The following transcript is provided for your convenience, but does not represent the official record of this meeting.  The transcript is provided by the firm that provides closed captioning services to the City.  Because this service is created in real-time as the meeting progresses, it may contain errors and gaps, but is nevertheless very helpful in determining the gist of what occurred during this meeting.

>> We'll call to order the police and retirement plan board of administration. Thank you all very much for your attendance. I know we've had a series of meetings and a lot of time has been put in recently so I appreciate all the effort on behalf of trustees as well as staff setting these all up and preparing all the information we actually go through. Under orders of the day -- oh, sorry, for attendees Sean Kaldor, Dick Santos, present, David Bacigalupi resigned his position as trustee of the police and fire retirement plan and will not be present here today. Sean Brill, present. Damon Citer, present. Drew Lonza present, Vince Sunseri, present. I was just looking up for Pete -- not yet present and we are represented by our counsel Harvey Leaderman, thank you, and welcome back, Harvey. Under orders of the day, I have one item to waive sunshine on that trustees received recently and that was the item 2.2, the analysis relating to annual required contributions. For the agenda, item 1.1 we'll be hearing later so we will stay in open session and hopefully break once to go into closed session, hear that item as well as the other closed session items which are items 3.6, 3.7, and 3.8. We do have time certain looking for it in the agenda. Where is it? Oh, thank you councilmember constant is present. And the disabilities, we say around 10:00 but it's not in the minutes at this time but we will try to make that for 10:00. Okay. Let's begin with open session item under investments, item -- oh, sorry we need a vote to waive sunshine on item 2.2. We have a motion from Santos.

>> Second.

>> A second from Sunseri, any discussion in all those in favor? AYE, none opposed, passes unanimously. Thank you. We'll continue, then, with item 1.2 discussion and adoption of the performance reporting timeline.

>> Good morning. You have in front of you a memo under performance reporting timeline. Currently we are provided with three performance reports monthly and quarterly reports for pension and quarterly private market report going forward we've been provided with a monthly quarterly report on the health care trust. Monthly reports can take -- can be completed within three weeks after month end and depending on the board and meeting dates, they might be hand carried. Quarterly reports can be completed within six weeks

after quarter end. However, depending on the investment -- depending on the board and IC meeting dates they might not be presented until the following month. The timeline generally applies to the private market report although delays are possible if there are reporting delays. Year end private market report takes longer to report because of year end audits on the fund. They might not be available until April or may of the following year. Currently staff is provided with management fees on a quarterly basis and the fees are on a -- when they are incurred. To increase the timeliness, staff suggests booking fees on a cash basis which is when they are paid. The difference between the TWO methods is minimal and it should be noted there's no industry standard on which method to use. So, in conclusion staff adoption from trustees regarding the reporting timeline and switching of the fees being booked from accrual to cash basis.

>> Thank you for the presentation and recommendation. Am I to understand this comes to us with the investment committee's approval and recommendations for the entire board?

>> Correct.

>> Thank you. Any questions? Seeing no questions, I'll take a motion.

>> So moved.

>> We've got a motion to accept staff's recommendation for the adoption of the performance reporting timeline?

>> Second.

>> Second from trustee Sunseri. Sorry, motion from trustee LON ZO. Any discussions? All those in favor? None opposed, the motion passes unanimously. Thank you. Item 1.3. Discussion and action regarding the 2012-2013 real estate strategic plan.

>> Good morning.  Thank you.  You have in your packets as agenda item 1.3 the 2012-2013 real estate strategic plan.  On the line with us today Shawn Claire, are you there?

>> We are here.

>> Great.

>> Yes, we are.

>> So on the line with us today are Shawn and Claire are senior consultants in OUR real estate group research back in Cambridge, mass, and I'm introducing both of them today because in the past Claire has worked on the relationship and then was out on maternity leave for some time and Shawn got involved in the relationship and so actually going forward they're going to kind of tackle this in tandem together and so we wanted to have them both on the line so that in the future there wasn't any kind of confusion as to who was on the relationship and whatnot.  Ron has worked with both of them in the past on this so I just wanted to have them both here and so with that I was hoping they could take maybe ten minutes and just do a quick walk-through of the real estate plan and let you know where we're at.  I will say this was approved by the investment committee at the last meeting so we did want to walk through and make everyone aware of what the plan is going forward.  You'll see that there are aspects of this that are very similar to the private equity strategic plan that was already approved as well as far as the way we create a pacing model and so -- but I'll let Shawn and Claire elaborate, so please, Shawn, Claire, take it from there.

>> Great.  Dan, thank you very much.  This is Shawn Rumum speaking.  As Dan mentioned, Claire and I are the TWO senior members of the real estate team here.  And we tend to work on everything sort of in tandem together.  So, for this, what we thought we'd do is we want to make it quick.  If everyone has the presentation in front of them, I'm going to touch upon page six quickly and then hand it off to Claire to talk through the real estate plan itself.  So, moving to page six, this is just a backdrop of the different strategies that we sort of carve real estate into because real estate is a fairly broad asset class.  So, on this page

you're seeing sort of five strategies, core, value add, opportunistic, real estate debt and REITs. Core, just a little BIT on each one. Core is stabilized buildings generally located in major cities where there's constant demand and low new supply. It's generally more the inflation hedge in part of real estate. Returns are generally lower, least expected. 7% to 8% has been the historical return profile with the vast majority of that coming from income and a little BIT of capital appreciation, a couple percent a year usually. That keeps up with inflation and leverage is also very low. Value add and opportunistic are the TWO typically noncore strategies, and they extend up the risk profile, so value add, an example of that, might be taking a building that looks like an "A" quality building in a major MSA but maybe it's dated, needs some work or needs some retenanting, so there's a little BIT more risk there. Generally folks investing in these strategies have high return expectations, so they typically talk maybe midteens-type return with higher leverage, 40% to 70%. We tend to think that historically over cycles the strategy generates a few hundred basis points above core, somewhere 8% to 10%. And opportunistic is sort of furthest out on the risk spectrum. This can include a variety of strategies. It might include redevelopment of buildings, so maybe taking a hotel and turning it into an apartment building, maybe it includes ground-up development, and sometimes these firms will even invest in real estate securities. These first three strategies are principally invested through private real estate vehicles. So, core, which you have a lot of now, would be through the American fund. That tends to be open-end funds. Value added opportunistic tend to be more private equity structures. The next one, real estate debt is just providing debt to those real estate owners. That tends to be through closed-end funds and there are TWO types of strategies. You can have a senior debt fund that invests in sort of lowly levered property or provides the debt at a lower ratio, they tend to be low risk funds and more MESDEC funds and provide leverage to 60% to 80% of the leverage outstanding against an asset and that tends to be a higher target return. And then the last bucket here would just be REITs. REITs are really just a different ownership vehicle for core real estate. They're publicly traded. They tend to have a slightly higher return than core, just pure private core HILStorically, but they tend to be very volatile and more correlated to the markets as a whole. This is a quick backdrop on the different areas. The areas we like today we are somewhat neutral on core. We like strategies in the value add and opportunistic space. We like certain strategies in debt, and then on the REITs space, REITs we view as more of a long-term hold but if you look at them just today, they're trading at a premium so they seem to be somewhat expensive. So, with that, I'll hand it off to Claire and she can talk through the plan in a little more detail.

>> Great. Thanks, Shawn. If you could turn to page nine of the presentation, this really gets to the meat of the real estate plan. And the real estate planning process is very similar to what you've experienced on the private equity side, where we are providing an annual plan using a cash flow model to help determine substrategies as well as annual pacing, and we like to look at this on an annual basis in order to refine the substrategy targets as well as the annual pacing of the investments. So, from your plan the big takeaways are you're currently under allocation where your current target allocation is 7% and you're under that allocation, in addition you are also 100% in that core strategy that Shawn discussed before with the higher portion of that strategy coming from income. So, the plan proposed today is to help you get to your target allocation. So, adding to your real estate allocation slowly over time as well as to slowly diversify the real estate in your plan fully over time. So, that would both entail diversification through strategies as well as mentioned on page nine increasing the diversification geographically. On page ten, it provides the roadmap to the implementation of this plan, and the implementation, again, is to help increase diversification of strategies as well as get the real estate plan to target. We will refine and review this implementation roadmap on an annual basis, but you can see on page ten that for the next few years we're looking to slowly add to the other substrategies over a number of years. For example, in core we look -- we are recommending that you do not reinvest the dividends from your core strategy and use the proceeds to help fund the additional commitments. Value add you can see we're looking to commit certain amount per year, same with the other strategies. I think it might be useful now to pause and see if there are any questions.

>> Do we have any questions? No, please continue.

>> Well, I think that's the meat of the plan, and we were told to try to keep things short and sweet, so we can go into any detail wherever you want, but I think that really gets to the meat of what we are trying to say.

>> And I believe as Dan mentioned, this has been reviewed by the investment committee and passed with their support, and there was some back-and-forth as well working out the details on it getting it into a shape they thought was the appropriate plan for the board to review.

>> I see a little different category but what's the total amount that we actually put into real estate?

>> If you turn back to page nine, and you can see there --

>> The current net asset value of the plan is $126 million, so that equates to about 4.5% of total plan assets, that's where you currently are.

>> Thank you.

>> Versus your target allocation of 7%.

>> All right.  So, currently the target aloecation is for about $233 million so you are underallocated by approximately a $100 million at this time.

>> And over the next couple years how rapidly do you see the diversification out of anymore and into the other subsectors going?

>> So, page ten goes through the dollar amounts, but if you'd like to look at it more graphically, I think that's shown pretty nicely on page 15.  You can see that year by year where we intend the investments to diversify your substrategy.  So, you can see in the near term, 2013 through 2015, on that page 15, you know, we consider that to be more certain.  And as time goes on, that's where we will, you know, refine this over time. But basically the general plan is to methodically but, you know, slowly diversify away from core.

>> And just to supplement I think the chart on page 16 shows a good transition of how it goes from 100% core into the diversified portfolio.

>> That's exactly right.

>> And an important element of this as we think about building these pacing plans is to slowly pace into your allocation, and what that helps to do is avoid sort of risk although we very much like the value add and opportunitinistic strategies today, investing heavily in one time period just increasing your risk massively. That is not a good time period to do this.

>> I have a question. We're not actually removing any dollar amount from OUR current allocation of core, we're just increasing the total -- it's changing the percentages by adding more in the other areas?

>> That's correct. We're not -- we'll be adding to the real estate exposure but not adding core exposure, adding value add opportunistic exposure, that's correct.

>> Kreitzer and then Sunseri?

>> What's out there in the secondaries market when you bring up vintage from the value add or the opportunistic stuff? Is that an opportunity for us -- we've had this long conversation about, you know, what kind of proxy to use as we get there. You know, whether or not to use the REITs. But can we accelerate it maybe using the secondary markets to diversify, too?

>> And you may know that the secondary market in the private equity space is fairly robust, and there's a large volume of assets on the secondary market within private equity. Within real estate it's a much, much thinner traded volume of assets, and there's just not the same kind of market. And there are very few market makers and investment opportunities within the real estate secondary market. So, although

theoretically we think that that could be an opportunity in terms of implementation, it ends up being more difficult within real estate than within private equity.

>> Have you underwritten anything as far as partners?  Have you gotten there at all?

>> We affirmed that we have spent significant time with this firm called landmark partners.  They're based in Connecticut.  And we have liked some of the investments they've done.  Their track record actually has been mixed.  The fund that they raised at the peak of the market, as you can imagine, they were investing in secondaries that were fairly richly priced.  And currently that fund is not looking that great.  The fund that they raised after that looks pretty great, because they were -- they were investing at kind of the 2009-2010 time frame.  So, they do -- so, they are kind of I think one of the largest volume players and institutional group that we like, you know, a fair amount.  Their track record actually has been mixed.

>> So, something besides a completely structured secondary fund, is there a way for us to overtime target certain funds and vintages and just figure out if there's a seller?

>> It tends to be hard to do that in real estate and very time intensive to do it, which is part of the reason why when you look at the secondary fund universe, there aren't that many of them out there, you know, there's landmark.  There was a firm called MIQUIDITCH that has since closed and a few other firms that dabble in it a little BIT.  But some of the groups that end up trying to do it on their own, end up spending an enormous amount of time of doing it and at the end of the day they may or may not get there on some of the deals and so folks tend to not do it as a result of that.

>> Okay.  Trustee Sunseri?

>> This touches a little BIT on the next subject, but I think there's a crossover here, and that is, what was pointed out on page nine was that the target allocation 7% but we are currently underweighted.  And previously we talked about some of the slippage in performance was a result of OUR underweighting the

real estate.  So, in the transition that we're going through, we will look at filling that gap.  We've looked at REITs.  Unfortunately the premium that REITs are trading to compared to their net asset value is pretty high, so we'll be using a different proxy.  The intent is to try to get as close as possible to the 7% allocation through the sort of synthetic that we're pulling together.

>> Any other questions or discussion?  Seeing none, we'll take a motion.

>> So move.

>> So trustee Sunseri votes to -- what are we doing?  Adopting the 2012-2013 real estate strategic plan. Second?

>> Second.

>> A second from trustee Kreitzer.  Any discussion on the motion?  All those in favor?  Any opposed? Seeing none opposed, the motion passes unanimously.  Item 1.4, discussion and action -- thanks very much for the presentation.

>> Thanks, Shawn, thanks, Claire.  I think we're set.

>> Thanks very much, guys.

>> Sorry.  Just trying to move quickly.

>> No need to apologize.

>> Item "A" discussion and approval to pass the strategies for the current pending portfolio transition to staff and NEPC and for the secretary to negotiate agreements with the selected managers as appropriate.

>> So, in your packets you have a memo which was actually discussed at the last meeting as well. Along with a presentation that we discussed at the last investment committee meeting, and at the last board meeting when we asked for the board to delegate some authority here if I recall that was approved but it was also requested that we come back at each subsequent meeting kind of with an update where we were in the process to get approval at each subsequent meeting not to just give us blanket approval for the next "X" period of time. And so the memo is fairly straightforward, but I'll ask you to turn to maybe page eight quickly within the presentation that was provided. Because these are really the points at the last investment committee that we touched on. These were the few open items that we had ---
to discuss exactly what we were going to do moving forward. And where -- we actually, staff and I have a call scheduled with Russell tomorrow to go through this in even more detail and kind of put a little finality to the plan. And like I said, there's a little bit of operational work to be done in the interim with the custodian bank as far as setting accounts up, notifying some managers that some assets will be taken away from them. But we are moving along quite well, I think, and as I said, planning to be trading in the middle of November. I guess I can touch on each these quickly if you would like. Or if there are any other questions, happy to address them specifically.

>> Sean Kaldor: So as a board, we granted authority to staff and, this presentation of disclosure that's some of the work that's been accomplished over the past month. What's the pleasure of the board? Trustee Santos.

>> Richard Santos: Certain groups that may be on probation, and evaluating them and not just taking something away?

>> As far as the investment managers go?

>> Richard Santos: Yes.

>> At this time there are not.  I don't believe -- and the reason for that is quite frankly the fund has eliminated a lot of the active management that is in the plan at this time.  So a lot of the I guess what were considered problem areas were addressed you know late in 2011 with the termination of I think there are four managers terminated at that time, and even earlier there were other managers terminated. At this time if I recall I think there are only about half a dozen active managers currently in the plan.  When I say active that's not passive index exposure they are actively managing the portfolio trying to add value and they're all there because we are -- they've done quite well, and we have a fair amount of conviction in them.  So at this point I don't think there are, if I recall, anybody on the list that is considered a problem child I would suggest.

>> Richard Santos:   Mr. Chair, I would suggest -- obviously, the investment committees were going to, I don't know if one month makes a difference but I would ask that.  To the investment committee.

>> Sean Kaldor:   Trustee Krytzer.

>> Damon Krytzer:   Let me understand the context.  For about a 1% our policy says 7%, if we underperform because we're underwealth real estate, it takes us eight months to adopt managers or six months or whatever it is.  We have that lag.  We're talking about what's investable synthetically, what kind of instruments can we use so that we're increasing our real estate allocation to 7% before we can actually allocate to real estate managers.  That's what this entire thing is and it's frankly been a little bit more art than science on a couple of the areas such as real estate, and  that's why it's been taking a little while.  I think as Trustee Sunzeri pointed out, real estate was one of the areas where we say, you're at about 4% actual right now, versus a 7% target, and you know, in the past, depending on where valuations have been, it would have been maybe a fairly easy decision to say let's fill that with REITs, that gap with REIT exposure.  And at this point, because of where valuations are, we don't think that that's appropriate, and so we've been working to try to determine a proxy for institutional real estate that isn't REITs, which are really highly correlated to the equity markets, and at this point is not the exposure that we think is appropriate there.

>> Sean Kaldor:  Trustee Sunzeri.

>> Vincent Sunzeri: I also think it's important to understand the significance of the decisions that's being made here, and this is again on page 8 that Dan brought us to. You have almost a quarter of plan assets that you can't just easily replicate, and philosophically you've got two directions you can go. One is simply to say that I'm going to take that 24% and split it between our liquid equity and fixed income. Unfortunately that takes you further away from your policy benchmarks. So instead what we've done is gone through each and every asset class and try to identify the best way to replicate that asset class. And I think the guidance we got from NEPC has been terrific in regard to that, and Russell also has been very helpful in this process.

>> Sean Kaldor: Just to be responsive to Trustee Santos' request, could I ask NEPC to maybe prepare just a brief informational memo we could include as a communication item next month, just about confirming whether any managers are under watch at this time?

>> Yes, absolutely.

>> Sean Kaldor: Any further discussion on item 1.4A? Seeing none --

>> Richard Santos: Didn't they just request a one month?

>> Sean Kaldor: Right, so we aren't is there support to extend the delegation of authority for another month?

>> Yes, absolutely.

>> Sean Kaldor: Okay, so we have a motion from trustee Santos to continue to delegate the items specified in 1.4A for one more month. I'm second the motion. Any discussion on the motion? All those in favor, any opposed, motion passes unanimously.

>> Drew Lanza: Do we need to do the second part of 1.4A there, Sean, or is that covered?

>> Sean Kaldor: So I said the motion included all parts of 1.4A, so yes.

>> Drew Lanza: Do we need to do anything separate with Russell, or does that get included in 1.4A?

>> It should be included.

>> Drew Lanza: Okay.

>> Sean Kaldor: 1.5, discussion and action regarding investing $45 million in the Pimco all asset all authority, $45 million in the GMO benchmark-free allocation, and $45 million in standard life global absolute return GTAA strategies to manage the plan's allocation to global asset allocation strategies and for the secretary to negotiate and execute agreements with the respective firms.

>> You have in your packet a memo along with a pretty substantial packet of supporting material there. I know there's a lot of information to digest there. But I guess I'd start with saying the plan has a 5% target to global asset allocation strategies. This recommendation serves to fill that entire allocation at this time across these three managers, splitting the allocation evenly across the three strategies. And I thought I would quickly describe what global asset allocation is. And global asset allocation strategies are those that are providing a broad or a diversified asset class exposure within one portfolio. So these portfolios typically include exposure to multiple asset classes, stocks bonds commodities, it's kind of a one stop shopping so to speak to get diversification into the portfolio. These products are typically benchmarked against two different types of indices. One would be kind of a traditional 60-40 stock-bond mix or maybe a 50-50 stock-bond mix because the purpose of these strategies is to add value over kind of a traditional portfolio construct. And some others have more absolute or real return targets, kind of CPI inflation plus 5% or maybe a cash plus 5% target as well. And a lot of these strategies are designed to provide a lot of the same benefits that hedge funds or your absolute return strategies provide. Except there's kind of a wider array of

exposures within these strategies. Much greater transparency and liquidity in these strategies and typically lower fees than these strategies. So when we view the absolute return bucket in its entirety within the plan it's 15%, 10% is allocated to hedge funds and 5% is being allocated to global asset allocation strategies which is what we're discussing here. Again, the main reason to hire these strategies is that their skill can add value through rotating through asset classes or electing securities that are adding value over time. They're able to move more efficiently and in a more timely manner than a lot of funds can do. So they're able to exploit maybe missed valuations within if market. Take advantage of opportunities in a much quicker way. And the strategies combine kind of top-down view so really, global macroeconomic views as well as kind of portfolio construction and security selection. So really getting into the details of where in the market they want to be, to be able to add value. And it's really important to remember that these are kind of tactical strategies. The board has approved the long term asset, the strategic long term asset allocation. These strategies are determined to be tactical, to add value to your long term asset allocation, that's the purpose of the allocation here. Our case for kind of global asset allocation managers going forward when we were discussing asset allocation over the summer our forecast and quite frankly the forecast of many of our peers are for a subdued outlook in many traditional asset classes over the next several years. We expect volatility to continue within these markets and what these global asset allocation strategies provide is an opportunity to be nimble, to really take advantage of missed pricings or missed valuations there that are presented by you know the significant kind of V-shaped or M-shaped kind of markets that we've been experiencing over the past couple of years and maybe expect to experience going forward here. And so what we try to do when building these portfolios is really find a good complement of managers. We typically don't want to do this with one strategy. We're trying to build this with a couple of different strategies and to find the best fit to add value here. I will say from a process standpoint, this process was run by NEPC. You know due to kind of constraints on staff time, the committee asked us to take a more active role in this particular search and really take the lead here. We did have a conversations at the investment committee level in September to discuss the space really to discuss managers that are in the space, managers that we have vetted internally, as well as some strategies that are either in the process of being vetted or some strategies that the trustees knew in the space that they were asking about. So there's good conversation some good back-and-forth between us and the investment committee to kind of get to a short list of strategies which was really six names that we, after the September meeting, went back and did a lot more work on. And we ultimately arrived after doing some additional qualitative and quantitative analysis at three strategies, the Pimco all assets the GMO benchmark free and the standard life global asset return kind of a third to these absolute strategies and I would say Pimco kind of fills the role of a real return strategy, more of a fixed income strategy looking to provide a hedge against inflation more than the others, there is a fair am of TIFs exposure, fair market exposure, that is the first step. GMO fills the role of long term strategic beta exposures, GMO kind of takes a view, a long term view kind of a five to seven-year view and they make their investments and they kind of stay put. Something to understand about GMO is they can have significant tracking error in the short term and also short term underperformance. But they have high conviction in their ideas, and quite frankly, in a lot of those periods of underperformance some clients come to them and end up leaving they kind of say so be it, this is what we believe, this is our strategy. You should understand there are periods where this is really underperforming but GMO is staying true to their process. And then Standard Life is a nice complement to both Pimco and GMO, providing kind of a two to three year outlook really looking at long term beta exposure but on top of that taking more tactical views and really filling a similar role to some of the global macro hedge funds that are in the portfolio. I'm not saying it's the same thing, but you can think of that from an exposure standpoint, as maybe being more similar there. This recommendation was approved by the investment committee at the October 23rd meeting and we're just seeking approval here today as well. Happy to take any questions that you may have.

>> Sean Kaldor: Thank you, any questions or comments? Trustee Sunzeri.

>> Vincent Sunzeri: Just because I'm more on the investment side I feel like I should comment on it. I just want the board to be aware that probably the most significant debate here wasn't the managers, it was how many managers. If you look at the absolute or the GAA space we're talking about a 5% allocation and we're splitting that 5% amongst three managers. Where in other areas, whether you might be looking at a fixed income, a small cap manager, possibly something in the real estate space, we could have as much as five to 6% allocated to a single manager. You could argue that maybe it's a little bit of overkill having three managers they do happen to blend really well together. They do happen to have very complementary styles

I would say. So that's where we came not decision to include all -- to the decision to include all three. But just so you understand that would probably be the only significant differences do we need three or should we pare it back. But the committee agreed to include all three.

>> Sean Kaldor: Trustee Krytzer.

>> Damon Krytzer: Along with that, we've been talking about that for a long time, this area. The intention I think is pretty consistent, for us at some point to expand this out to cover the entire plan, right? Vince asked the question in investment committee meeting about six months ago. We were working on the investment policy statement and we, you know, increased our bands quite a bit so we could have you know anywhere from like 10 to 50% equity. And Russell automatically rebalances us right back to the middle or somewhere you know to stay consistent if we fall outside of that but that's a big band, right, big movements. We started thinking about what kind of rulings do we have to see if we're on the bottom or top of our band in the assess allocation and the only way to do that is to have some kind of an overlay. So really the intention from my standpoint and I'll just speak for me is for this 5% allocation to serve also not only for return, and not only to reduce risk but for education for the board moving forward so that sometime early to mid next year we could talk about expanding the mandate and having a larger allocation as overlaid our entire plan potentially to allocation. So the three different managers that blend together with different styles, in real time see who's doing what how they're performing and make some decisions based off of that later.

>> Sean Kaldor: Any other questions or discussion? Do we have a motion?

>> Richard Santos: Motion would be obviously the investment committee recommended this to use the $45 million for global asset allocation.

>> Sean Kaldor: Okay, so you're including all of 1.5 so a motion from trustee Santos to do the $45 million in Pimco all asset plus 45 million in GMO benchmark-free allocation and 45 million in standard life global absolute return.

>> Richard Santos: Is that also like more competition, morn invested in one single manager is that helpful or not?

>> I wouldn't say it is a competitive way we look at that because they are styles of very different I think Damon's points were right-on. Partly it's information and very much they're complementary in their styles.

>> Sean Kaldor: We have a motion is there a second ton motion?

>> Second.

>> Sean Kaldor: Second by trustee Sunzeri. Any discussion on the motion? Seeing none all those in favor? Any opposed, none opposed the motion passes unanimously. And finally from the investment perspective item 1.6. Presentation of the preliminary flash performance report as of September 30, 2012.

>> Thank you. So you have in your packets the preliminary flash report for September. I will say this flash does not include the performance of the fund's allocation to real estate yet. We expect to have that number by the end of the week actually. But for the month of September, on a preliminary basis the fund returned 2.3% net of fees. And for the quarter, that brings the performance to 5.7%. Helping in the month of September, risky assets did well. So the return was actually largely determined by the equity markets. You can see the equity performance there, a couple of lines down, your total equity composite returned 3.4% in the month of September. And a couple of other kind of notable things I'd like to point out here your investment in Pimco disko two, which is a credit investment. You were invested in disko 1 for quite some time, which closed down in November of 2011 and they launched Pinco disko 2. Disko 2 returned 6.8% in the month of September, that's kind of 17% for the quarter and close to 35% for the last year. So really been kind of a home run from that standpoint, strong investment, strong performer for the fund. And as well, the commodities portfolio, while over the long term hasn't performed as well, did have a strong month, returning 2% and for the quarter returned about 7.5% all in a net of fee basis. The other thing I'd like to point

out is for the year, the one-year period ending September on a preliminary basis the fund was up 14.2% net of fees. Outperforming the assumed rate pretty significantly there and in the year again performance largely driven by equities, if you looked at the total equity composite up over 21% for the year really largely driven by U.S. markets the Russell 3,000 index was up over 3% for the year ended September, the S&P was up close to that as well, S&P 500. Non-U.S. markets didn't fare as well, the kind of global markets excluding the U.S. up only about 14.5% to the year so really U.S. markets dominating the equity markets there. Within fixed income for the one year period, the fund's exposure to long-duration fixed income through income research and management returned about 13%, again as rates have continued to come down, as people haven't really thought that they would, that's really helped out that portfolio. It seems like each time rates hit a new bottom everyone say they can't go much lower and they kind of go a little bit lower at this point. So that's been a strong performer and again as I touched on the Pimco disko, one year period has been a strong performer. I think it's worth noting too the fund's opportunistic investment, senior lending strategies are starting to show some performance for the one-year period up about 10% on a net of fee basis and so we're starting to the initial investment there was made at the end of 2010, so we're starting to see kind of some of the benefits of those strategies two years in start to pay off. Happy to address any specific questions. I guess to trustee Santos' point, couple of the active managers here, one on the first page, RS investments, near the bottom of the page small cap value equity manager, that's an active manager. On a net-of-fee basis since inception has provided about 70 basis points of outperformance. On the following page, the Calamos convertible bond investment, that is an active investment bond manager, that actually is part of the transition. That allocation will being no longer within the plan as we move forward. So I would expect sometime in November or by the end of November that allocation will be gone. Moving forward, to the total fixed, the third page here, Sykes core fixed income that is an active manager. Typically within kind of core fixed income you know they stay kind of 30 to 50 basis points of outperformance is really, really strong. Sykes over the long term has outperformed their index by over 1% so really a strong manager there. And income research as well is an active investment manager in long duration fixed income, and you can see there as well has been a strong performer outperforming the index over all time periods reported. The following page Pimco disko 2 as I alluded to is an active manager strong performer 35% for the one year period and so the commodities managers I would say is something that we're going to be reviewing here over the next couple of months. The way those strategies are -- those investments are allocated. It's only returned about 1%. For the one-year period versus the Dow Jones UBS commodity index returning about 6%. So we're going to be reevaluating there but those are kind of a summary there of the active investment managers and how they've done and for the most part all of them are doing fairly well. So I'm happy to come back with a full report as well but I thought since it was here I would address it here.

>> Sean Kaldor: Any questions or discussion on the performance report? Trustee Sunzeri.

>> Vincent Sunzeri: I just think it's really important to point out the contrast between where we were at the end of the fiscal year, in June and the negative results we had, the underperformance of the plan, relative to our policy benchmark, the underperformance of the plan relative to the median plans that were in our universe. And the significant changes that this board made beginning in March to work with staff, NEPC, the investment committee, reshuffle the deck to some extent within the investment department, in terms of responsibilities, and the results that you're seeing now, are partly because of that effort. Clearly, the markets are looking better but more specifically what you're seeing is that rather than underperforming our policy benchmark we are now starting to outperform our policy benchmark. On a year-to-date basis the plan had a return of 10.3% is outperformed the policy benchmark by 1.3%. So we are clearly moving the needle in the right direction. I'm glad we have gotten as involved as we have in this plan and forcing this kind of change. And I think that the commitment that we have of our staff, which is very lean at this point in time, they need to be commended because they're working their tail off and having NEPC engaged and really kind of cracking the whip on NEPC to move things forward as quickly as possible has been very, very helpful.

>> Sean Kaldor: Thank you for that. Any other discussion or questions? None. All right. I don't think we need to vote. This is just a presentation. Okay. So we'll receive and file. A bit of housekeeping. The disability application or disability cases to be heard the cover letters they received said time certain at 10:30 so we'll be hearing those at 10:30. So we'll just keep on through the agenda we'll hear those and then we'll go into our closed session at the end. Continuing item 2.1, discussion and action on plan expenses for September 2012.

>> Veronica Niebla: In your board packet you have a memo with the updated presentation for the expenses to reflect not on ly the police and Fire plan but also the Federated plan. What you may note is, it is mostly in the overlapping obviously the personnel expense where you see a 50-50 share with the Federated plan. And also, on the overhead type of expenses such as rent, or supplies, we have a 50-50 split but there are differences in the investment managers or to the two plans. And there's a difference in a couple of other allocation areas. I've also included a summary with budget to actual and a percentage at the end and the travel summary at the end. I'll take any questions you have.

>> Sean Kaldor: Are there any questions? Trustee rounds.

>> Bettina Rounds: I want to thank you, I was hoping this is exactly what we with see so thank you.

>> Sean Kaldor: Any other questions? I'll take a motion.

>> Richard Santos: So moved.

>> Sean Kaldor: Trustee Santos makes a motion to approve the plan expenses for September 2012. Second? Second from trustee Krytzer. Any discussion? All in favor, opposed, passes unanimously. Thank you for giving us a format format that works. I think this is what we were looking for. Item 2.2. Discussion and action regarding pros and cons of the prefunding Analysis of the annual required contribution. And you're back.

>> Okay. Thank you. I know, I believe this is the item you were waiving sunshine on because I was producing it and I was quite tardy in doing so so I apologize for that in advance. At a summary level I guess let me begin by saying, this analysis takes a lot of assumptions into account. It would be very difficult to -- or very time-intensive to go back and really dive into this and look for call it the past 15 years at what the exact impact of receiving a lump sum versus biweekly contribution he would be. So we've made several

assumptions here. And I'm not sure this analysis should be used to maybe make a decision, but it should help kind of frame the conversation a bit. And you know provide some insight into maybe backward looking what this may have looked like, I guess I'll frame it with that. So over the past 15 years, in summary, the receipt of the City's annual contribution in a lump sum payment seems to have benefited the plan by close to $20 million. And that's largely because the plan has been able to achieve or outperform the actuarial assumed rate of return over that period in most of those periods. In nine of the 15 years, the fund actually achieved or outperformed the actuarial assumed rate of return. And actually in five those nine years of out-performance it out-performed by more than 5% so you have significant outperformance in some periods which is actually driving, you know, some of the conclusions that were made here. The dollar cost averaging or the biweekly contribution could really benefit the plan in periods of short-term volatility. When I guess that short-term volatility could have a larger impact on performance. But that's actually really very dependent on when the volatility occurs. So if your volatility, if the performance of the markets or of the fund is negative for, call it the first three years of -- first three months of the fiscal year, but then very positive maybe for the last three months of the fiscal year, it could appear that that would be better. Because you're having a smaller allocation in those early months when the performance was negative, but as you build up over the year, and excuse me, the final three months of the year, you actually have close to the entire annual contribution in the plan. So you're receiving the full benefit of those final three months of performance. On the flip-side of that, you know, if you're dollar-costing in and your performance of the plan has been positive for the first couple of months you're only having a smaller portion of your annual contribution receiving that benefit. Whereas at the end of that period you have three negative months you now have almost the entire annual contribution receiving that negative amount. So that is really what drove a lot of the analysis here is kind of the time period performance and whether the early parts of the year are performing positively or negatively. That really impacts the plan, or the conclusions that are drawn here pretty significantly. We did take a look at what the city would have hypothetically saved over the last 15 years by doing the discounted lump sum. So using the same method that have been used for the last four years which is the city receives a discount of a half -- of a half a year's interest at the actuarial assumed rate of return. And so if we do that going back for kind of the entire 15-year period, it looks like the city would have saved about $29 million in aggregate. And you could see kind of on the second page of the memo we provided kind of on a year-by-year basis what those savings would have hypothetically been. But again, prior to 2009, that's very much an assumption that we're making there. And I guess the punch line is, really, on the third page of the memo here, where we kind of laid out the assumptions we've made here, but you can see on a year-by-year basis here the performance of the plan, what the gain/loss from the lump sum contribution would be, what the gain/loss from receiving, here I say monthly because we don't have biweekly information, we have monthly performance so we kind of combined that and then what the difference is. What I'd like to point out, if you look at the bottom of the table there for the three-year period you can see the lump sum actually would have benefited the fund by close to $16 million. And again, to my earlier point that's largely because the last three years the plan has done quite well and out-performed the actuarial assumed rate through 6-30 on a pretty -- 10.6 versus the assumed rate of 7.5. That's benefiting the performance. When you look at the four and five year period that's more muted because you start to factor in 2008, 2007 and the financial crisis so the benefit is a lot smaller there, it's about a third, maybe closer to $5 million is the outperformance. This is very as I mentioned very time period specific. There are a lot of biases to when you're looking at a certain period of whether it's a benefit or not. But the conclusion we came to is over the long term it does appear that receiving the lump sum does benefit the fund to some extent. Though, again, I don't want there to maybe be any conclusions drawn there, a lot of assumptions but it does appear based on using the same methodologies that were used for the last four years looking backwards that's what the benefit would have been.

>> Sean Kaldor: Thank you. Trustee Bill.

>> Sean Bill: So looking at page 3, in lower left of the box, these numbers are gross returns, the 10.6 for the three-year --

>> Correct.

>> Sean Bill: 2.6 for four years, and five year at 1%, and then 10-year and 15-year at 6.6%?

>> That's correct.

>> Sean Bill: So basically, it sounds like markets have sold off before the contribution benefiting from return in the market after a selloff if the contributions are actually added to the bottom line of the pension, above and beyond the assumed rate?

>> Yeah, I don't know that I can make that conclusion. But I would say it's maybe more -- I should point out, in the assumptions here, we took each of these periods on an individual basis, so we didn't compound it over time Sean. So I think it's more to say that in each individual year the fund performed X and so the contribution would have performed X as well. As opposed to, you know, receiving the biweekly and you're kind of still receiving X but in increments rather than in a lump sum.

>> Sean Bill: So I guess my point would be, by taking a lump sum you're kind of introducing market timing to the fund which is pretty random. So far we've been kind of a little bit lucky on when the timing worked out.

>> That's probably right.

>> Damon Krytzer: Or you could look at it as dollar costing averaging over years instead of months. I mean, what if we did it daily instead? We'll just have them put a little money in every day instead.

>> Sean Bill: I was thinking if it was my personal account I would probably be going in gradually rather than one huge lump all in the market at once.

>> Damon Krytzer: I'd take the lump sum.

>> Sean Kaldor: We're learning about yourselves here. Mr. Leiderman.

>> Harvey Leiderman: There's another data point here that I think would help inform the board's decision making on the subject, and that is cash flow requirements of the system. Depending on -- I think that would be good to add that information to this conversation, if we had it available for example --

>> Donna Busse: On a biweekly basis it probably was not getting invested, it was just used mainly for cash flow to pay the expenses for the retiree benefits.

>> Harvey Leiderman: So when, in the example when a lump sum comes in at the beginning of the year, essentially a great part of that is going to be invested because you don't need it for immediate monthly cash flow. If your portfolio is throwing off enough free cash to cover your retiree benefits for the subsequent months, that's fine. If it's not, then you're incurring transaction costs going in and coming out and having to prematurely cleat assets to meet your monthly cash flow. I think it would be useful to match up this data with our three years of cash flow history to see what the impact would have been and what the impact was on the cash flow requirements of the system, whether we -- and you know the free cash that the portfolio was throwing off to pay for benefits and administrative expenses.

>> I did look at that at a high level and it's in the additional considerations section of this memo here. Again, this was done at a high level but to Harvey's point, you know, receiving the biweekly contribution and investing it in cash in the short term to some extent could allow you to kind of sync up the contributions you're receiving with the monthly benefit payments and administrative expenses of the plan and kind of eliminate the need to raise money each month which incurs transaction costs. So there's almost a one-for-one kind of money coming in money coming out on a monthly basis. It's not exact but it's pretty close actually historically based on our assumptions. And in fact, we took a look at what the kind of estimated transaction costs would be. So assuming you received a lump sum payment and you were investing it 50-50 into equities and fixed income, again these are broad assumptions to dive into the detail we would have to go back and see what the currently positioning of the portfolio was, where they were over-underweight, and if they would be buying maybe more in equities and more into fixed income and whatnot. But assuming ten basis points in fees and equities and four basis points in fees for fixed income, we assumed that the plan

would have paid approximately $100,000 to invest the 2012 lump sum payment. And then we also did an analysis of -- then you would on the flip side of that have to raise your monthly benefit payments. And so you're raising kind of ten to $12 million a month to pay benefit payments and expenses. And that came out to be about $100,000 as well. So there's kind of $200,000 in transaction costs again on an estimated basis that you're incurring by receiving the lump sum, having to put that money to work immediately and then over the subsequent 12 months having to raise money to pay your bills. And so that's something to look into, is you know to the extent your monthly contributions or your biweekly contributions are matching what your benefit payments are, you could really manage the transaction cost that the fund incurs by syncing those up to some extent.

>> Sean Kaldor: So couple questions or thoughts. When you did the analysis, did you assume the same rate of return, whether it was the same annual rate of return whether it was a lump sum or biweekly or did you say when we get it biweekly it is at the lower interest rate because it's going to be held for cash to meet current needs?

>> We did. No, we assumed -- we did not assume that it would be in cash. We assumed that it would be invested.

>> Sean Kaldor: My thought was cash does have to be somewhere from these contributions or a regular fund so that's good. Is this, at the time prefunding thing a municipal code requirement or is it just a policy of the board?

>> Veronica Niebla: It is actually in the municipal code that the city has the option. And by April 30th I believe it is of every year new fiscal year beginning the city has to provide the board notification that they would like to do an annual lump sum and they have the ability to do anything between an annual lump sum, a semiannual payment, quarterly, and then biweekly I believe it is.

>> Sean Kaldor: So that just speaks to the extra step that we would need to do if we wanted to change the recommendation to city council. We are just following the law. But if we want to change it, we have to make a recommendation, just to understand that process we would have to ask them. So I guess my two comments are one is look forward, right now when the city is thinking about whether they should prepay or not, they have an interest, the board has an interest, sometimes, those two interests are the same, the board doesn't want to increase its unfunded liability and be stuck with it later. Some things are changing, where members of the plan certainly new employees in the plan for sure will be paying the unfunded liability in addition to the city. So it can take something where the employee's making their contribution to the city, the city decides not to contribute it or contributes it all up front, and that creates a bigger unfunded liability, that falls back on the employees. Which is a new dynamic we don't have right now. I think as I think about it, the city, it comes down to the City's interest because they get the choice versus the plan's interest. And my only concern in there would be that the city could if they wanted to look at it and say, well, this year it's good for us, we think the market's going to do XYZ or ABC. Therefore we're going to hold onto the money ourselves and pay it on a monthly -- biweekly basis. In other years they might say hey, let's pay it now because they would have it over on the plan side. So my inkling would be, this is -- we can look at historical analysis has no way of telling us what's going to happen. It is essentially market timing. I would like to see a bigger commitment rather than on an annual basis, say, for the next five years we are going to pay it this way and if that doesn't work out they can change it to another way. But each year to say we think in this market environment it would be better for the city to do it this ways or maybe better for the plan to do it that way. That's my only thought of how it's being handled. Other than that we can do an historic analysis but as if money flows every year is a flip of a coin.

>> June 2008 did not work well, June 2009 did work well, June 2010 didn't work out well, 2011 didn't -- it's a flip of a coin.

>> Richard Santos: The plan gets the trust or maybe whatever discount decrease in population or what might be. Is there some kind of consistency that you are trying to look for?

>> Sean Kaldor: If we did like a true-up at the end of the year -- well, I'm just thinking if there's a bet to be made, let's make it over a time frame that you can't gain the system every year, that's all I'm thinking.

>> Richard Santos: Saying when there's a high and when there's a low, do we have an equality basis.

>> Sean Kaldor: It doesn't get trued up because that would eliminate the --

>> Sean Bill: At some point with a longer horizon, you have less and less market timing.

>> Mayor Reed: Trustee Sunzeri.

>> Vincent Sunzeri: To trustee Sean Bill's point, generally doing a sort of dollar cost averaging approach on an ongoing basis would make more sense, it tends to smooth out the highs and lows. I know this is a very assumptive report, but it's interesting to me because what it tells me is that in general, both the city and the plan have benefited. And in addition to that, if you consider that the contributions are being made every year and generally we would hope, and we have actuarial assumptions on what those returns would be, that the returns are going to reach a certain number each year, receiving that money earlier to get that generous return is more advantageous. So I'm drawing a little bit different conclusion having looked at this than what normal studies would tell you to do it on an ongoing basis throughout the year. It seems to me like we are, again, both benefiting from this.

>> Sean Kaldor: Mr. Leiderman.

>> Harvey Leiderman: I just want to make sure the board understands that while the city has the choice to prepay, the pricing of that and the discount is within the board's discretion.

>> Damon Krytzer: Who came up with that in the first place?

>> Sean Kaldor: Came up in 2009 at --

>> Damon Krytzer: The discount?

>> Sean Kaldor: Councilmember Constant.

>> Pete Constant: It came up originally I believe from our department of. So through the City's end asking the plan if it could happen. The actual discount rate came from the boards, both boards actually.

>> Damon Krytzer: But it's not -- I mean the discount is not just a present value of the discount rate over the year, you know what I mean?

>> Pete Constant: Yeah.

>> Damon Krytzer: It is half, that was the freaky -- that's what I mean. You're not actually just discounting the benefit, it just was, let's just say half.

>> Sean Kaldor: I think actuarially if you take --

>> Harvey Leiderman: After the assumed rate of return.

>> Damon Krytzer: If I can do it in about four seconds --

>> Pete Constant: If I recall that came from, it was the actuary's recommendation that led the board to make that decision at that time.

>> Damon Krytzer: Okay.

>> Veronica Niebla: I believe the valuation originally included the contribution rate based on a middle of the year basis to come up with the contribution rate for biweekly, and so that was somewhat of the thought process, to bring it forward to the beginning of the year in value.

>> Sean Kaldor: It is an interesting discussion, if we talk about risk, and will we meet our assumed rate of return and all those kinds of things, and here we -- everything's showing we're exceeding our rate of return, and that's going to the benefit of the city, it's going to the benefit of the plan, and everything is historically looking -- that's a good thing.

>> Damon Krytzer: I wouldn't be adverse to calling it monthly or annually, based on a time-value calculation of our assumed rate of return and then make someone lock it in for a couple of years, right? What?

>> You got something to say, say it.

>> Sean Bill: I would say, that would be a very good deal for us as a board.

>> That's the deal, time value of money.

>> Sean Kaldor: Mr. Leiderman and then Councilmember Constant.

>> Harvey Leiderman: I just wanted to point out, with the possible true-up at the end of the year, the difference between that and the way it's actually trued up if there's an underpayment now is simply the amortization of the unfurnished liability. True up at the end of the year if there's a shortfall brings the money in immediately for this year. If it gets thrown into the unfunded liability it's just spread over 20-plus years. So that's a decision this board can America in terms of pricing it.

>> Sean Kaldor: Councilmember Constant.

>> Pete Constant: Just wanted to say that this was something that the council has discussed a few times through the budget process and various different venues. Because the city remains committed to make sure that they do what's right on both ends, you know? If it is like this where it's a win on each side, that's great. But the city doesn't want to get a win on either end at the expense of the other end. So that's why I'm happy that we're having this discussion and continue to analyze it. If after discussion this board and the other board decide that there's a longer-term commitment, then that would be a message that I would take back to the city council. Because we wrestle with this every year in the beginning of the year, usually in the first quarter we're talking about that as we're getting our budget process ready to go. So whatever you guys collectively end up deciding is what I'll take back and if there's a modification that needs to be made then we'll discuss it at that end and I'll make sure to exchange the information on both sides.

>> Sean Kaldor: Trustee Krytzer and then trustee Santos.

>> Damon Krytzer: Does anybody have a strong opinion like the city, us? I don't --

>> Pete Constant: Well I'll speck on the council's behalf. You know we had some concerns quite frankly because of cash flow on our end, making that lump sum payment ahead of time has brought our cash position sometimes to uncomfortable levels and we have to look at that as well. And so that all comes into our decision-making. But I can tell you that in the conversations that I've been part of we feel that evenly if we need two -- [ No audio ] risk free rate instead of on the assumed rate of return, right? We are nitpicking now. But if it was a discount rate based on not taking any risk but we'll gives you a discount based on the time value of the money, because we're going to have it and not you, like that seems completely fair. And then we're basically saying, okay, we have the conviction that we're going to get it invested and that also requires us to get it invested. If we didn't even if we stuck it in cash that should be the same exact thing as the discount. Does that make sense?

>> Sean Kaldor: Trustee Santos and then trustee Rounds.

>> Richard Santos: I'm just curious had we had time comparison the City Auditor addressed this and does Cortex address this? Good question.

>> Sean Kaldor: Okay. Trustee Lanza.

