

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## Minutes of the Board Meeting

Thursday

SAN JOSÉ, CALIFORNIA

January 3, 2013

### CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, January 3, 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 8:35 a.m.

### BOARD MEMBERS

Sean Kaldor, Chair	-Present
Richard Santos, Vice Chair	-Present
Sean Bill	-Absent
Damon Krytzer	-Absent
Drew Lanza	-Present
James Mason	-Present
Nick Muyo	-Present
Elizabeth Rounds	-Present
Vincent Sunzeri	-Absent

### NON-VOTING BOARD MEMBER

Pete Constant	-Present
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### ACTING DIRECTOR RETIREMENT SERVICES

Donna Busse	-Present
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### COUNSEL

Harvey Leiderman	-Present
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### BOARD MEDICAL DIRECTOR

Rajiv Das, M.D.	- Present
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**RETIREMENT SERVICES STAFF – PRESENT:** Toni Johnson; Veronica Niebla; Lesley Lamb; Ron Kumar; Tram Doan; Heidi Poon; Sonia Morales; Daryn Miller, Jennifer Holmboe; Jesselle Holcomb; Melanie Kirmse.

**ALSO PRESENT:** Alan Martin, NEPC; Dan LeBeau, NEPC; Bill Hallmark, Cheiron; Joshua Davis, Cheiron; Jim Spence, P&F Retirees' Association; David Bacigalupi, Retiree; Sam Swift, Attorney, Thomas Boyle, Attorney; Ed Powell, Retiree; Carlos Chaboya, Retiree; George Lucchesi, Retiree; Tom Reischl, Retiree; Marty Jo Luis, Police Department; Mark DeMaria, Retiree.

**Chair Kaldor called to order both the Police & Fire Department Retirement Plan and the Health Care Trust meetings at 8:35 a.m. and began the meeting with the Health Care Trust Agenda.**

**CALL TO ORDER: 8:35 a.m.**

### • ORDERS OF THE DAY

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

Item 1.1 – Deferred

Item 2.4 – Deferred to February 2013

Item 6.5(b) – Waive Sunshine

A motion was made to approve and Waive Sunshine on Item 6.5(b).

**Approved. (M.S.C. – Santos/Rounds, 7-0-0, with two absent-Bill and Sunzeri)**

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.

Item 7.1 – change effective date to January 6, 2013.

Item 7.2 moved to be heard before Item 4.2.

Chair Kaldor recognized David Bacigalupi for his 12 years of service as a Trustee on the San Jose Police & Fire Department Retirement Board of Administration. A resolution of appreciation was offered to David Bacigalupi.

**Approved. (M.S.C- Santos/Lanza, 7-0-0, with two absent-Bill and Sunzeri)**

Jim Spence, President of the Police & Fire Retiree Association added the same sentiments as the Board and wished Mr. Bacigalupi good health on behalf of the Association for all of his work and dedication. Trustee Santos acknowledged Mr. Bacigalupi's professionalism and appreciated his work and support.

**1. INVESTMENTS**

- 1.1 Update by Russell Investments on the portfolio transition and implementation plan.**  
**Deferred, as noted on the Orders of the Day.**

**2. NEW BUSINESS**

- 2.1 Announcement of Director of Retirement Services appointment.**

Chair Kaldor reported that Roberto Pena has been hired as the new Director for Retirement Services and will resume duties in February 2013. Trustee Santos acknowledged Trustee Lanza and the Ad Hoc Personnel Committee for their work.

- 2.2 Discussion and action on Plan Expenses for November 2012.**

A motion was made to approve the Plan Expenses for November 2012.

**Approved. (M.S.C. – Santos/Krytzer, 7-0-0, with two absent-Bill and Sunzeri)**

- 2.3 Discussion and action on Cheiron's final Pension Valuation.**

Bill Hallmark and Joshua Davis from Cheiron led the discussion and responded to questions from the Board.

- a. Cheiron's Pension Valuation Presentation.**
- b. Cheiron's Pension Valuation as of June 30, 2012.**
- c. Cheiron's Fiscal Year Ending 2014 Contribution Rates Assuming the SRBR is Eliminated.**

A motion was made to accept Cheiron's Pension Valuation.

**Approved. (M.S.C. – Santos/Krytzer, 7-0-0, with two absent-Bill and Sunzeri)**

- 2.4 Discussion and action on Cheiron's preliminary OPEB Valuation.**

**Deferred, as noted on Orders of the Day**

**2.5 Discussion and action to authorize the Chair to do recognition on the Board's behalf.**

Chair Kaldor led discussion to authorize the Chair to do recognitions on the Board's behalf.  
**Approved. (M.S.C. – Santos/Mason, 7-0-0, with two absent-Bill and Sunzeri)**

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

**3.1 Oral update on the strategic plan meeting. Receive and file.**

Chair Kaldor led the discussion on the strategic plan meeting.  
A motion was made to add an item regarding Board communication to Council onto the strategic plan meeting agenda and to extend an invite to Roberto Pena to attend.  
**Approved. (M.S.C. – Kaldor/Santos, 7-0-0, with two absent-Bill and Sunzeri)**

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

Ms. Niebla led the discussion and responded to questions from the Board. She reported that they received revised files and found some issues, have sent the files back to finance for correction and will continue to work on it.

