



**BOARD OF ADMINISTRATION
Department of Retirement Services**

CITY HALL WING COMMITTEE ROOMS 118/119

200 East Santa Clara St., San Jose, CA 95113

BOARD MEMBERS

David Bacigalupi, Chair (Via Teleconference)

- 95-9519 Ali'I Drive GO1

Kailua-Kona, HI 96740

Conrad Taylor, Vice Chair

Sean Bill, Trustee

Michael Flaherman, Trustee

Sean Kaldor, Trustee

Damon Krytzer, Trustee

Drew Lanza, Trustee

Vincent Sunzeri, Trustee

Richard Santos, Trustee

DIRECTOR RETIREMENT SERVICE

BOARD SECRETARY

Russell U. Crosby

COUNCIL LIAISON

Pete Constant

THURSDAY

MAY 5, 2011

8:30 a.m.

AMENDED AGENDA

• **ORDERS OF THE DAY**

City Clerk Swearing in of Newly Appointed Trustee

1. **RETIREMENTS**

1.1 **Service**

- a. **Melanie Bertelsen**, Police Sergeant, Police Department, effective June 11, 2011; 26.89* years of service.
- b. **Luis F. Chacon**, Fire Inspector, Fire Department, effective June 25, 2011; 25.50* years of service.
- c. **Dennis M. Faz**, Police Officer, Police Department, effective June 23, 2011; 20.57* years of service.
- d. **Paul G. Harmon**, Police Sergeant, Police Department, effective June 25, 2011; 25.85* years of service. (*With reciprocity*)
- e. **David Huseman**, Fire Captain, Fire Department, effective June 25, 2011; 27.99* years of service.
- f. **David J. Johnson**, Police Officer, Police Department, effective June 11, 2011; 29.31* years of service.
- g. **Gilbert A. Lee**, Police Officer, Police Department, effective June 25, 2011; 25.27* years of service. (*SCD*)
- h. **Russell Pffirman**, Fire Captain, Fire Department, effective June 25, 2011; 25.51* years of service. (*With reciprocity*)

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call Mary Dariano (408) 794-1005 as soon as possible, but at least three business days before the meeting.

- i. **John A. Skeen Jr.**, Fire Captain, Fire Department, effective May 28, 2011; 27.96* years of service. (*SCD*)
- j. **Jeff Smith**, Police Captain, Police Department, effective June 25, 2011; 27.88* years of service.
- k. **James T. Werkema**, Police Lieutenant, Police Department, effective June 11, 2011; 25.03* years of service. (*SCD*)

1.2 **Early Service**

- a. **Paul A. Schuller**, Battalion Chief, Fire Department, effective June 11, 2011; 22.87* years of service. (*With reciprocity*)(*SCD*)
- b. **Christina L. Thomas**, Police Officer, Police Department, effective June 25, 2011; 20.71* years of service. (*With reciprocity*)

1.3 **Service-Connected Disability**

- a. **Wayne M. Farquhar**, Police Lieutenant, Police Department. Request for a Service-Connected Disability Retirement, effective May 5, 2011; 24.36* years of service.
- b. **Lawrence D. Gullo**, Police Officer, Police Department. Request for a Service-Connected Disability, effective May 5, 2011; 10.76* years of service.
- c. **Kyle Johnson**, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective May 5, 2011; 15.12* years of service.
- d. **Cynthia A. Teper-Johnson**, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective May 5, 2011; 21.57* years of service.
- e. **Robin Tokiwa**, Police Officer, Police Department. Request for a Service-Connected Disability, effective May 5, 2011; 24.54* years of service.

1.4 **Change in Status**

- a. **Steven D. Barnes**, Police Sergeant, Police Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective January 24, 2009; 25.96 years of service. (*Deferred from April 7, 2011*)
- b. **Michael 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. (*Deferred from March 3, 2011*)
- c. **Victor M. Tapia**, Fire Engineer, Fire Department. Request for a change of status from a Service Retirement to a Service-Connected Disability, effective December 1, 2007; 33.50 years of service.