>> Drew Lanza: I think statistics don't exactly match up because when we do pick that discount rate it is kind of a multiyear number and we're sort of using it for a one-year number here. I would agree with that but the bottom line, the city's confident that we're the best bank they could put their money in, that's really what's being said here right? Let's try to keep it that way.

>> Sean Kaldor: So to the point should we -- this is something that we could definitely have more input on in terms of whether the City Auditor has a view on it. And some of our other consultants. I think you might have hit on a point that this is something in the municipal code we can certainly allow to do, but the next time we sit around to value it, it is our decision what discount rate to use and whether we want to be a little more conservative with that discount, to eliminate risk on both sides, we both share the same risk, that is a discussion we could have in March, April.

>> Veronica Niebla: At least it's April 30th the City Manager's office needs to notify the board of their intent --

>> Sean Kaldor: We need to calculate it earlier than that, right?

>> Veronica Niebla: Yes, the board's actuary actually comes up with the dollar amount in the valuation. So it is upon receipt, the valuations will have the July 1st, 2013 dollar amount for the city.

>> Sean Kaldor: And there's nothing in the code that specifies what discount rate is to be used or the plan's current assumed rate?

>> Veronica Niebla: Off memory I don't know exactly. I'm not sure if that wording is actually in the municipal code.

>> Sean Kaldor: Councilmember Constant.

>> Pete Constant: I would just recommend there are several plans that allow these type of prefunding. So looking at the best practices of other plans within the state or within the U.S. I think Cheiron, I remember them discussing what they've done with their other clients who do that so they'd be another source to ask to just see where we are in the world of prefunding discount.

>> Sean Kaldor: Okay, so I'll make a motion to ask staff to work with Cheiron, to take the work produced by NEPC to work with Cheiron, and maybe to reach out to the City Auditor's office for input on this as well and this is something we can continue to look at the pros and cons and different ways of handling this. If it's to everyone's advantage it's a good thing, but if it can be gaind, it's a bad thing.

>> Richard Santos: (inaudible)

>> Sean Kaldor: Yeah, to reach out to them and also to look at a reasonable universe of other people that are doing this and if they've found a way to solve this problem.

>> Richard Santos: Does Cortex have a role in this at all?

>> Sean Kaldor: Cortex might know what other plans are doing.

>> Richard Santos: If that's your motion, I'd second it.

>> Sean Kaldor: Motion and second. Discussion on the motion? All in favor, opposed, motion passes unanimously. Thank you for the analysis. None of us knew we could all sit around a pool table and guess about how it would come out. So it's nice to see it.

>> No problem.

>> Sean Kaldor: Item 2.3, update on open enrollment.

>> (inaudible) memo regarding open enrollment for retirees. The open enrollment period for retirees is the month of November, November 1st through the 30th. This year we are introducing new plans. The plan that is going to be the lowest cost is the Kaiser high deductible HMO plan. That is going to have a $40 co-pay for office visits, and $10 co-pays for generic prescriptions and $30 for brand name prescriptions. Since that's the lowest cost plan and this is a brand-new plan we thought it would be very important to get the forecast out to retirees as soon as possible. So we implemented several communication items to reach the retirees. And as those are going out we also increased the number of visits that we have from our providers both Kaiser and Blue Shield coming into our office and asking the plans. I'll entertain any questions you may have.

>> Sean Kaldor: Trustee Santos.

>> Richard Santos: I think this is what the board was talking about when we requested having newsletters and all that. Even though this is really important now, is a newsletter coming out now to address this and other things or is this going to be a informational process?

>> Donna Busse: For open enrollment is a separate issue, it doesn't get buried in a newsletter. We have separate communication --

>> Richard Santos: When does that newsletter come out? I know this is going to come out soon.

>> Donna Busse: Not for that particular, that is a summary, what the actual members get is they get something very specific to their situation as to what health plan they have and what the cost is going to be in addition to what the new plans are.

>> Richard Santos: In November.

>> Sean Kaldor: Okay. I had asked for this, because it is a significant change as I understood it and that's kind of summarized on the back. The retirees of this plan several thousand members have in general if they pick the lowest plan out there which is generally what a lot of employees 67 -- receive as well, pay nothing on an annual basis. Now with an implementation of an even lower cost plan, if they were at the basic Kaiser family, they're now going to have to pay $3800 a year for their health insurance. So going from zero to $3800 is a huge change. Communication, making sure they're aware, we don't get a say or vote in this, this has been done. I want to make sure they're communicating and giving everyone the alert that this is happening. I appreciate the communication that's going out there, this is not something we can overcommunicate. I don't want anyone to be surprised so I appreciate that. Councilmember Constant.

>> Pete Constant: Just a question. Donna you mentioned the piece that the retirees get that is specific to theirs. Is that the mailing that shows the open enrollment letter on the 26th?

>> Donna Busse: That's the one on the 26th.

>> Pete Constant: Just so you know I never received that at my house yet. Maybe it's still in the mail but I don't know if you Dick received yours yet.

>> Richard Santos: First inkling is at the retiree association. I didn't --

>> Pete Constant: I got the postcard. That was before. Just so you know, if we need to check on it.

>> Donna Busse: I think they were mailed out Friday, the 26th so we'll check to see where they are.

>> Sean Kaldor: And that letter is the one that actually says you are currently in plan X, to stay in plan X this will be the bill. It's very specific.

>> Pete Constant: Has all the pages in it.

>> Sean Kaldor: And also very briefly, in asking this to be pulled together, it was brought to my attention our Website does have all the plan documents and all the different options and there are pages and pages and pages of information there but if you just go to our Website, it is under health care or information or do you remember exactly --

>> Under -- insurances.

>> Sean Kaldor: Okay so on the left-hand side you click that and it lists them all and you select what plan you are in right now. Mr. Spence.

>> Yes, David Spence (inaudible) Wednesday, was the letters were mailed out on Saturday. So figure that we've got what, two or three-day lag plus whatever, I haven't received my either, I have been going through, I do know a couple of people have, they have gone out but that's the reason for the situation. I don't know if Tony knew that at the time. (inaudible) (inaudible) (inaudible).

>> Sean Kaldor: Any other questions or comments on this? Seeing none, thank you for that update. This is exactly the information I was looking for. Item -- and we'll take a five-minute break after the next two items here. Item 3.1, update on the strategic planning meeting, we've worked november and December, Sonia has not been able to find a sedate that would accommodate all board members. We also have a transition

with a new board member coming on board who should be seated at our December board meeting, is that -- sorry I didn't mean to spring the question on you guys. That's my understanding from the City Clerk.

>> Donna Busse: Going on now and they're usually (inaudible).

>> Sean Kaldor: Okay. So we should be able to include that person and so we're now working on dates for January so if you haven't responded to Sonia's request for availability in January trying to find a date there that works for everybody. And Tom Ianucci is still trying to work on the information supporting kind of the relative plan.

>> Richard Santos: I know we put down December 9th for us to all get together and that's been supposedly erased.due to whatever. So what date are we looking for?

>> Sean Kaldor: The last message from Sonia is looking for dates availability in January.

>> Richard Santos: For what? (inaudible).

>> Sean Kaldor: Oh, I'm sorry, one step ahead in the communications here. I apologize. November, December wasn't working out she reached out to Tom to see when he would be available in January. Based on those she's she is going to send us communication asking for our dates in January.

>> Richard Santos: Sorry.

>> Sean Kaldor: You've just seen into the future. Okay any questions on that? Okay, item 3.2, update on payroll audit, FLSA and overtime payment issues.

>> Veronica Niebla: So at the last board meeting I had reported to the board that I had received our I believe third correction file. We are trying to reconcile some of the glair adjustments that have been done, I

believe there is a new file that will be received from our office that we will actually be able to upload in, I also reported to the board at last meeting that city's payroll department added some additional staffing that has moved the process along. So hopefully at the next meeting I should have that we have had the file and we reconciled and uploaded it into our system. But until we have it and can reconcile the detail and the dollar amount adjustment that was made I can't report it to the board.

>> Sean Kaldor: Once that is done that will let us say here is the amount of corrections that need to be made per person or is that a whole other step?

>> Veronica Niebla: That is the amount of correction for active members at the time of the correction. If anybody has retired since then they move into the retiree category so we need to figure out whether or not there was a loss to the plan because of overdistributed pension payments.

>> Sean Kaldor: Whether we look at it in a big bucket and say is it worth the line by line correction for X dollar amount or is it worth saying, whatever. It's when we look at it and decide what to do.

>> Veronica Niebla: I believe we would still have to make the calculation to determine the amounts definitely need to be there but determination needs to be made I'm not sure when we look at the figures.

>> Sean Kaldor: Okay any questions or discussion? Okay, let's take a five-minute -- well, yeah, let's take a five-minute break and then we'll continue at the remaining items and at 10:30 we'll begin to hear the disability. Five minutes. [ Recess ] I

>> Sean Kaldor: All right, for real this time. We'll continue with item 3.3, under old business, Discussion and action authorizing the secretary to negotiate and execute an agreement with Granicus for agenda management software, voting system software, and hosting services. And additional budget of $15,000 for mobile devices. This could be coming to fruition. Okay?

>> Donna Busse:   So as you see from the memo like a year ago, you approved us to hire sire, they got purchased out so we went to the number 2 vendor which was Granicus.  We had a view with them, some of the functions we were viewing back then they did not have then, which is now a mobile app, for a mobile device.  All the stuff sire could do, it is very similar in product also it will make the ease of coordinating the video, because we -- all the video equipment and recording is Granicus.  So that link will also be easier for us.  Just so you know it is a separate contract.  We are not piggybacking on the City's agreement with Granicus we are a separate client.  I have our I.T. manager here to answer any questions.

>> Sean Kaldor:   Thank you.  Will there be a chance to see it or demo it before it's finally approved the deal or how does that work?

>> Yes, I think there's going to be a demo for next board meeting in December.

>> Sean Kaldor:   That's the portion for the board members is all?

>> Exactly.

>> You don't want to see -- we're going osee Cho you how we put together a packet.

>> Should be about a 20-minute demonstration.

>> Sean Kaldor:   Perfect, I think we would like to see how it works and how we could use it and just to receive certification from staff saying it will meet their needs and will do what they wand to do and not be an additional burden for them hopefully be saving time and effort.

>> Donna Busse:   So the demo next month about 20 minutes on the user side and then we don't think contracting will be a problem.  They have contracted with the city so I think that's going to be a lot smoother so what's the time line for the installation when they can start using it?

>> They have said that early next year as soon as the contracts are signed then we could move forward with --

>> Donna Busse: But when they actually start using it at the board level, couple months after that?

>> No, I think it's about three months after, three months after the actual start. Because there has to be the agenda creation portion first then you have an agenda.

>> Sean Kaldor: I'd actually be interested as well if you could just show me as you go through it. If there's something where the chair gets involved and the committee members get involved in terms of setting up agendas and reviewing and ideas carrying over from one meeting to the next just a simplified process that would be great. So are we -- is there a recommendation to execute this agreement or is it contingent upon the successful demonstration or --

>> We can absolutely make it contingent, it is discussion and action authorizing negotiation so --

>> Sean Kaldor: Okay so negotiate and execute.

>> Donna Busse: We would like to execute because then it gets everything rolling, we get the time line going and we get built into the schedule.

>> Sean Kaldor: What if we don't like it?

>> Donna Busse: That's true. That's fine if you don't like it then we can hold it up. That's fine.

>> In terms this would be the property of the board or the city or -- in terms of these little term analysis? I'm just thinking from a privacy standpoint are we going to be using our personal e-mail to receive information from you or are you guys going to set us up with an e-mail or --

>> We are requesting budgets for some mobile devices. And you can also, if you've got your own device and you do want to bring that that's an option for you. But we're requesting budget.

>> Donna Busse: Mainly you log into a cloud application and you get the packet that way. So we're not actually e-mailing you a packet. You log in and our packet's on a cloud somewhere and you get it. We might have to policy-out some of the disability packets as far as telling you not to download those on to your personal device but we can take them off the cloud at any time. That's how we can control not having the disability packets out. That was our biggest concern on the security.

>> Sean Bill: Are we going to be hooking in through WiFi or dedicated cellular network or --

>> WiFi for here.

>> Sean Bill: I was wondering about that in terms of if we're at Starbucks and surfing our disability packs you know can the people see the stuff?

>> Donna Busse: They can. (inaudible).

>> Donna Busse: It's exact lier what we thought, probably even more secure than having the actual paper docs but we still have the policy out that we request you don't print them out, we request that you don't download them and have them on your hard driver somewhere to use the cloud technology.

>> Sean Kaldor: It's got to be as secure as the banking transaction, secure layer --

>> I was going to make a motion, ask the question.

>> I just wonder if we would have the ability to make notations.

>> You will, yes.

>> Sean Kaldor:   And this is a crazy thought if you make notes from a meeting a year ago, does it see my own personal notes from a yeerk?

>> That's one of the enhancements your notes stay with you.

>> Sean Kaldor:   That's an enhancement?

>> Well that's if you get to keep it.

>> Ready for me?

>> Sean Kaldor:   You never leave the board.  Trustee Krytzer.

>> Damon Krytzer:   I make a motion to execute often the grate.

>> Sean Kaldor:   Make it so.

>> Damon Krytzer:   Yes.

>> Sean Kaldor:   We have a motion from trustee Krytzer to authorize the secretary to negotiate and execute an agreement with Granicus.  Seeing no discussion, all in favor, opposed, none opposed, passes

unanimously.  You know we got thrown a hook with the chosen provider but it's something we've all been looking forward to.  Item 3.4 update from Councilmember Constant.

>> Pete Constant:   Nothing really to update you on now.

>> Sean Kaldor:   Okay receive and file that.  Item 3.5.   Update on pension administration system RFP.

>> Donna Busse:   You want to -- might as well, she's not normally here for this.

>> Yes.  We have finished the vendor demonstrations the team are collating their scores and we are preparing to have reference checks for each of the finalists.

>> Donna Busse:   We anticipate a recommendation maybe January.

>> Well, we were hoping to do onsite visits, we don't know if that's possible given the time line.  So if any of the sites are available during December, and we were hoping perhaps there are, we could have a recommendation for January.

>> Sean Kaldor:   Thank you.  Any questions?  That is note and file.  We then have some closed session items, we will be hearing later, and we move on to our retirement section 4, we'll do 4.1 now, we know 4.2 be done at 10:30.  4.1 (a).  Barry A. barner, Police officer, police department, effective November 24, 2012, 15.01 years of service A first from trustee Santos and second from trustee Mason.  All in favor, opposed, none opposed, the service retirement is granted.  B, Kenneth rawson police sergeant, police department, effective December 22, 2012, 20.03 years of service.  .

>> Richard Santos:   Motion to prove.

>> Sean Kaldor: We have a motion from Santos. And a second from rounds. No discussion. All those in favor? Aye. Any opposed, none opposed, passes unanimously. Item C. The service retirement of john M. seaman, police sergeant, police department, effective December 22, 2012, 26.98 years of service.

>> Richard Santos: Motion to approve.

>> Sean Kaldor: We have a motion from Santos. Second from Mason. All those in favor, aye, any opposed, none opposed, passes unanimously. Item D. The service retirement for David L. Spoulos, police Officer, police department, effective December 22, 2012, 20.04 years of service with Motion from Santos to approve and a second from Mason all those in favor, aye, any opposed? None opposed. Finally, EMT K Frank Swaringen, police sergeant, police department, effective December 22, 2012,.

>> Richard Santos: Motion to approve.

>> Sean Kaldor: Motion from Santos, second from Mason. all in favor, opposed, none opposed, passes unanimously.

>> Richard Santos: Go ahead please.

>> Sean Kaldor: I have got a -- we have a number of long time dedicated servants for the public and the City of San José from the police department, I thank them all for their service to the community welcome their transition from an employee member of the plan to a retiree member of the plan.

