

POLICE AND FIRE RETIREMENT PLAN

Minutes of the Board Meeting

THURSDAY

SAN JOSÉ, CALIFORNIA

October 2, 2008

CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met at 8:31 a.m., on Thursday, October 2, 2008, in regular session at Department of Retirement Services, 1737 N. First St, Suite 600 - San Jose, CA.

ROLL CALL

Present:

KEN HEREDIA
BILL BRILL
SCOTT JOHNSON
DAVE CORTESE
BRET MUNCY

VICE CHAIR

Trustee
Trustee (Arrived 8:35 am)
Trustee (Arrived 9:02 am)
Trustee

NOT PRESENT:

MARK J. SKEEN
FORREST WILLIAMS

CHAIR (Excused)
Trustee (Excused)

ALSO PRESENT:

Russell Crosby	-SECRETARY	Mollie Dent	-City Attorney Office
Russell Richeda	-Saltzman & Johnson	Debbi Warkentin	-Staff
Tamasha Johnson	-Staff	Donna Busse	-Staff
Jay Wendling	-P&F Retirees	Veronica Niebla	-Staff
Karin Carmichael	-Staff	Brian Arvin	-Retired SJPd
Aracely Rodriguez	-OER	Sam Swift	-Attorney
Mike Rosingana	-P&F Retirees	Linda Charfauros	-SJPd
Gregory Toscano	-SJPd	Marty Jo Luis	-SJPd
John Ruffner	-SJPd	Ron Kumar	-Staff
Barbara Hayman	-Staff	Melanie Jimenez	-CMO
Rhonda Snyder	-Staff	Maria Loera	-Staff
Jim Jeffers	-Attorney	David Gutierrez	-SJPd

REGULAR SESSION

ORDERS OF THE DAY

Vice-Chair Heredia called the meeting to order at 8:31 a.m. He stated Item 3b has been deferred.

RETIREMENTS

1. Service

Jose A. Loquiao, Firefighter, Fire Department. Request for Service Retirement effective October 4, 2008; 31.80 years of service. **(SCD Pending)**

(M.S.C. Brill/Muncy) to approve. Motion carried 4-0-3. (Absent: Skeen, Cortese, Johnson)

2. Disabilities

Todd F. Lobdell, Police Officer, Police Department Request for Service-Connected Disability Retirement effective October 2, 2008; 18.32 years of service.

Officer Lobdell was present and was represented by *Mr. Jeffers*.

For the record the following medical reports have been received:

<u>Doctor's Name</u>	<u>Report Date</u>
FULTON CHEN, M.D.	7/11/08 (THREE REPORTS) : 6/9/08 : 5/21/08 : 5/13/08 (TWO REPORTS) : 5/5/08 : 1/18/08 : 8/27/07 : 5/24/07 : 5/17/07 : 1/16/07 : 8/7/06 :
RONALD FUJIMOTO, D.O.	5/28/08 (6 REPORTS) : 3/19/08 : 3/3/08 (TWO REPORTS) : 8/30/07 : 6/12/07
BASIL BESH, M.D.	1/10/08 : 10/3/07 : 6/29/07
RAMON GARCIA, M.D.	7/28/06 : 12/27/05 : 6/14/05 : 5/31/05
LAWRENCE CHEN, M.D.	2/1/06
GLENN NAKAZAWA, M.D.	6/7/05
OSCAR ABELIUK, M.D.	4/7/03 : 2/8/03
MARK CULTON, M.D.	4/3/03 (TWO REPORTS)
MALVERN DORINSON, M.D.	6/14/02

<u>Board's Medical Director</u>	<u>Report Date</u>
RAJIV DAS, M.D.	9/8/08

Dr. Das stated the applicant has injuries to the upper back, shoulder, and upper extremities. The applicant has had surgeries on his nerves and the restrictions are based on the nerve issue.

Mr. Jeffers stated described the applicant's career history and occurrence of injuries.

Member Johnson arrived

(M.S.C. Brill/Muncy) to approve. Motion carried 5-0-2. (Absent: Skeen, Cortese).

3a. Change in Status

David Gutierrez, Retired Fire Captain. Request for change to Service-Connected Disability Retirement effective October 20, 2007; 26.14 years of service.

Retired Fire Captain Gutierrez was present and was represented by *Mr. Swift*.

For the record the following medical reports have been received:

<u>Doctor's Name</u>	<u>Report Date</u>
JONATHAN NG M.D.	5/3/08 : 4/3/08 : 4/2/08 : 3/10/08
RONALD FUJIMOTO, D.O.	4/9/08
JOHN COLEMEN, M.D.	3/17/08 (TWO REPORTS) : 2/26/07 : 9/21/06 : 3/14/06 :8/4/05 :12/13/89 : 7/25/89 : 5/10/88
JAMES GLANCY, M.D.	3/6/08 (TWO REPORTS) : 8/14/07 : 3/27/06 : 3/22/06 :10/27/05 : 8/16/04 : 5/24/04 : 1/28/04 : 11/19/03 : 10/8/03 :
JAMES MCCRIRIE, D.C.	12/4/01 : 4/5/01 : 2/22/01 : 4/6/00
KEN MIURA, M.D.	12/9/87
GAIL MAGID, M.D.	11/30/87
COLIN MACKENZIE, M.D.	11/9/87

<u>Board's Medical Director</u>	<u>Report Date</u>
RAJIV DAS, M.D.	8/20/08

Dr. Das stated that the applicant had a heart attack on the job. He finds that the applicant has limited work capacity based on the diagnostic findings.

