

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Minutes of the Board Meeting

6/1 a

Thursday

SAN JOSÉ, CALIFORNIA

March 3, 2011

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, March 3, 2011 in regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street San José, California 95113. Chair David Bacigalupi called the meeting to order at 8:36 a.m.

BOARD MEMBERS

David Bacigalupi, Chair - Present
Conrad Taylor, Vice Chair - Present
Sean Bill, Trustee - Present
Michael Flaherman, Trustee - Absent
Sean Kaldor, Trustee - Present
Damon Krytzer, Trustee - Present
Vincent Sunzeri, Trustee - Absent
Richard Santos, Trustee - Present
Vacant, Trustee

DIRECTOR RETIREMENT SERVICE

BOARD SECRETARY

Russell U. Crosby - Present

COUNCIL LIAISON

Pete Constant - Present

ALSO PRESENT:

| | | | |
|------------------|--------------------|-------------------|------------------------|
| Mollie Dent | -City Attorney | Enrique Carruth | -SJFD |
| Russell Richeda | -Conflicts Counsel | Greg Toscano | -SJFD |
| Carmen Racy-Choy | -Staff | Rajiv Das, M.D. | -Employee Health Svcs. |
| Ali Amiry | -Staff | Mason Bledsoe | -Attorney |
| Allison Suggs | -OER | Robert Naughton | -SJFD |
| Ron Kumar | -Staff | Ron D'Acchioli | -SJFD |
| Jennifer Holmboe | -Staff | Daniel Vasquez | -SJPD |
| Donna Busse | -Staff | Chad Carter | -SJFD |
| Michael Moehle | -Staff | Mike Moffett | -P & F Retirees |
| Mary Dariano | -Staff | Jay Wendling | -P & F Retirees |
| Sonia Morales | -Staff | Sandra Holloway | -SJPD |
| Veronica Niebla | -Staff | Lt. Mark Bustilos | -SJPD |
| Amanda Ramos | -Staff | Scott Savage | -SJPD |
| Thomas J. Boyle | -Attorney | Gil Siqueiros | -Retiree |
| Ceara O'Fallon | -Staff | Michael Hahn | -Retiree |
| Sam Swift | -Attorney | Robert Anderson | -SJPD |

ORDERS OF THE DAY

There will be a break after item 3.1

Item 3.2 will be heard after item 3.4

Item 6.8 will be deferred to April 2011

Items 3.8, 4.2, 4.3 - Deferral requested by Trustee Vincent Sunzeri

City Clerk Swearing in of Newly Appointed Trustee:

Richard Santos was sworn in by City Clerk Dennis Hawkins

1. RETIREMENTS

1.1 Service

- a. **Edward D. Munoz**, Fire Captain, Fire Department, effective March 5, 2011; 20.03* years of service. (With reciprocity) (*Deferred from February 18, 2011 meeting*)
Approved. (M.S.C. Santos/Kaldor, 6-0-2 – Flaherman, Sunzeri absent)
- b. **Maria del Pilar Ramon**, Police Officer, Police Department, effective April 30, 2011; 28.87* years of service. **Approved. (M.S.C. Santos/Kaldor, 6-0-2 - Flaherman, Sunzeri absent)**
- c. **Gilbert P. Zamora**, Police Artist, Police Department, effective March 5, 2011; 25.92* years of service. **Approved. (M.S.C. Taylor/Santos, 6-0-2 - Flaherman, Sunzeri absent)**

1.2 Orientation to Disability Retirement Rules

Senior Deputy City Attorney Mollie Dent presented an orientation to Disability Retirement Rules. She reported that there were four steps in the disability process: application, medical examination, board hearing, and writ of mandate. She also presented the definition of Disability and gave background information. The Board requested additional information on disabilities for the April board meeting.

1.3 Non-Service-Connected Disability

Robert P. Anderson, Police Officer, Police Department. Request for a Non-Service Connected Disability Retirement, effective March 3, 2011; 20.26* years of service.
Approved. (M.S.C. Taylor/Santos 6-0-2 - Flaherman, Sunzeri absent)

1.4 Change in Status

- a. **Enrique A. Carruth**, Arson Investigator, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective January 24, 2009; 27.73 years of service. **Approved. (M.S.C. - Santos/Kaldor, 6-0-2 - Flaherman, Sunzeri absent)**
- b. **Charles C. Carter**, Fire Engineer, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective September 6, 2008; 40.11 years of service: **Not Approved. (M.S.N.C. – Kaldor/Santos, 4-2-2 – Bill, Krytzer no; Flaherman, Sunzeri absent)** A motion was made to defer the item to the April 7 Board Meeting. **Approved. (M.S.C. – Kaldor/Santos, 6-0-2 - Flaherman, Sunzeri absent)**
- c. **Michael J. Hahn**, Police Lieutenant, Police Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective January 9, 2010; 27.89 years of service. **Not Approved. (M.S.N.C. – Taylor/Santos, 4-2-2 – Bill, Krytzer no; Flaherman, Sunzeri absent)** A motion was made to defer the item to the April 7 Board Meeting. **Approved. (M.S.C. - Santos/Kaldor, 6-0-2 - Flaherman, Sunzeri absent)**