>> Richard Santos: Just a comment to make. All if years I've been around I have not seen that many, especially sergeants and them all leaving with 20-something years. It's obviously something is going on but I wish them all the best and thanks for making our lives a little safer, I appreciate that very much.

>> Sean Kaldor:   Okay.  We'll continue through agenda, with item 5, death notifications.   5.1, notification of the death of William R. Bond, police officer, retired March 2, 1982, Passed away cement 18th, 2012. Survivorship benefits to Alice Bond, spouse.  5.2.  Notification of the death of Lawrence B. Campbell, battalion chief, retired February 1, 1963, died October 4, 2012.  With no survivorship benefits.   5.3, notification of the death of Louis Emery, police officer, retired August 20, 1964, died September 26, 2012. With survivor VIP benefits to Lorraine Emery, spouse.  5.4, notification of the death of Jack N. Newton, fire engineer, retired February 4, 1987, passed away September 15th, 2012, no survivorship benefits.  I'll make the comment that was brought to me, dealt with a lot of people over time.  Battalion chief Campbell was the oldest retiree in our system at 104 years of age, which is truly exceptional.  105, thank you, 105 years of age which is truly receptional among police officers and firefighters.  Ask for a moment of silence for these four members.  [ Moment of silence.]

>> Sean Kaldor:   Thank you very much.  Please, Mr. Spence.

>> On the police officer Mr. Bond, called him curly, he had no hair.  He was a Mort fiscal officer, he was very active in our motor unit.  For chief Campbell he in fact took a lot of his personal notes about the fire department, gave that history to the fire department, and it is part of the Garden City I believe it's called fire department history book, that we currently have, that tells us how the city got to where it was and how the different stages of change and that kind of thing.  He was very involved in that.  He took his personal time take his own notes hand-wrote those during his career and turned them over to the historical associate.  Mr. Emery, didn't retired in 64, he retired on disability, riding his mother fiscal, hut his hand continued to be a part of the association, we got the Lou Emery award, Lou was a dedicated member of both the POA and to the police department.  I'm afraid I don't know Mr. Newton, I'm sure someone can say something about him, but all four of these individuals we're very thankful.  They got over 30 years back of their retirement money and plus their experience that we all had.  So very tremendous.

>> Sean Kaldor:   Thank you.

>> Richard Santos: Through the chair, thank you for those comments. I knew of the others but I did not work with them. But Mr. Newton I did and the system he had a brother-in-law who worked in the department, I can say one word: He was a character.

>> Sean Kaldor: So all the trustees of this board did receive the guardians of the Garden City book. Much of that is based on chief Campbell's recollections, in the very earliest days. Since our department started in 1854 passed on to him okay we'll continue with item 6.1, the investment committee. Last meeting was October 23rd, 2012, the next meeting, November 14th, 2012. And here the report from the chair of the investment committee.

>> Vincent Sunzeri: Well, we've accomplished a lot at these meetings. Some of these items will come forward to us in closed session some we covered in open session, the portfolio transition, the GAA managers the real estate strategic plan all these were covered at the last investment committee meeting. We continue to make progress, in our joint meetings on the absolute return piece, with manager selection, I do just want to comment again on the investment results. The staff cannot be commended enough for their hard work. I mean, they're stressed. There's really only four people carrying a big load in that department. And they've really stepped up significantly. And they're doing a terrific job. So we appreciate that. This is happening all without the chief investment officer. Hopefully, we can get that resolved soon. Because we can't continue at this pace for much longer. I will point out, though, the progress that's been made which is really pretty stunning. In a matter of last seven months since NEPC has been involved, we've covered six different asset classes that we've reviewed from the absolute return space to private equity. The global equity structure. The GAA structure. The real estate strategic plan which we just reviewed today. And we also have started on the fixed income asset class structure. There's really only a couple areas to date that we haven't got our arms around yet so they're going to be coming up in the future and that's primary the inflation linked and commodity asset classes. We've now got to the point after today's meeting we will have looked at and made decisions on 14 different investments within almost all of these different asset classes. And nice to see that half of these investments are also the same investments that are being selected on the Federated side. Most of that falls in the absolute return space but that's terrific to see. So just pleased at

the amount of work and progress that we've made in the last seven admonition and I think we're seeing the benefit of the results for the plan.

>> Sean Kaldor: Thank you for that update, any question? Okay. Item B, minutes of September 24th, 2012, Police and Fire investment committee that is to be received and filed. Item C minutes of the September 12th, 2012 joint Federated and Police and Fire investment committee meeting. That is also to be received and filed. Continuing with item 6.2, ad hoc governance committee Cortex phase II. Report from the chair of the ad hoc governance committee. Tom Ianucci is still continuing to work on his report. He's done outreach I think to the majority of people but still is working through that whole process to get inputs and ideas and suggestions and thoughts looking for best practices. The committee will set up a meeting before our strategic offsite to go through all of that and do a filter on it and then have more detailed discussion at that offsite and I think offsite is the time we're going to look at all our committees going on and figure out the best thing going forward. Any questions on that report? Seeing none, it's 10:30. Let's commence with our disabilities so we'll start with the service connected disability item 4.2. 4.2 (a), Shane Granberg, police officer, police department, effective November 1, 2012, 11.30 years of service. This was continued from our September 2012 board meeting. Trustee rounds.

>> Bettina Rounds: Can Drew just repeat what he did at our meeting on Monday which is the four things that we should be looking for in each of these packages? If you remember? It was --

>> Drew Lanza: This is what I look for and there may be other things but I would --

>> Bettina Rounds: I like really most helpful.

>> Drew Lanza: Harvey check me if I've left anything out. Is it a work related injury is the injury permanent and stationery, are there work related injuries and is there anything the individual can do with those restrictions. The four things are work relatedness permanent and stationary and is that the lifersz you you gave us Harvey?

>> Harvey Leiderman: I think there are considerations whether or not the with department will accommodate those work restrictions.

>> Sean Kaldor: And too you have requested in the past and the bard has submitted that request a summary of key points and questions to the anxioused. I've seen a first draft of that from Jeffrey Rieger. I hope it is circulated Harvey, Mr. Leiderman do you think by our next meeting? Thank you. I saw your head nod. That's all I need.

>> Harvey Leiderman: Head-nod signify yes.

>> Sean Kaldor: Let the record so indicate. Ms. Johnson.

>> Shane Granberg is a police officer who is making a service application for disability based on left shoulder, left upper back, neck, left hand, and left arm. He is 37 years of age with 11.30 years of service. He is currently on disability and his work restriction is that he should avoid shoulder level and above shoulder level activities with his left arm. The department has indicated that they do not have permanent modified duty for him.

>> Sean Kaldor: Thank you, Dr. Das do you have anything to add?

>> Dr. Das: No I don't.

>> Sean Kaldor: Mr. Denar, turn it over to you.

>> We were here back on September 6th and had presented Mr. Granberg's application for service connected disability retirement. The board had additional questions after that September 6th meeting and as I hear the board members today they are sort of 4 points that they're looking for and I'll kind of try to

address those since that seems to be obviously the key.  Take them just a little bit out of order.  Since we were last here --

>> Sean Kaldor:   I'd ask you if you could speak into the mic.  So everyone can hear.

>> Sorry about that.  There had been some additional medical reports that we had obtained from Dr. Arthur 10:who was the treating shoulder specialist, Dr. Novoni and the agreed medical examiner Dr. Alfredo Fernandez.  And those began at page 144 of your packet just after Dr. Das's report.  One of the questions, one of the board members had last time was, is Mr. Granberg MMI or what they would say permanent and stationary in the worker's comp and that had to do with back and forth notes in Dr. Novoni when she filed the papers regarding the neck that he was still actively treating.  And if you go to page 149 and 150 of your report Dr. Novoni did address the report indicating that she believed he was at maximum medical improvement in May of 2012.  That his condition was permanent and stationary and she gives some restrictions for the body part that she was treating.  So I think all doctors, Dr. ting, Dr. Novoni, everybody has indicated that Mr. Granberg is at maximum medical improvement with regard to the work relatedness again I was a little confused last time about what exactly the board wanted.  We did ask Dr. Ting and Dr. Fernandez to provide reports.  I think Dr. Ting on the shoulder did a fairly nice job.  If you look at page 147 of your packet in outlining sort of a history of Mr. Granberg's treatment and injury.  It started after a specific lifting incident and he came under Dr. Ting's care at that time.  There was some questions brought up about other orthopedists who saw Mr. Granberg early on who made differential diagnoses, but I think you see the key to Dr. Ting's report is the symptoms were consistent.  Had he these symptoms after the specific mechanism.  He reported them consistently.  He treated for them consistently.  He tried every conservative measure he could injections, physical therapy, to try to stay at work.  He ultimately required to have shoulder surgery which unfortunately was not successful.  Despite his rehab.  And I think Dr. Ting has set forth that fact pattern to say you know it was after the specific mechanism and even if there was some underlying pathology even if was some underlying impingement he had in his shoulder there is no record of ever having any shoulder problems before this injury.  Everything stems from this injury.  I think even Dr. Das's report notes that findings are consistent throughout, even if he saw different doctors who gave different diagnosis,

there is also noted problems with the shoulder, problems with range of motion. Dr. Ting's granberg took to try to get back to work which is what he has always wanted to do. "like" I said unfortunately you can see from Dr. Ting's notes and other evaluators that did not come as successful as Mr. Granberg olike. Now we have these restrictions that Dr. Ting has given there's restrictions that Dr. Das has given they have submitted to the department the department has said they cannot accommodate, bottom line I think we've got work relatedness I think we've got disability, I think we've cleared up the permanent and stakes ear issue that we had last time and the department has indicated they can't accommodate those restrictions and as I would even I think Dr. Das noted the restrictions he tonighted on the shoulder on page 141 of the report are based on the presence of pathology and symptoms postpraiivel. Range of motion and strength in his left shoulder that prevent him from being a San José police officer a job that he's always wanted to do.

>> Sean Kaldor: Thank you. Trustee Santos.

>> Richard Santos: I think you've answered many of the questions that was asked last time. I think also that Dr. Das did add, some of the information from Dr. Novoni in his summary here. I think the key to it here, I believe he has all the medical evidence of granting the service connected disability but especially if I read things like will it be the left arm or back or neck or what have you it keeps on referring to as reached maximum medical improvement. That to me obviously it's not going to get any better and it's a shame and I wish there were maybe different treatments or whatever could happen but this was consistent in what I've read here so I would grant -- make a motion to grant this person a service connected disability.

>> Sean Kaldor: We have a motion from trustee Santos to approve and a second from trustee Mason. Discussion on the motion? Trustee Sunzeri.

>> Vincent Sunzeri: On page 13, of our packet, Dr. Das refers to the degenerative disk decease and the lifting incident and the relationship there, Dr. Das do you think that's still questionable?

>> Dr. Das: With respect to the neck, I don't feel -- first of all I'm not, the medical records don't really convincingly describe a mechanism of injury to the neck. It's possible that he could have a muscle problem or something like that but that wouldn't necessarily be disabling. As far as any disk pathology if you are going to relate it to specific lifting incidents no I'm not satisfied with that. However, I didn't provide any work restrictions for the neck anyway. So I mean from my perspective, as far as the neck is concerned, there's no disability, and it's not work-related. But with the shoulder it's a different -- it's a different issue. As far as I believe there is disability, there's just an issue of question of exactly what was wrong, initially, and the bigger issue is, if you have two different orthopedic surgeons finding two -- you have three different orthopedic sornings finding three different problems and surgery doesn't work it's not a surprise. And so the issue is when you're talking about maximum medical improvement, has the appropriate -- and this is no fault of Dr. Granberg's I mean of Mr. Granberg, it is just has the right diagnosis been treated. That's my issue. Because he's got three different people saying three different things. And two doctors did not find any of this pathology, did not find any instability and the person is not better after the procedure. I'm not sure that that's a surprise.

>> Sean Kaldor: Any other questions or discussion? Trustee Rounds.

>> Bettina Rounds: So what is your conclusion, Dr. Das?

>> Dr. Das: As far as disability, I believe that he -- if -- my big are issue is, that he also was working full duty prior to the surgery, postoperatively he was unable to return to duty. Postoperatively they have not been able to diagnose him with anything in particular as responsible for the disability. The most likely cause would be adhesive capsulitis, that's not been given as a diagnosis, not considered, and there's some findings consistent with that ant other ones not. But if the shoulder injury's work related I do believe he has disability attributable to the shoulder problem now at this time. I'm not sure it was related to the incident at work but in the course of treatment.

>> Sean Kaldor: So you're saying it's possible he was hurt was receiving surgery and the surgery made the injury now a disability?

>> Dr. Das: Because he was work full duty prior to the surgery and now postoperatively he cannot return to work. That's the cause and effect.

>> Sean Kaldor: Harvey, that would be my understanding but I want to reach out to confirm -- I'm assuming if he got treatment for some work related and ended up causing -- had poor outcome related to the injury it's all tied to the work related injury.

>> Harvey Leiderman: Well, Mr. Chairman, I haven't studied this file. That's a fair statement, if he's been treated for a work related injury and the treatment exacerbated or created a new injury, then it would be caused by the work related injury. So the question, because I haven't studied the file, the question I think for Dr. Das and others to determine is, whether or not what he was being treated for was itself a work-related injury.

>> Sean Kaldor: Trustee Krytzer.

>> Damon Krytzer: You know it seems like it's an undiagnosed injury now, right? And is there more treatment that's possible?

>> Dr. Das: Well, I don't know that there is now. I mean, he's got restricted range of motion. Possibly an injection may do something maybe not. They're focusing on the neck at this point. I don't really think there's a whole lot that can be done. At least you know in terms of you know the only thing maybe additional evaluations, I don't know how fruitful those would be. So I don't think that there's anything more that can be done to be frank. It's just -- it's just -- I was just commenting on the -- why this case is perplexing to me.

>> Sean Kaldor: Trustee Mason.

>> James Mason: I might be able to add one point. Full duty at that time was actually in the homicide crime scene unit and there are several obviously positions within the police department where full duty does not particularly mean you're out on the street, and potentially wrestling suspects. They're office jobs, obviously he has to go out on crime scenes but as a person who actually was working homicide at the time that Shane was there, I can tell you that he was able to do a job that did not require the physical activities of an actual full time police officer at that point. And obviously a lot of officers will go back to the desk jobs under the guise of full duty because their full expectation is by the time they rotate out of that position they will be back to full health.

>> Sean Kaldor: Trustee Sunzeri.

>> Vincent Sunzeri: I'm still a little confused about the discussion here. Because you started off saying Dr. Das that there were three different physicians with three different diagnoses. And maybe they treated the wrong thing. So my first conclusion would be that maybe we need to go back and look at the other two. But to this point now what I hear you saying is that the surgery has really created the problem even worse than what the actual injury was and there's nothing we can do about that.

>> Dr. Das: Right, there's not much we can do about it at that point, one doctor said it's a neck problem it's not a shoulder problem. Another doctor said it was something called snapping scapula stroam which is different than interarticular that tholing and shoulder capsule to be tightened up so he's not going odislocate his shoulder. So we have surgery done, it's a poor outcome, what can we do to undo it? I don't think there's anything that can be done.

>> Sean Kaldor: Mr. Dan err.

>> If you even read Dr. Ting's narrative that I pointed to, Mr. Granberg began treatment right after this specific mechanism of injury. His treatment has been consistent throughout that whole time. He has fried a

lot of different measures and I realize different orthopedists and different doctors can figure out this is the right diagnosis? This is a wrong diagnosis. Dr. Arthur tic barry Bonds was his patient at one point. He is well respected. I understand how doctors can look at a problem and come up with it differently. Mr. Granberg treated for a condition and didn't get better for many years. Once to be able to do back everything he has done if one doctor would have treated it this way or that way, he's not a doctor he's going off the best advice he's given by a physician, in this case a fairly well respect Bay Area physician. We're here today because unfortunately it didn't and maybe Dr. Das says hindsight is 20-20, maybe we look back and say would he have it to do over again, he had good advice, good recommendation from a well respected doctor and he's consistently tried to do everything he can to get back.

>> Vincent Sunzeri: So my question would be then, is the problem, the injury, or is the problem, the surgery? And if the problem is not the original injury, if it's consequence of the surgery, why -- how does this become a disability because of work relatedness?

>> Sean Kaldor: Dr. Das could you speak to that and then trustee rounds.

>> Dr. Das: You know this happens, this is not unusual. A lot of times, a lot of disability is a consequence of treatment. So I don't think that this is anything exceptional that happens anywhere. The treatment can sometimes make you -- we see a lot of people with back procedures or spine procedures that come before us and there's a lot of question as to whether they need surgery or not and they receive the surgery and they were highly functional before the surgery and postoperatively they are a lot worse and we see that on medication. I don't think this is anything separate or unusual that happens. I just think that this -- the reason I highlighted it is this time we have three different doctors with three different opinions. Normally we only have a couple and it was just -- it was just to highlight the whole mechanism of injury issue. In terms that there wasn't any disability after the mechanism of injury but there was subsequent to the treatment. But this was not -- for me from my perspective from a medical perspective it is work related. I don't think that there's much -- there is too much advantage in terms of parsing it. Because this happens frequently. It is not something like this is an unusual situation. So I -- I consider it work related from a medical standpoint.

>> Sean Kaldor: Trustee rounds.

>> Bettina Rounds: Harvey you did say correct that if we can trace that -- the surgery was because of a work-related -- if we feel that the surgery was requested by a doctor or required by a doctor because of a work-related injury, then it's still a disability regardless of whether you know the surgery worked or not. In this case, because it didn't work, and -- but it was -- he would not have had that surgery, as I understand it, is that correct? Were there not the work related injury?

>> Correct, he wouldn't have had those symptoms, he wouldn't have had that injury, he wouldn't have presented to the doctors for treatment.

>> Sean Kaldor: Listening to all of this, I'll say this: Dr. Das is rarely definitive in his statement but has been exceptionally clear at this time. He sees it related to work. I understand that this all trpped from a work related injury. You're not talking about the neck, you're talking about the shoulder. The doctor didn't get it that time, maybe it's this, maybe fifth surgery, I don't know, I do see him as being a disability as Dr. Das said and I do see it as work-caused, that's my take on it. Any other discussion or questions? Okay we have a motion and a second. All those in favor? Aye. Any opposed? None opposed the motion passes unanimously. Officer thank you for your service.

>> Mr. Chair real quick I was lucky enough to work with Shane when I first came over to San José from another agency. He was on one of the first patrol teams that I ever worked here. I'll have to say in the ten and a half years it was the most fun patrol team I ever worked on. Shane and the others on that team brought me under their wing and we do a lot of really good police work, Shane was a hard worker and I know he was really, really excited when he got into the homicide unit crime scene unit and after being up there on an injury myself and working as a homicide detective and working alongside Shane he is a very hard worker and I know for a fact that going out on a disability is not what he wanted to do so thank you for your service and good luck with your next career.

>> Thank you very much.

>> Richard Santos:   Thank you, officer.

>> Sean Kaldor:   Okay with that we'll continue with item 4.3A this is a change of status to a service connected disability.  The ifing applicant is David J. Jimenez, fire captain, fire department.  Request for a change of status from a service retirement to a service connected disability retirement effective January 23, 2010, 28.71 years of service.  Ms. Johnson.

>> Former fire captain David Jimenez is requesting a service connected disability based on right and left shoulders, lower back, right knee and right hip.  He is 57 years of age and at the time of retirement had 28.72 years of service.  He received a service retirement on January 23rd, 2010.  At the time of his separation he was on disability.  His work restrictions are that he should avoid sustained shoulder level or above level work with his right arm and he should avoid sustained walking kneeling crouching or walking over uneven surfaces.  The department has indicated that permanent modified got a is not scrabble.

>> Sean Kaldor:   Thank you, Dr. Das?

>> Dr. Das:   Nothing to add.

>> Sean Kaldor:   Mr. Swift.

>> I'm going to go through this body part by body part.  So starting with the left shoulder on page 114 of your packet is the injury report of the injury on April 9th, 2004.  He was at a structure fire, in full protective equipment and his SCBA walking down a slippery stairway slipped and fell and tried to brace himself with his left arm.  Three months later on pages 25 and 27 of your packet he had surgery by Dr. Coleman, including a rotator cuff repair, removal of the AC joint and debridement of the he was off work for nine

months after that date of injury before he returned to the line. He was evaluated by a QME which is a state appointed Dr, Dr. Lynn, and in April of 2006 she stated that he had lost 25% of his capacity for lifting pushing pulling grasping holding torquing. Nevertheless he returned to full duty. Ultimately, Dr. Coleman who was his surgery on other body parts on page 45 gave him some restrictions in January of 2012, no heavy lifting no strenuous push-pull no overhead work and noted there was a significant loss of strength. That's the left shoulder. As to the right shoulder, on page 19 of your packet there's an injury that occurred on 11-12-09. Kind of a similar mechanism in that he was in high rise fire again in protective equipment and his SCBA and again that weighs about 50 pounds. And he tripped going up the stairs fell 20sing his right knee and fell onto his outstretched right arm which injured his right shoulder. Within five months he had surgery with Dr. Coleman often April 23rd, 2010. And ultimately, in January of 2012, on page 43, Dr. Coleman provided him with permanent work restrictions, no very heavy lifting, no prolonged push-pull no overhead work, again based primarily on lost of the strength of the left shoulder. Dr. Das essentially agreed and said he should not do any sustained work above shoulder level. Now as to the right knee it was the same mechanism of injury on November 12, 2009 that I previously mentioned, injured his knee and shoulder in the same incident. I would say parenthetically, this is on page 92 of your packet, he did injure his right knee in April of -- I'm sorry, in April of 1989, and had surgery in June of 1989, and again, in April of 1991, for the tear of a medial meniscus and his ACL. And back in those days, on page 97 of your report, Dr. Messenger who was reporting for city gave him a 25% disability rating and said that he would have difficulty running squatting jumping and climbing but especially squatting. Nevertheless continued working dedicated fellow until his last injury which I mentioned earlier of November 12th of 2009. He was treated by Dr. Della Magiore, who decided not to operate based on the condition of the knee that had progressed throughout the years during his career and then was exacerbated by the injury on 11-12 of 09. Doctor provide restriction of no crawling kneeling crouching or pivoting. or uneven ground . I could discuss the other two body parts the low back and the right hip. And argue that the restrictions provided by the primary treating physicians are valid but I don't think that's necessary. We have an agreement between Dr. Das and the applicant's doctors with regard to the right knee and the right shoulder. We have injury, we have it due to work we have permanent restrictions we have no permanent modified duty and so I'd ask that he be granted on the basis of his right knee and his right shoulder.

>> Richard Santos: Mr. Chair.

>> Sean Kaldor: Trustee Santos.

>> Richard Santos: I'm going to base my motion on the service connected disability because for the 29 years this young man worked I was part of him for 12 years this issue Mr. Drew yesterday Lanza said, you know, Dave had a package that if you want to look at it I request tell you if you don't get a hernia lifting this one up, I don't know what operation he did on this but based on that that motion would be support to change based on the medical evidence and there is no modified duty or restrictions.

>> Sean Kaldor: Do you have a motion to approve qums we have a motion from trustee Santos and second by trustee Mason. Discussion or questions? Seeing no discussion or questions, all those in favor of the motion, aye, opposed, seeing no opposed, the motion passes unanimously.

>> Richard Santos: Mr. Chair, it is an honor for me to sadly say good-bye. I haven't seen David for probably 13 years. There's some things you don't know when I was a young person involved in the union an so on, I believe he worked in PG&E and he had to fight for the job, he had spondylolisthesis or whatever won the case and he was precedent setting then and then here it is 28 years later. Can I tell you they was an aggressive firefighters as well as a working captain. He wasn't one that sat behind the desk, he worked day in and day out. I admired his tenacity and cared about his fellow brothers. I am grateful seeing him again. Best to you and your family.

>> Sean Kaldor: You were a leader when I started not too long ago and you ran around the fire grand and the crew was trying to chase to keep up with you. One of the last fires mentioned here was San José State university that means at any time of day, strapping on your bottle, and hiking up nine ten stories, multiple fires being set on multiple floors in the building so I do thank you for your service and your continued commitment all the way to the end.

>> Thank you.

>> Sean Kaldor: Okay, with that, we'll go to item 6.3. Ad hoc personnel committee. Item 3, report from the ad hoc personnel committee.

>> Drew Lanza: Let me pickup this into perspective. We have been working on the ad hoc personnel committee for about six months. I would say the most important thing is the recruiting of a new director. We're making really good progress on this. I would say versus the schedule we gave you in August we're probably four to six weeks late on the recruitment of a director. I think we can attribute pretty much all of the schedule to our ability as a board to meet in closed session to have discussions around the specific candidates we would hire and then once we hire a director around the performance of that director. The current time line goes something like this. We had a meeting of the ad hoc committee on October 9th. Prior to that committee we saw about 30 candidates for the position of director. Going into an October 9th meeting with the City Manager, that list had been whittled down to about 12 and we came out of a two or three hour meeting with a list of candidates whittled down to about four candidates for the director position. Our next scheduled meeting is to meet with those candidates in person. That's scheduled for November 9th. And the ad hoc personnel committee will interview those candidates. There is a standing question of whether or not other board members will be involved in that. But that will be discussed in closed session because it relates to all the personnel issues surrounding the legal lawsuits that are out there. The good news is, well depending how you read it, it does appear that as of November 16th we will be able to meet in closed session to have this discussion. So my current belief is that the ad hoc personnel committee will meet with these candidates on the 9th, perhaps other members of the board will, as well, and then, by November 16th, we will have a short list of two or three or four candidates that the entire board can discuss and potentially meet with. To help select the next director of the retirement system. Now, in parallel to that of course we also have recruiting going on for a chief investment officer and for investment managers. And the investment committee is heading that up. There's a slight hitch in that the investment committee is a standing committee, not an ad hoc committee and therefore has no mechanism to meet with these

candidates in private until November 16th. I know Vince had tried to schedule a meeting ahead of that to keep that process rolling so that when we do bring in our director we're immediately able to move forward on hiring a CIO with the director's assistance but it looks like things like that can get kicked off as of November 16th assuming we've read all our tea leaves right and as we said before we have lots of candidates for the CIO position, 70 or 80 candidates. I know from look at the list we have a lot of top-notch candidates for the position. That's where we are. I think it's been a long slog over six months. When we started this Russell was still in pokes as was Carmen. Shortly after we started this of course Russell retired and we moved into recruiting mode so I think we're unfortunately four to six months late. I don't think there's any way we could have gotten around that. The schedule slip has nothing to do with our board. It had to do with the time the city came to grips with our needing to meet in closed session in order to be part of the process as a board of recruiting these people. I will remind everybody that this has been that getting the entire board involved in this process has been absolutely my top priority. I think I speak for the rest of the committee members. When we interviewed recruiting firms to help us find the director, we picked alliance who is working with us on other efforts. They gave us four or five names of other systems around California to call as diligence on then and I always ask any time I do diligence on anything I always ask the same question: I say so you recently did this, you recently hired somebody and Alliance said to talk to you. Give me a piece of advice. Almost to a person they gave me the same advice. Get your entire board involved early and often. We have struggled mightily, I think Sean and Harvey will. ability starting on November 16th to start in closed session I ask the board to bear with me. This always wanted to be a very open and inclusive process I've said that consistently but the Brown Act has precluded us from meeting in closed session and therefore not able to, pretty tough to talk about candidates out in the open when they have day jobs in other systems and are applying to come to work for us. So I ask the board to bear with me. We've done our very best over six months to have the ability to meet in closed session. The ad hoc committee is moving forward. We know the names of candidates that you don't so we're going to be meeting with the candidates on the 16th. I personnel committee that we are acting in all of your best interests and that by November 16th we can hold this as a much more open process as it relates to the entire board. Any questions?

>> Sean Kaldor: Trustee Santos.

>> Richard Santos:   Question more of a comment.  I know because you reported to us on many occasions the ups and downs and the frustrations and I appreciate your level-headedness that you've always said, well, we didn't go forward today but we're going to continue, brought in legal counsel, you've always kept us abreast of what's going on and I appreciate that openness that transparency that we all want.  I agree with you I'd like to see all the board participate, it is the healthy way.  I see you say that yesterday about conflict and things and I respect that and I appreciate your work and I hope, I know there's been some real frustration he but when you smiled and say no we're going to go on another day I appreciate that.

>> Drew Lanza:   Thank you.

>> Sean Kaldor:   Any other questions or comments?  I would just ask if we are going poo have a day for interviews, if it's the 16th if we can pick a day as soon as possible because I know from personal experience setting up calendars and dates and schedules can be a serious challenge.

>> Drew Lanza:   I think we have one more (inaudible) as it relates to that lawsuit.

>> Sean Kaldor:   Okay, received and filed.  Item B, discussion and action on city council -- city council adopted ordinance 29139 to amend chapters 3.28 of title 3 of the San José municipal code et cetera.  So this has been adopted by city council.  It is effective 30 days after adoption.  Which makes it effective November 15th.

>> Drew Lanza:   We should make sure of that.  The date I heard is the 16th.  I haven't gotten my fingers out to count.

>> Sean Kaldor:   15th or 16th.  It was adopted without any changes or amendments and was adopted on the consent calendar of the city council meeting.

>> I have one more question.  Back to the 9th, is that day gone for all of us or are you going to report back on whether we're going to participate or not?  Because it's been back and forth.

>> Drew Lanza:   We're going oreport as far as the lawsuits, that will get covered in closed session and then I think we'll be over that hump we've been at in the past five or six months.  We'll talk about that in closed session.

>> Sean Kaldor:   And we can report-out as needed.  Trustee Sunzeri.

>> Vincent Sunzeri:   I have a question on this ordinance since we had submitted a letter to city council and our councilmember is here.  What type of discussion took place regarding the letter that came from the chair of both boards?

>> Pete Constant:   Very little.  As far as the whole council.  As was mentioned it went through on the consent calendar.  It was deferred a couple of times.  And there was brief discussion as to the reason for the deferral.

>> Sean Kaldor:   Okay.  And then, okay.

>> Sean Bill:   Question.

>> Sean Kaldor:   Trustee Bill.

>> Sean Bill:   Is there anything on the meet and confer item from the trustee of the two chairs?

>> Sean Kaldor:   No they have to meet and confer as to this ordinance.  No, there's no update.  Harvey, correct me if I'm wrong.  I don't want to speak --

>> Harvey Leiderman: I'm not aware of anything, but I don't think I would be, because it's a matter between the city and its two labor unions.

>> Sean Bill: So Pete does that have an impact at all on this stuff when they put out a demand for a meet and confer how that affects the process?

>> Pete Constant: The ordinance was approved, second reading was heard and it will be effective on the 16th of November.

>> Sean Bill: How about the meet and confer?

>> Pete Constant: That's up to the people who made the demand and I can't tell you the status of that because I don't know.

>> Drew Lanza: Do you know for certain what time of what day that becomes effective?

>> Pete Constant: Second reading was October 16th which was a Tuesday. It becomes effective 30 or 31? 30 days later. So that would be --

>> Drew Lanza: October has 31 days.

>> Pete Constant: You have to count. 16th or the 15th.

>> Drew Lanza: So dawn on the 16th it becomes effective. Let's use that as the official day.

>> Sean Kaldor: Item C. Discussion and action on recruitment process for the director and chief investment officer. Which I believe you covered under item A as well. That completes item 6.3. 6.4 audit

committee, Bill, Bacigalupi, Lanza, Mason. Next meeting November 26, 2012. Report from the chair of the audit committee.

>> Sean Bill: Nothing to report. We'll be meeting on the 26th to go over the CAFR and hopefully make a recommendation to the board.