Mr. Swift stated that the applicant is excluded from doing exertion activity and the department has no modified duty for him.

Mr. Richeda stated it seems unclear that the retirement is service connected.

Dr. Das stated that this event occurred after exertion during the course of his work shift, so that was clearly the connection.

(M.S.C. Brill/Muncy) to approve. Motion carried 5-0-2.

4. Deferred Vested - None

DEATH NOTIFICATIONS

5. Notification of the death of Dennis D. Murray, Retired Firefighter; retired 3/2/95, died 8/2/08 and survivorship benefits to Margaret Murray, spouse.

(M.S.C. Williams/Muncy) to approve. Motion carried 5-0-2.

6. Notification of the death of Wayne H. Rist, Retired Fire Captain, retired 3/29/80; died 7/16/08 and survivorship benefits to Dorothy B. Rist, spouse.

(M.S.C. Brill/Muncy) to approve. Motion carried 5-0-2.

NEW BUSINESS

7. Request for approval for Board Trustee Muncy to attend NCPERS' Public Safety Employees Pension & Benefits Conference in Palm Springs, October 12 through 15, 2008.

(M.S.C. Brill/Williams) to approve. Motion carried 4-0-2-1. (Absent: Skeen, Cortese; Abstain: Muncy).

8. Request for determination of the service-connectivity in the death of Terry Kepler, Deceased Police Officer, who died 6/14/2008.

Dr. Das stated the member suffered a severe heart attack. There were many contributing factors, including psycho-emotional stress and congestive heart failure.

Legal counsel had discussion pertaining to the interpretation of the relevant code section on disability retirements.

(M.S.C. Heredia/Brill) to approve. Motion carried 5-0-2.

9. Request for determination of fitness of John J. Ruffner, Retired Police Office, to perform duties of an active police officer and, if so determined, approval of his request to rescind his service-connected disability status.

Dr. Das stated Officer Ruffner was in a motorcycle accident that caused spinal injuries. Officer Ruffner has since undergone a spinal fusion procedure and intense rehabilitation. He retired on a service connected disability, but now feels that he can return to work and assume his duties as an active police officer.

Retired Officer Ruffner stated originally he was told it would take him 2-4 years to recover. He has worked very hard to improve his strength and mobility, and is confident that he can perform and excel in his duties.

Vice-Chair Heredia stated he was concerned about how the pension process would work should he not regain employment with the SJPDP.

Mr. Richeda, with collective discussion from Member Muncy and Johnson, stated the applicant's pension continues until he becomes an active employee in the system, and during that time period the pension potentially could lose its tax exempt status. However, should he be offered employment by the SJPD, and refuse the offer then his pension would discontinue. He could work for another agency and collect his pension, and there is a provision in the Code for the Board that to hold a hearing on the matter and have him re-evaluated possibly resulting in an off-set of his pension.

(M.S.C. Brill/Muncy) to approve rescinding of service-connected disability status. Motion carried 5-0-2.

Member Williams exited

10. Request for approval for staff to explore the development of an RFP for all Pension Administration Services current provided to the Plan by Levi, Ray & Shoup.

The Secretary stated LRS is doubling their fees for a number of clients who were early adopters of the product, and currently the later adopters already are paying the higher fees. LRS has been used for over 10 years, they are in the process of introducing a new product that is web based, and this may be a good time to examine other options. The City has PeopleSoft, which has a pension administrative module available; additionally there are other pension administrative systems that are capable. We would recommend that legal counsel review the current LRS contract so we are informed of our rights. Staff would work on exploring what an RFP would entail should the Board decide to proceed to be vigilant. This item is to provide notice to the Plan what is occurring.

(M.S.C. Muncy/Brill) to approve. Motion carried 4-0-3. (Absent: Skeen, Cortese, Williams).

11. Request for authorization for the Secretary to negotiate and execute the First Amendment to the Agreement with The Wilfred Jarvis Institute for team building and strategic planning consulting services for a term ending June 30, 2009 and an amount not to exceed \$35,000 (split 50/50 with Federated).

The Secretary stated Minh Le is assisting with organizational development and staff would like to continue using his services. He has been working with staff individually in an ongoing interactive process.

Member Muncy stated he would like to see that any report arising from the services of this vendor be made available.

Ms. Dent stated she would work with staff to try to come up with some type of deliverable product with a way to measure the work being conducted.

(M.S.C. Muncy/Brill) to approve. Motion carried 4-0-3.

12. Discussion on procedure for approval of Retirement Services' staff travel.

Vice-Chair Heredia stated he has questions regarding the requirements of the audit that Board members need approval prior to travel, then the expense report must be approved, and additionally the member has to report out. He feels that staff should have to provide those same reporting requirements.

The Secretary stated the staff travel has a different administrative process, which is also more rigorous. Staff must have Director approval as well as City Manager approval for out of state travel. Any travel by the Retirement Services Director is processed and approved by the City Manger. The Audit Report identified the

Board travel as a concern, but the expense report which has been provided details staff and Board travel expenses.

Vice-Heredia stated he feels that the Board should be approving staff travel since the expenses come out of the Plan. Furthermore the Board should see requests for travel for all Board members and staff. He suggested an item should be added to the Consent Calendar on the Board's Agenda showing the travel that occurred for staff and trustees. He feels that the expense report pulls out the Board's travel but not staff's.

Member Johnson stated he recommended the Audit Committee review this matter. Also Finance Department brought a report to the Board showing the travel reimbursement process, and he would like to utilize the same type of report to go back to staff as an aid in streamlining the whole process and consolidating travel expenses. He added that he appreciated the expense report and perhaps formatting for profit and losses showing.

13. Oral update on the soundness of the P&F Retirement's investment portfolio.

Mr. Kumar stated the quarter ending 9/30/2008 the Plan was at \$2.35 billion, which is 8% below from quarter ending 6/30/2008. The S&P is below 8.5%, so it is in line with the market. Of the loss, 3.7% occurred on Monday due to the Bailout failure. The Plan held less than .5% of the AIG, Lehman's, and Fannie Mae, and had investments in Washington Mutual of .85%, which may not be a matter of concern since they will be sold to Wells Fargo. The total unrealized loss to the Plan is \$2 million. He stated the Plan is still investing in securities lending but is no longer doing short selling.

Member Johnson stated there is an important distinction to make regarding unrealized losses and actual losses. The City produces a report monthly showing the realized losses. The current economy is a nationwide issue, and the City has done a preliminary assessment of the impact of the market to the City.

The Secretary stated a recommendation will be going to the Investment Committee to stop securities lending due to the high risk.

OLD BUSINESS/CONTINUED-DEFERRED ITEMS

14. Approval of Revised Policy 220.3-P&F-Procurement of Legal Services. **(Defer to November)**
15. Travel Audit compliance update.
16. Adoption of City Travel Policy as the Board's Travel Policy **(referred to Board's Audit Committee)**

STANDING COMMITTEES / REPORTS / RECOMMENDATIONS

Investments Committee (Skeen, Heredia, Muncy) – None – last meeting 9/18/08

Real Estate Committee (Skeen, Heredia, Muncy) – None – last meeting 9/18/08

Investment Committee of the Whole (Full Board) – None

Solutions to Retiree Healthcare Committee (Skeen, Heredia, Muncy) – None

Audit Committee (Brill, Heredia, Johnson) – last meeting 27 August 2008

17. APPROVAL OF MINUTES

- a. Monthly meeting held 4 September 2008

(M.S.C. Brill/Muncy) to approve with a name correction. Motion carried 4-0-3.

PENDING ACTION LIST

19. Updated list as of 23 September 2008

Vice-Chair Heredia stated to add the LRS RFP process, and inquired about the payroll and operational audits.

The Secretary stated the payroll audit had stopped due to the social security numbers issue, but has now been restarted. The operational audit report has been distributed to staff for review and changes.

(M.S.C. Brill/Muncy) to approve. Motion carried 4-0-3.

23. BENEFITS REVIEW

a. Summaries of meetings held August and September 2008

Vice-Chair Heredia stated the City is going to discontinue the non co-pay plan to retirees for Kaiser and Blue Shield. He stated he sent emails to HR with no response, he feels that the Board should have been notified of this decision. And currently, police officers can still enroll in that plan that's not being offered to all retirees.

Ms. Dent stated City Administration planned a second open enrollment for next year. The City negotiated with the insurance plans since they will no longer be available to anyone next year, so if the plan is going to be discontinued it does not have to be available to all members/retirees. HR did make that decision, not the Board.

(M.S.C. Brill/Muncy) to approve. Motion carried 4-0-3.

CONSENT CALENDAR (Items 17-23)

(M.S.C. Brill/Muncy) to approve. Motion carried 4-0-3.

PROPOSED AGENDA ITEMS

Vice-Chair Heredia stated Mr. Swift sent a letter requesting that the Board review and discuss the disability process, including Dr. Das' forms. He requests this item to be placed on the agenda next month.

PUBLIC COMMENTS

EDUCATION AND TRAINING

ADJOURNMENT

There being no further business, **Vice-Chair Heredia** adjourned the meeting at 10:22 am.

**KEN HEREDIA, VICE-CHAIR
BOARD OF ADMINISTRATION**

ATTEST:

**RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION**