



CITY OF SAN JOSÉ, CALIFORNIA
DEPARTMENT OF RETIREMENT SERVICES



BOARD OF ADMINISTRATION
CITY HALL

City Hall Wing Committee Rooms 118/119
200 East Santa Clara Street, San Jose, CA 95113

BOARD MEMBERS

Matt Loesch, Chair
Lara Druyan, Vice-Chair
Arn Andrews, Trustee
Michael Armstrong, Trustee
Martin Dirks, Trustee
Stuart Odell, Trustee
Ed Overton, Trustee

NON-VOTING BOARD MEMBER

Pete Constant

DIRECTOR RETIREMENT SERVICES

Russell U. Crosby

COUNSEL

Harvey L. Leiderman, General and
Fiduciary Counsel

THURSDAY

JUNE 21, 2012

8:30 A.M.

AGENDA

• **ORDERS OF THE DAY**

Recognition of Russ Richeda

1. **CONSENT CALENDAR** (Items 1.1 through 1.9)

1.1 **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 Police & Fire Department Retirement Plan) 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 Police & Fire Department Retirement Plan) for a three year term ending June 30, 2015.

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.

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

Linda R. Norwood, Public Safety Dispatcher II, Police Department, effective June 9, 2012; 11.44* years of service. Pursuant to Part 21, Section 3.28.2420(E) of the San Jose Municipal Code. *(With reciprocity) (Deferred from May 2012 Board meeting)*

1.3 Approval of Service Retirements

- a. **Theresa S. Adikara**, Crime Intelligence Analyst, Police Department, effective June 9, 2012; 23.84* years of service.
- b. **Diane Ajluni**, Senior Account Clerk, Fire Department, effective May 26, 2012; 15.40* years of service.
- c. **Steven L. Blum**, Associate Architect, Public Works Department, effective August 18, 2012; 10.19* years of service.
- d. **Connie R. Bowles**, Senior Events Coordinator, Public Works Department, effective July 14, 2012; 9.23* years of service.
- e. **James D. Dawson**, Survey Field Supervisor, Public Works Department, effective September 1, 2012; 15.17* years of service.
- f. **Gay Gale**, Program Manager I, Public Works Department, effective June 30, 2012; 15.05* years of service.
- g. **Donald B. Gleaton**, Lab Technician I, Environmental Services Department, effective June 23, 2012; 18.10* years of service.
- h. **Ronald E. Heikkila**, Equipment Mechanic, General Services Department, effective July 21, 2012; 30.01* years of service.
- i. **Elizabeth J. Larson**, Senior Office Specialist, Department of Transportation, effective June 23, 2012; 26.89* years of service.
- j. **Ronald J. Leung**, Senior Construction Inspector, Public Works Department, effective August 4, 2012; 30.08* years of service.
- k. **Romeo M. Manuel**, Investigator Collector II, Finance Department, effective June 23, 2012; 17.80* years of service.
- l. **Maung-Win Maung**, Associate Engineer, Environmental Services Department, effective June 23, 2012; 18.55* years of service.
- m. **Carla M. Morrison**, Gardener, Parks, Recreation & Neighborhood Services, effective July 21, 2012; 27.56* years of service.
- n. **Juan L. Rodriguez**, Senior Maintenance Worker, Department of Transportation, effective August 4, 2012; 21.15* years of service.
- o. **Lisa D. St. Jacques**, Senior Construction Inspector, Public Works Department, effective August 4, 2012; 30.01* years of service.
- p. **Yolanda F. Vasquez**, Office Specialist II, Human Resources, effective July 21, 2012; 5.53* years of service.
- q. **Julie M. Zensius**, Senior Office Specialist, Information Technology, effective September 1, 2012; 15.05* years of service.

1.4 Approval of Deferred Vested Retirements

- a. **Andrew A. Adelman**, Chief Building Official, Planning, Building & Code Enforcement Department, effective August 17, 2012; 6.0* years of service. *(With reciprocity)*

- b. **Loretta J. Blomberg**, Senior Office Specialist, Police Department, effective July 20, 2012; 19.33* years of service.
- c. **Laura E. Duran-Olivas**, Warehouse Worker I, Airport Department, effective July 14, 2012; 21.11* years of service.
- d. **Mikel Gonzalez**, Senior Custodian, Airport Department, effective May 11, 2012; 11.76* years of service.
- e. **Mark T. Kerr**, Electrician, Department of Transportation, effective July 30, 2012; 5.84* years of service.
- f. **Cheryl L. Obos**, Senior Public Safety Dispatcher, Police Department, effective August 15, 2012; 11.85* years of service.
- g. **Michael A. Ortega**, Plant Shift Supervisor, Environmental Services Department, effective July 4, 2012; 18.59* years of service.
- h. **Peggy A. Tomasso**, Librarian II, Library Department, effective August 29, 2012; 7.12* years of service.
- i. **Cornelia M. VanAken**, Senior Librarian, Library Department, effective August 1, 2012; 9.82* years of service.

1.5 Rescission of Retirement Application

- a. Approval of rescinding application of **Ruben G. Canela**, approved at the May 17, 2012 meeting for the effective date of June 23, 2012.