2. **DEATH NOTIFICATIONS**– None

3. **NEW BUSINESS**

- 3.1 [Discussion and action regarding City Auditor's Report on Disability Retirements dated April 12, 2011.](#)
- 3.2 Discussion and action regarding formation of a sub-committee to review the Disability Determination Process.

- 3.3 Discussion and action regarding Segal Company's June 30, 2010 retiree healthcare actuarial study and establishment of rates of contribution to be effective July 1, 2011.
 - a. [Staff memo of April 27, 2011 regarding division of assets for rate setting purposes.](#)
 - b. [Segal Report of January 19, 2011 regarding division of assets for medical and dental plans between Police and Fire members for rate setting purposes.](#)
 - c. [Retiree Health Care Actuarial Report for June 30, 2010, dated April 27, 2011.](#)
- 3.4 [Staff presentation on Plan's Equity Investment Structure.](#) *(Deferred from April 7, 2011)*
- 3.5 [Discussion regarding Trustees' questions at the April 7, 2011 Board meeting relating to manager watch list and monthly reporting.](#)
- 3.6 [Presentation by NEPC and action regarding the Plan's Real Estate investment structure.](#)
- 3.7 [Plan's Fourth Quarter 2010 Private Markets Review by NEPC.](#)
 - a. [Presentation by NEPC regarding Plan's Private Equity investment structure.](#)
- 3.8 [Approval to rescind the March 3, 2011 Board decision to hire Milliman as the Plan's Actuary and discussion and action regarding selection of Cheiron as the Plan's Actuary and authorization for the Secretary to negotiate and execute the contract for an amount not to exceed \\$600,000 for a term of three years.](#)
- 3.9 [Discussion and action regarding Board Governance, including formation of an Audit Committee.](#)
- 3.10 Discuss Quorum Rules.
- 3.11 [Discussion and action regarding Cortex Report.](#)
- 3.12 [Staff report on Payroll Audit, FSLA and overtime payment issues.](#)
- 3.13 Discussion and action regarding Board Retreat.
- 3.14 Discussion and action regarding Electronic Agendas.
- 3.15 [Discussion and action regarding Trustee fiduciary insurance non-recourse fees.](#)
- 3.16 Discussion and action concerning Government Code section 7513.95 and its impact upon Board members.

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

- 4.1 Consider and discuss additional information regarding disability determination process.
 - a. [Staff memo dated January 25, 2011 regarding Disability Process.](#) *(Deferred from April 7, 2011)*

5. **STANDING COMMITTEE REPORTS/RECOMMENDATIONS** - None

6. CONSENT CALENDAR (Items # 6.1 through 6.6)

6.1 Approval of Minutes

- a. [Monthly Board meeting held on April 7, 2011.](#)
- b. [9th Trustee Interviews held on April 6, 2011.](#)

6.2 Approval of Travel/Conference Attendance

- a. Damon Krytzer Skybridge Alternatives Conference – SALT, Bellagio, Las Vegas – May 11-13, 2011.
- b. Carmen Racy-Choy Skybridge Alternatives Conference – SALT, Bellagio, Las Vegas – May 11-13, 2011
- c. Conrad Taylor - Pension Risk Management in a New Era Conference, San Francisco, CA June 7, 2011.
- d. Conrad Taylor - CAPPP Training, Gleacher Center-University of Chicago, IL June 14-15 and 16 and 17, (**Cancelled**)

6.3 Approval of Monthly Expenses

- a. [Plan Expenses for March 2011.](#)

6.4 Return of Contributions

- a. Voluntary
- b. Involuntary

6.5 Investments

- a. [Investment Related Contracts Due to Expire 6/30/11.](#)

