

# POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

## Minutes of the Board Meeting

7.1a

Thursday

SAN JOSÉ, CALIFORNIA

September 1, 2011

### CALL TO ORDER

The Board of Administration of the Police and Fire Department Retirement Plan met on Thursday, September 1, 2011 in regular session at City Hall in the Wing Meeting Rooms 118-119, 200 East Santa Clara Street, San José, California 95113. Chairman David Bacigalupi called the meeting to order at 8:44 a.m.

### BOARD MEMBERS

David Bacigalupi, Chair	-Present
Conrad Taylor, Vice Chair	-Present
Sean Bill	-Present
Sean Kaldor	-Present
Damon Krytzer	-Present
Drew Lanza	-Present
Vincent Sunzeri	-Present
Richard Santos	-Present
Trustee - VACANT	

### ALSO PRESENT

Sam Swift, Attorney  
Ken Heredia, Retiree  
Mason Bledsoe, Attorney  
Jay Wendling, P&F Retiree Association  
Mike Moffett, Retiree  
Paul Mulholand, Retiree  
Phil Demers, Retiree  
Thomas Boyle, Attorney  
Ron D'Acchioli, Fire Department  
Christopher Dehner, Attorney

### DIRECTOR RETIREMENT SERVICES

#### BOARD SECRETARY

Russell U. Crosby -Present

#### COUNCIL LIAISON

Pete Constant -Absent

#### COUNSEL

M. Dent, Sr. Deputy City Attorney -Present  
Russ Richeda - Present

### BOARD MEDICAL DIRECTOR

Rajiv Das, M.D.

### RETIREMENT SERVICES STAFF

#### PRESENT

Carmen Racy-Choy, Deputy Director/CIO  
Donna Busse, Deputy Director/COO  
Veronica Niebla  
Toni Johnson  
Tram Doan  
Ron Kumar  
Sonia Morales  
Daryn Miller  
Troy Gavin

**CALL TO ORDER: 8:44 a.m.**

### • ORDERS OF THE DAY

Chair Bacigalupi made the following changes to the orders of the day:

- Wording change on item 1.2;
- Amend item 1.4a retirement effective date to October 23, 2011;
- Amend item 4.1d retirement effective date to October 15, 2011 and change years of service to 25.04; and
- Defer Item 4.2b, Service Connected Disability for Kyle Johnson.

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](http://sanjose.granicus.com/ViewPublisher.php?view_id=44). If you have any questions, please contact the Retirement Services Department at (408) 794-1000.

P&F 10-06-11

Director of Retirement Services, Russell Crosby announced Mr. Daryn Miller as the new Investment Officer in Retirement Services.

## **1. INVESTMENTS**

### **1.1 Discussion and approval to invest \$100 million in PIMCO Distressed Senior Credit Opportunities Fund II and for the Secretary to negotiate and execute the agreement.**

Ms. Racy-Choy gave an overview of the discussion held at the Investment Committee meeting.

A motion was made to approve the recommendation to invest \$100 million in PIMCO Distressed Senior Credit Opportunities Fund II and for the Secretary to negotiate and execute the agreement.

**Approved. (M.S.C. – Santos/Sunzeri, 8-0-0)**

### **1.2 Approval of modifications to the Police and Fire Department Retirement Plan's Statement of Investment Policy to revise the equity investment structure as approved at the August 4, 2011 Board meeting including the new performance objectives of Passive and Global Equity investments.**

Ms. Racy-Choy led the discussion and noted changes on Page 3, 15 and a change on Page 16 from "domestic equity" to "global equity".

A motion was made to approve Plan's Statement of Investment Policy to revise the equity investment structure as approved at the August 4, 2011 Board meeting including the new performance objectives of Passive and Global Equity investments.

**Approved. (M.S.C. – Santos/Kaldor, 8-0-0)**

### **1.3 Update on the status of the portfolio transition.**

Ms. Racy-Choy updated the Board Members on the status of the portfolio transition.

### **1.4 Update on the Asset Liability Modeling study.**

Ms. Racy-Choy reported that the City Council granted a waiver on the Revolving Door Ordinance with respect to Michael Moehle. Mr. Crosby added that Cheiron had agreed to a reduced rate to the Plan for Mr. Moehle on work he continues to do in connection with the Asset Liability Modeling study.

## **2. NEW BUSINESS**

### **2.1 Discussion regarding the title of Director of Retirement Services.**

Trustee Santos suggested a change in title from Secretary to CEO. Director of Retirement Services Russell Crosby suggested that the topic should be referred to Cortex Applied Research as part of the Governance project.



**2.2 Update on timeline for a revised version of the Police & Fire Benefits Handbook on the Retirement Services Department website.**

Ms. Busse reported that the last Police & Fire Benefits Handbook was published in fiscal year 2002-03 and that numerous ordinances since the last publication have been adopted which modify the plan. Ms. Busse suggested that staff can get fact sheets published on the Retirement Services website sooner for any particular subjects, but it would require more time to totally update the Police & Fire Benefits Handbook.

**2.3 Discussion and action regarding Request for Actuarial Calculations for retiree benefit changes as requested by the San Jose Police & Fire Retirees' Association.**

Mr. Heredia spoke on behalf of San Jose Police & Fire Retirees' Association to the Board regarding an Association proposal to cost out proposed reductions in certain benefits of retired members and survivors of the Police and Fire Department Retirement Plan. The Board discussed the request for actuarial calculations for retiree benefit changes.

**Mr. Sunzeri made a motion to decline the unilateral request to utilize Police & Fire assets to prepare the requested scenarios.**

**Second by Kaldor**

**After discussion Mr. Sunzeri amended his motion to reject the request from the Police & Fire Retirees' Association. Second by Krytzer**

**A substitute motion was made to defer to the October meeting with policy recommendations from staff.**

**Approved. (M.S.C. Kaldor/Santos, 7-0-1, Sunzeri-No)**

Item 4-Time certain was heard after item 2.3.

**4. RETIREMENTS – TIME CERTAIN AT 9:30 A.M.**

A motion was made to approve items 4.1a through 4.1g.

**Approved. (M.S.C. – Santos/Taylor, 8-0-0)**

**4.1 Service**

- a. Daniel J. Addiego, Fire Captain, Fire Department, effective October 15, 2011; 25.00\* years of service.**
- b. Keith S. Crowther, Police Officer, Police Department, effective October 1, 2011; 25.03\* years of service.**
- c. Lawrence P. Ellsworth, Police Lieutenant, Police Department, effective October 1, 2011; 25.03\* years of service.**
- d. Richard K. Jones, Fire Captain, Fire Department, effective October 1, 2011; 25.03\* years of service. (*With reciprocity*)**
- e. Fred R. Lagergren, Police Officer, Police Department, effective October 15, 2011; 20.03\* years of service.**

- f. **Randall J. Pauley**, Police Officer, Police Department, effective October 1, 2011; 25.38\* years of service.
- g. **Rodney D. Villa**, Fire Captain, Fire Department, effective October 29, 2011; 25.11\* years of service.

#### **4.2 Service-Connected Disability**

- a. **Brent T. Dickinson**, Fire Captain, Fire Department. Request for a Service-Connected Disability Retirement, effective September 1, 2011; 21.18\* years of service.  
**Approved. (M.S.C. – Santos/Kaldor, 8-0-0)**
- b. **Kyle Johnson**, Police Officer, Police Department. Request for a Service-Connected Disability Retirement, effective September 1, 2011; 15.12\* years of service.  
**Deferred to October 2011 Board meeting.**

Board reconvened from break.

#### **2.4 Board and trustee roles and responsibilities concerning proposed benefit changes, including negotiations on benefit changes for active members and retirees.**

Trustee Kaldor led discussion regarding Trustee roles and responsibilities and asked what to do as a Plan and how to handle proposed benefit changes and negotiations. Ms. Dent suggested that it is appropriate to ask the Conflicts Counsel to address any concerns. Chair Bacigalupi suggested that Board Members, prior to the next meeting, submit questions and concerns to Mr. Crosby for consideration by the Board at its October meeting and possible referral to Conflicts Counsel for analysis.

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

#### **3.1 Update on status of Trustee replacement.**

Mr. Crosby reported there was no update due to the absence of the Council Liaison Pete Constant.

#### **3.2 Update on Legal Services Request for Proposals (RFP).**

Ms. Dent reported that the City Attorney's office is currently working on the Request for Proposal. She stated that the Board may wish to have one or more Board Members on the selection panel. The RFP will be presented to the Board at its October meeting for comment.

#### **3.3 Update on Payroll Audit, FLSA and overtime payment issues.**

Ms. Niebla reported to the Board on the Payroll Audit, FLSA and overtime payment issues. She stated that Finance Department has provided an update on the findings on the agreed upon procedures related to FLSA and that Finance will provide the missing information to Retirement



Services by September 30<sup>th</sup> with the new adjustments. Retirement Services will provide recommendations to the Board at its November meeting, once staff receives the new adjustments.

**3.4 Discussion and action regarding Board meeting location. Note and File**

Mr. Crosby noted the next Board meeting will be held at the Retirement Services Board Room due to an event at the City Hall.

**3.5 Update on Electronic Board packets.**

Ms. Busse reported that Retirement Services is developing a Request for Information (RFI) and will continue the outreach process.

**5. DEATH NOTIFICATIONS Note and File**

- 5.1** Notification of the death of **Garyn P. Scott**, Police Sergeant, retired December 2, 2010, died January 6, 2011. Survivorship benefits to Donna Scott, spouse, Daryn and Donovan, sons.

**6. AD HOC COMMITTEE REPORTS/RECOMMENDATIONS**

**6.1 Ad Hoc Committee for Disability Determination Process.**

- a.** Minutes of Ad Hoc Disability Determination Process of May 17, 2011. Note and File
- b.** Minutes of Ad Hoc Disability Determination Process of May 31, 2011. Note and File

**7. CONSENT CALENDAR (Items 7.1 through 7.5)**

A motion was made to approve the Consent Calendar except items 7.1 and 7.5.

**Approved. (M.S.C. Santos/Taylor, 8-0-0)**

- Chair Bacigalupi requested Item 7.1 pulled from the Consent Calendar for correction change “Fired” to “Fire”
- Chair Bacigalupi requested Item 7.5 pulled from the Consent Calendar for detailed information from Russ Richeda

A motion was made to approve those items pulled from the Consent Calendar.

**Approved. (M.S.C. Santos/Kaldor, 8-0-0)**

**7.1 Approval of Minutes**

- a.** Monthly Board meeting held on August 4, 2011.

**7.2 Approval of Travel/Conference Attendance**

- a.** Donna Busse - CALAPRS, 2011 Administrator’s Institute, Huntington Beach, CA – September 28-30, 2011.
- b.** Maria Loera - CALAPRS, Disability Staff Training, Doubletree Hotel, San Jose, CA – September 15, 2011.

- c. Toni Johnson - CALAPRS, Round Table: Benefits, Doubletree Hotel, San Jose, CA – September 16, 2011.
- d. Mollie Dent - CALAPRS, Attorneys Round Table, Doubletree Hotel, San Jose, CA – September 16, 2011.
- e. Damon Krytzer - Global Asset Allocation Summit, Las Vegas, NV – October 27-28, 2011.  
(Conference fee waived: participating as a moderator on a panel)
- f. May Cheung - CALAPRS, Information Tech Round Table, Doubletree Hotel, San Jose, CA – September 16, 2011.
- g. Veronica Niebla - CALAPRS, Accountants' Round Table, Doubletree Hotel, San Jose, CA, - October 14, 2011.
- h. Sonia Morales - CALAPRS, Administrative Assistants Round Table, Doubletree Hotel, San Jose, CA, - October 14, 2011.

### 7.3 Approval of Monthly Expenses

- a. Plan Expenses for July 2011.

### 7.4 Return of Contributions

- a. Voluntary
- b. Involuntary

### 7.5 Communication/Information

Memo from Russ Richeda, Saltzman & Johnson regarding Legal Update-July 2011 CalPERS Position Paper "Vested Rights of CalPERS Members: Protecting the Pension Promises Made to Public Employees", dated August 24, 2011.

## 8. EDUCATION & TRAINING **Note and File**

### 8.1 Notification of CalAPRS' Trustees Round Table

- a. Trustees Roundtable, Double Tree Hotel, 2050 Gateway Place, San Jose – October 14, 2011.

### 8.2 Notification of IFEBP Training

- a. CAPPP – Employee Pensions – **Part I**, Ernest Morial Convention Center, New Orleans, LA, Saturday, October 29-30, 2011.
- b. CAPPP – Employee Pensions – **Part II**, Metro Meetings Center, Boston, MA, Thursday, June 21-22, 2012.
- c. CAPPP – Employee Health – **Part I**, Ernest Morial Convention Center, New Orleans, LA, Saturday, October 29-30, 2011.
- d. CAPPP – Employee Health – **Part II**, Metro Meetings Center, Boston, MA, Thursday, June 21-22, 2012.

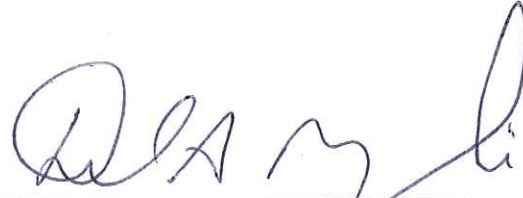
- **PROPOSED AGENDA ITEMS**

Trustee Lanza and Trustee Bill to report on their meeting with the Mayor.

- **PUBLIC COMMENTS** –

Russell Crosby noted the next Board meeting will meet in Retirement Services Board Room

- **ADJOURNMENT** at 11:40 a.m.



**DAVID BACIGALUPI, CHAIR**  
BOARD OF ADMINISTRATION

**ATTEST:**



**RUSSELL U. CROSBY**  
DIRECTOR, RETIREMENT SERVICES  
SECRETARY, BOARD OF ADMINISTRATION