**3.3 Oral update from Councilmember Constant. Receive and file.**

Councilmember Constant reported to the Board that the 1<sup>st</sup> reading of the proposed SRBR elimination ordinance will be on January 15, 2013 and the 2<sup>nd</sup> reading in February, 2013, and will take effect 30 days from 2<sup>nd</sup> reading.

A motion was made to establish an Ad Hoc SRBR Committee for 120 days, to work with staff to generate key dates to present to the Board, and to request the Board to authorize the Committee to generate a response to the City Council and a budget not to exceed \$50,000.00 for legal and actuarial work.

**Approved. (M.S.C. – Lanza/Krytzer, 7-0-0, with two absent-Bill and Sunzeri)**

The Ad Hoc SRBR Committee appointed members consist of: Trustee Lanza as Chair, and Trustees Krytzer, Mason and Muyo.

**Board entered into Closed Session at 10:40 a.m.**

**3.4 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

**3.5 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.

**Board reconvened from Closed Session at 11:15 a.m. There was no reportable action out of Closed Session.**

**OPEN SESSION**

**4. RETIREMENTS**

**4.1 Service Retirement**

- a. **Richelle L. Goede**, Assistant Police Chief, Police Department, effective January 12, 2013; 16.20\* years of service. *(With reciprocity)*
- b. **Christopher M. Moore**, Chief of Police, Police Department, effective January 19, 2013; 27.41\* years of service.
- c. **Louis Quezada**, Police Sergeant, Police Department, effective February 16, 2013; 28.21\* years of service.

A motion was made to approve Items 4.1(a,b,c).

**Approved. (Santos/Mason, 7-0-0, with two absent-Bill and Sunzeri)**

**As noted on Orders of the Day Item 7.2 was moved to be heard before Item 4.2(a)**

**4.2 Early Service Retirement**

- a. **David L. Spoulos**, Police Officer, Police Department, effective December 8, 2012; 20.01\* years of service. *(With reciprocity)*

**Approved. (M.S.C. – Santos/Mason, 7-0-0, with two absent-Bill and Sunzeri)**

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

- 5.1 Notification of the death of **Benjamin F. Boozel**, Firefighter, retired May 7, 1985, died November 19, 2012. No survivorship benefits.
- 5.2 Notification of the death of **George H. Bradford**, Fire Captain, retired August 7, 1982, died November 18, 2012. No survivorship benefits.
- 5.3 Notification of the death of **Vernon S. Cole**, Fire Captain, retired June 13, 1976, died November 23, 2012. Survivorship benefits to Shirley Cole, spouse.
- 5.4 Notification of the death of **Charles L. Ford**, Fire Captain, retired August 6, 1986, died October 28, 2012. Survivorship benefits to Shirley Mullaly-Ford, spouse.
- 5.5 Notification of the death of **Anthony Ranada**, Police Officer, retired January 14, 1995, died November 18, 2012. Survivorship benefits to Rose Marie Ranada, spouse.

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## 6. COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS

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

- Last Meeting: December 12, 2012 - Next Meeting: January 16, 2013

- a. **Report from the Chair of the Investment Committee. Receive and file.**  
Trustee Krytzer reported the issues related to pending contracts, and acknowledge staff for their hard work.
- b. **Minutes of October 10, 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.**

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

- Last Meeting: December 21, 2012 - Next Meeting: TBD

- a. **Report from the Chair of the Ad Hoc Governance Committee-Cortex Phase II. Receive and file.**  
Chair Kaldor reported that the Committee gave feedback to Cortex for their presentation on January 30, 2013 Special Meeting.

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

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

Chair of the Ad Hoc Personnel Committee, Trustee Lanza, reported that a new Director was appointed, Roberto Pena. Trustee Lanza stated the next step is to prepare a job description for the CEO. He also raised the question whether the Ad Hoc Personnel Committee should become a standing Committee. The CIO search has been delegated to the Investment Committee.

- 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.**  
Ms. Niebla reported that she is trying to set-up a joint Audit Committee meeting with Federated.

### 6.5 Ad Hoc Disability Committee (Santos/Rounds)

- Last Meeting: December 14, 2012 - Next Meeting: January 23, 2013

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

Trustee Rounds reported that the December 14<sup>th</sup> committee meeting went extremely well, questions were answered quickly and helped Dr. Das focus on his recommendations.

