

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Minutes of the Board Meeting

6.7 (9)

Thursday

SAN JOSÉ, CALIFORNIA

January 6, 2011

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, January 6, 2011 in regular session at City Hall in the Wing Meeting Rooms 119-120, 200 East Santa Clara Street San José, California 95113. Vice-Chair Conrad Taylor called the meeting to order at 8:38 a.m.

BOARD MEMBERS

David Bacigalupi, Chair – Present

(Via teleconference)
75-5919 Ali'i Dr. G01,
Kailua-Kona, HI 96740

Conrad Taylor, Vice Chair- Present

Sean Bill, Trustee- Present

Michael Flaherman, Trustee- Present (arrived 8:48 a.m.)

Sean Kaldor, Trustee- Present

Damon Krytzer, Trustee- Present

Vincent Sunzeri, Trustee- Present

Vacant, Trustee

Vacant, Trustee

DIRECTOR RETIREMENT SERVICES/ BOARD SECRETARY

Russell U. Crosby - Present

ALSO PRESENT:

Mollie Dent	-City Attorney	Andy Yeung	-Segal Company
Russell Richeda	-Conflicts Counsel	Paul Angelo	-Segal Company
Carmen Racy-Choy	-Staff	Ali Amiry	-Staff
Rajiv Das, M.D.	-Retirement Services	Alex Gurza	-OER
Antonio Guerra	-Mayor's Office	Aracely Rodriguez	-OER
Ron Kumar	-Staff	Sandra Holloway	-SJPD
Jennifer Holmboe	-Staff	Lt. Mark Bustillos	-SJPD
Donna Busse	-Staff	Heidi Poon	-Staff
Michael Moehle	-Staff	Mike Moffett	- P& F Retirees
Mary Dariano	-Staff	Jay Wendling	- P& F Retirees
Sonia Morales	-Staff	Tom Boyle	-Attorney
Veronica Niebla	-Staff	Toni Johnson	-Staff
Amanda Ramos	-Staff	B. De Mers	-P& F Retirees
Jim Jeffers	-Lawyer	Eric Ramones	-Fire Department
Carol Bermillo	-Staff	Ceara O'Fallon	-Staff
Bruce Unger	-Retiree	George Beatie	-SJPOA
Kevin Ray	-Retiree	Jesselle Holcomb	-Staff

ORDERS OF THE DAY

1. City Clerk Swearing in of Newly Appointed Trustees:

Nora Pimentel from the City Clerk's Office administered the oath of office to Sean Bill and Damon Krytzer as the first order of business.

RETIREMENTS

2. Service (* Estimated)

- a. Evan S. Bloom, Fire Captain, Fire Department, effective January 22, 2011; 25.05* years of service. (With reciprocity) **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- b. Kevin G. Conant, Battalion Chief, Fire Department, effective January 8, 2011; 25.02* years of service. (With reciprocity) **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- c. William James Cooley, Fire Engineer, Fire Department, effective January 22, 2011, 26.50* years of service. **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- d. Matthew F. Elvander, Police Sergeant, Police Department, effective January 22, 2011; 27.91* years of service. **Approved.** (M.S.C. Bacigalupi/ Kaldor, 6-0-1, Flaherman absent)
- e. Alan Gerbino, Fire Engineer, Fire Department, effective January 8, 2011; 26.50* years of service. **Approved.** (M.S.C. Kaldor/Bacigalupi, 6-0-1, Flaherman absent)
- f. Mark Heller, Police Officer, Police Department, effective February 11, 2011; 26.91* years of service. **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- g. David Huseman, Fire Captain, Fire Department, effective January 22, 2011; 27.50* years of service. **Approved.** (M.S.C. Kaldor/Sunzeri, 6-0-1, Flaherman absent)
- h. Byron Jones, Police Sergeant, Police Department, effective January 22, 2011; 25.05* years of service. **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- i. Scott H. Kennedy, Police Officer, Police Department, effective January 22, 2011; 25.05* years of service. (With reciprocity) **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- j. Timothy P. Leong, Fire Captain, Fire Department, effective January 8, 2011; 27.57* years of service. (SCD - pending) **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- k. Michael Ponte, Police Sergeant, Police Department, effective January 22, 2011; 25.05* years of service. **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- l. David Salazar, Fire Captain, Fire Department, effective January 22, 2011; 27.62* years of service. **Approved.** (M.S.C. Bacigalupi/Kaldor, 6-0-1, Flaherman absent)
- m. Brian S. Smith, Fire Fighter, Fire Department, effective January 22, 2011; 27.44* years of service. **Approved.** (M.S.C. Kaldor/Bacigalupi, 6-0-1, Flaherman absent)
- n. Wayne D. VanGundy, Fire Captain, Fire Department, effective January 30, 2011; 25.09* years of service. **Approved.** (M.S.C. Kaldor/Bacigalupi, 6-0-1, Flaherman absent)
- o. John A. Wells, Fire Captain, Fire Department, effective January 22, 2011; 27.65* years of service. **Approved.** (M.S.C. Kaldor/Bacigalupi, 6-0-1, Flaherman absent)

Nora Pimentel from the City Clerk's Office administered the oath of office to new Trustee, Michael Flaherman when he arrived at 8:48 a.m.

