



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

DIRECTOR RETIREMENT SERVICES

Russell U. Crosby

COUNSEL

Harvey L. Leiderman, General and
Fiduciary Counsel

THURSDAY

AUGUST 2, 2012

8:30 a.m.

AGENDA

• **ORDERS OF THE DAY**

1. **INVESTMENTS**

- 1.1 **CLOSED SESSION**: Conference with Investment Consultant NEPC LLC pursuant to Government Code Section 54956.81 to consider purchase of particular pension fund investment.

OPEN SESSION

- 1.2 [Discussion and action on the Investment Committee recommendation regarding the Plan's Asset Liability Study and Asset Mix.](#)
- 1.3 [Discussion and action on the Investment Committee recommendation regarding the 2012 Private Equity Strategic Plan.](#)
- 1.4 [Discussion and action on the second amendment to the agreement between the Police & Fire Department Retirement Plan and NEPC LLC for a one year term with a not-to-exceed amount of \\$695,000.](#)
- 1.5 [Discussion and action on the revised Placement Agent Disclosure Policy.](#)
- 1.6 Notification of the departure of the CIO, Carmen Racy-Choy, effective July 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.

2. **NEW BUSINESS**

- 2.1 [Discussion and action on the First Amendment to the Agreement among the Board of Administration for the Police and Fire Department Retirement Plan, the City of San Jose, and Reed Smith LLP for legal services to modify what is included in the monthly retainer fee.](#)
- 2.2 [Discussion and action on Plan Expenses for May 2012.](#)
- 2.3 [Discussion and action regarding the Compensation Consultant RFP and approval to delegate the selection of the firm to the Ad Hoc Personnel Committee.](#)
- 2.4 [Discussion and action regarding communications to plan beneficiaries.](#)
- 2.5 Discussion and action on the need for a temporary contract hire to assist with Board and committee operations during the transition of senior department staff.
- 2.6 Discussion and action on the approval of budget and contracting authority for each standing and ad hoc committee of the Board.

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

- 3.1 Update on Payroll Audit, FLSA and overtime payment issues. Receive and file.
- 3.2 [Discussion and action on Governance policies developed by Cortex.](#)
 - a. [Board Performance Assessment Policy](#)
 - b. [Code of Conduct](#)
- 3.3 [Approval to formally adopt Governance Policies developed by Cortex and reviewed at the June Board meeting.](#)
 - a. [Investment Committee Charter.](#)
 - b. [Chief Investment Officer Charter.](#)
 - c. [Reporting and Monitoring Policy](#)
 - d. [Strategic Planning Policy.](#)
- 3.4 Update on Electronic Board packets.
- 3.5 Update from Councilmember Constant. Receive and file.
- 3.6 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),

Paul Mulholand, et al v. Russell Crosby, et al, Santa Clara County Superior Court
Case No. 1-12-CV-219748

3.7 **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.

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

OPEN SESSION

3.9 Discussion and action regarding the proposed transfer of employee contributions into the City’s Section 115 Health Care Trust.

4. RETIREMENTS - 10:30 a.m. or soon thereafter as possible

4.1 Service Retirement

- a. David Dulong, Police Sergeant, Police Department, effective August 6, 2012; 26.60* years of service.
- b. Ervin Mathews, Fire Inspector, Fire Department, effective September 1, 2012; 24.10* years of service.

4.2 Service-Connected Disability

- a. Devlin Creighton, Police Officer, Police Department, effective August 2, 2012; 4.95* years of service.
- b. Joseph B. Fleming, Police Officer, Police Department, effective August 2, 2012; 16.59* years of service.
- c. Bret P. Mendia, Police Officer, Police Department, effective August 2, 2012; 10.9* years of service.
- d. Jeffrey J. Moore, Police Officer, Police Department, effective August 2, 2012; 14.72* years of service.
- e. John J. Ruffner, Police Officer, Police Department, effective August 2, 2012; 14.08* years of service.

4.3 Deferred Vested

- a. Meynard Gamez, Police Captain, Police Department, effective September 5, 2012; 25.56* years of service.

5. DEATH NOTIFICATIONS

- 5.1 Notification of the death of **Anthony C. Colon**, Police Sergeant, retired July 24, 2010, died May 3, 2012. Survivorship benefits to Susan M. Colon, spouse and Alexandra Colon, daughter.
- 5.2 Notification of the death of **Ann Marie Navin**, Police Officer, retired August 3, 2000, died July 6, 2012. No survivorship benefits.
- 5.3 Notification of the death of **Rex D. Newburn**, Police Sergeant, retired July 1, 1993, died June 7, 2012. No survivorship benefits.

6. COMMITTEE MINUTES, REPORTS AND RECOMMENDATIONS

- 6.1 Investment Committee (Sunzeri/Bill/Kaldor/Krytzer – Alternate/Bacigalupi) – Next Meeting: August 8, 2012.
 - a. Report from the Chair of the Investment Committee. Receive and file.
 - b. [Minutes of May 25, 2012, Joint Police & Fire Investment Committee and Federated Investment Committee meeting.](#) Receive and file.
 - c. [Minutes of June 13, 2012, Joint Police & Fire Investment Committee and Federated Investment Committee meeting.](#) Receive and file.
- 6.2 Ad Hoc Governance Committee-Cortex Phase II (Kaldor/Lanza/Rounds/Santos – Alternate/Sunzeri) – Last Meeting: May 18, 2012 - Next Meeting: TBD
 - a. Report from the Chair of Ad Hoc Governance Committee-Cortex Phase II. Receive and file.
- 6.3 Ad Hoc Personnel Committee (Lanza/Kaldor/Rounds) – Last Meeting: July 19, 2012 - Next Meeting: TBD
 - a. Report from the Chair of Ad Hoc Personnel Committee. Receive and file.
 - b. [Discussion and action regarding succession issues.](#)
 - c. Discussion and action on direction to work with the City Manager’s Office to develop a transition plan for senior staff vacancies within the Department of Retirement Services.
- 6.4 Ad Hoc Audit Committee (Bill/Bacigalupi/Kaldor/Lanza) - Next Meeting: TBD
 - a. Report from the Chair of Ad Hoc Audit Committee. Receive and file.
 - b. Discussion and action for transition to standing committee.
- 6.5 Ad Hoc Disability Committee (Santos/Bacigalupi/Lanza/Mason) – Last Meeting: July 30, 2012 - Next Meeting: TBD
 - a. Report from the Chair of Ad Hoc Disability Committee. Receive and file.
 - b. [Discussion and action regarding the formation of a standing Disability Committee and the scope of committee responsibilities.](#)

- c. Discussion and action on recommendation from the Ad Hoc Disability Committee on prioritizing consideration of disability retirement applications.

7. CONSENT CALENDAR (Items 7.1 through 7.5)

7.1 Approval of Minutes

- a. [Monthly Board meeting held on June 7, 2012.](#)

7.2 Approval of Travel and Attendance for Conferences and Due Diligence

- a. Vincent Sunzeri - CalAPRS, Principles of Pension Management for trustees at Stanford Law School, Palo Alto, CA - March 27-30, 2012. (CANCEL)
- b. Damon Krytzer - Infrastructure Investor, Energy Summit 2012, Flatotel, New York – October 2-3, 2012.
- Infrastructure Investor, New York Summit 2012, Flatotel, New York – December 5-6, 2012.
- c. James Mason - SACRS Public Pension Investment Management Program 2012, UC Berkeley at Haas School of Business, Berkeley, CA – July 16-18, 2012.
- Fiduciary College/NCTR 12th Annual Trustee Workshop, Stanford University, Palo Alto, CA – July 23-25, 2012.
- d. Sean Kaldor - CalAPRS, Trustee Round Table, DoubleTree Hotel, San Jose, CA – June 8, 2012. (CANCEL)
- e. Carmen Racy-Choy- Due Diligence – Hedge Fund On-Site:
 - Bermuda – Week of July 9, 2012. (CANCEL)
- f. Heidi Poon - 18th Annual Institutional Investment Conference, Alpha Hedge, Ritz Carlton, San Francisco, CA – September 9-11, 2012. (no registration fees)
- Bloomberg’s Portfolio Analytics Seminar, Pier 3, San Francisco, CA – June 14, 2012.
- g. Ron Kumar - SACRS Public Pension Investment Management Program 2012, UC Berkeley at Haas School of Business, Berkeley, CA – July 16-18, 2012.
- Bloomberg’s Portfolio Analytics Seminar, Pier 3, San Francisco, CA – June 14, 2012.
- h. Daryn Miller - Due Diligence – Hedge Fund On-Site:
 - Bermuda – Week of July 9, 2012. (CANCEL)- Due Diligence – Investment Manager On-Site:
 - Wilmington, DE – Week of August 13, 2012.
 - Boston, MA – Week of August 13, 2012.
 - New York, NY – Week of August 13, 2012.
 - Los Angeles, CA – Week of August 13, 2012.

7.3 Return of Contributions

- a. Voluntary
- b. Involuntary

7.4 Communication/Information

- a. [The Cortex Report: Research Papers and Articles](#)
- b. [Letter from Cheiron, Bill Hallmark providing responses to questions from California State Auditor to the City of San Jose, dated June 5, 2012.](#)
- c. [Cheiron Client Advisory, Summer 2012 Vol. 9 No. 1.](#)
- d. [2011-2012 Santa Clara County Civil Grand Jury Report: An Analysis of Pension and Other Post Employment Benefits.](#)
- e. [The New York Times Article on South Carolina's Pension Push Into High-Octane Investments, dated June 9, 2012.](#)
- f. [Educational Travel Reports:](#)
 - SACRS Spring Conference 2012, May 8-11, 2012 – by Sean Bill.
 - NEPC 2012 Public Funds Workshop, January 30-31, 2012 – by Vincent Sunzeri.
 - CalAPRS Trustee Round Table, DoubleTree Hotel, June 8, 2012 – by Damon Krytzer, Richard Santos, Sean Bill.
 - Institute Fund Summit 2012, Exclusive Government Investor Summit, Dana Point, CA, April 15-17, 2012 – by Damon Krytzer.
- g. [Counsel correspondence on reciprocal members' rights \(attorney-client privilege removed at the June 2012 Board meeting\).](#)

7.5 Pending Projects

8. EDUCATION & TRAINING

8.1 Educational Programs and Courses

8.2 Conferences and Seminars

8.3 CalAPRS' Training

Trustees' Round Table, Marriott Burbank Airport, Los Angeles, 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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