



BOARD OF ADMINISTRATION
Department of Retirement Services
City Hall, Wing Rooms 118/119
200 East Santa Clara St., San Jose, CA 95113

BOARD MEMBERS

Sean Kaldor, Chair
Richard Santos, Vice Chair
David Bacigalupi, Trustee
Sean Bill, Trustee
Damon Krytzer, Trustee
Drew Lanza, Trustee
James Mason, Trustee
Vincent Sunzeri, Trustee
Elizabeth Rounds, Trustee

NON-VOTING BOARD MEMBER

Pete Constant

DIRECTOR RETIREMENT SERVICES

Russell U. Crosby

COUNSEL

Harvey L. Leiderman, General and
Fiduciary Counsel

THURSDAY

JUNE 7, 2012

8:30 a.m.

AMENDED AGENDA

• **ORDERS OF THE DAY**

Dennis Hawkins, City Clerk, swearing in of Newly Appointed Trustee James Mason.
Recognition of Russ Richeda.

1. INVESTMENTS

1.1 Update on Investments from the CIO.

- a.** [Presentation of the March 31, 2012, Quarterly Performance Report by NEPC.](#)
- b.** [NEPC presentation of Flash Report.](#)
- c.** Update on Asset Allocation.

1.2 Discussion and action relating to the asset allocation analysis that minimizes the plan sponsor and employee contributions.

1.3 [Discussion and action regarding MacKay Shields broadening of policy limits.](#)

2. NEW BUSINESS

2.1 [Presentation of Cheiron's report on 401\(h\) limits.](#) Receive and file.

2.2 [Discussion and action on Ordinance to implement new IRC Section 115 Healthcare Trusts for Police and Fire.](#)

- a.** Discussion and action on request for legal opinion of tax counsel.

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call Sonia Morales (408) 794-1004 as soon as possible, but at least three business days before the meeting.

- 2.3 Discussion and action regarding relationship with tax counsel:
 - a. Update on status of contract renewal of tax counsel.
- 2.4 Discussion and action on possible follow-up audit of City Contribution Transmittals.
- 2.5 [Discussion and action regarding San Jose Retirement Services Audit Plan for 2012.](#)
- 2.6 [Discussion and action on Plan Expenses for April 2012.](#)
- 2.7 [Discussion and action of renewal of Cortex Contract.](#)
- 2.8 [Discussion and action to authorize the Secretary to negotiate and execute the 1st amendment to the agreement with L.R. Wechsler, Ltd. for Consulting Services to:](#)
 - a. Extend the term of the Agreement for Phase I-IV through December 31, 2012 at no additional cost; and
 - b. Add Phase V – Pension Administration System Implementation and Oversight Services for an amount not to exceed \$1,150,000, for a term ending December 31, 2016. (This cost is split 50/50 between the Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System).
- 2.9 Discussion and action regarding the waiver of confidentiality of Counsel correspondence on reciprocal members' rights.

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

- 3.1 Update on Payroll Audit, FLSA and overtime payment issues. Receive and file.
 - a. [Discussion and action on City's correction process.](#)
 - b. Discussion and action regarding interest payments on correction amounts.
 - c. Discussion and action regarding assignment to Audit Committee.
- 3.2 [Discussion and action on Governance policies developed by Cortex.](#)
 - a. [Investment Committee Charter](#)
 - b. [Chief Investment Officer Charter](#)
 - c. [Reporting and Monitoring Policy](#)
 - d. [Strategic Planning Policy](#)
- 3.3 [Discussion and action on Department of Retirement Services' Administrative Budget Proposal for Fiscal Year 2012-2013.](#) *(Continued from May Board meeting)*
- 3.4 Update from Councilmember Constant. Receive and file.
- 3.5 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),

Paul Mulholand, James Unland and Mary Follenweider, Plaintiffs v. Russell Crosby, Mike Moehle, City of San Jose and Does 1 through 10 Defendants; the Board of Directors of the San

Jose Police and Fire Retirement Board and the Board of Directors of the City of San Jose Federated City Employees Retirement System, Necessary Parties in Interest.

3.6 CLOSED SESSION: Pursuant to Government Code Section 54956.9(a) – Pending litigation.

San Jose Police Officers' Association v. City of San Jose and Board of Administration for Police and Fire Department Retirement Plan of City of San Jose, Santa Clara County Superior Court, No. [TBA]
File No. 038809

OPEN SESSION

4. RETIREMENTS - 10:30 a.m. or soon thereafter

4.1 Service Retirement

- a. **William R. Enos**, Police Officer, Police Department, effective July 21, 2012; 20.03* years of service.
- b. **Kimberly L. Hudson**, Police Sergeant, Police Department, effective August 2, 2012; 27.14* years of service.

4.2 Change of Status to Service-Connected Disability

- a. **Peter C. Araujo**, Fire Engineer, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability Retirement, effective January 23, 2010; 29.41 years of service.
- b. **Patrick Boyd**, Police Sergeant, Police Department. Request for a change of status from a Service Retirement to a Service-Connected Disability Retirement, effective January 24, 2009; 28.33 years of service.
- c. **Mario Busalacchi**, Fire Captain, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability Retirement, effective June 26, 2010; 30.22 years of service.
- d. **James Hirano**, Arson Investigator, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability Retirement, effective January 24, 2009; 26.5 years of service.
- e. **Timothy P. Leong**, Fire Captain, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability Retirement, effective January 8, 2011; 27.57 years of service.

4.3 Status Report on Other Pending Disability Applications – No Action to be taken at this meeting

[Discussion regarding the following pending disability applications: No action to be taken at this meeting.](#)

a. Tina Boales	p. Ed Powell
b. Carlos Chaboya	q. Kenneth Rawson
c. Eric Colandone	r. Thomas Reischl
d. David Cox	s. Mark Remington
e. Devlin Creighton	t. John Ruffner
f. Mark Filson	u. Cassandra Sanchez
g. Joseph Fleming	v. Paul Schuller
h. David Jimenez	w. Roger Smith
i. Paul Kennedy	x. Ray Storms
j. Eric Kurz	y. Kevin White
k. George Lucchesi	z. Kenneth Willey
l. Philip Malvini	aa. Marc Williams
m. Bret Mendia	bb. Richard Williams
n. Jeff Moore	cc. Louis Zapata
o. James Overstreet	

4.4 **Deferred Vested**

- a. **Scott M. Savage**, Police Captain, Police Department, effective July 15, 2012; 25.71* years of service.

5. **DEATH NOTIFICATIONS**

- 5.1 Notification of the death of **Walter L. Martinelli**, Fire Engineer, retired February 1, 1974, died May 7, 2012. No survivorship benefits.

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

6.1 **Investment Committee (Sunzeri/Bill/Kaldor/Krytzer – Alternate/Bacigalupi) – Next Meeting: June 13, 2012**

- a. Report from the Chair of the Investment Committee. Receive and file.
b. [Minutes of April 26, 2012, Joint Police & Fire Investment Committee and Federated Investment Committee meeting.](#) Receive and file.

6.2 **Ad Hoc Governance Committee-Cortex Phase II (Kaldor/Lanza/Rounds/Santos – Alternate/Sunzeri) – Last Meeting: May 18, 2012 – Next Meeting: TBD**

- a. Report from the Chair of Ad Hoc Governance Committee-Cortex Phase II. Receive and file.

6.3 **Ad Hoc Personnel Committee (Lanza/Kaldor/Rounds) – Last Meeting: May 18, 2012 – Next Meeting: TBD**

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

6.4 **Ad Hoc Audit Committee (Bill/Bacigalupi/Kaldor/Lanza) - Next Meeting: TBD**

7. **CONSENT CALENDAR (Items 7.1 through 7.7)**

7.1 Approval of Investment Minor Agreements

- a. Approval of Minor Investment Agreement authorizing the Secretary to negotiate and execute an Agreement with Glass Lewis & Co., LLC for proxy voting for an amount not to exceed \$150,000 (this amount split 50/50 with Federated City Employees' Retirement System) for three year term ending June 30, 2015;
- b. Approval of Minor Investment Agreement authorizing the Secretary to negotiate and execute an Agreement with eVestment Alliance for Investment Manager Database for an amount not to exceed \$135,000 (this amount split 50/50 with Federated City Employees' Retirement System) for a three year term ending June 30, 2015.

7.2 Change of Retirement Application

- a. Approval of change of retirement date of **John B. McElvy**, Police Officer, Police Department; from June 23, 2012 to June 30, 2012.
- b. Approval of change of retirement date of **Juan Bautista**, Fire Engineer, Fire Department, from June 23, 2012 to June 29, 2012.

7.3 Approval of Minutes

- a. [Monthly Board meeting held on May 3, 2012.](#)

7.4 Approval of Travel and Attendance for Conferences and Due Diligence

- a. Melanie Kirmse - CalAPRS, Benefits' Round Table, DoubleTree Hotel, San Jose, CA – June 8, 2012.
- b. Damon Krytzer - PensionBridge, 4 Seasons, Chicago, IL – July 22-24, 2012.

7.5 Return of Contributions

- a. Voluntary
- b. Involuntary

7.6 Communication/Information

- a. [List of committees and members.](#)
- b. [Memo from City Manager, Debra Figone regarding: Retirement of Russell Crosby, Director of Retirement Services, dated May 17, 2012.](#)
 - 1) [Memo from the Chairs of the Police & Fire Retirement Plan Board and the Federated City Employees Retirement System regarding: Recruitment for Director of Retirement Services, dated May 25, 2012.](#)
- c. [Police Contribution Rates letter to active Members, regarding new Retirement Contribution Rates, dated May 9, 2012.](#)
- d. [Fire Contribution Rates letter to active Members, regarding new Retirement Contribution Rates, dated May 9, 2012.](#)
- e. [NBC Bay Area Story, regarding SJ Disability Retirement Investigation, dated May 21, 2012.](#)
- f. [GFOA Certificate and Award of Financial Reporting Achievement for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 2011, dated May 16, 2012.](#)
- g. [Business continuance plan annual mock event.](#)

7.7 [Pending Projects](#)

8. **EDUCATION & TRAINING**

8.1 [Educational Programs and Courses](#)

8.2 [Conferences and Seminars](#)

8.3 [Research Papers and Articles](#)

8.4 CalAPRS' Training

- a. Trustees' Round Table, DoubleTree Hotel, 2050 Gateway Place, San Jose – Friday, June 8, 2012.

- **PROPOSED AGENDA ITEMS**

- **PUBLIC COMMENTS**

- **ADJOURNMENT**

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.

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