



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**

**AUGUST 16, 2012**

**8:30 A.M.**

**AMENDED AGENDA**

• **ORDERS OF THE DAY**

1. **DISABILITY RETIREMENTS**

1.1 **Approval of Staff Recommendation to Deny the Service-Connected Disability Retirement**  
(10:30 a.m. or soon thereafter)

- a. **Matthew A. Chasuk**, Security Officer, Convention, Arts & Entertainment. Request for a Service-Connected Disability Retirement effective July 31, 2010; 12.52\* years of service.
- b. **Andrew Noble**, Maintenance Worker I, Department of Transportation. Request for a Service-Connected Disability Retirement effective April 26, 2010; 13.18 years of service.

2. **CONSENT CALENDAR** (Items 2.1 through 2.9)

2.1 **Approval of Service Retirements**

- a. **Leslie I. Bowman**, Public Safety Communications Specialist, Police Department, effective August 18, 2012; 18.03\* years of service.

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- b. **Pamela A. Delaney**, Public Safety Radio Dispatcher, Police Department, effective July 22, 2012; 21.71\* years of service.
- c. **Adora B. Gailo**, Accountant, Finance Department, effective August 18, 2012; 15.03\* years of service.
- d. **Leslie H. Hallenbeck**, Senior Analyst, Office of Economic Development, effective September 29, 2012; 20.96\* years of service.
- e. **John R. Hernandez**, Code Enforcement Inspector II, Planning, Building & Code Enforcement Department, effective June 19, 2012; 10.50\* years of service.
- f. **Robert D. Lehman**, Building Inspector, Planning, Building & Code Enforcement Department, effective August 4, 2012; 15.10\* years of service.
- g. **James J. Light**, Parking Control Officer, Airport Department, effective August 18, 2012; 13.94\* years of service.
- h. **Felix R. Olow**, Information Systems Analyst, Public Works Department, effective August 4, 2012; 15.05\* years of service.
- i. **David T. Smith**, Associate Engineering Technician, Department of Transportation, effective September 1, 2012; 11.42\* years of service.
- j. **Susan D. Walton**, Principal Planner, Planning, Building & Code Enforcement Department, effective July 21, 2012; 26.91\* years of service.

## **2.2 Approval of Deferred Vested Retirements**

- a. **Patricia M. Cypher**, Engineering Geologist, Environmental Services Department, effective September 15, 2012; 8.95\* years of service.
- b. **Mark J. DeCastro**, Senior Deputy City Attorney, City Attorney's Office, effective September 10, 2012; 21.28\* years of service.
- c. **Michael J. Dodson**, Senior Deputy City Attorney, City Attorney's Office, effective September 13, 2012; 15.98\* years of service.
- d. **David M. Rollo**, Senior Deputy City Attorney, City Attorney's Office, effective August 21, 2012; 8.00\* years of service.
- e. **Ann Schneider**, Environmental Specialist, Environmental Services Department, effective September 6, 2012; 5.85\* years of service.

## **2.3 Approval of Change of Retirement Date**

- a. Approval of change of retirement date of **Ron Heikkila**; from July 21, 2012 to August 4, 2012, approved at the June 21, 2012 Board meeting.

## **2.4 Approval of Change of Deferred Vested Retirement Date**

- a. Approval of change of deferred vested retirement date of **Kiley J. Kinnon**, from January 8, 2012 to July 10, 2012, approved at the December 15, 2011 Board meeting.

## **2.5 Rescission of Retirement Application**

- a. Approval to rescind the application of **Rocco Caposelle**, approved at the April 19, 2012 meeting for the effective date of June 23, 2012.

- b. Approval to rescind the application of **Hao-Nhu (Michelle) Do**, approved at the January 19, 2012 meeting for the effective date of June 23, 2012.
- c. Approval to rescind the application of **Juan L. Rodriguez**, approved at the June 21, 2012 meeting for the effective date of August 4, 2012.

## 2.6 Approval of Board Minutes

[Approval of Board Minutes of June 21, 2012.](#)

## 2.7 Approval of Return of Contributions

- a. Voluntary
- b. Involuntary

## 2.8 Acceptance of Communication/Information Reports

- a. [Benefits Review Forum Report, July 2012.](#)
- b. [Memo from Alex Gurza, Deputy City Manager regarding Pension Second Tier, dated June 13, 2012.](#)
- c. [2011-2012 Santa Clara County Civil Grand Jury Report: An Analysis of Pension and Other Post Employment Benefits.](#)
- d. [Educational Travel Reports:](#)
  - CalAPRS – Principles of Pension Management for Trustees at Stanford Law School – March 27-30, 2012 – by Michael Armstrong.
  - CalAPRS – Trustee Round Table, DoubleTree Hotel, June 8, 2012 – by Marty Dirks.

## 2.9 Approval of Travel / Conference Attendance

- a. Carmen Racy-Choy - [Due Diligence – Hedge Fund On-Site:](#)
  - Bermuda – Week of July 9, 2012. (CANCEL)
- b. 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.
- c. Pete Constant - IFEBP, 58<sup>th</sup> Annual Employee Benefits Conference, San Diego Convention Center, San Diego, CA – November 11-14, 2012.
- d. Matt Loesch - Charter Financial Analyst Program, Kaplan Schweser Workshops, Publications & Exam – December 1, 2012.

## 3. DEATH NOTIFICATIONS (Moment of Silence)

- 3.1 **Lorraine H. Dorfman**, Typist Clerk II, retired 06-30-81, died 12-17-11. No survivorship benefits.
- 3.2 **Louis Massucci**, Senior Construction Inspector, retired 10-4-87, died 05-30-12. No survivorship benefits.

- 3.3 Paul Mastorakis**, Equipment Maintenance Machinist, retired 2-9-95, died 7-5-12. Survivorship benefits to Denise Mastorakis, spouse.
- 3.4 Raymond A. Montijo**, Plant Attendant, retired 10-23-82, died 6-21-12. Survivorship benefits to Mary Montijo, spouse.
- 3.5 David Padilla**, Maintenance Worker II, retired 05-10-03, died 6-11-12. Survivorship benefits to Della Padilla, spouse.
- 3.6 Lily R. Ponce**, Office Specialist II, retired 03-20-10, died 6-26-12. Survivorship benefits to Edwin Claudio, spouse.
- 3.7 Joseph La Ragione**, Maintenance Supervisor, retired 12-19-81, died 6-18-12. Survivorship benefits to Marie La Ragione, spouse.
- 3.8 Rosalie Z. Rojas**, Library Assistant, retired 10-4-87, died 7-24-12. No survivorship benefits.
- 3.9 Robert T. Spilker**, Senior Construction Inspector, deferred vested member, died 3-25-12. No survivorship benefits.
- 3.10 Sam J. Talerico**, Public Works Supervisor, died 1-6-79, died 7-15-12. Survivorship benefits to Geraldine Talerico, spouse.
- 3.11 Verna J. Weaver**, Traffic Checker II, retired 7-10-10, died 5-23-12. No survivorship benefits.

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

**4.1 CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),**

Mulholand, et al v. City of San Jose, et al, Santa Clara County Superior Court No. 1-12-CV-219748.

**4.2 CLOSED SESSION: [CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 45956.9\(a\) \(4 CASES\) \(MEASURE B LITIGATION\)](#)**

City of San Jose, Plaintiff v. San Jose Police Officers' Association, et al.; Defendants, United States District Court, Northern District of California (San Jose Division), No. C12-02904 LHK-PSG

Mukhar, et al v. City of San Jose, et al.  
Santa Clara County Superior Court Case No. 1-12-CV-226574

Harris, et al v. City of San Jose, et al.  
Santa Clara County Superior Court Case No. 1-12-CV-226570

AFSCME v. City of San Jose, et al.  
Santa Clara County Superior Court Case No. 1-12-CV-227864

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

**OPEN SESSION**

- 4.4 Discussion and action on City Council Ordinance regarding Federated City Employees' Health Care Trust issues.
- a. Discussion and action regarding the proposed transfer of employee contributions into the City's Section 115 Health Care Trust.

4.5 [Letter from Ice Miller regarding Billing/Contracts, dated July 26, 2012.](#) Receive and file

4.6 [Discussion and action to authorize the Secretary to negotiate and execute the 1<sup>st</sup> amendment to the agreement with L.R. Wechsler, Ltd. for Consulting Services to:](#)  
(Continued from June 2012 Board meeting)

- a. Extend the term of the Agreement for Phase I-IV through December 31, 2012 at no additional cost; and
- b. Add Phase V - Pension Administration System Implementation and Oversight Services for an amount not to exceed \$1,150,000, for a term ending December 31, 2016. (This cost split 50/50 between the Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System).

4.7 Update on Electronic Board packets.

4.8 **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 Subsection (a)

Williams Meyers v Board of Administration of the Federated City Employees' Retirement System.

Names of Parties Involved: William Meyers,  
Board of Administration of the Federated City Employees' Retirement System  
Court: California Court of Appeal, Sixth Appellate District  
Case No: H037933

5. **NEW BUSINESS**

5.1 Investments

- a. [Presentation of the Investment Performance Quarterly Report for period ending June 30, 2012.](#)
- b. [Discussion and action on the revised Placement Agent Disclosure Policy.](#)
- c. **Closed Session**: Conference with Investment Consultant pursuant to Government Code Section 54956.81 to consider purchase of particular pension fund investment.
- d. [Discussion and approval to delegate the selection of passive strategies for the current pending portfolio transition to staff and Meketa Investment Group and for the Secretary to negotiate and execute agreement\(s\) with the selected manager\(s\) as appropriate.](#)

- 5.2 [Discussion and action on Governance Policies developed by Cortex.](#)
  - a. [Board Performance Assessment Policy](#)
  - b. [Code of Conduct Policy](#)
  - c. [Reporting and Monitoring Policy](#) (*continued from June 2012 Board meeting*)
- 5.3 [Discussion and action on letters from Cheiron, Reed Smith and staff comments regarding questions on Tier 2.](#)
- 5.4 [Discussion and action on System Expenses for May 2012.](#)
- 5.5 [Discussion of approaches to benchmarking the System against other pension plans.](#)
- 5.6 [Discussion and action regarding discretionary and non-discretionary staff activities.](#)
- 5.7 Discussion and action on the payment for legal services of Reed Smith.

## 6. **COMMITTEES/REPORTS/RECOMMENDATIONS**

- 6.1 **Policy Committee (Overton/Armstrong/Loesch)** – None
- 6.2 **Investment Committee (Druyan/Odell/Dirks)**  
Last Meeting: August 8, 2012 - Next Meeting: September 12, 2012
  - a. [Minutes of June 13, 2012 meeting.](#)
  - b. Update from Chair of Investment Committee.
- 6.3 **Audit Committee (Armstrong/Andrews/Overton)**  
- Next Meeting: TBD
  - a. Update from Chair of Audit Committee.
- 6.4 **Ad Hoc Governance Committee (Loesch/Armstrong/Odell)**  
Last Meeting: February 16, 2012 - Next Meeting: August 31, 2012
- 6.5 **Ad Hoc Personnel Committee (Loesch/Druyan/Overton)**  
Last Meeting: June 18, 2012 - Next Meeting: August 15, 2012
  - a. Update from Chair of Ad Hoc Personnel Committee.
  - b. Discussion and action regarding scope, composition and duties of the committee.

## 7. **EDUCATION & TRAINING**

- 7.1 **Educational Programs and Courses**
  - a. CalAPRS - Trustees' Round Table, Los Angeles Marriott Burbank Airport, LA – Friday, October 19, 2012.
- 7.2 **Conferences and Seminars**

7.3 [Research Papers and Articles](#)

- **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.