3. Service Connected Disability:

Kevin Ray, Police Officer, Police Department. Request for a Service-Connected Disability (SCD) Retirement, effective January 6, 2011; 11.69 (estimated) years of service. Deputy Director, Donna Busse read the medical information into the record. The following records were submitted.

APPLICANT'S NAME:	KEVIN RAY
REPRESENTED BY ATTORNEY:	NO
CLASSIFICATION:	POLICE OFFICER
SCD <input checked="" type="checkbox"/> NSCD <input type="checkbox"/> DISABILITY BASED ON:	ORTHOPEDIC INJURY SUSTAINED TO HIS RIGHT FOOT
AGE:	36.80

MEDICAL REPORTS – DR'S NAME **DATED**

ARTHUR TING, M.D.	8/13/10 (2), 1/13/10, 3/9/10
WILLIAM BROWN, M.D.	8/24/09, 4/6/09, 12/15/08
RORY SATTERFIELD, M.D.	3/26/09
WILLIAM SOULE, M.D.	12/4/08
STEPHEN IMRIE, M.D.	10/13/08, 10/12/08
KLAUS FECHNER, M.D.	10/12/08 (3)

MEDICAL REPORT FROM BOARD'S DIRECTOR **DATED**

RAJIV DAS, M.D.	12/9/10
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The medical evidence provided stated the injury occurred while on duty and the work restrictions resulting from the injury preclude him being able to return to full duty. A motion was made to approve the SCD for Kevin Ray. **Approved.** (M.S.C. Bacigalupi/Taylor, 7-0-0)

4. Non-Service Connected Disability: None

5. Change in Status

Bruce W. Unger, Police Lieutenant, Police Department, Requesting change in status from a Service Retirement to a Service-Connected Disability Retirement, effective July 11, 2009; 29.29 (estimated) years of service. Deputy Director, Donna Busse read the medical information into the record.

MEDICAL REPORTS – DR'S NAME **DATED**

SCOTT WACHHORST, M.D.	07/08/2009 (2 REPORTS), 05/24/2006, 03/02/2006, 12/17/2003, 06/29/2003, AND 06/25/2003
WILLIAM HOFFMAN, JR, D.C.	06/08/2009 (2 REPORTS)
ROBERT MILLARD, M.D.	07/25/2006, 06/13/2006 AND 10/21/2003
MURRAY SOLOMON, M.D.	03/22/2006
RICHARD TURNER, M.D.	06/19/1997
ANTHONY TRUJILLO, D.C.	09/30/1996

MEDICAL REPORT FROM BOARD'S DIRECTOR **DATED**

RAJIV DAS, M.D.

09/14/2010

The medical evidence provided stated the injury occurred while on duty and the work restrictions resulting from the injury preclude him being able to return to full duty. A motion was made to approve the SCD for Bruce Unger. **Approved. (M.S.C. Bacigalupi/Taylor, 7-0-0)**

6. **Deferred Vested** - None

DEATH NOTIFICATIONS (Moment of Silence)

7. Notification of the death of **George W. Federoff**, Retired Fire Captain, retired 09/02/93, died 11/15/10. Survivorship benefits to Lynda M. Federoff, spouse, and survivorship allowance to Taralyn Federoff, daughter. **Note and File.**
8. Notification of the death of **George Lucchesi**, Retired Fire Fighter, retired 03/30/80, died 11/02/10. Survivorship benefits to Marguerite Lucchesi, spouse. **Note and File.**
9. Notification of the death of **Dexter O'Day**, Retired Police Sergeant, retired 07/12/97, died 10/14/10. No survivorship benefits. **Note and File.**
10. Notification of the death of **John (Jack) Salois**, Retired Fire Fighter, retired 03/07/96, died 11/27/10. Survivorship benefits to Freda Salois, spouse. **Note and File.**