>> Sean Kaldor: Discussion or questions? Received and filed. 6.5, at hock disability committee. A. Report from the chair of the ad Hoy disability committee.

>> Richard Santos: Yes, Mr. Chair. We had a meeting with Donna. So as soon as you give me a date I'll share that with Beth nah and we'll pick a date between there so you can do that whenever you would like. I also would like and maybe have Donna take a look at, we formed this because we had an example let's say 130 or whatever it was pending disabilities that we said was urgency and that's why we informed this but I'd like to get a statistic maybe or some data because I don't see any new applications being applied and I think that's kind of a misnomer, that there's a rush of people trying the get out. If all these were pending, for quite a long period of time and whether that be David or someone else, 2008 or 2009, these have all been pending for a long period of time. That's why we got the additional personnel for Dr. Das everybody was chipping in, getting this resolved as soon as possible to pay respect to these pending so-called disabilities, at some point urgency on pay and other issues. Do you know readily anything new --

>> Donna Busse: There's always new. I can give you a status report. We had to provide one to HR to justify even the additional staffing for Dr. Das. Can I update you and bring it back.

>> Richard Santos: Whatever it does to help out and give information to the board it's helpful but I think Sean for the most part that's where we're at. And then I will review the minutes, the minutes do say that this committee will be active for the next five or six months or whatever that's what it said. So there's nothing new at a we haven't discussed. That was a five-0 vote of the board, to help advise you, as easier ones or ones we didn't agree with or additional information. It just says recommendation about. So.

>> Sean Kaldor: And that brings us to item B, discussion and action on recommendation to the board for the disability committee to review of disability applications. I was asked to bring that back because there was not a common understanding and wanted to make sure we could clarify it. And I would also ask, this subcommittee will not be able to meet before our December board meeting. I'd like to get direction from this board whether we should continue to hear another group of disability applications as part of the regular process, under the regular process.

>> Richard Santos: That one was directed by this board a 5-0 vote to do that. Whether that would be for December, January workload.

>> Sean Kaldor: So we agreed specifically we said all future applications will first go through this subcommittee to be vetted and cleaned up and then we said on October 30th we would hear 10 and November we would hear up to 5, only two made it through but we didn't say we would hear anything more in December, we said in the future everything will go through subcommittee. Given the fact that the subcommittee will not in that meeting or do we want to continue to go -- I want to get clarification from the board.

>> Richard Santos: I would imagine Dr. Das knows more about what's pending. What do you have pending for our December meeting? Dr. Das I have two reports however with the ten day advance notice for the attorneys that kind of pushes the deadlines pretty quickly. So it would be very much appreciated if we could do the subcommittee. But I think -- what would be the deadline be for the December --

>> Donna Busse: Early part of November. Second week of November.

>> Even with Thanksgiving?

>> Donna Busse: Like November 13th.

>> Dr. Das: Then it's not -- it's doable.

>> Donna Busse: For December, knowing you're about a week later need to have files ready for the subcommittee as well.

>> Dr. Das: Right.

>> Sean Kaldor: So there's no need to hear anything in December that's not already been vetted by the subcommittee is that what you're saying?

>> Donna Busse: Saying both. He could give you some files for December, yeah.

>> Bettina Rounds: As a member of the subcommittee, reluctantly, I'm really confused. So the subcommittee has to meet in December before the December board? Or what's happening now?

>> Donna Busse: You're going to be prescreening the applications for the January board meeting.

>> Bettina Rounds: So nothing is happening on disabilities at all? You will meet in your subcommittee and whatever you work through will be heard at our January meeting.

>> Bettina Rounds: Whatever will be happening --

>> Donna Busse: Are we going to go through our normal process in December or bypass?

>> Sean Kaldor: Trustee Mason and then Councilmember Constant.

>> James Mason: I would reemphasize, in the past, if there are any cases that Dr. Das currently has or the person is either on lost time or close to lost time I would request that we actually hear those in December as opposed to having the subcommittee review them and push those people back an additional month because that potentially puts people without pay for an additional period of time.

>> Sean Kaldor: Dr. Das do you want to address that?

>> Dr. Das: As of now I don't have anybody that is on lost time or without pay that would be ready for the December meeting. And at this point the process is not going through me in determining people's employment status. So I'm awaiting to hear from other channels.

>> Sean Kaldor: Okay. Councilmember Constant.

>> Pete Constant: So my comment was similar to James, and that's if there is anywhere people are out of 4850 time but aren't there other cases that have already been completed by Dr. Das that have been maybe deferred or waiting to be agendized and those would be the ones I wouldn't want dropping through the cracks.

>> Sean Kaldor: Okay.

>> Donna Busse: We deferred quite a few, a couple off the other agenda. But I don't know that they're going to be ready for December.

>> Dr. Das: I haven't as far as deferred with additional information everybody that's given me new information was done. So if there's anybody that has new stuff to provide I will do my best to get a supplemental report out to get them for that agenda. But as of now I do not have any responses or additional information submitted by attorneys or applicants to address. So if there's anybody that's waiting they're still going to wait because they haven't given me anything new.

>> Sean Kaldor:   Okay, we have one case we said December 6th, now that I think about it in our last meeting.  Tina Bowles.

>> Dr. Das:   And I haven't received anything as of the last couple of days.

>> Pete Constant:   I not there were a couple that the -- I thought there wrapping up those things would be important.  Request trustee Lanza.  It'll.

>> Drew Lanza:   The answer would be yes, we saw a number on Tuesday that was a repeat, Tina Bowles, something wasn't ready to go.  Just based on that limited set we are seeing a quarter or a third of these which would benefit to a critical eye and wouldn't force the board to go through that date is absolutely crystal clear.  We're doing that job right now with the board and it's a highly inefficient process so the data is in that process.  I would prefer to see these prescreened.

>> Sean Kaldor:   Trustee Mason.

>> James Mason:   I believe Tina Bowles was pushed off for a legal scp documents of the time of her trip, and a legal point about traveling to receive medical care and being injured off duty because she was going to receive medical care for something that was caused on duty that's what we needed legal advice on.

>> I believe Dr. Das was handed the medical information on Tuesday.  That aspect.

>> Sean Kaldor:   Trustee Sunzeri.

>> Vincent Sunzeri:   A couple of things.  One, I'm not clear on what this committee is doing in advance of the board meeting.

>> Sean Kaldor: To reiterate my understanding, they will have a meeting with the applicant, with Dr. Das, they will review the case file, they'll identify the issues that we've talked about, identifying here, where you haven't answered this legal point or you haven't answered the four or five key questions that need to be answered and then be able to provide a recommendation on that. Assuming the applicant, assuming they have a legal issue they're going to get that resolved before it is brought to the whole board.

>> Vincent Sunzeri: Dand toss it fall on a consent calendar or are we going ohear the entire case as a board?

>> Sean Kaldor: I would expect it to be presented to the board not on a consent calendar but as a full case to be heard by the board. I assume we wouldn't need as much of a detailed discussion recommendation saying they haven't answered this piece of it.

>> Drew Lanza: My sense when we talked about this many, many months ago in committee, is there are three kinds of cases. Relatively explosion in the building, the guy cracked his back, he's not coming back. (inaudible).

>> Drew Lanza: We actually looked at this.

>> Sean Kaldor: The bowling balls on the head --

>> Drew Lanza: There are another set of applications that are the exact antithesis of that, we're going to have to make a judgment call. But there's about a quarter or a third of them in the middle where the questions have answers but the answer he aren't in the package. And so we hear them just as we did earlier today. Where we say well wait a minute, you know was it -- is he permanent and stationary? Well the doctor said he is permanent and stationary. Well it's not that I think Vince it's that category of cases that we're trying to push either into the yes we have a doctor who says it is absolutely or you know the doctor didn't say that and we don't know. I think the job of the subcommittee is to take those quarter to third of

things and try to push them into one camp or other so when we hear them if it's cut and dry thank God and if not, we have the hard work to do, we have to listen and make a judgment call. I think that's the job of the subcommittee, to make sure that it doesn't come to us in a position that it's fixable to the whole board. That's why Bettina says reluctantly. They are going to hear it twice and say please provide more data, better than them than the whole board.

>> Vincent Sunzeri: Question so appreciate that explanation. So now, I know the last board meeting I missed we have cases coming to us in December. Do we know --

>> Sean Kaldor: It's that one legal point we talked about a specific daylight.

>> Vincent Sunzeri: One disability case that's all we have for December?

>> Sean Kaldor: That question is for Dr. Das. One we specifically deferred and said we can't here you now we'll hear it in December. But as to the pending queue of cases I don't have any insight. How many would be -- go ahead and absence the question.

>> Vincent Sunzeri: Any question is how many case dose we have that would come to us in December?

>> Dr. Das: Five.

>> Vincent Sunzeri: No more than 5?

>> Sean Kaldor: And we're saying all of these will go through the disability subcommittee process be cleaned up and come to us when-d.

>> Donna Busse: Five, none of them are ready right this second. You said you could have five ready.

>> There's no intention to have more than five. Bed five would be ready for December but they're not going to be ready for December, does that mean that there are going to be ten that are surnld ready for January? I mean Dr. Das we need to know sort of a pipeline report, a pipeline.

>> Dr. Das: There's approximately seven or eight people in the pipeline at this point. And there will be new valleys -- evaluations going on after that with about 12 people that are ready to move forbid. So I'd imagine by it should -- forward. So I'd imagine it would be about five per month roughly.

>> Sean Kaldor: Everything will get staggered back the ones that will kind of be in January will be in February but we shouldn't create a big chunk coming through at once.

>> Bettina Rounds: What I'd love to see at some point we've been asking for for some time is a pipeline report, really what we can anticipate coming down the pipe.

>> Vincent Sunzeri: Partly why I'm on the discussion of what the numbers are I can't to be clear again I missed the last board meeting but I want to be clear what we can expect as a board with a great caseload potentially coming our way. So we had nine that we heard on, what day was it, Tuesday, two days later you know we have an entire board meeting with two more cases, that's overwhelming for us as trustees. And so I just -- I think we need to work on scheduling, number 1 and number 2, I want to be clear on if we have five or less, it's going to be held at a board meeting. If there's more than five, it was my understanding that all of those cases were going to be held at a separate disability meeting. That way you would take five-plus and another ten at another meeting. Can we get some clarification around that?

>> Sean Kaldor: Sure, this is I can only go on my recollection and the notes from the last meeting. Let's get clarification on it rather than just recollection. If we have more than five do we want to put them all let's say up to 10 in a special meeting and not hear any during the regular meeting or do we want to hear five during the regular meeting and ten let's assume we have another five for that?

>> Sean Bill: I would say we would want them all heard on the special meal meeting rather than the regular meeting, in view of time. I would like to see them all on consent. If you guys are vetting these cases you would be making the recommendation and as far as I know I think we're the only board that hears these cases at the full board level right now at the state of California.

>> Sean Kaldor: So all of you understand, any board member of the public or the applicant itself can request to make it pulled. We've could still review the case file and they are saying I don't have an issue with this recommendation and no one else does we don't have to go through the time hearing it for 15 minutes, do what we are in agreement with over its refusal or acceptance.

>> Vincent Sunzeri: If that was vetted by a panel of medical experts I'd support that. Having it vetted by minority members of the board, I'm not supporting to that. I don't think we're doing ourselves a fiduciary -- fulfilling our fiduciary responsibility by just throwing that on the consent calendar having it reviewed by a small group of board members. We also had a memo that we received on Tuesday that didn't end up in our board packet today from the city, the deputy City Manager, that topic is something we're not even discussing here and I'm not sure why we didn't bring it into this meeting. And there were some interesting points that were made. Whether or not we should be implementing things per measure B is not really what I'm interested in. What I am interested in though is the message that medical experts are much more qualified to deal with this than we are. And I'd like to see our disability committee resolve that issue. I'd like to see us move as quickly as possible to create a panel of medical experts. If we just assume that measure B doesn't get implemented or gets implemented in two years or one month, I don't know what the time frame is. But the issue ask that we need to resolve how the hearings are handled. And I'm not a medical expert and I don't want to keep going through this process.

>> Sean Kaldor: Sorry to respect the speaking order, we have Santos and ishes Krytzer and Mason.

>> Richard Santos: I understand how Vince peoples. We are here to reduce the load. I don't believe that until somebody is showing me the evidence that three doctors are any better than raising the cost of the

plan.  I'm not in favor that.  Our legal counsel Harvey Leiderman said, the precedent setting over the last 100 years or what have you of the disability process of this board.  It has been.  Someone wants to challenge that go right ahead.  I believe we can do the job and consent calendar may be an easier process that may not be mettably everybody but what we're trying to do is make recommendations that we think is pretty clear. You have a case like this where Sean says, we need to stay a look at workers comp issues we're learning as we go some of your issues, dr. Has said a little more more helpful to make decisions and I think he's trying to you know, listen to board comments and he's working with us diligently.  Until we try we're never going to know.  Let's reduce the load let's see how recommendations are not going to make much time we have work to do, we haven't tried it yet give it a go and let's see how it works out.

>> Sean Kaldor:   Trieste Krytzer.

>> Damon Krytzer:   Let's talk about cost for a minute.  It does cost less to the plan, the burden's borne by us, it's not costless, doesn't cost the plan because we're free labor.  I see this a lot just from a context standpoint like manager scemps.  The GTA search took a few hours, at the board level took 15 or 20 minutes and I think it was a pretty good process.  I mean as a context issue that's sort of what I'm hoping to get out of this entire process.

>> Sean Kaldor:   Trustee Mason.

>> James Mason:   I just wanted to comment to Vince's comment.  I agree with you on the sense of putting it on a consent calendar, where you weren't reviewing, just the small body of members were reviewing, I think the essence of what we're suggesting is that the subcommittee is reviewing these to make sure when the packet comes to the board, because you'll still get the packet, that it has all of the necessary information in it.  For you to make a decision.  So if it's our -- if we've vetted that packet Weaver -- we're make a owners we're making a recommendation to pass or to approve it if you had a question once you received the packet and reviewed it yourself if you then had questions you have the ability to pull it off the consent calendar, and have us review it at the board.  That's my understanding.

>> Sean Kaldor: You do have that option, yes.

>> James Mason: I would think that that is not staying anything away from you on voting aspect or authority. You're still -- every member of the board is putting their two cents worth in. The subcommittee is just making sure that the packet is -- kind of like Baci's packet, it had everything easier to make the decision either for or against.

>> Sean Kaldor: Trustee Sunzeri.

>> Vincent Sunzeri: So what I would like to see is a report that staff had put together last year when I was on the disability committee on how other systems are handling the disability process. It was looked at, very few systems do it the way we do it. Most of them have an independent panel. And rather than having that discussed, at just a disability committee level, I'd like to see this entire board since this entire board is involved in the disability process review that data and have further discussion surrounding that. It was very informative, they took a lot of time to gather that information and I think it would be valuable for us to revisit it.

>> Sean Kaldor: Trustee rounds.

>> Bettina Rounds: May I ask Mr. Leiderman a question, you have seen a bunch -- do most boards have medical panels?

>> Harvey Leiderman: Let me, if I may through the chair, in the city and county systems that I represent, maybe about a dozen in California, and I'll put aside Cal PERS and CalSTERS do it differently. It would be very unusual and I don't know of any of them that have a panel of doctors who actually do this work. I also have never seen another system do it the way this has been structured here. This is really quite unique. Keep in mind that there are due process concerns for the applicants. They're entitled to a full record. But

the vast majority of systems in California at the county and the city level have legal and medical advice worked up, with staff, before it ever comes to the board. So that it comes to the board and it does not come to the board on a grant recommendation or a deny recommendation on a consent calendar for due process reasons and for notice to the public reasons. Because there is a significant unless the person qualifies for more than 50% on a service basis, there's a huge financial consequence to the system of granting, and a huge consequence to the member of denying, a service-connected disability. So these things are usually worked up. And maybe this is something we ought to talk about at the strategic planning, as Mr. Sunzeri would like to have because it is structural. But these things are usually worked up from a medical, legal, and a staff basis, and they come based on the staff recommendation to the board. And the board, if it's a recommendation to grant, and everything has been crossed and dotted, the board can spend a minute and a half at a board meeting on this. I regularly attend the Orange County retirement system monthly meetings, for example. And they have, on a regular basis, anywhere between 12 -- 12, 13, 14 disability applications because they also have safety members in that system as well. They have general and safety members. Their disability, that entire process, at the board level, takes anywhere between 30 minutes and 45 minutes. Of a monthly board meeting. And they have -- and when their recommendation from staff is to deny, counsel and applicants appear, and make their pitch. And then the board makes a decision. And they have a book. They don't like it any better than any other board. They have a booker of disabilities like this every month. But it has been work up with an executive summary for the board with all the medical evidence footnoted, you know. But you'd have to make a decision to increase staff to be able to do that. It doesn't just get done on the fly. You'd have to make a decision that we need three people working these things up at the staff level. We need an attorney who advises us and we need million advice -- medical advice as well. And that takes the burden off the board. I think that's what the attempt had to be of using the ad hoc disability committee is to try to get to that same place. That was my understanding of what we were trying to do.

>> Sean Kaldor: You still have the floor, do you want more?

>> Bettina Rounds: Thank you very much, Harvey and I would like to add and will do the appropriate motion and all the strategic calendar, because I for one don't want to spend the amount of time to be the staff. And I'm happy to work with Dick you know in January and all. But I don't want to do that on a regular basis. Because the staff hasn't been provided that has been provided in every other, you know, large city or county system in California. Because I don't -- you know, I am not a disability expert nor do I want to be. So I would like to make a motion that we put it on the strategic agenda for much more -- because I agree then, I think it's almost inappropriate to have two board members trying to figure this out, for the board.

>> Sean Kaldor: Trustee Bill.

>> Sean Bill: So I think Harvey pointed this out for us clean and clear. Leg representative, medical representative, staff member would be an easy way to fix this problem. Instead of having a board member, another board member and I think Dr. Das is the third board member, senator of the committee? So I mean I would say that we try and go that route, maybe we can't do it this month or next month or what have you but that we go the route of bringing a legal professional, and a medical doctor and then maybe perhaps Donna or somebody else could be the staff member representative.

>> Sean Kaldor: Let me throw out real quick ton legal side we went the RFP process, we chose a firm to do exactly that give us a legal analysis and now we're being told by Harvey correct me if I'm wrong, maybe you weren't here for the last meeting that we can't really use them in that way so we would have to go through a whole new RFP process. So it just adds a complexity that might take a while --

>> Sean Bill: That's when we decided we would put Russ Richeda aside for a while. Maybe we're still looking towards having a legal rep and then when he's available, maybe we can move forward on that.

>> Sean Kaldor: Trustee Lanza.

>> Drew Lanza: I think what's really going on here, let's go through this meta question here. We have been doing this for 12 to 18 Mondays months. Harvey says something absolutely clear, and we know where to get to but it's really hard to get there. We'd like to get a lawyer in here let's look at Russ Richeda, Zam bang Zip. Donna tells us we're already underwater. Org chart is one step one step one step every time we take a step somebody hits us in the back of the head with the two by four. I think Sean you're absolutely right. That's where we need to get to, that's where we thought we needed to get to more or less the meta question is we see things that need to be done we know we want to apply logic and resource to them. We get hid in the back of the head with the two by four. That's the question for the strategic offsite, right? Why is a board that's overseeing a $3 billion pension fund do we have the hard time doing the logical right thing when it comes to extending you and I had beers on this three or four months ago, we looked at this and help with agendas and things loo that that's the meta question, not the all along, about how we do this. This is the meta question of when we see a problem we go to apply resource to it we end up with us being the resource that gets applied to it and the staff who's short-handed gets applied to it and I think we all agree we need more resource and that reality I think if we had that we would solve half a dozen problems coming before us, tell me if you think I'm crazy.

>> Sean Bill: One question would be, do we have any progress with regard to getting Russ Richeda on board? Maybe we could give direction to staff that they start to move forward. With the idea of getting a legal representation.

>> Sean Kaldor: Let me try and --

>> Sean Bill: We're starting to take action rather than just talking about it.

>> Sean Kaldor: So let me try and pull together some of the points that were made. I don't think everyone would be in agreement with this but I think this captures the essence of where we're going. Last month we melt, we approved a process -- met, we approved a process, talking about refining and cleaning up, so I like to make a substitute what you're asking for. That we move forward with the subcommittee as it was

approved which is a stopgap measure for the next six months to get us through this slog of cases, this swell of cases, that that subcommittee will review those and bring to this board up to five a month and if there is more than five we'll have a separate meeting in which all cases will be heard. And none will be heard during the regular meeting. That those cases then come and are placed on the regular calendar not the consent calendar but the regular calendar, and all applicants should come ready to even if it's recommended for approval be ready to make their case if that's not the -- be ready to make their case. And that the strategic planning meeting add an element which is a specific discussion of the best process going forward and finally, that we direct staff to work with our legal counsel and the city attorney's office, the RFP that we last used to have a legal firm review our disability applications determine why that is no longer can't be used and what needs to be done to go forward with a new RFP to find a resource to help us with that.

>> Sean Bill: I have just one friendly amendment to your motion. That we would make a grant for three months to try to keep the pressure on the committee to be moving forward. So we're not looking at this six months then revisiting what we discussed here today.

>> Sean Kaldor: I was just looking from what we have last time absolutely I accept the friendly amendment for three months.

>> Drew Lanza: I'll second that motion.

>> Sean Kaldor: Second from Lanza. Any discussion on the motion?

>> Vincent Sunzeri: I'm more comfortable with a three month time frame, but assuming we're going to have a retreat in January, I don't want us to be too much in front of our skis there, when we should be doing this at our retreat. I'm not sure that we might be making too many decisions that could be verse reversed at our retreat.

>> Sean Bill: The one thing is this is only for three months. That would take you through your January meeting, if bee did make impact in February or we'll know we need to renew it.

>> Bettina Rounds: Did you have a problem with the RFP issue going forward or --

>> Sean Bill: Is.

>> Vincent Sunzeri: Is that the consensus that people want to have as far as their structure? We have agreed that we do want the attorney on the committee, that's what I'm hearing people saying.

>> Sean Kaldor: I don't exactly this I don't know why it is no longer valid. That's a question I'd like answered. But I think having a legal person and a medical person involved in this decision certainly is someone would have to review this. Having the legal questions answered and I units Reed Smith tilling us that this isn't their forte, so I'm comfortable in putting staff resources into that.

>> Donna Busse: Having him due do the review, that would be okay, having him be a committee member.

>> Sean Bill: If it's a panel or whatever it is we're setting up with staff and medical and legal then we may not have that problem.

>> Donna Busse: That was happening, he was changing his proposal based on the fact that he would come to a meeting and set on the panel versus here is stuff to review and give us legal stuff.

>> Sean Kaldor: I can see him saying, I quoted your price but to come here and hear this for two hours --

>> Donna Busse: And actually participate. What do you want, you want him to be sitting, right?

>> Sean Kaldor: Yes.

>> Donna Busse:   Okay.

>> Sean Kaldor:   I don't know.  I envision that what we would like to see is if an attorney could be there with the doctor being there and everyone could ask questions, whatever the group is.  There's the questions that need to be clarified and a chance to go through it.  Maybe we'll decide in you're strategic planning meeting.

>> Every single case, he this is a stand there staring at the mic.  We do have counsel every single time.

>> Harvey Leiderman:   If the hangup is the difference of the label as to whether this person is on the committee or advisor to the committee I would recommend we call this person the advisor to the committee and leave it at that.  If that fits within the contract.  (inaudible).

>> Sean Bill:   Make a panel --

>> Harvey Leiderman:   Advisor to the board and the board's delegatee, how about that?

>> Sean Kaldor:   My right with the stopwatch to say we can go through this at the strategic planning meeting.  I want to clarify one thing in terms of the three months.  I was thinking three board meetings, December meeting January meeting, February meeting, whatever we decide we could implement if he following one.  Those three meetings, this committee can bring forward their recommendations.  Any further discussion or questions?  Seeing none, all those in favor.  You seconded?  Any opposed, seeing none opposed the motion passes unanimously.  Okay.

>> Mr. Chair one question.

>> Sean Kaldor:   Please.

>> Did we determine how many people were going to be at the December meeting?

>> Sean Kaldor: So the subcommittee we're not going to hear any more before they go through subcommittee. The subcommittee can it's up to the subcommittee to say let's bring these five in January these five in January these.

>> Donna Busse: The subcommittee is not meeting before the tina Bowles and then anybody who is financially impacted.

>> Discussion started on different level where it ended up but I would ask Dr. Das, you had indicated that there are potentially five people ready or not ready yet for December but potentially ready for December. Will there be five people ready for December?

>> Dr. Das: You're asking me to predict the future? Yes.

>> You're the one that has the workload. You ought to know what you have to do and whether you can do that in the time frame. Is what I'm asking.

>> Dr. Das: Yes, I will try my best to do whatever the board feels, when they want to hear, I'll do my best to accommodate so yes.

>> Sean Kaldor: Vince, hold on for just one second. I want to make sure we're all quleer. Are we going to heard them in December or are they going to go to the subcommittee to be heard later?

>> Donna Busse: I think he's requesting what do you guys want? Because it is the only one we determined had to be or had to be was teeb ah Bowles. He says how many are you wanting him to get ready in December.

>> Sean Bill: .

>> Of those five that you think potentially could be ready for December are any of them on lost time or potentially going to be on lost time before January?

>> Dr. Das: Not that I'm aware of but I'm not the one that is the one that tracks that. I would appreciate it if someone else would handle the employment issues.

>> Donna Busse: If you give us the names we -- the staff will vet that out so maybe it will be up to five so are you -- give us the direction. Are you wanting us to put only the people who will be off time by January that's what we'll do.

>> I think that would be appropriate. If staff could determine anyone who would be off time hopefully by the January meeting that they would attempt to get those cases ready for the December meeting.

>> Sean Kaldor: At the December meeting we will hear Tina Bowles with the potential of up to five cases, with only those that are running out of their time.

>> Donna Busse: That's very clear.

>> Dr. Das saying the five that are ready are change in status.

>> Sean Kaldor: There's no request -- dwd they're all changes in status and we're trying to prioritize individuals that will be on lost time but none of those people have come to my attention so it's not really an issue as of this time.

>> Sean Kaldor: If it's none other than Ms. Bowles then it's none other than Ms. Bowles. Councilmember Constant.

>> Pete Constant: I think James said what I was going to say just in a different way. I would say anyone who has run out of 4850 time. Because that's easier to figure out than whether they're going to hit loss time or not with all the different balances or not. But you should be able to quickly and easily see, who is out of 4850 year. If it's running out before the end of the year, I would suggest because of financial hardship reasons you try hear any of those.

>> Sean Kaldor: So that is the urningsing that we share as a board. We will hear those that are running out of 4850 time and Tina Bowles and everyone else is going through the subcommittee. Okay. Thank you. Hold on a second. Okay. Thank you. Item 7 is the consent calendar. These are heard as one large vote. Item 7.1 through 7.5. (inaudible) 7.4 C has pulled. Anything else? I'll take a motion to approve. We have a motion from councilmember -- excuse me, trustee Santos to approve all items of the consent calendar except for 7.4C a second from trustee Krytzer. Discussion? All those in favor? Aye. Any opposed? None opposed passes unanimously. Item 7.4C.

>> Damon Krytzer: I don't want this to sound petty and this doesn't have to be a long discussion but we have a antiquated system. Easy to make all good longer than I had anticipated but still good. Now we get to the point where we sit in a meeting like today? And the meat of the meeting was investment side of the things which was months to do, now everybody is going through the same things. Now we're talking four sometimes five meetings a month 30 plus hours a month in a lot of cases which requires at least me what I'm going to pick and choose what I'm going to show for and you know sometimes picking and choosing means missing a board meeting. Which means you don't get a stipend. I don't care about the $150, now it's costing me to costs incurred than just better system than oops seeing that there are so many of them that are required by this plan, it should just better reflect what is actually going on.

>> Sean Kaldor: So identifying that as an issue we went to staff and staff prepared this analysis of different options for compensation. This essentially deals with travel costs and other things for the inconvenience of attending multiple meetings every month. And so staff prepared this. Preset in the pipped. The portion has

to do with rurtle is where the board has ability to expand any other types of reimbursement such as travel mileage reimbursement.  So what I've summarized and in communication.

>> Sean Kaldor:   Can we set up some simple process where we calculate the distance from each board member's home to the meetings and they could automatically be paid mileage for every meeting they attend based on that?  Or --

>> If you want to give direction to staff to come up with a policy, I recommend it be a policy that the board adopt for travel mileage reimbursement I could do that.

>> Sean Kaldor:   This is a standard policy for all trustees of the board a way that they don't have to write down their starting mileage ending mileage request approval for the travel X weeks in advance and completely a travel report saying I came to a board meeting but something a little simpler to say we attended these meetings, this month if you could recommend the policy that would be in ceemtion with the city's travel responsibility and the board's fiduciary responsibilities?

>> I could, I could put together a policy.  The only thing I would touch on it needs to remain a reimbursement and not transition into compensation in any way.

>> Sean Kaldor:   Councilmember Constant.

>> Pete Constant:   The city already has an existing mileage reimbursement system or policy so it might be easy just to refer to that.  I know I'm pretty sure they allow that you could get a map quest or google map and submit those miles, it might be easier than trying to craft a new policy.

>> Sean Kaldor:   Correct me if I'm wrong if we did it as mileage we would have to do mileage request for those miles?

>> Pete Constant: It is not travel, it is mileage reimbursement in the course of employment. I would check on that. There might be an easier way to get to it.

>> Sean Kaldor: You might present a recommendation, we're not trying to make this complicated, when people are driving down here from San Francisco four times a week it's a cost. So with that we've given staff direction so I'll make the motion to -- I guess we have to approve it also, item 7.4 C and a second from Santos. All those in favor? Opposed, none opposed, passes yums. It's yags and training, 8.1, 8.2, conferences and traiftion, the Cal APRS training, advance course in administration and the Los Angeles Marriott Burbank airport hotel, fabulous Burbank, California. Proposed, agenda items, we've identified some throughout the meeting. Are there any other specific proposed agenda items?

>> Sean Bill: I might head down to the Cal APRS one interested in that.

>> Sean Kaldor: Request from trustee Bill to attend the chase, you are certainly allowed to attend.

>> Donna Busse: Trustee do.

>> Sean Kaldor: Appreciate you going. Any proposed agenda item seeing none I open the table to public comment. Seeing none, we will then move to our closed session.

>> Damon Krytzer: Staying in here or do we have to go?

>> Sean Kaldor: I think we were planning on going here. We'll take a ten minute break before we do that. We're incredibly I'm watching the clock, I do appreciate the trustees and the staff and attendees patients, not over deliberating, I think the last few meetings we have gone at a good pace. We will now adjourn to closed session to hear the closed Item 1.1, closed session. Conference with investment consultant pursuant to government code section 54956.81 to consider purchase of particular pension fund investments [ Four investments ] 3.6 closed session, conference with legal counsel. Litigation pursuant to government code

section 54 inn northbound 56.9 (a). Paul Mulholand, et al, V. City of San José, et al, Santa Clara County superior court case number 1-12-CV-219748. 3.7 closed session, conference with legal counsel, litigation pursuant to government code section 54956.9 (a), three cases, measure B litigation. as as identified in the agenda. And 3.8. Closed session conference with legal counsel pursuant to government code section 54956.9(c) deciding whether to initiate litigation. One case. The board will take a ten minute break and convene at 12:05. In closed session.

>> Returned to open session at 2:14, nothing to report. With that we adjourn our meeting.