*Estimated

- d. **Robert J. Naughten**, Fire Captain, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective January 24, 2009; 25.69 years of service. **Approved.** (M.S.C. – Santos/Krytzer, 6-0-2 - Flaherman, Sunzeri absent)
- e. **Gilbert R. Siqueiros**, Fire Engineer, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective January 24, 2009; 28.46 years of service. **Approved.** (M.S.C. - Taylor/Kaldor, 6-0-2 - Flaherman, Sunzeri absent)
- f. **Gregory Toscano**, Fire Engineer, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective November 15, 2008; 28.27 years of service. **Approved.** (M.S.C. – Santos/Kaldor, 5-1-2 – Bill no; Flaherman, Sunzeri absent)
- g. **Daniel L. Vasquez**, Police Sergeant, Police Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective December 27, 2008; 28.53 years of service. **Approved.** (M.S.C. Taylor/Santos, 5-1-2 – Krytzer no; Flaherman, Sunzeri absent)

2. **DEATH NOTIFICATIONS (Moment of Silence) Note and File**

- 2.1 Notification of the death of **Peggy J. Donald**, Identification Technician, retired 04/01/75, died 12/12/10. No survivorship benefits.

3. **NEW BUSINESS**

- 3.1 Discussion and action regarding selection of Milliman or Cheiron as the Plan's Actuary and authorization for the Secretary to negotiate and execute a contract with the selected firm for an amount not to exceed \$650,000 and a term of three years.

The Board heard presentations from Gene Kalwarski, Ken Kent, and David Holland, representatives from Cheiron, and David Wade and John Botsford, representatives from Milliman.

Milliman will provide \$10M of insurance which is \$5M greater than the contract requirement. However, the City Attorney's office does not recommend waiving the right to a jury trial.

The Board voted to approve Milliman as the Plan Actuary and for the Board Secretary to negotiate and execute an agreement for an amount not to exceed \$650K for a term of three years, subject to legal review of the terms, and accepting a limitation of \$10MM on Milliman's liability and waiver of the right to a jury trial. **Approved.** (M.S.C. – Taylor/Krytzer – 6-0-2, Flaherman, Sunzeri absent)

There was break from 11:54 a.m. to 12:12 p.m.

- 3.2 Qualitative review of the asset allocation, staff presentation.

Deputy Director Carmen Racy-Choy reviewed Plan asset allocation. Trustee Krytzer asked about the sources of risk and suggested the Plan develop a risk budget. The Deputy Director advised that software for risk analytics will be in the next fiscal year's budget. Trustee Kaldor asked to receive this presentation annually.

- 3.3 Overview of the investment structure.

*Estimated

Deputy Director Carmen Racy-Choy reviewed the investment structure.

3.4 Staff presentation on performance reporting as of December 31, 2010.

Ali Amiry, Investment Officer, and Deputy Director Carmen Racy-Choy presented the performance reporting.

3.5 Presentation by City Attorney's Office regarding the Brown Act, San Jose Sunshine, Public Records Act, and other relevant legal requirements.

Senior Deputy City Attorney Mollie Dent presented an overview of the Brown Act, San Jose Sunshine, and Public Records Act as applicable to the Police and Fire Retirement Plan Board of Administration. She included an explanation of the Sunshine and Brown Act rules regarding email and serial conversations, which can be considered meetings. A question was noted regarding the transparency of Personal Digital Assistant (PDA) information and whether the same level of transparency required of the City Council is required of Board Trustees. Senior Deputy City Attorney Dent will research.

3.6 Approval of Department of Retirement Service's Administrative Budget Proposal for Fiscal Year 2011-2012. **Approved. (M.S.C. – Kaldor/Santos, 6-0-2 - Flaherman and Sunzeri absent)**

3.7 Discussion and action on City's request to allow Ice Miller LLP to work for the City on establishment of an Other Post Employee Benefits (OPEB) Trust. **Approved. (M.S.C. Kaldor/Taylor – 6-0-2, Flaherman, Sunzeri absent)**

3.8 Discussion on proposed Securities and Exchange Commission (SEC) rule relating to registration of municipal investment advisors and potential impact on board members. The deadline to submit letters to the SEC was Friday, February 24, 2011. A letter was submitted from the Board Secretary. **Note and File**

- Letter from Board Secretary to Elizabeth Murphy, Secretary of the Securities and Exchange Commission, dated February 22, 2011.

