



BOARD OF ADMINISTRATION

City Hall
Wing Committee Rooms
118-120
200 East Santa Clara
Street, San Jose, CA 95113

Meeting Minutes - Final Police and Fire Department Retirement Plan

Thursday, October 3, 2013

8:30 AM

City Hall Wing Room 118-120

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, September 5, 2013 in regular session in City Hall Wing Rooms 118-120, 200 East Santa Clara Street, San Jose, CA 95113. Chair Kaldor called the meeting to order at 8:33 a.m.

Chair Kaldor viewed the Orders of the Day then entered into Closed Session at 8:37 a.m.

Present: 7 - Sean Kaldor, Richard Santos, Damon Krytzer, Drew Lanza, Nick Muyo, James Mason and Vincent Sunzeri

Absent: 2 - Bettina Rounds and Sean Bill

Retirement Staff Present: Roberto L Peña; Donna Busse; Lesley Lam; Linda Alexander; Sonia Morales, Ron Kumar; Daryn Miller; Tram Doan;

Also Present: Pete Constant, Non-Voting Board Member; Harvey Leiderman, General and Fiduciary Counsel; Cheryl Parkman, Office of Employee Relations; Jim Spence, President SJPF; Allan Martin, NEPC; Dan LeBeau, NEPC; Philip Broussard, Retiree

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. If you have any questions, please contact the Retirement Services Department at (408) 794-1000.

ORDERS OF THE DAY

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

Item 1.1a - Defer

Item 2a and 4d - Waive Sunshine

A motion was made to approve the Orders of the Day and to defer Item 1.1a and Waive Sunshine on Items 2a and 4d.

Approved. (M.S.C. - Santos/Muyo, 7-0-0)

The Board entered into Closed Session at 8:37 a.m.

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.

I. CLOSED SESSION INVESTMENTS

- a. **CLOSED SESSION:** CONFERENCE WITH INVESTMENT CONSULTANT PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE OF PARTICULAR PENSION FUND INVESTMENTS (ONE INVESTMENT).
- b. **CLOSED SESSION:** CONSULTATION WITH LEGAL COUNSEL, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) - PENDING LITIGATION - JORDAN v. CITY OF SAN JOSE AND POLICE AND FIRE DEPARTMENT RETIREMENT PLAN, SANTA CLARA COUNTY SUPERIOR COURT NO. 113CV241005

The Board reconvened from Closed Session at 9:05 a.m. There was no reportable action out of Closed Session.

OPEN SESSION - 9:00 a.m. time-certain or soon thereafter

The Board entered into Open Session at 9:04 a.m.

1. CONSENT CALENDAR

Item 1.1a was deferred as noted in the Orders of the Day.

A motion was made to approve the balance of the Consent Calendar Items 1.2 through 1.5, excluding Item 1.1a.

Approved. (M.S.C. - Santos/Muyo, 7-0-0)

1.1 Approval Of Minutes

- a. Approval of Board Minutes from September 5, 2013.

This item has been deferred as noted in the Orders of the Day.

1.2 Approval Of Travel for Conferences and Due Diligence

- a. Sean Bill, Trustee
- CalAPRS, Trustees' Roundtable, Doubletree Hotel, San Jose, CA - September 13, 2013
- b. Richard Santos, Trustee
- 2013 Public Safety Employees Pension & Benefits Conference, Rancho

Mirage, CA - October 27-30, 2013.

- c. Tram Doan, Staff
 - CalAPRS Headquarters, 8th Annual Risk Management Conference, Sacramento, CA - September 25, 2013.
- d. Linda Alexander, Staff
 - CalAPRS, Intermediate Course in Retirement Plan Administration, Doubletree Hotel, San Jose, CA - October 2-4, 2013.
- e. May Cheung, Staff
 - CalAPRS, Information Technology Roundtable, Marriott Burbank Airport, Burbank, CA - October 18, 2013.
- f. Roberto Peña, Staff
 - SACRS Fall Conference, Renaissance Esmeraldo Resort & Spa, Indian Wells, CA - November 12-14, 2013.

1.3 Return of Contributions - NONE

- a. Voluntary / Involuntary.

1.4 Communication/Information

- a. Reed Smith Article, September 2013: Harvey Leiderman named one of California's Top 100 Lawyers.
- b. The Cortex Report: Research & Articles.
- c. July 2013 Performance Flash Report for the Pension Trust.
- d. Notice of Dismissal in litigation case, Mulholand v. Crosby.