**b. Discussion and action on the selection of a law firm to offer disability advisory services and authorizing the Secretary to negotiate and execute an agreement.**

Trustee Rounds reported that it was not necessary to have legal representation at the meeting, but would like the possibility of having legal representation if they felt it may be necessary, rather than having an expense for legal representation.

The Board delegated authority to the Committee to select from the qualified law firms responding to the RFP for a budget up to \$15,000.00.

**Approved. (M.S.C. – Lanza/Kaldor, 7-0-0, with two absent-Bill and Sunzeri)**

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

A motion was made to approve Consent Calendar Items 7.2 through 7.8.

**Approved. (M.S.C. – Santos/Mason, 7-0-0, with two absent-Bill and Sunzeri)**

**7.1 Change of Retirement Application**

Approval of change of retirement date of **James V. Morphis**, Fire Captain, Fire Department; from December 30, 2012 to January 31, 2013.

**As noted on Orders of the Day, change effective date to January 6, 2013**

**7.2 Rescission of Retirement Application**

**As noted on Orders of the Day Item 7.2 was heard before Item 4.2(a)**

Approval of rescinding application of **David Spoulos**, approved at the November 1, 2012 meeting for the effective date of December 22, 2012.

**Approved. (M.S.C. – Santos/Mason, 7-0-0, with two absent-Bill and Sunzeri)**

**7.3 Approval of Lifetime Retirement Monthly Payment Option to be paid to Paula McLinden, ex-spouse of Police Officer **Matthew McLinden**, to be effective February 7, 2013 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.**

**7.4 Approval of Minutes**

**a. Monthly Board meeting held on December 6, 2012.**

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

**a. Damon Krytzer - NEPC, 4<sup>th</sup> Annual Public Fund Workshop, Tempe Mission Palms Hotel, AZ – January 14-15, 2013.**

- b. Heidi Poon
  - NEPC, 4<sup>th</sup> Annual Public Fund Workshop, Tempe Mission Palms Hotel, AZ – January 14-15, 2013.
  - State Street Global Research Host/Dinner, San Francisco, CA – November 29, 2012.
  - Global Credit Opportunities Forum, Quadrus Conference Center, Menlo Park, CA – Friday, November 2, 2012. **CANCEL**
- c. Vincent Sunzeri
  - NEPC, 4<sup>th</sup> Annual Public Fund Workshop, Tempe Mission Palms Hotel, AZ – January 14-15, 2013.

#### 7.6 Return of Contributions

- a. Voluntary
- b. Involuntary

#### 7.7 Communication/Information

- a. The Cortex Report: Research Papers and Articles
- b. Retirement Services organization and staffing.
- c. Accounting staff report on timeline for deliverables to the Board.  
**Ms. Niebla reported on the status of the on-going list of deliverables from Accounting staff. Chair Kaldor stated to do second item (prefunding analysis) as the first deliverables.**

#### d. Educational Travel Reports:

- SALT Conference, Bellagio Hotel Las Vegas, Las Vegas, NV – May 8-11, 2012 – by Damon Krytzer.
- SACRS Public Pension Investment Management Program, UC Berkeley, July 15-18, 2012 – by James Mason.
- NCTR's Fiduciary College/Trustee Workshop, Stanford-Rock Center, July 23-25, 2012 – by James Mason.
- IFEBP Hedge Funds, Real Estate & Alternative Investments, San Francisco, CA – July 16-18, 2012 – by Sean Bill.
- CFA Fixed Income Conference, San Francisco, CA – October 10-11, 2012 – by Sean Bill.
- NCTR's Fiduciary College at the Rock Center, Palo Alto, CA – July 23-25, 2012 – by Sean Bill.

#### 7.8 Pending Projects

### 8. EDUCATION & TRAINING **-Note and file.**

#### 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, 2013.
- b. Trustees Round Table, Doubletree Hotels, San Jose, CA – February 8, 2013.
- c. CalAPRS 2013 General Assembly, InterContinental San Francisco, San Francisco, CA – March 2-5, 2013.
- d. 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**

Trustee Santos asked for a legal analysis on the Section 1090 (conflict of interest) issues that were raised recently over a Board member's disability application.

- **PUBLIC COMMENTS**

Jim Spence, President of the Police & Fire Retiree Association, commented on Page 15 of the Cheiron report, Table 2.4 on SRBR distributions that were not made and asked "How much could have been distributed if the City had not suspended distributions?"

- **ADJOURNMENT**

Meeting was adjourned at 11:15 a.m.

  
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**SEAN KALDOR, CHAIR**  
**BOARD OF ADMINISTRATION**

**ATTEST:**

  
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**DONNA BUSSE**  
**ACTING DIRECTOR, RETIREMENT SERVICES**