NEW BUSINESS

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

The Vice-Chair suggested that the Police and Fire Board of Administration and the Federated City Employees' Retirement System Board of Administration have a joint meeting to interview applicants for the remaining seats on each Board. Chair Bacigalupi made a motion to have the joint meeting and choose applicants from the candidate list already approved by City Council. **Approved. (M.S.C. Bacigalupi/Taylor, 7-0-0)**

12. Approval of change of retirement date of **Antoinette Igno** from Early Service Retirement effective December 11, 2010 to an Early Service Retirement effective December 19, 2010. **Approved. (M.S.C. Kaldor/Bacigalupi, 7-0-0)**
13. Approval of change of retirement date of **Karen Gall** from January 8, 2011 to January 22, 2011. **Approved. (M.S.C. Bacigalupi/Kaldor, 7-0-0)**
14. Approval of change of retirement date of **Larry McGrady** from January 22, 2011 to January 23, 2011. **Approved. (M.S.C. Bacigalupi/Kaldor, 7-0-0)**
15. Approval of change of retirement date of **Jim Wyatt** from January 22, 2011 to January 30, 2011. **Approved. (M.S.C. Bacigalupi/Kaldor, 7-0-0)**
16. Approval of change of Service Retirement date of **Oscar Bazarro** from December 25, 2010 to January 8, 2011. **Approved. (M.S.C. Kaldor/Bacigalupi, 7-0-0)**

17. Approval of Lifetime Monthly Payment Option to be paid to **Eileen Efigenio**, ex-spouse of Police Officer Mark Efigenio, to be effective December 1, 2010 under Part 17, Section 3.36.3600 of the San Jose Municipal Code. **Approved. (M.S.C. Bacigalupi/Kaldor, 7-0-0)**
18. Discussion and possible action regarding actuarial equivalence factors for optional forms of payment.

A motion was made to approve the staff recommendation to recommend to the City Council to update the Municipal Code to include all actuarial tables and assumptions approved by the Board for the annual actuarial valuation in the calculation of actuarial equivalence factors for optional forms of payment. Direction was given to staff and attorneys to search the Municipal Code for other inconsistencies that might be corrected at the same time. A draft of the recommendation will be submitted to the Board. **Approved. (M.S.C. Taylor/Flaherman, 7-0-0)**

OLD BUSINESS/CONTINUED-DEFERRED ITEMS

19. Discussion and possible action regarding Supplemental Retirement Benefit Reserve (SRBR):
 - a. Discussion and possible action on SRBR calculations from the Segal Company. *(Deferred from December 2, 2010 meeting)* A motion was made to approve staff recommendations and transfer both amounts: \$719K and \$296K. **Approved. (M.S.C. Bacigalupi/Taylor, 7-0-0)**
 - b. Adoption of Resolution No. 3683 declaring excess earnings as of June 30, 2010 for the purpose of transfer to Supplemental Retiree Benefit Reserve. *(Deferred from December 2, 2010 meeting)* **Approved with 19a.**
 - c. 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 (SRBR). **Deferred to next meeting. (M.S.C. Kaldor/Bacigalupi, 7-0-0)**
20. Discussion and action relating to setting the discount rate for the June 30, 2011 valuation at 7.5%.

A motion was made to defer the decision regarding the staff recommendation to lower the discount rate at the June 30, 2011 valuation to 7.5%, until the new Board members can review the analysis supporting the recommendation. **Approved the motion to defer to next meeting. (M.S.C. Bacigalupi/Kaldor. 7-0-0)**
21. Discussion and action on Segal's Pension Valuation for the period ending June 30, 2010. A motion was made to accept Segal's Pension Valuation for the period ending June 30, 2010. **Approved. (M.S.C. – Flaherman/Bacigalupi. 7-0-0)**
22. Discussion and action regarding a funding policy for Employer Annual Required Contributions (ARC) being set as the greater of two dollar amounts: the contribution amount reported in the valuation or, the employer contribution rate times the emerging payroll for the year. A motion was made to approve the funding policy and direct Counsel to prepare a Municipal Code amendment. **Approved. (M.S.C. Flaherman/Bacigalupi. 7-0-0)**

23. Adoption of the June 30, 2010 OPEB Valuation Assumptions. A motion was made to adopt the June 30, 2010 OPEB Valuation assumptions as recommended in the Segal Company memo of December 21, 2010. **Approved. (M.S.C. – Flaherman/Kaldor. 7-0-0)**

24. Verbal report regarding disability process. *(Continued from December 2, 2010 meeting)*

Senior Deputy City Attorney Dent reported on possible options for the disability process. Some options include an outside hearing officer, who makes recommendations to the Board, and a subcommittee made up of Trustees and staff, or a subcommittee made up of only staff, that makes recommendations to the Board. Without changes to the Municipal Code, the full Board will need to be involved in hearings and appeals. The disability items could be placed on the Consent Calendar to be approved but could always be heard individually if requested. The Board requested further information from staff and agreed to review next month.

