



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
Elizabeth Rounds, Trustee
Vincent Sunzeri, Trustee

NON-VOTING BOARD MEMBER

Pete Constant

ACTING DIRECTOR RETIREMENT SERVICES

Donna Busse

COUNSEL

Jeffrey Rieger, General and
Fiduciary Counsel

THURSDAY

OCTOBER 4, 2012

8:30 a.m.

AMENDED AGENDA

• **ORDERS OF THE DAY**

1. **INVESTMENTS**

- 1.1 [Discussion and approval of the Plan's Equity Portfolio Structure.](#)
- 1.2 [Discussion and action regarding the portfolio transition plan and implementation options for the newly adopted asset allocation.](#) (Time certain 11:30 a.m.)
 - a. [Discussion and approval to delegate the selection of passive strategies for the current pending portfolio transition to staff and NEPC LLC and for the Secretary to negotiate and execute agreement\(s\) with the selected manager\(s\) as appropriate.](#)
- 1.3 [Discussion and approval regarding NEPC and Staff recommendation on Global Equity managers.](#)
 - a. [Approval to invest \\$50MM in Artisan Global Opportunities, a long-only, global equity manager, and \\$50MM in Artisan Global Value, a long-only, global equity manager, both contingent upon negotiating acceptable terms and fees.](#)
 - b. Approval for the Secretary to negotiate and execute agreements with Artisan Partners.
- 1.4 [Presentation of the Private Equity Performance Report for the period ending June 30, 2012.](#)
- 1.5 [Presentation by NEPC LLC of the Preliminary Flash Performance Report as of August 31, 2012.](#)

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.

- 1.6 **CLOSED SESSION**: Conference with Investment Consultant pursuant to Government Code Section 54956.81 to consider purchase of particular pension fund investments (three investments).

OPEN SESSION

2. **NEW BUSINESS**

- 2.1 Discussion and action on [Plan Expenses for August 2012](#).
- 2.2 [Discussion and action on the Pension and OPEB valuation process and timeline](#).
- 2.3 [Discussion and action on memo from Debra Figone regarding Annual Required Contribution Projections and Prefunding Analysis, dated September 5, 2012](#).
- 2.4 [Discussion regarding reciprocity with multiple systems](#). Receive and file.

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

- 3.1 [Discussion and action on Police & Fire Retirement Board committee structure, including consolidation and transition from ad hoc to formal where appropriate](#). (*Deferred from the September 2012 Board meeting*)
- 3.2 Discussion and action on a [strategic plan meeting agenda](#).
- 3.3 Update on payroll audit, FLSA and overtime payment issues. Receive and file.
- 3.4 Update on electronic Board packets.
- 3.5 Update from Councilmember Constant. Receive and file.
- 3.6 [Discussion and action regarding on legal analysis of the 401\(h\) contribution amounts when a member terminates before retirement](#).
- 3.7 Update on Pension Administration System RFP.
- 3.8 Discussion and action on the status of the Retirees Association dues change.
- 3.9 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),

Paul Mulholand, et al v. City of San Jose, et al, Santa Clara County Superior Court
Case No. 1-12-CV-219748

- 3.10 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) (3 CASES)(MEASURE B LITIGATION)

San Jose Police Officers' Association v. City of San Jose, et al, Santa Clara County Superior Court, No. 1-12-CV-225926

City of San Jose v. San Jose Police Officers' Association, et al. United States District Court for the Northern District of California,
Case No. C12-02904 LHK-PSG

Sapien vs. City of San Jose, et al, Santa Clara County Superior Court,
Case No. 1-12-CV-225928.

- 3.11 CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL - PURSUANT TO GOVERNMENT CODE SECTION 54956.9(c) – Deciding whether to initiate litigation (one case).

OPEN SESSION

4. RETIREMENTS

4.1 Service Retirement

- a. **James V. Morphis**, Fire Captain, Fire Department, effective October 27, 2012; 24.28* years of service. (*With reciprocity*)
- b. **John E. Rose**, Police Lieutenant, Police Department, effective November 24, 2012; 24.54* years of service.

5. DEATH NOTIFICATIONS

- 5.1 Notification of the death of **Jose M. Martinez**, Fire Captain, active employee, died August 10, 2012.

6. COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS

6.1 Investment Committee (Sunzeri/Bill/Kaldor/Krytzer)

– Last Meeting: **September 24, 2012** - Next Meeting: **October 10, 2012**

- a. Report from the Chair of the Investment Committee. Receive and file.
- b. [Minutes of August 8, 2012, Joint Federated and Police & Fire Investment Committee](#). Receive and file.
- c. [Minutes of August 23, 2012, Police & Fire Investment Committee](#). Receive and file.
- d. [Discussion and action of the revised Placement Agent Disclosure Policy](#).

6.2 Ad Hoc Governance Committee-Cortex Phase II (Kaldor/Lanza/Rounds/Santos)

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

6.3 Ad Hoc Personnel Committee (Lanza/Kaldor/Rounds/Sunzeri)

- a. Report from the Chair of Ad Hoc Personnel Committee. Receive and file.
- b. [Discussion and action on City Council proposed Ordinance 29139 to amend Chapters 3.28 of Title 3 of the San Jose Municipal Code, the 1975 Federated Employees Retirement Plan, and 3.36 of Title 3, the 1961 Police and Fire Department Retirement Plan, to add Sections](#)

[3.28.115 and 3.36.325, respectively, regarding the role of the Boards of Administration in personnel matters.](#)

- c. Discussion and action on revised Board communication plan regarding Measure B implementation. *(Deferred from the September 2012 Board meeting)*
- d. [Discussion of memo from Richard Doyle, City Attorney, regarding Brown Act Personnel Exception-Retirement Board, dated September 10, 2012.](#)

6.4 Audit Committee (Bill/Bacigalupi/Lanza/Mason) - Next Meeting: TBD

- a. [Report from the Chair of Audit Committee.](#) Receive and file.

6.5 Ad Hoc Disability Committee (Santos/Lanza/Mason/Rounds)

- a. Report from the Chair of Ad Hoc Disability Committee. Receive and file.
- b. Discussion and action on recommendation to the Board for the Disability Committee to review of Disability applications and make recommendations to the Board.
- c. Discussion and action for the Disability Committee to review best practices.
- d. [Discussion and action on recommendation to the Board to hire medical personnel for Dr. Das to help expedite with the pending disability lists.](#)
 - 1) [Supplemental staff memo regarding medical personnel for Dr. Das.](#)

7. CONSENT CALENDAR (Items 7.1 through 7.7)

7.1 Approval of Deferred Vested/Non-Service-Connected Disability

[Darrin Smolinski, Police Officer, Police Department, effective August 31, 2011; 2.81 years of service. Pursuant to San Jose Municipal Code Section 3.36.3020\(E\). *\(With reciprocity\)*](#)

- 7.2 Approval of Lifetime Reduced Retirement Monthly Payment Option to be paid to Alicia J. Farquhar, ex-spouse of Police Officer, **Hector M. Vasquez**, to be effective October 13, 2012 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

7.3 Approval of Minutes

- a. [Monthly Board meeting held on September 6, 2012.](#)

7.4 Approval of Travel and Attendance for Conferences and Due Diligence

- a. Sean Bill - CFA Institute Conference: Fixed-Income Management 2012 Strategies for Income Generation, Hilton San Francisco Financial District, San Francisco, CA – October 10-11, 2012.
- b. Heidi Poon - Albourne Hedge Fund Conference, Chicago, IL – October 2-3, 2012.
- AAAIM, Global Opportunities: East meets West, JW Marriott Los Angeles LA Live, Los Angeles, CA – October 30-31, 2012.
- c. May Cheung - CALAPRS, Information Technology Roundtable, Los Angeles Marriott Burbank Airport, Burbank, CA – September 14, 2012.
- d. Rajiv Das - AAPM&R 2012 Annual Assembly, Atlanta, GA – November 15-18, 2012.

7.5 [Return of Contributions](#)

- a. Voluntary
- b. Involuntary

7.6 [Communication/Information](#)

- a. [The Cortex Report: Research Papers and Articles](#)
- b. [Benefits Review Forum Report, August 2012.](#)
- c. [Letter from Moscone Emblidge Sater & Otis LLP, regarding Association of Retired San Jose Police Officers & Fire Fighters, dated September 17, 2012.](#)
- d. [Memos from Meketa and NEPC regarding London Inter-Bank Offer Rate \(LIBOR\).](#)

7.7 [Pending Projects](#)

8. [EDUCATION & TRAINING](#)

8.1 [Educational Programs and Courses](#)

8.2 [Conferences and Seminars](#)

8.3 [CalAPRS' Training](#)

- Trustees' Round Table, Los Angeles Marriott Burbank Airport, Burbank, CA – Friday, October 19, 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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