1.5 Education and Training

- a. IFEBP - 59th Annual Employee Benefits Conference, Las Vegas, NV - October 20-23, 2013.
- b. The Cortex Report: Educational Program and Courses.
- c. The Cortex Report: Conferences and Seminars.

2. INVESTMENTS

- a. Discussion and action on proposed amendment to NEPC contract to add certain CIO-related duties for an additional amount not to exceed \$62,500 monthly.
- Trustee Sunzeri led the discussion and answered questions from the Board. He spoke to the item explaining his Memo's content and the role of the Interim CIO verses the role that Allen Martin as a consultant.
- A motion was made to approve the recommendation to amend the NEPC contract to add certain CIO-related duties for an additional amount not to exceed \$62,500 monthly.
- Approved. (M.S.C. - Lanza/Mason, 7-0-0)
- b. Discussion and action on status of the proposed amendments to the contract with Albourne America, LLC.
- The discussion was led by Mr. Leiderman, Fiduciary Counsel regarding the proposed amendments to the Contract with Albourne America, LLC and answered questions from the Board.
- A motion was made to approve the amendments to the contract with Albourne America, LLC.
- Approved. (M.S.C. Sunzeri/Krytzer 7-0-0).
- c. Discussion and action regarding White Oak contract amendments.
- Dan LeBeau from NEPC led the discussion and answered questions from the Board regarding the White Oak Contract Amendments.
- A motion was made to approve the contract amendments with White Oak to move reporting from monthly to quarterly.
- Approved. (M.S.C. Santos/Sunzeri 7-0-0).
- d. Discussion and direction regarding assigning the risk management RFI Project to a Committee of the Board.
- Mr. Pena led the discussion regarding assigning the risk management RFI project to a committee of the Board.
- After extensive discussion, a motion was made for The Board to leave the process with the Investment Committee.
- Approved - (M.S.C. - Krytzer/Sunzeri)

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action regarding recoupment of overpayments made to Philip Broussard. *(Continued from the September 2013, Board Meeting)*
- Item 3a was heard after Item 3c.
- Mr. Kaldor read a letter prepared by Mr. Broussard into the record. Mr. Broussard was present at the meeting. Staff will follow-up with Mr. Broussard's plan to repay the Funds. Ms. Lamb, Benefits Manager, read into

record a summary of Mr. Broussard's file history.

The Board entered into Closed Session at 10:24 a.m.

CLOSED SESSION

- b. **CLOSED SESSION:** CONSULTATION WITH LEGAL COUNSEL, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b)(1) AND (c). SIGNIFICANT EXPOSURE TO LITIGATION AND DECIDING WHETHER TO INITIATE LITIGATION (ONE CASE).

The Board reconvened from Closed Session on Item 3.b at 11:03 a.m. Chair Kaldor addressed Mr. Broussard that staff will follow-up with him.

- c. Discussion and action on recruitment for Chief Investment Officer.

Item 3c was heard after Item 2d.

Mr. Pena led the discussion regarding the recruitment of the CIO and answered questions from the Board. Mr. Constant also spoke to the issue regarding the City Council's position.

A motion was made to approve Staff's request to work with Alliance in the search for a CIO.

Approved. (M.S.C. - Sunzeri/Muyo 7-0-0)

OPEN SESSION

4. NEW BUSINESS

- a. Discussion and action on the report of the Plan Expenses for July 2013 and revised June 2013.

Ms. Busse stated that the revised report of the Plan Expenses for June 2013 may not be a complete statement because there were some items charged to Federated that should be reflected on the Police and Fire expense report.

A motion was made to approve the report of the Plan Expenses for July 2013 and revised June 2013.

Approved. (M.S.C. - Sunzeri/Muyo 7-0-0)

- b. Oral update from the Director of Retirement Services, Roberto L. Peña.

Mr. Pena led the discussion and updated the Board on Retirement Staff. He stated that the City Council approved the new CIO salary and position. Mr. Pena acknowledged and congratulated Harvey for being named the Top 100 Lawyers in California. An offer has been made for the Division Manager Candidate. There was a presentation by staff on the changes in the benefits. The audit field work is on schedule.

- c. Discussion and action on Military Leave Ordinance Memo.

Mr. Leiderman led the discussion on the military leave ordinance and answered questions from the Board. Trustee Kaldor made a request to have staff work with Counsel and follow up with a memo to the City Council.

- d. Discussion and action regarding adoption of Resolution 3806 for the Police Tier 2 Contribution Rates.