25. Adoption of Resolution 3685 authorizing submission of the following applications to the Internal Revenue Service, upon Council approval of an ordinance containing the required Plan tax compliance language:

- a. Application for a tax determination letter, with a payment by the Plan of the \$1,000 determination letter filing fee
- b. Application to the Voluntary Compliance Program (VCP) for correction of failures to adopt timely amendments to the Retirement Plan as required under federal tax law and to define the establishment date of the Plan's IRC 401(h) account, with a payment by the Plan of the \$15,000 VCP fee. A motion was made to approve Resolution 3685 with some changes to VCP for plan failures, including to timely adopt the language before the Chair signs.

A motion was made to adopt Resolution 3685. **Approved. (M.S.C. Kaldor/Bacigalupi, 7-0-0)**

STANDING COMMITTEE REPORTS/RECOMMENDATIONS

26. Investment Committee **Note and File**

Summary of the August 19, 2010 Investment Committee Meeting

27. Real Estate Committee

- a. Summary of the September 16, 2010 Real Estate Committee Meeting; **Note and File**
- b. Summary of the September 16, 2010 1737 North First Street Corporation Board of Directors Meeting; **Note and File**
- c. Summary of the September 16, 2010 3169 Dodd Road Corporation Board of Directors Meeting; **Note and File**
- d. Summary of the September 16, 2010 3201 C Street LLC Board of Directors Meeting; **Note and File**
- e. Summary of the September 16, 2010 3301 C Street LLC Board of Directors Meeting; **Note and File**
- f. Summary of the September 16, 2010 SJ Progress Point LLC Board of Directors Meeting. **Note and File**

CONSENT CALENDAR (Items # 28 through 35) A motion was made to approve the Consent Calendar excluding the Minutes: **Approved. (M.S.C. Bacigalupi/Kaldor 7-0-0)**

28. Approval of Minutes

Monthly Board meeting held on December 2, 2010.

The minutes will stand as is without approval. A quorum of Trustees present at the December 2, 2010 Board Meeting is not available due to the change in Board of Administration membership in January 2011.

29. Approval of Travel/Conference Attendance

Conrad Taylor - Wharton International Investing and Emerging Markets, San Francisco, CA, July 25-27, 2011

30. Approval of Monthly Expenses

Plan Expenses for November 2010.

31. Pending Action

Pending Action Summary List as of January 2011

32. Benefits Review Forum

Summary of meeting held on December 1, 2010

33. Return of Contributions

- a. Voluntary
- b. Involuntary

34. Investments

Adoption of Resolution 3688, for the period of November 1, 2010 through November 30, 2010.

35. Communication/Information

- a. Report on Investments as of November 30, 2010.
- b. Fiduciary Insurance Renewal for 2010-2011
- c. Letter from Wylie, McBride, Platten & Renner regarding Mark Skeen that was received during the meeting of December 2, 2010
- d. 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

EDUCATION & TRAINING

36. Notification of CalAPRS' Trustees Round Table

- a. Trustees' Round Table, Double Tree Hotel, 2050 Gateway Place, San Jose, CA. Friday, January 28, 2011.
- b. General Assembly, Monterey, CA – Thursday, March 3, 2011 thru Tuesday, March 8, 2011.
- c. Principles of Pension Management, Stanford Law School, Crown Quadrangle, 559 Nathan Abbott Way, Stanford, CA 94305-8610, March 22-25, 2011.

37. 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.
- c. Trustees and Administrators Institutes – New Trustees, Hilton, San Francisco, CA – Monday, June 13, 2011 thru Wednesday, June 15, 2011.

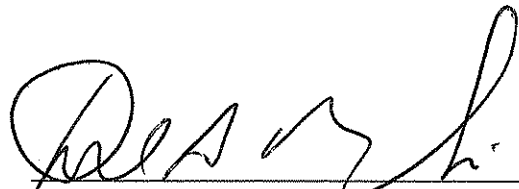
PROPOSED AGENDA ITEMS

- a. Discussion and possible action regarding the 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 (SRBR).
- b. Discussion on the history of the SRBR and possible action regarding a recommendation to change SRBR distribution methodology
- c. Discussion and possible action regarding the disability determination process.
- d. Discussion regarding Pension Valuation Discount Rate

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT : 12:08 p.m.



DAVID BACIGALUPE, CHAIR
BOARD OF ADMINISTRATION

ATTEST:



RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION