

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## Minutes of the Board Meeting

Thursday

SAN JOSÉ, CALIFORNIA

June 7, 2012

### CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, June 7, 2012 in regular session at City Hall Wing Rooms 118/119, 200 East Santa Clara Street, San José, California 95113. Chair Sean Kaldor called the meeting to order at 8:34 a.m.

### BOARD MEMBERS

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

### ALSO PRESENT

Russell Richeda, Saltzman & Johnson  
 Dan LeBeau, NEPC  
 Allan Martin, NEPC  
 Franco Vado, Police Officers' Association  
 Jim Spence, P&F Association  
 Mike Moffett, P&F Association  
 Patrick Boyd, SJPD  
 Jim Jeffers, Attorney  
 James Hirano, Fire Department  
 Mary, Fire Department  
 Sam Swift, Attorney  
 Scott Savage, Retiree  
 Tom Boyle, Attorney  
 Ron D'Acchioli, Fire Department

**CALL TO ORDER: 8:40 a.m.**

### • ORDERS OF THE DAY

**Chair Kaldor made the following changes to the Orders of the Day:**

Item 1.2, Removed from Agenda.  
 Items 2.7 and 3.2, will be heard concurrently.  
 Items 3.5 and 3.6, moved to be heard at the end of Agenda  
 Item 1.1(b) & Item 2.7, Waive Sunshine  
 A motion was made to Waive Sunshine on Items 1.1(b) and 2.7.

**Approved. (M.S.C. – Santos/Bacigalupi, 8-0-1, Lanza-Absent)**

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### NON-VOTING BOARD MEMBER

Pete Constant	-Present
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### DIRECTOR RETIREMENT SERVICES

#### BOARD SECRETARY

Russell U. Crosby	-Present
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### COUNSEL

Harvey Leiderman	-Present
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### BOARD MEDICAL DIRECTOR

Rajiv Das, M.D.	– Present
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### RETIREMENT SERVICES STAFF

#### PRESENT

Carmen Racy-Choy, Deputy Director/CIO  
 Donna Busse, Deputy Director/COO  
 Veronica Niebla  
 Toni Johnson  
 Sonia Morales  
 Jesselle Holcomb  
 Maria Loera  
 Jennifer Holmboe  
 Ron Kumar  
 Troy Gavin  
 Daryn Miller

Trustee Sunzeri requested that Item 7.6e be heard before Item 4.

**Dennis Hawkins, City Clerk, administered the oath of office of the newly appointed Trustee James Mason.**

Chair Kaldor recognized Russ Richeda and the Board extended their appreciation to Mr. Richeda for his 19 years of service to the Board of Administration of the Police & Fire Retirement Plan and his adherence to high standards of quality to the Board and for his valued service. Trustee Santos acknowledged Mr. Richeda for being a gentleman. Trustee Bacigalupi added same sentiments and noted that it was a pleasure to have relied on the most professional individual in his field. Jim Spence, President of Association of Police Officers and Firefighters, offered his appreciation for Mr. Richeda's time, energy and efforts he put into legal matters.

A motion was made to approve recognition of Russ Richeda.

**Approved. (M.S.C. – Kaldor/Bacigalupi, 8-0-1, Lanza-Absent)**

## **1. INVESTMENTS**

### **1.1 Update on Investments from the CIO.**

Mr. Miller, Investment Officer, updated the Board regarding investment in hedge funds and equity, global equity and emerging markets manager searches.

#### **a. Presentation of the March 31, 2012, Quarterly Performance Report by NEPC.**

Dan LeBeau and Allan Martin from NEPC presented the March 31, 2012, Quarterly Performance Report to the Board.

#### **b. NEPC presentation of Flash Report.**

Mr. LeBeau reported to the Board that there is no written flash report and that NEPC is transitioning vendors from State Street to Investor Force. Mr. LeBeau verbally gave an updated report through April. Unaudited fiscal year to date investment returns through May are approximately 1.7%. Chair Kaldor suggested to move the Flash Report into the Communication section.

#### **c. Update on Asset Allocation.**

Mr. Martin from NEPC stated that the Asset Liability Study will be sent out for discussion at the next Investment Committee meeting.

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

**Removed from Agenda.**

### **1.3 Discussion and action regarding MacKay Shields broadening of policy limits.**

A motion was made to move to expand the limits as requested by MacKay Shields.

**Approved. (M.S.C. – Krytzer/Santos, 8-0-1, Lanza-Absent)**



## **2. NEW BUSINESS**

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

Bill Hallmark, via teleconference, presented Cheiron's report on 401(h) limits and responded to questions from the Board.

**Note and File**

### **2.2 Discussion and action on Ordinance to implement new IRC Section 115 Healthcare Trusts for Police and Fire.**

Mr. Leiderman led the discussion regarding the 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.**

Mr. Leiderman reported to the Board that the City Council agreed to postpone the transfers of employee contribution until the Board and the City Council receives a report from Ice Miller on questions related to employee contribution into the 115 Healthcare Trusts.

### **2.3 Discussion and action regarding relationship with tax counsel:**

Mr. Constant noted that the City Attorney, Rick Doyle, is aware and the problem will be rectified by allowing the Board to contract with tax counsel directly and that City Council understands the urgency of the need of the contract renewal.

#### **a. Update on status of contract renewal of tax counsel.**

Ms. Niebla updated the Board that the current contract with Ice Miller will expire on June 30, 2012, and the contracting process will be expedited.

### **2.4 Discussion and action on possible follow-up audit of City Contribution Transmittals.**

Ms. Niebla reported that the process took two years to complete due to budget constraints. Chair Kaldor referred item to the Audit Committee.

### **2.5 Discussion and action regarding San Jose Retirement Services Audit Plan for 2012.**

Ms. Niebla updated the Board regarding the San Jose Retirement Services Audit Plan for 2012. Chair Kaldor referred to the Audit Committee.

A motion was made to approve San Jose Retirement Services Audit Plan for 2012.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

### **2.6 Discussion and action on Plan Expenses for April 2012.**

A motion was made to approve and accept the Plan Expenses for April 2012 and to direct Consultants not to charge for work done responding to reporters without specific approval from the Board.

**Approved. (M.S.C. – Kaldor/Santos, 8-0-1, Lanza-Absent)**

Item 2.7 was heard concurrently with Item 3.2, as noted on Orders of the Day.

**2.7 Discussion and action of renewal of Cortex Contract.**

Item 2.7 was heard after Item 3.1c

A motion was made to approve staff recommendation to renew the contract.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

**2.8 Discussion and action to authorize the Secretary to negotiate and execute the 1<sup>st</sup> 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).

A motion was made to approve staff recommendation.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

**2.9 Discussion and action regarding the waiver of confidentiality of Counsel correspondence on reciprocal members' rights.**

Mr. Leiderman led the discussion regarding the waiver of confidentiality of Counsel correspondence on reciprocal members' rights.

A motion was made to remove the Attorney-Client privilege from the May 17, 2012 memo under Item 2.9.

**Approved. (M.S.C. – Kaldor/Bacigalupi, 8-0-1, Lanza-Absent)**

**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.**

Ms. Niebla led the discussion and responded to the Board's questions and comments.

A motion was made to ask Counsel to reach out to the City regarding the correction process of off-setting of contributions. In addition, ask staff to work with Cheiron to provide recommendation on the best actuarial approach to handle the corrections. Finally, to request that the City pay its Annually Required Contribution for fiscal year 2012-13 timely.

**Approved. (M.S.C. – Kaldor/Santos, 8-0-1, Lanza-Absent)**

**b. Discussion and action regarding interest payments on correction amounts.**

Mr. Leiderman led the discussion regarding interest payment on correction amounts and responded to the Board's questions and comments.



A motion was made to endorse the Counsel's actions to resolve with the City to reflect the legal requirement to make interest payments on correction amounts due to members.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

**c. Discussion and action regarding assignment to Audit Committee.**

Chair Kaldor requested staff to work with the Audit Committee regarding the employees, City's and Retiree's contribution reconciliation and report back to the board.

Item 2.7 was heard before the break.

Item 7.6e was heard after the break.

**Item 3.2 was heard after Item 4.3**

**3.2 Discussion and action on Governance policies developed by Cortex.**

Tom Iannucci from Cortex provided an overview of the Governance policies and responded to Board's comments and questions. (Via teleconference)

**a. Investment Committee Charter**

Page 1, Item 4c, insert "material" after first word. "All"

**b. Chief Investment Officer Charter**

Page 5, Item 9a, go back to original language

Page 5, Item 9c to be reversed.

Reverse the text of the first paragraph 6a on Page 4 so that it will read "The CIO is the head of the Investment Division of the Department of Retirement Services, reporting to the Director"; in Item 6(a), replace "CEO" with "Director".

**c. Reporting and Monitoring Policy**

No changes.

**d. Strategic Planning Policy**

Remove Item 5, typographical error.

The Board agreed and accepted the Governance Policies 3.2a through 3.2d as drafted by Cortex and including changes requested by Board Trustees.

**3.3 Discussion and action on Department of Retirement Services' Administrative Budget Proposal for Fiscal Year 2012-2013. (Continued from May Board meeting)**

The Board continued discussion regarding Retirement Services' Administrative Budget Proposal for Fiscal Year 2012-2013.

A motion was made to approve the staff's proposed Administrative Budget Proposal for Fiscal Year 2012-2013.

**Approved. (M.S.C. – Santos/Bacigalupi, 8-0-1, Lanza-Absent)**

**3.4 Update from Councilmember Constant. Receive and file.**

Chair Kaldor stated that Mr. Constant relayed to him that there was no further information on Measure B that passed.

Entered into Closed Session at 2:40 p.m.

**Chair Kaldor read Items 3.5 and 3.6 into record. Mr. Leiderman added 2 more additional cases that were filed after Agenda posting:**

- 1) Sapien vs. City of San Jose, filed in Santa Clara County Court, Action 112 CV 225928, filed June 6, 2012.
- 2) City of San Jose vs San Jose Police Officer's Association and other defendants, filed in United States District Court for the Northern District of California, San Jose Division Case Number C-12 02904.

A motion was made to Waive Sunshine to add the two cases into Closed Session under Item 3.6.

**Approved. (M.S.C. – Bacigalupi/Santos, 7-0-2, Lanza & Krytzer-Absent)**

Trustee Bacigalupi and Trustee Mason recused themselves from the Closed Session Item 3.6. Mr. Leiderman noted that Trustees Bacigalupi and Mason may attend the Closed Session on other items, but should recuse themselves from the discussion on the Police Officers Association litigation.

**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

Chair Kaldor reconvened from Closed Session at 4:19 p.m. There was no report out of Closed Session.

**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.



A motion was made to approve Items 4.1a and 4.1b.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

#### 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.** Deputy Director, Donna Busse read the medical information into the record. Mr. Araujo was present and represented by Attorney Sam Swift. The following reports were presented to the Board:

MEDICAL REPORTS – DR'S NAME	DATED
PATRICK J. MCCREESH, M.D.	2/11/11, 2/7/11(2), 1/19/11, 12/30/10(4), 12/7/09, 12/29/08, 10/22/07, 12/18/06
MARK CULTON, M.D.	8/23/10, 12/1/09, 1/27/09
MURRAY SOLOMON, M.D.	1/12/10
DANIEL K. POLITE, M.D.	12/3/09
ANA MARTA SALINAS, M.D.	3/27/09
PETER Y. CHIU, M.D.	12/17/08, 11/6/06
DAVID KRAMER, M.D.	10/30/07
GEORGE THABIT III, M.D.	2/7/05 (2)
RORY SATTERFIELD, M.D.	9/13/04
SCOTT REGIER, D.C.	5/18/04

MEDICAL REPORT FROM BOARD'S DIRECTOR	DATED
RAJIV DAS, M.D.	3/9/12

A motion was made to approve the Change of Status to a Service-Connected Disability for Peter C. Araujo.

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

- 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.** Deputy Director, Donna Busse read the medical information into the record. Mr. Boyd was present and represented by Attorney James Jeffers. The following reports were presented to the Board:

<u>Left Shoulder</u>	
1. Michael Sommer, M.D. –	6/29/09 (2)
2. William De Martini, M.D. –	6/9/09 (2)
3. John Kao, M.D. –	4/8/11, 4/11/11, 12/17/10(2)
<u>Left Knee</u>	
1. Michael Sommer, M.D. –	6/29/09
2. John Kao, M.D. –	6/4/01, 6/26/01, 12/17/10(2), 4/8/11(2),
3. Carl, Nguyen, M.D.	6/13/01
4. Brad Piatt, M.D. –	3/19/02
<u>Prostate</u>	
1. Thomas Allems, M.D. –	9/7/04, 8/16/05
2. Nachman Brautbar, M.D. –	12/22/04
3. Patrick Wherry, M.D. –	12/9/10 (2)
William DeMartini, M.D. –	6/9/09 (3)

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John Kao, M.D. –	3/8/02
Exhibit A – Risk for Prostate Cancer by Occupation and Industry: A 24-State Death Certificate Study	
Exhibit B – Occupational Risk Factors and Prostate Cancer in U.S. Blacks and Whites	
Exhibit C – Epidemiologic Reviews: Occupation and Prostate Cancer	
Exhibit D – Identification of Occupational Cancer Risks in British Columbia	
Description of Nachman Brautbar's Areas of Expertise, Professional Experience and Professional Qualifications, etc.	
Letter dated 4/22/04 from Mr. Jeffers to Mr. Boyd	

A motion was made by Trustee Santos, 2<sup>nd</sup> by Trustee Bacigalupi to approve the SCD based on what was on the application. Board continued discussion.

Attorney James Jeffers requested the application and to remove the prostate cancer from the application.

An amended motion was made to approve the Change of Status to a Service-Connected Disability for Patrick Boyd based on left shoulder and left knee.

**Approved. (M.S.C. – Santos/Bacigalupi, 8-0-1, Lanza-Absent)**

Item 4.4 was heard out of order, before Item 4.2c.

- 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.** Deputy Director, Donna Busse read the medical information into the record. Mr. Busalacchi was present and represented by Attorney Sam Swift. The following reports were presented to the Board:

**Body Part: Lower back**

**Documentation of Mechanism of Injury:**

1. January 11, 2007, by Steven Sherry, D.C.
2. March 24, 2009, by Tiffany Hackett, M.D.

**Documentation of Treatment/Assessment/Disability:**

1. January 18, 2007, by Mark Culton, M.D.
2. April 20, 2009, by Murray Solomon, M.D.
3. May 15, 2009, by Allen Kaisler-Meza, M.D.
4. July 27, 2009, by Darrell Bruga, M.D.
5. April 28, 2010, by Jason Lifshutz, M.D.
6. March 21, 2011, by Allen Kaisler-Meza, M.D.
7. March 21, 2011, by Allen Kaisler-Meza, M.D.

**Body Part: Left elbow.**

**Documentation of Mechanism of Injury**

1. November 14, 1997, by John Gallo, M.D.
2. November 17, 1997, by Michel Butcher, M.D.



<p><b>Documentation of Treatment/Assessment/Disability:</b></p> <ol style="list-style-type: none"> <li>1. November 14, 1997, by Michael Butcher, M.D.</li> <li>2. November 24, 1997, by Michel Butcher, M.D.</li> <li>3. February 19, 1998, by Michael Butcher, M.D.</li> <li>4. May 19, 1998, by Michael Butcher, M.D.</li> <li>5. March 21, 2011, by Allen Kaisler-Meza, M.D.</li> <li>6. March 21, 2011, by Allen Kaisler-Meza, M.D. (2<sup>nd</sup> report)</li> </ol>
<p><b>Body Part: Heel</b></p> <p><b><u>Documentation of Mechanism of Injury</u></b></p> <ol style="list-style-type: none"> <li>1. January 31, 2008, by Brian Warne, DPM.</li> <li>2. March 28, 2008, by Lawrence Chan, M.D.</li> <li>3. October 14, 2010, by Lucy Lin, M.D.</li> <li>4. March 21, 2011, by Allen Kaisler-Meza, M.D.</li> <li>4. March 21, 2011, by Allen Kaisler-Meza, M.D. (2<sup>nd</sup> report)</li> </ol>
<p><b>Body Part: Right Shoulder</b></p> <p><b><u>Documentation of Mechanism of Injury</u></b></p> <ol style="list-style-type: none"> <li>1. January 11, 2007, by John Colman, M.D.</li> </ol> <p><b>Documentation of Treatment/Assessment/Disability:</b></p> <ol style="list-style-type: none"> <li>1. October 4, 2006, by David Kramer, M.D.</li> <li>2. November 6, 2006, by Lawrence Chan, M.D.</li> <li>3. January 11, 2007, by John Colman, M.D.</li> <li>4. September 24, 2010, by Allen Kaisler-Meza</li> <li>5. January 20, 2011, by John Colman, M.D.</li> <li>6. March 21, 2011, by Allen Kaisler-Meza, M.D.</li> <li>7. March 21, 2011, by Allen Kaisler-Meza, M.D.</li> </ol>

A motion was made to approve the Change of status to Service-Connected Disability for Mario Buscalacchi.

**Approved. (M.S.C. – Santos/Bacigalupi, 8-0-1, Lanza-Absent)**

- 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.** Deputy Director, Donna Busse read the medical information into the record. Mr. Hirano was present and represented by Attorney James Jeffers. The following reports were presented to the Board:

<p><u>Neck</u></p> <ol style="list-style-type: none"> <li>1. Regis Kwo, M.D. –</li> <li>2. Edward Menges, M.D. –</li> <li>3. Richard Baxter, M.D. –</li> <li>4. Donald Fox, M.D. –</li> <li>5. Ronald Fujimoto, D.O. –</li> </ol>	<p>05/10/2004, 09/11/2008 (2), 02/24/2009 (2), 01/06/2010 (2), 05/05/2010, 10/05/2010</p> <p>05/23/2004,</p> <p>08/17/207</p> <p>10/04/207</p> <p>03/01/2010</p>
<p><u>Right Shoulder</u></p> <ol style="list-style-type: none"> <li>1. Patrick McCreesh, M.D. –</li> <li>2. Mark Culton, M.D. –</li> <li>2. Edward Damore, M.D. –</li> </ol>	<p>02/14/2008, 06/30/2008, 01/11/2010 (2)</p> <p>07/23/2008</p> <p>10/03/2008</p>
<p><u>Lower Back</u></p> <ol style="list-style-type: none"> <li>1. Ken Miller, M.D. –</li> <li>2. City of San José Medical Director (Illegible) –</li> </ol>	<p>05/24/1987, 06/10/1987</p> <p>06/10/1987</p>

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3. Stanley Harmon, M.D. --	01/17/1989
4. Bruce Dreyfuss, M.D. --	09/01/1989
5. Charles Griffin, M.D. --	09/18/1989
6. Cynthia Amelon, D.O. --	11/29/1989
7. Patrick McCreesh, M.D. --	05/12/2011 (2)

A motion was made to approve Change of Status to a Service-Connected Disability for James Hirano.

**Approved. (M.S.C. -- Santos/Bacigalupi, 5-3-1, Sunzeri, Krytzer and Bill-No, Lanza-Absent)**

- 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.** Deputy Director, Donna Busse read the medical information into the record. Mr. Leong was present and represented by Attorney Sam Swift. The following reports were presented to the Board:

<u>Right Knee</u>	
1. Michael Dillingham, M.D. --	6/11/90, 7/7/90, 10/3/90
2. Judith Peto, PA-C --	10/12/09, 1/18/10
3. Betsy Holland, M.D. --	6/26/90
4. Stanley Harmon, M.D. --	11/21/91
5. Michael Dick, M.D. --	1/27/10
6. Eugene Dellamoggio, M.D. --	1/17/11(2)
7. Ronald Fujimoto, M.D. --	9/13/11
<u>Lower Back</u>	
1. Doctors First Report Dated	10/15/01
2. Patrick Mc Creesh, M.D. --	6/6/07, 2/23/11, 6/23/11(2)
3. Joel Saal, M.D. --	10/10/02, 5/15/03
4. Kenneth Ong, M.D. --	10/23/02
5. Michael Dick, M.D. --	9/23/10
6. Ray Hsieh, M.D. --	12/17/10, 7/27/11
<u>Right Thumb</u>	
1. Edward Damore, M.D. --	11/3/10, 7/26/11(3)
2. Patrick Mc Creesh, M.D. --	8/13/08
<u>Left Ankle</u>	
1. Judith Peto, PA-C --	5/10/10, 10/26/10
2. Murray Solomon, M.D. --	7/16/10
3. Eugene Dellamoggio, M.D. --	8/16/10, 1/17/11(2)

Based on medical evidence a motion was made to approve the Change of Status to a Service-Connected Disability for Timothy P. Leong.

**Approved. (M.S.C. -- Santos/Bacigalupi, 5-2-2, Bill & Krytzer-No, Sunzeri-Abstain, Lanza-Absent)**

#### 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.**



Mr. Leiderman led the discussion regarding the pending disability applications and responded to comments and questions from the Board. Ms. Busse provided a memo regarding a list of all pending disability applications.

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	

Chair Kaldor asked Counsel to communicate with the City Attorney's Office regarding implementation date of Measure B's changes to the disability process and the impact on the current disabilities pending before the Board and report back to the Board.

Chair Kaldor recommended the Ad Hoc Disability Committee to work with staff to prioritize the disability list; dates of applications, details, options and status.

**Note and file.**

#### **4.4 Deferred Vested**

**Item 4.4a was heard after Item 4.2b.**

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

**Approved. (M.S.C. – Bacigalupi/Santos, 8-0-1, Lanza-Absent)**

#### **5. DEATH NOTIFICATIONS (Moment of Silence) - **Note and file****

- 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.**

Trustee Sunzeri, Chair of the Investment Committee, updated the Board on the status of the Investment Committee's projects; hedge fund due diligence, shifted structure of the Joint

Investment meetings with Federated, review of NEPC contract, and August Board meeting to approve the Asset Liability Study.

- b. Minutes of April 26, 2012, Joint Police & Fire Investment Committee and Federated Investment Committee meeting. Receive and file.**

**Note 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.**

Chair Kaldor updated the Board regarding the status of the Governance topics and that the Committee is getting towards a direct responsibility model.

- 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.**

Chair Kaldor reported key points, met with Alex Gurza and City Manager regarding the CEO and CIO job descriptions and sent out the recruitment for Director position. The Committee also discussed the staff evaluation process.

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

Chair Kaldor recommended to get schedules worked out.

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

Pulled Items 7.6a and 7.6f.

A motion was made to approve the balance of the Consent Calendar, including Item 7.6e.

**Approved. (M.S.C. Bacigalupi/Sanos, 8-0-1, Lanza-Absent)**

**Item 7.6a – List of Committees. Chair Kaldor made a few changes on the list of Committees:**

- Eliminated the Ad Hoc Committee-Short Term Solutions.
- Recalled the Ad Hoc Disability Committee, with existing members of the previous Ad Hoc Disability Determination Sub-Committee, as Trustee Santos as the Chair.
- James Mason to replace Sean Kaldor in the Ad Hoc Disability Committee and Audit Committee.
- Trustee Sunzeri requested to switch with Trustee Rounds from Disability to Governance.
- Trustee Sunzeri volunteered to be on the Ad Hoc Personnel Committee temporary.
- Remove “Alternate” in the Investment Committee and Ad Hoc Governance Committee.
- Trustee Bacigalupi replaces Trustee Sunzeri on the Ad Hoc Disability Committee.

**Approved. (M.S.C. – Kaldor/Bacigalupi, 8-0-1, Lanza-Absent)**



**Item 7.6f** – Trustee Bacigalupi acknowledged Russell Crosby and staff on the prestigious awards GFOA Certificate and Award of Financial Reporting and didn't want it to go unnoticed. Mr. Crosby passed acknowledgment to Veronica Niebla and Ron Kumar.

**Approved. (M.S.C. – Bacigalupi/Kaldor, 8-0-1, Lanza-Absent)**

**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. **Item was pulled and discussed separately.**
- 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.

**Item 7.6e was heard before Item 3.**

- e. **NBC Bay Area Story, regarding SJ Disability Retirement Investigation, dated May 21, 2012.**

Trustee Sunzeri led the discussion regarding the NBC Bay Area Story on SJ Disability Retirement Investigation and stated his concerns. Extensive discussion continued.

Chair Kaldor appointed an Ad Hoc Disability Committee with previous members from the old Ad Hoc Disability Determination Sub-Committee to review the disability process, worker's comp issues to provide input, Board education, review the follow-up options. Committee members will consist of: Trustee Santos as Chair, Trustee Lanza, Trustee Mason and Trustee Sunzeri.

- 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. **Item was pulled and discussed separately.**
- g. Business continuance plan annual mock event.

#### **7.7 Pending Projects**

Trustee Kryzter departed.

### **8. EDUCATION & TRAINING – Note and file**

#### **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**

Trustee Bacigalupi proposed – Discussion and possible action to no longer eliminate July as a meeting month.

Disability Committee to consider whether the Board may meet in closed session to protect members' health care confidentiality.

Board asked Counsel to report to the Board on legal requirements.

### **PUBLIC COMMENTS - None**

Access the video or audio, the agenda and related reports for this meeting by visiting the Retirement Services website at <http://sjretirement.com/> or [http://sanjose.granicus.com/ViewPublisher.php?view\\_id=44](http://sanjose.granicus.com/ViewPublisher.php?view_id=44). If you have any questions, please contact the Retirement Services Department at (408) 794-1000.



- **ADJOURNMENT**

Meeting was adjourned at 4:20 p.m.

  
**SEAN KALDOR, CHAIR**  
**BOARD OF ADMINISTRATION**

**ATTEST:**

  
**RUSSELL U. CROSBY**  
**DIRECTOR, RETIREMENT SERVICES**