3.9 Discussion of AB1743 and action on amendment of Board's Placement Agent Policy. **Approved. (M.S.C. Kaldor/Taylor – 6-0-2 Flaherman, Sunzeri absent)**

3.10 Discussion regarding Council Liaison.

Senior Deputy City Attorney Dent stated the Council Liaison position and its role are outlined in the San Jose Municipal Code. Conflicts Counsel Richeda stated that there was nothing on the subject in the ordinance. Council Liaison Constant stated that the legislative intent was clear but the ordinance was written incorrectly. Senior Deputy City Attorney Dent stated that the Municipal Code would be redrafted to correspond to the legislative intent stated by Mr. Constant and address other issues, before the next Board Meeting in April.

4. OLD BUSINESS/CONTINUED-DEFERRED ITEMS

4.1 Discussion and action regarding the process and schedule for recommending the 9th Board Member to City Council.

*Estimated

A motion was made to follow the same process for the 9th Board interviews as the Federated City Employees Retirement System did for their 7th Board Member interviews. Board members will review the remaining City Council approved applications and resumes and rank the candidates for interview. Staff will schedule the favored candidates to interview with the current Board members. **Approved.** (M.S.C. Kaldor/Santos – 6-0-2, Flaherman, Sunzeri absent)

4.2 Discussion and possible action regarding Supplemental Retirement Benefit Reserve (SRBR):

- a. Letter from Moscone, Emblidge, & Slater LLP representing the Association of Retired San Jose Police Officers & Fire Fighters regarding the Board's Administration of the Supplemental Retiree Benefit Reserve. *(Deferred from January 6, 2011 meeting)*
- b. Letter from SJPOA re: Demand to Meet and Confer and Potential Grievance Over City's Unilateral Suspension of SRBR Payment and Retirement Board's Failure to Transfer Requisite "Excess Earnings" into SRBR. *(Deferred from January 6, 2011 meeting)*
- c. Letter from Jay Wendling President of the Association of Retired San Jose Police Officers and Fire Fighters regarding SRBR.
- d. Background Information on SRBR
 - i. Memorandum from City Attorney Richard Doyle to City Council dated November 5, 2010 concerning Proposed Ordinance and Resolution Related to Suspension of Distribution of SRBR Benefit payment
 - ii. Legal Opinion from Conflicts Counsel Russ Richeda
 - iii. Legal Opinion dated November 23, 2010 for Senior Deputy City Attorney Mollie Dent
 - iv. SRBR Suspension Memos from: Alex Gurza, Office of Employee Relations, dated October 29, 2010; City Clerk Lee Price, dated October 21, 2010; Mayor Chuck Reed, dated October 13, 2010; City Manager Debra Figone, dated 10/22/10; Resolution No. 71870; and Resolution No. 70822
 - v. Staff memo dated 12/31/10, letter from Segal dated 10/28/10, staff memo dated 11/23/10, and Resolution No. 3683 for Transfer of SRBR funds

Item deferred to the April 7, 2011 Board Meeting.

4.3 Discussion and action regarding the disability determination process. *(Continued from January 6, 2011 meeting)*

Item deferred to the April 7, 2011 Board Meeting.

4.4 Verbal update on status of IRS filing.

Senior Deputy City Attorney Mollie Dent reported that the documents were filed on time.

5. STANDING COMMITTEE REPORTS/RECOMMENDATIONS - None

6. CONSENT CALENDAR (Items # 6.1 through 6.11)

Pull:

Item 6.8 – travel for Ali Amiry to Deutche Bank & Milken Institute from Consent Calendar and defer to April 7, 2011 Board Meeting.

Item 6.7 – Minutes – add Pete Constant to attendees .

Approved. (M.S.C. Kaldor/Bill, 6-0-2, Flaherman, Sunzeri absent)

Approve balance of Consent Calendar. Approved. (M.S.C. – 6-0-2 – Flaherman, Sunzeri absent)

6.1 Approval to rescind retirement application of **Evan S. Bloom**; approved at the January 6, 2011 meeting.

6.2 Approval to rescind retirement application of **David W. Huseman**; approved at the January 6, 2011 meeting.

6.3 Approval to rescind retirement application of **Matthew Elvander**; approved at the January 6, 2011 meeting.

6.4 Approval to rescind retirement application of **Alan Gerbino**; approved at the January 6, 2011 meeting.

6.5 Approval to rescind retirement application of **Stewart McGehee**; approved at the December 2, 2010 meeting.

6.6 Approval of change of retirement date of **Karen Gall**; from January 22, 2011 to January 29, 2011.

6.7 Approval of Minutes -pulled

- a. Monthly Board meeting held on January 6, 2011.
- b. Monthly Board meeting not held on February 3, 2011.
- c. Special Board meeting held on February 18, 2011.

