



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

APRIL 19, 2012

8:30 A.M.

AGENDA

• **ORDERS OF THE DAY**

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

1.1 **Approval of Service Retirements**

- a. **Sharon J. Barbaccia**, Senior Analyst, Police Department, effective March 31, 2012; 15.60* years of service.
- b. **Mollie Dent**, Senior Deputy City Attorney, City Attorney's Office, effective March 31, 2012; 23.93* years of service.
- c. **Rebeca Dominguez**, Analyst II, Airport Department, effective May 12, 2012; 30.02* years of service.
- d. **Ellen J.H. Horstman**, Staff Technician, Police Department, effective March 31, 2012; 22.63* years of service.
- e. **Donna Lea-Fujimoto**, Senior Analyst, Environmental Services Department, effective March 3, 2012; 26.60* years of service.
- f. **Karen L. LeDoux**, Analyst II, Office of Economic Development, effective March 31, 2012; 10.32* years of service.
- g. **Richard A. Murray**, Program Manager I, Public Works Department, effective May 26, 2012; 29.69* years of service.

- h. **Stephanie Nimitz**, Public Safety Radio Dispatcher, Fire Department, effective May 26, 2012; 21.78* years of service.
- i. **Merlyn N. Pambid**, Accounting Technician, Housing Department, effective May 26, 2012; 22.06* years of service.
- j. **Juan Z. Rivas**, Police Property Specialist I, Police Department, effective March 31, 2012; 10.37* years of service.
- k. **Ebrahim Sohrabi**, Senior Civil Engineer, Public Works Department, effective March 31, 2012; 27.35* years of service.
- l. **R. Diane White**, Librarian II, Library Department, effective March 31, 2012; 25.93* years of service.

1.2 Approval of Deferred Vested Retirements

- a. **Cynthia L. Felker**, Gerontology Specialist, Parks, Recreation & Neighborhood Services, effective May 7, 2012; 11.59* years of service.
- b. **Pamela G. Mathus**, Analyst I, Human Resources Department, effective May 27, 2012; 12.47* years of service.
- c. **Farid Shahrivar**, Associate Engineer, Public Works Department, effective February 16, 2011; 5.7* years of service.

1.3 Approval of Change of Retirement Date

- a. Approval of change of retirement date of **Robin Opheim**; from February 18, 2012 to March 3, 2012, approved at the February 16th Board meeting.
- b. Approval of change of retirement date of **Rocco Capossele**; from March 31, 2012 to June 23, 2012, approved at the December 15th Board meeting.

1.4 Rescission of Retirement Application

- a. Approval of rescinding application of **Roxanne L. Cook**, approved at the February 16, 2012 meeting for the effective date of March 31, 2012.
- b. Approval of rescinding application of **Richard S. Bryson**, approved at the March 15, 2012 meeting for the effective date of March 31, 2012.
- c. Approval of rescinding application of **Shirley Hanson**, approved at the February 16, 2012 meeting for the effective date of March 30, 2012.
- d. Approval of rescinding application of **Jerry Lambert**, approved at the February 16, 2012 meeting for the effective date of March 31, 2012.

1.5 Approval of Board Minutes

[Approval of Board Minutes of March 15, 2012.](#)

1.6 Approval of Return of Contributions

- a. Voluntary
- b. Involuntary

1.7 Approval of Monthly Expenditures

[Report of Federated Retirement System Plan Expenses for February 29, 2012.](#)

1.8 Acceptance of Communication/Information Reports

- a. [Pending Projects.](#)
- b. [Memo from Debra Figone, City Manager entitled Lump Sum Payment of Employer Retirement Contributions and Establishment of the Prepayment Amount for Fiscal Year 2012-13, dated March 29, 2012.](#)
- c. [Memo from Deputy City Manager, Alex Gurza, dated April 10, 2012, regarding the suspension of the Supplemental Retiree Benefit Reserve Payments for Fiscal Year 2012-2013.](#)
- d. Pension Reform Ballot Measure
 1. [Resolution 76158 Pension Reform Ballot Measure](#)
 2. [Arguments in Favor and Against Measure B](#)
 3. [Memo from Debra Figone, City Manager, dated May 2, 2011, regarding Fiscal Reform Plan.](#)
 4. [Memo from Debra Figone, City Manager, dated February 21, 2012, including revised Retirement Reform Ballot Measure](#)
 5. [Memo from Councilmembers Chu and Kalra, dated March 2, 2012.](#)
 6. [Memo from Mayor Reed, Vice Mayor Nguyen and Councilmembers Constant, Herrera and Liccardo, dated March 2, 2012.](#)
 7. [Memo from Councilmember Rocha, dated March 2, 2012.](#)
 8. [Memo from Councilmember Kalra, dated March 5, 2012. \(second memo\)](#)
 9. [Supplemental Memo from the City Attorney, dated March 5, 2012, including Meyers Nave analysis.](#)
 10. [Memo from Councilmember Kalra, dated March 5, 2012.](#)
 11. [Memo from Councilmember Liccardo, dated March 6, 2012.](#)

