirement System did not have a Trustee interested in attending, which will leave a slot available. Trustee Taylor made a suggestion to pick Board members by seniority order to attend the Stanford Law School Institute for Trustees. The Board agreed to have Trustee Lanza and Trustee Sunzeri attend the CalAPRS Stanford Law School.

A motion was made to pick Trustees by seniority order to attend the CalAPRS Stanford Law School Institute for Trustees. **Approved. (M.S.C. – Taylor/Bacigalupi, 9-0-0)**

The Board agreed for Trustee Lanza and Trustee Sunzeri to attend the CalAPRS Stanford Law School, and for Trustee Rounds to be the third if space is available.

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

**3.1 Discussion and action on counsel's memoranda concerning Trustees' role in an environment of discussion and negotiations on vested benefits.**

- a. **Memo from Russ Richeda, Saltzman & Johnson regarding: Responsibilities and Role of the Board of Administration with Respect to Modifications to Plan Benefit Design, dated October 26, 2011.**
- b. **Memo to City Attorney from Arthur A. Hartinger, Meyers Nave, Esq. regarding: Response to Richeda Opinion Regarding Retirement Board's Duties Pertaining to Benefit Modification, dated November 10, 2011.**

- c. **Memo from Russ Richeda, Saltzman & Johnson regarding: Reply to Response to Meyers/Nave to this Office's Initial Memorandum on Board Roles and Responsibilities with Respect to External Plan Benefit Modifications, dated December 19, 2011.**

Mr. Richeda led the discussion on counsel's memoranda concerning Trustees' role in an environment of discussion and negotiations on vested benefits. The Board directed Trustee Lanza and Mr. Richeda to prepare a draft policy on this topic.

**3.2 Discussion and action regarding Legal Services Request for Proposals (RFP).**

Ms. Dent, Senior Deputy City Attorney, reported to the Board that one of the Police & Fire Board Members is not available to participate in the interview process and solicited other Trustees' interest in participating as a panelist. Ms. Dent stated that interviews are scheduled for January 6<sup>th</sup> between 10:00 a.m. to 3:00 p.m. and on January 20<sup>th</sup> in the morning.

**3.3 Discussion and action on the letter to the City Manager regarding staff salaries.**

Chair Kaldor led the discussion and stated that the Board received a letter from the City Manager regarding staff salaries. Deputy City Manager, Mr. Alex Gurza was present to answer any questions from the Board. After discussion the Trustees decided to defer the matter to the Joint Investment Committee and requested that the Investment Committee Members report back at the March meeting.

**3.4 Update on Cortex consulting project.**

**Deferred since the Governance Committee meeting was scheduled after the Board meeting.**

**3.5 Update on Payroll Audit, FLSA and overtime payment issues.**

**Deferred**

**3.6 Authorization for the Secretary to negotiate and execute an agreement with SIRE Technologies for Agenda Management Software for an amount not to exceed over three years:**

**Phase I – Sire Agenda Plus and Sire Minutes Plus: \$60,000**

**Phase II – Sire Meeting Management and Voting System: \$40,000**

**(Both phases shared 50/50 with the Federated City Employees' Retirement System)**

Ms. Busse presented the item.

A motion was made to approve the agreement with SIRE Technologies for Agenda Management Software as recommended.

**Approved. (M.S.C. – Krytzer/Santos, 9-0-0)**

Trustee Sunzeri departed at 1:34 p.m.

**3.7 Discussion and action on revised Physicians Disability Determination Forms.**

**Deferred**

Item 4 was heard out of order after Item 2.2

5. **DEATH NOTIFICATIONS** - **Note and File**

- 5.1 Notification of the death of **Thomas G. Nagengast**, Police Sergeant, retired March 11, 1980, died November 10, 2011. Survivorship benefits to Carol E. Nagengast, spouse.

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

6.1 Investment Committee – **Next Meeting: January 25, 2011 Note and File**

- a. Minutes of October 26, 2011, Joint Police & Fire Investment Committee and Federated Investment Committee meeting. **Note and File**

6.2 Ad Hoc Committee for Disability Determination Process – **Next Meeting: TBD**

Mr. Taylor stated to reactivate the Ad Hoc Disability Determination Process Sub Committee.

6.3 Ad Hoc Governance Committee – **Next meeting: January 5, 2012 at 1:00 p.m. Note and File**

7. **CONSENT CALENDAR (Items 7.1 through 7.6)**

A motion was made to approve the Consent Calendar Items 7.2 through 7.6, except 7.1.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Sunzeri-Absent)**

A motion was made to approve 7.1a with the following amendments: Mr. Kryzter arrived at 8:57 a.m., not Mr. Lanza, and replace vacant Board Member position to Bettina Rounds as present.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Sunzeri-Absent)**

7.1 **Approval of Minutes**

- a. Monthly Board meeting held on December 1, 2011.

7.2 **Approval of Travel/Conference Attendance**

- a. Russell Crosby - Institutional Investor Taft-Hartley and Public Plan Advisory Board, Los Angeles, CA – April 18-20, 2012. (*Expenses paid by Institutional Investor*).
- b. Sean Kaldor - CalAPRS, Trustees Round Table, San Jose, CA – February 3, 2012.
- c. Richard Santos - CalAPRS, Trustees Round Table, San Jose, CA – February 3, 2012.

7.3 **Approval of Monthly Expenses**

- a. Plan Expenses for November 2011.

7.4 **Return of Contributions**

- a. Voluntary
- b. Involuntary

7.5 Communication/Information - None

7.6 Pending Projects

8. EDUCATION & TRAINING

8.1 Educational Programs and Courses - **Note and File**

8.2 Conferences and Seminars - **Note and File**

8.3 Research Papers and Articles - **Note and File**

8.4 CalAPRS' Training - **Note and File**

- a. Trustees Round Table, Double Tree Hotel, 2050 Gateway Place, San Jose – February 3, 2012.
- b. General Assembly, Westin Rancho Mirage, Palm Springs, CA – March 3-6, 2012.
- c. Principles of Pension Management for Trustees, Stanford Law School, Palo Alto – March 27-30, 2012.

• PROPOSED AGENDA ITEMS – None

• PUBLIC COMMENTS

Follow-up on increase of Retiree Dues.

• ADJOURNMENT

The meeting was adjourned at 1:40 p.m.

  
SEAN KALDOR, CHAIR  
BOARD OF ADMINISTRATION

ATTEST:

  
RUSSELL U. CROSBY  
DIRECTOR, RETIREMENT SERVICES  
SECRETARY, BOARD OF ADMINISTRATION