6.8 Approval of Travel/Conference Attendance

- a. Sean Bill
 - Principles of Pension Management, Stanford Law School, Crown Quadrangle, 559 Nathan Abbott Way, Stanford, CA 94305-8610, March 22-25, 2011.
 - CALAPRS, Trustees Round Table, Double Tree Hotel, San Jose, CA, January 28, 2011.
- b. Sean Kaldor
 - Principles of Pension Management, Stanford Law School, Crown Quadrangle, 559 Nathan Abbott Way, Stanford, CA 94305-8610, March 22-25, 2011.
- c. Mollie Dent
 - CALAPRS Attorney's Roundtable, Double Tree Hotel, San Jose, CA, 2050 Gateway Place, San Jose CA, January 21, 2011

- d. Veronica Niebla - GFOA, Accounting for Pension and OPEB & Preparing a CAFR, Reno, NV, March 21-22, 2011.
- e. Donna Busse - GFOA, Financial ERP System Selection and Implementation, Reno, NV, March 22-23, 2011.
- f. Vincent Sunzeri - CALAPRS, Trustees Round Table, Double Tree Hotel, San Jose, CA, January 28, 2011.
- g. Ali Amiry
 - Institutional Investor Institute Hedge Fund Institutional Forum, Advisory Board, Rancho Bernardo Inn, San Diego, CA, April 5-8, 2011.
 - Deutsche Bank Hedge Fund Conference, Barcelona, Spain, May 4-6, 2011. *(Expenses paid by Deutsche Bank)*. **-pulled- defer to April 7, 2011 Board Meeting**
 - Milken Institute, Los Angeles, CA, May 1-4, 2011, *(Expenses paid by Milken Institute)*. **pulled- defer to April 7, 2011 Board Meeting**

6.9 Approval of Monthly Expenses

- a. Plan Expenses for December 2010.
- b. Plan Expenses for January 2011.

6.10 Return of Contributions

- a. Voluntary
- b. Involuntary

6.11 Investments

- a. Adoption of Resolution 3693, for the period of December 1, 2010 through December 31, 2010.
- b. Adoption of Resolution 3697, for the period of January 1, 2011 through January 31, 2011.

6.12 Communication/Information

- a. Report on Investment as of December 31, 2010 and January 31, 2011.
- b. Benefits Review Forum held on January 26, 2010.
Approved. (M.S.C. Kaldor/Bill, 6-0-2 - Flaherman, Sunzeri absent)

7. EDUCATION & TRAINING

7.1 Notification of CalAPRS' Trustees Round Table

Trustees' Round Table, Los Angeles Marriott Burbank Airport, Burbank, CA, 2500 Hollywood Way, June 3, 2011.

7.2 Notification of IFEBP Training

- a. Investments Institute, Las Vegas, NV – Monday, April 11, 2011 thru Wednesday, April 13, 2011.
- b. Wharton Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.

*Estimated

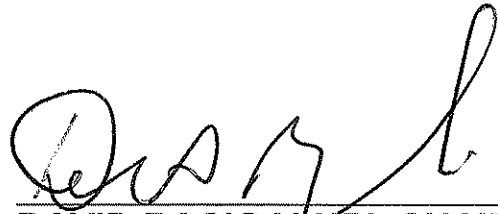
- c. Trustees and Administrators Institutes – New Trustees, The Mirage, Las Vegas NV, Monday, June 13, 2011 thru Wednesday, June 15, 2011.
- d. Certificate of Achievement in Public Plan Policy (CAPPP) – Employee Pensions – **Part 1**, The University of Chicago, Gleacher Center, Chicago, IL - Monday, June 14-15, 2011.
- e. CAPPP – Employee Health – **Part I**, The University of Chicago, Gleacher Center, Chicago, IL – Monday, June 14-15, 2011.
- f. CAPPP – Employee Pensions – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL – Wednesday, June 16-17, 2011.
- g. CAPPP – Employee Health – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL - Wednesday, June 16-17, 2011.

PROPOSED AGENDA ITEMS

PUBLIC COMMENTS


Trustee Santos expressed concern over the Board's meetings being scheduled at City Hall. He stated that the Board should meet at the Trust Fund's place of business.

ADJOURNMENT : 2:45 p.m.



DAVID BACIGALUPE, CHAIR
BOARD OF ADMINISTRATION

ATTEST:



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