1.9 Approval of Travel / Conference Attendance

- a. Stuart Odell - CalAPRS, Trustees Round Table, DoubleTree Hotel, San Jose, CA – February 3, 2012. **(Rescind approval)**
- b. Carmen Racy-Choy - Due Diligence – Hedge Fund On-Site:
 - New York - Week of April 16, 2012.
 - New York – Week of May 7, 2012.
 - London – Week of June 4, 2012.
 - Bermuda – Week of July 9, 2012.
- c. Heidi Poon - Due Diligence – Hedge Fund On-Site:
 - New York - Week of April 16, 2012.
 - Dallas, Minneapolis, Greenwich – Week of April 23, 2012.
 - London – Week of June 4, 2012.
- d. Daryn Miller - Due Diligence – Hedge Fund On-Site:
 - New York – Week of May 7, 2012.
 - Boston, Greenwich – Week of May 14, 2012.
 - Bermuda – Week of July 9, 2012.

- e. Mollie Dent - CalAPRS, Attorney's Roundtable, San Diego, CA – September 10, 2010. (CANCEL)

2. DEATH NOTIFICATIONS (Moment of Silence)

- 2.1 **James M. Hall**, Gardener, retired 02/23/80, died 02/16/12. No survivorship benefits.
- 2.2 **Larry S. Ihori**, Accountant I, retired 04/15/90, died 02/13/12. No survivorship benefits.
- 2.3 **Joyce M. Kennedy**, Word/Micro Processor Operator, retired 10/31/98, died 02/03/12. No survivorship benefits.
- 2.4 **Cynthia Kuo**, Analyst II, retired 04/13/11, died 02/18/12. Survivorship benefits to Sen Chen, spouse.
- 2.5 **Diana L. Overson**, Office Specialist II, retired 02/14/02, died 02/02/12. No survivorship benefits.
- 2.6 **Margaret R. Pattee**, Typist Clerk II, retired 06/10/78, died 10/17/11. No survivorship benefits.
- 2.7 **Alfonso Saucedo**, Laborer, retired 06/21/80, died 02/26/12. Survivorship benefits to Mary Esther Saucedo, spouse.
- 2.8 **Robert Sgambati**, Maintenance Superintendent, retired 05/29/10, died 02/02/12. Survivorship benefits to Raynelle Sgambati, spouse.
- 2.9 **Joel S. Takemoto**, Events Coordinator, deferred vested, died 08/17/11. Survivorship duties to Sally Takemoto, spouse.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

3.1 CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 45956.9(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.

OPEN SESSION

4. NEW BUSINESS

- 4.1 [Presentation of Investment Performance \(Flash Report\) for period ending March 31, 2012. \(Time Certain 10:00 a.m.\)](#)
- 4.2 [Discussion and action regarding Meketa's recommendation to hire additional transition managers, Mellon Transition Management and J.P. Morgan Transition Management, and to delegate to the Secretary authority to negotiate and execute the agreements with approval as the form of the agreements by investment counsel.](#)
- 4.3 [Discussion and action regarding Meketa's recommendation to terminate Tradewinds mandate and authorizing staff to redeem the investment as of April 30, 2012.](#)

- 4.4 Discussion and action on report on implementation of the Board-approved Asset Allocation and Investment Structure.
- 4.5 [Discussion and action on actuarial, administrative and legal impacts of the Ballot Measure.](#)
 - a. [Cheiron assessment of Ballot Measure.](#)
 - b. [Impacts on Administration of the Retirement System.](#)
- 4.6 Contribution Rates and Amounts for 2012-2013.
 - a. [Discussion and action regarding Resolution 6750 setting new city and employee contribution rates and amounts for Federated members to be effective June 24, 2012.](#)
- 4.7 [Discussion and action on Department of Retirement Services' Administrative Budget Proposal for Fiscal Year 2012-2013.](#)
- 4.8 Educational Presentation by Cheiron: [Discussion on actuarial options to minimize contribution volatility.](#)
- 4.9 Educational Presentation by ReedSmith: [Discussion of fiduciary principles and duties.](#)
- 4.10 Educational Presentation by ReedSmith: [Discussion regarding fiduciary liability insurance.](#)
- 4.11 [Discussion and action on Cheiron's 401\(h\) Subordination limit test results as of June 30, 2011.](#)

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: April 25, 2012
 - a. [Minutes of February 29, 2012 meeting.](#)
 - b. Update from Chair of Investment Committee.
- 5.3 **Ad Hoc Governance Committee (Loesch/Armstrong/Odell – Alternate/Dirks)**
 - a. [Discussion and action on governance policies developed by Cortex.](#)
 - 1. [Role of the Board of Administration](#)
 - 2. [Role of the CEO](#)
 - 3. [Board Communications Policy](#)
- 5.4 **Ad Hoc Governance Committee on Staffing and Salaries (Loesch/Druyan/Overton – Alternate/Dirks)**

6. EDUCATION & TRAINING

- 6.1 **Educational Programs and Courses**

6.2 [Conferences and Seminars](#)

6.3 [Research Papers and Articles](#)

6.4 CalAPRS Training

- a. Trustees' Round Table, DoubleTree Hotel, 2050 Gateway Place, San Jose – Friday, June 8, 2012.

- **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.