

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Action Minutes of the Board Meeting

Special Meeting

Thursday

SAN JOSÉ, CALIFORNIA

January 30, 2013

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Wednesday, January 30, 2013 in a special meeting session at the Dolce Hayes Mansion, 200 Edenvale Avenue, San Jose, CA 95136. Chair Sean Kaldor called the meeting to order at 9:07 a.m.

BOARD MEMBERS

Sean Kaldor, Chair	-Present
Richard Santos	-Present
Sean Bill (<i>arrived @ 10:01 am, departed @ 2:29 pm</i>)	-Present
Damon Krytzer (<i>departed @ 2:28 pm</i>)	-Present
Drew Lanza	-Present
James Mason	-Present
Nick Muyo	-Present
Elizabeth Rounds	-Present
Vincent Sunzeri	-Present

NON-VOTING BOARD MEMBER

Pete Constant	-Present
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(*departed @ 4:37 am*)

ACTING DIRECTOR RETIREMENT SERVICES

Donna Busse	-Present
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COUNSEL

Harvey Leiderman	-Present
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RETIREMENT SERVICES STAFF – PRESENT: Veronica Niebla; Sonia Morales; Ron Kumar, Linda Alexander; Daryn Miller, Heidi Poon.

ALSO PRESENT: Tom Iannucci, Cortex; Jim Spence, P&F Retirees' Association; Ray Storms, Retiree; Mike Alford, P&F Retirees' Association, Jim Unland, POA, Cheryl Parkman, OER; Mike Moffett, Fire Retiree; Paul Mulholand, Fire Retiree; Daniel LeBeau, NEPC; Allan Martin, NEPC

CALL TO ORDER: 9:07 a.m.

• **ORDERS OF THE DAY**

Chair Kaldor stated that Roberto Pena, new Director of Retirement Services will be joining in via teleconference.

1. **NEW BUSINESS**

1.1 **Presentation on the Department of Retirement Services, including staffing, organization, operations and functions.**

Ms. Busse led the presentation on the Department of Retirement Services, staffing, organization, operations and functions.

1.2 **Discussion and action on Board education plan and alternatives for 2013.**

Mr. Leiderman led the discussion on the Board education plan and alternatives for 2013 and responded to questions and ideas from the Board.

The Board directed Mr. Leiderman to report back to the Board with directions on educational training.

1.3 Discussion and action on Plan governance, including discussions of options for its governance, and a process/roadmap for deciding and implementing changes.

Tom Iannucci from Cortex Applied Research led the discussion on Plan governance and responded to questions from the Board.

- a. Discussion and action on City Council proposed Ordinance 29139 to amend Chapters 3.28 of Title 3 of the San Jose Municipal Code, the 1975 Federated Employees Retirement Plan, and 3.36 of Title 3, the 1961 Police and Fire Department Retirement Plan, to add Sections 3.28.115 and 3.36.325, respectively, regarding the role of the Boards of Administration in personnel matters. (From the 11/1/12 PF Bd meeting)**

Extension discussion continued.

A motion was made by Chair Kaldor, seconded by Santos to create an Ad Hoc Committee to work with the City to grant the Retirement Board authority to approve budgets (including compensation), hire and direct staff, and hire and direct all necessary service providers and bring recommendations to the Board.

Motion was withdrawn by Chair Kaldor.

1.4 Presentation on the Plan's investment mix, investment strategy, and priorities for the upcoming year.

Trustee Sunzeri led the discussion on Investment Plan Review. Allan Martin of NEPC led the presentation on the Plan's investment. Dan LeBeau of NEPC led the presentation on the Portfolio Structure Review. Ms. Poon led the discussion on Hedge Fund Investments and Benefits of Absolute Return Strategies. Mr. Miller presented the Manager Search and the Due Diligence Overview.

Chair Kaldor acknowledged and thanked Trustee Sunzeri, NEPC and Investment staff for their hard work.

1.5 Discussion and action on committees, committee structure, committee chairs, committee membership, and committee objectives/scope for 2013.

Trustee Lanza led the discussion on committee structures, committee chairs, committee membership and committee objectives/scope for 2013.

Extensive discussion continued.

The Board agreed and made changes to the Committees for 2013 as follows:

Investment Committee - Trustee Mason replaced Chair Kaldor.

New Ad Hoc Committee – consists of Trustees Lanza as the Chair, Kaldor, Sunzeri and Rounds.

Make the Audit Committee the “Audit & Risk Committee” – consists of Trustees Bill as the Chair, Lanza and Muyo.

Governance Committee – consists of Trustees Kaldor as the Chair, Sunzeri, Rounds and Santos.

A motion was made to establish an Ad Hoc HR Policy & Procedures Committee to end June 30, 2013 with a budget not to exceed \$10,000, to work with the Federated Board and to return to the Board with recommendation(s). The Committee consists of Trustees Lanza as the Chair, Kaldor, Rounds and Sunzeri.

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

A motion was made to make the Ad Hoc Governance Committee a standing committee to work with Cortex in finalizing the Cortex Report. The Committee consists of Trustees Kaldor as the Chair, Rounds, Santos and Sunzeri.

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

1.6 Discussion and action on policy or preferences for the selection of the Board’s Chair and Vice Chair.

Chair Kaldor led the discussion on policy or preferences for the selection of the Board’s Chair and Vice Chair.

A motion was made to refer to the Governance Committee to review the Board Chair Charter and Vice Chair process to elect both.

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

1.7 Board Communication to Council, plan members.

Chair Kaldor led the discussion on Board communication to Council and plan members.

A motion was made to come back to the Board with recommendation(s) regarding communication to City Council and plan members, such as: Quarterly Newsletter, emails, Retirees, POA, Payroll flyers, Website, Local 230.

Approved. (M.S.C. Kaldor/Rounds, 7-0-0, with two absent-Krytzer and Bill)

- **PROPOSED AGENDA ITEMS - None**
- **PUBLIC COMMENTS - None**
- **ADJOURNMENT**

Meeting adjourned at 4:30 p.m.

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.