Ms. Busse led the discussion regarding the adoption of Resolution 3806 for the Police Tier 2 Contribution Rates.

A motion was made to approve Resolution 3806 for the Police Tier 2 contribution rates.

Approved. (M.S.C. - Santos/Kaldor, 7-0-0)

- e. Nominations for the position of Board Chair.

Trustee Santos nominated Trustee Kaldor and Trustee Lanza as chair. Trustee Lanza nominated Trustee Sunzeri as Chair. This item will be re-visited at the November meeting where the nominees will be able to accept or reject the nominations and speak on their own behalf.

- f. Presentation by Fiduciary Counsel on Fiduciary Obligations in Adopting the Assumed Rate of Return and Discount Rate.

Mr. Leiderman presented to the Board his powerpoint presentation on the Fiduciary obligations in adopting the assumed rate of return and discount rate.

- g. Presentation of the process to determine the assumed rate of return and a survey of CA public pension plans and a global survey of Defined Benefit plans.

Mr. Pena introduced Bill Hallmark of Cheiron via teleconference to lead the discussion on the process that determines the assumed rate of return.

- h. Discussion and action of the Capital Market Assumptions.

Daryn Miller, Staff led the discussion on the Capital Market Assumptions and answered questions from the Board.

5. RETIREMENTS

5.1 Service Retirements

A motion was made to approve Service Retirements Items 5.1a and 5.1b.
Approved. - Kaldor/Sunzeri, 7-0-0)

- a. Robert Avila, Police Officer, Police Department, effective November 7, 2013; 27.80* years of service.

Approved. - (M.S.C. - Kaldor/ Sunzeri, 7-0-0)

- b. Eduardo A. Cuevas, Fire Engineer, Fire Department; effective December 21,

2013; 25.04* years of service.

Approved.- (M.S.C. - Kaldor/ Sunzeri, 7-0-0)

6. DEATH NOTIFICATIONS - Moment of Silence

Note and filed.

- a. Notification of the death of **Richard J. Neibaur**, Fire Captain, retired July 8, 1978, died August 29, 2013. No survivorship benefits.
This Death Notifications was noted and filed
- b. Notification of the death of **James C. Smith**, Fire Engineer, retired January 4, 2003, died August 24, 2013. Survivorship benefits to Shirlee Smith, Spouse.
This Death Notifications was noted and filed

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Sunzeri/Bill/Krytzer/Mason)

Last Meeting: September 11, 2013 Next Meeting: October 9, 2013

- a. Report from the Chair of the Investment Committee. Receive and file.
Chair of the Investment Committee, Trustee Sunzeri updated the Board on the Investment Committee.
- b. Minutes of the August 28, 2013, Joint Federated and Police & Fire Investment Committee meeting. Receive and file.
Note and filed.

7.2 Audit Committee (Bill/Lanza/Muyo)

Last Meeting: August 1, 2013 Next Meeting: November 21, 2013

- a. Report from the Chair of the Audit/Risk Committee. Receive and file.
No Report. Trustee Bill was absent.

7.3 Governance Committee (Kaldor/Rounds/Santos/Sunzeri)

Last Meeting: September 5, 2013 Next Meeting: October 3, 2013

- a. Report from the Chair of the Governance Committee. Receive and file.

No Report. Next meeting will be on October 3, 2013.

7.4 Ad Hoc Disability Committee (Santos/Rounds)

Last Meeting: September 20, 2013 (Cancelled) **Next Meeting: October 23, 2013**

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

Chair of the Ad Hoc Disability Committee, Trustee Santos updated the Board. The correct date for the last meeting was October 21, 2013.

7.5 Ad Hoc Cortex Response Committee (Lanza/Bill/Mason/Sunzeri)

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

Chair of the Ad Hoc Cortex Report and Recommendations Committee, Trustee Lanza updated the Board on the Committee. He stated that the Cortex report will go to Council on November 19, 2013. The committee wants to get a charter change on the June 2014 ballot.

• **PROPOSED AGENDA ITEMS**

Trustee Santos suggested to have a Newsletter sent out to retirees regarding the process to make changes to their status and have Staff keep a record of it.

• **PUBLIC COMMENTS**

None.

• **ADJOURNMENT**

The meeting adjourned at 12:25 p.m.


SEAN KALDOR, CHAIR
BOARD OF ADMINISTRATION

ATTEST:


ROBERTO L. PEÑA
DIRECTOR, RETIREMENT SERVICES