6.6 Communication/Information

- a. [Information memo to Mayor and City Council from Retirement Services regarding the Annual Required Contributions for the Police and Fire Department Retirement Plan, dated April 19, 2011.](#)
 - [Memo from Susan Devencenzi, Sr. Deputy City Attorney regarding Allocation of Contribution Rates between City and Members, dated September 17, 1997.](#)
 - [Allocation of Actuarial Surplus to Contributions by Conflicts Counsel Russ Richeda and Drew James of William M. Mercer, Inc., Board Retreat Presentation dated September 11, 1998.](#)
 - [Memo from Russ Richeda regarding Allocation of Actuarial Surplus to Contribution Rates, dated February 19, 1998.](#)
 - [Memo from Russ Richeda regarding Issues Concerning Retirement Contribution Rates, Allocation of Retirement Contribution Rates and Allocation of “Actuarial Excess”, and related issues, dated October 30, 1997.](#)
- b. [Letter from Scott Smith of HansonBridgett regarding Bank of America unrelated litigation, dated April 12, 2011.](#)

- c. [Memo from Debra Figone, City Manager entitled Lump Sum Payment of Employer Retirement Contributions and Establishment of the Prepayment Amount for Fiscal Year 2011-2012, dated April 18, 2011.](#)
- d. [Memo from Russ Richeda, Saltzman & Johnson regarding Legal Alert \(Governor Brown's Pension Modification Package\), dated April 21, 2011.](#)
- e. [Letter to Mayor and City Council from David Bacigalupi, Chair, Board of Administration of the Police & Fire Department Retirement Plan regarding SRBR, dated April 19, 2011.](#)
- f. [Letter to Mayor and City Council from David Bacigalupi, Chair, Board of Administration, of the Police & Fire Department Retirement Plan regarding Council Liaison, dated April 18, 2011.](#)
- g. Board Members Educational Travel Reports.
 - [Investments Institute \(International Foundation\) – by Sean Kaldor](#)
 - [Principles of Pension Management at Stanford Law School – by Sean Kaldor](#)
 - [IMN 16th Annual Public Funds Summit – by Sean Bill](#)
 - [Principles of Pension Management at Stanford Law School – by Sean Bill](#)
 - [CALAPRS Trustees' Roundtable – by Sean Bill](#)
 - [CALAPRS General Assembly – by Sean Bill](#)

7. EDUCATION & TRAINING

7.1 Notification of Pensions & Investments and Towers Watson Training

- a. Pension Risk Management in a New Era
Conference, San Francisco, CA, June 7, 2011.

7.2 Notification of CalAPRS' Trustees Round Table

- a. Trustees' Round Table, Los Angeles Marriott Burbank Airport, 2500 Hollywood Way, Burbank, CA, June 3, 2011.
- b. Trustees Round Table, DoubleTree Hotel, San Jose, 2050 Gateway Place, - October 14, 2011.

7.3 Notification of IFEBP Training

- a. Wharton Portfolio Concepts and Management, Philadelphia, PA – Monday, May 23, 2011 thru Thursday, May 26, 2011.
- b. Trustees and Administrators Institutes – New Trustees, The Mirage, Las Vegas NV, Monday, June 13, 2011 thru Wednesday, June 15, 2011.
- c. Certificate of Achievement in Public Plan Policy (CAPP) – Employee Pensions – **Part 1**, The University of Chicago, Gleacher Center, Chicago, IL - Monday, June 14-15, 2011.
- d. CAPP – Employee Health – **Part I**, The University of Chicago, Gleacher Center, Chicago, IL – Monday, June 14-15, 2011.
- e. CAPP – Employee Pensions – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL – Wednesday, June 16-17, 2011.
- f. CAPP – Employee Health – **Part II**, The University of Chicago, Gleacher Center, Chicago, IL - Wednesday, June 16-17, 2011.
- g. International Investing and Emerging Markets, Wharton West, San Francisco, CA, Monday, July 25, 2011 through Wednesday, July 27, 2011.

7.4 Notification of SACRS Training

- a. State Association of County Retirement System (SACRS), Public Pension Investment Management Program, UC Berkeley, Monday, July 11-13, 2011.

- **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.

Our facility is equipped with assistive listening devices for the hearing impaired.