1.6 Approval of Board Minutes

[Approval of Board Minutes of May 17, 2012.](#)

1.7 Approval of Return of Contributions

- a. Voluntary
- b. Involuntary

1.8 Acceptance of Communication/Information Reports

- a. [Pending Projects.](#)
- 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. [NBC Bay Area Story, regarding SJ Disability Retirement Investigation, dated May 21, 2012.](#)
- d. [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.](#)
- e. [Business Continuance plan annual mock event.](#)
- f. [CalAPRS Principles of Pension Management for Trustees at Stanford Law School - March 27-30, 2012 – Educational Travel Report – by Lara Druyan and Michael Armstrong.](#)

- g. [Letter from Cheiron, Bill Hallmark regarding: Questions for California State Audit of the City of San Jose, dated June 5, 2012.](#)
- h. [SALT 2012 Conference, May 8-11, 2012 – Educational Travel Report – by Marty Dirks.](#)
- i. [The New York Times Article on South Carolina's Pension Push Into High-Octane Investments, dated June 9, 2012.](#)

1.9 Approval of Travel / Conference Attendance

- a. Arn Andrews - CalAPRS, Trustees' Round Table, DoubleTree Hotel, San Jose, CA – June 8, 2012.
- b. Marty Dirks - CalAPRS, Trustees' Round Table, Los Angeles Marriott Burbank Airport, CA – October 19, 2012.
- c. Matt Loesch - CalAPRS, Trustees' Round Table, DoubleTree Hotel, San Jose, CA – June 8, 2012. **(CANCEL)**

2. DEATH NOTIFICATIONS (Moment of Silence)

- 2.1 **Elenore J. Byers**, Library Clerk, retired 01/02/99, died 04/16/12. No survivorship benefits.
- 2.2 **Maxine Moore**, Librarian II, retired 04/12/86, died 04/18/12. Survivorship benefits to John Moore, Spouse.
- 2.3 **Florencio Tenorio**, Maintenance Worker II, retired 07/01/01, died 04/07/12. Survivorship benefits to Janice Tenorio, Spouse.
- 2.4 **John J. Tomlin**, Gardener, retired 05/03/08, died 05/04/12. No survivorship benefits.
- 2.5 **Merle M. Vaughn**, Parks Facility Supervisor, retired 01/06/96, died 04/14/12. No survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- 3.1 [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](#)
- 3.2 [Discussion and action on City Council Ordinance regarding Federated City Employees' Health Care Trust Issues.](#)
 - a. Discussion and action on request for legal opinion of tax counsel.
- 3.3 Update on Payroll Audit and Pensionable earnings 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.

**3.4 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, Santa Clara County Superior Court No. 1-12-CV-219748.

**3.5 CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT
EXPOSURE TO LITIGATION, PURSUANT TO GOVERNMENT CODE SECTION
54956.9(b)(1),**

City of San Jose, Plaintiff v. San Jose Police Officers' Association, et al., Defendants, United States District Court, Northern District of California (San Jose Division), No. C12-02904

OPEN SESSION

4. NEW BUSINESS

4.1 Investments

- a. [Presentation of the March 31, 2012 quarterly performance report by Meketa Investment Group.](#)
- b. [Presentation of Investment Performance \(Flash Report\) for period ending April 30, 2012.](#)
- c. [Approval of the first amendment to the agreement between Federated City Employees' Retirement System and Meketa Investment Group for a three year term and not to exceed amount of \\$1,275,000.](#)
- d. [Approval of MacKay Shields' policy guideline request on passive overages.](#)
- e. [Approval of White Oak's request to exceed the concentration limit of the portfolio in order to fully fund an investment.](#)
- f. [Approval for the Secretary to negotiate and execute an agreement with Russell Investments for the upcoming portfolio transition.](#)

4.2 [Discussion and action regarding Tier 2 and Lowest Cost Healthcare plan.](#)

4.3 [Discussion and action regarding San Jose Retirement Services Audit Plan for 2012.](#)

4.4 [Discussion and action on Plan Expenses for April 2012.](#)

4.5 [Discussion and action of renewal on Cortex Contract.](#)

4.6 [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).

4.7 [Educational Presentation by ReedSmith: Discussion of fiduciary liability insurance](#). Receive and file. *(Deferred from April 2012 Board meeting)*

4.8 Revised committee assignments. Receive and file.

5. COMMITTEES/REPORTS/RECOMMENDATIONS

5.1 Policy Committee (Overton/Armstrong/Loesch – alternate/Andrews) – None

5.2 Investment Committee (Druyan/Odell /Dirks –alternate/Armstrong)

- Next Meeting: June 13, 2012

- a. [Minutes of April 25, 2012 meeting](#).
- b. [Minutes of May 25, 2012 meeting](#).
- c. Update from Chair of Investment Committee.

5.3 Ad Hoc Governance Committee (Loesch/Armstrong/Odell – Alternate/Dirks)

Last Meeting: February 16, 2012 - Next Meeting: TBD

5.4 Ad Hoc Personnel Committee (Loesch/Druyan/Overton – Alternate/Dirks)

Last Meeting: May 18, 2012 - Next Meeting: June 18, 2012

6. EDUCATION & TRAINING

6.1 [Educational Programs and Courses](#)

- SACRS Public Pension Investment Management Program 2012, UC Berkeley at Haas School of Business, Berkeley, CA – July 16-18, 2012.
- CalAPRS - Trustees' Round Table, Los Angeles Marriott Burbank Airport, LA – Friday, October 19, 2012.

6.2 [Conferences and Seminars](#)

6.3 [Research Papers and Articles](#)

• FUTURE AGENDA ITEMS

• PUBLIC/RETIREE 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.