



## **BOARD OF ADMINISTRATION AGENDA**

**CANCELLED  
FRIDAY, JANUARY 16, 2009 MEETING**

### ***NOTICE OF SPECIAL MEETING:***

**FRIDAY, JANUARY 23, 2009 – 8:30 A.M.  
401 WEST A STREET  
SDCERS BOARDROOM, THIRD FLOOR  
SAN DIEGO, CA 92101**

**(DISABILITY ACCESSIBLE)**

### **SDCERS MISSION**

*The mission of the San Diego City Employees' Retirement System is to deliver accurate and timely benefits to its members, retirees and beneficiaries and ensure the Trust Fund's safety, integrity and growth.*

### **SDCERS TRUSTEES**

Thomas C. Hebrank – President, Mark C. Sullivan – Vice President, Raymond G. Ellis, Susan S. Gonick, David A. Hall, V. Wayne Kennedy, Franklin R. Lamberth, Steven W. Meyer, Mark E. Oemcke, Peter E. Prevolos, William J. Sheffler and John G. Thomson

### **CALIFORNIA GOVERNMENT CODE SECTION 1090: INTEREST DISCLOSURE**

Pursuant to California Government Code Section 1091.5(a)(9), a city officer or employee does not have a financial interest in a city contract if these conditions are satisfied: (i) his or her interest is that of a person receiving a salary, per diem or reimbursement for expenses from a government entity; (ii) the contract does not directly impact the department of the government entity that employs him or her; and (iii) the interest is disclosed to his or her body or board at the time the contract is considered and is noted in its official record. In accordance with this statute, the following Board members request that the Board note in its official records that they receive a salary, per diem or reimbursement for expenses from the City of San Diego: Franklin Lamberth, Steven Meyer, Mark Sullivan and John Thomson. John Thomson is also a Board member of Local 145, International Association of Fire Fighters, AFL-CIO. Steven Meyer, John Thomson and Mark Sullivan are DROP participants and have recused themselves from

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participation in discussions and votes relating to DROP Interest Crediting. Mark Sullivan is also a Board member of the San Diego Police Officers Association. Board Member, Franklin Lamberth; SDCERS' Administrator, David Wescoe and SDCERS' Member Services Director, Cynthia Queen, have a potential financial interest in the pricing of future PSC contracts and have recused themselves from participation on this issue. SDCERS' Internal Auditor, Robert Wilson, is eligible to enter DROP within one year and has recused himself from participating on discussions relating to DROP Interest Crediting.

**Gov. Code §54957.5 Notice:** Any public documents distributed to the Trustees of the Board of Administration less than 72 hours prior to the meeting are available for public inspection at SDCERS' offices located at 401 West A Street, Suite 400, San Diego, CA 92101. Contact Michelle London at 619/525-3655 to arrange for inspection.

**I. NON-AGENDA PUBLIC COMMENT**

This portion of the agenda is for members of the public to address the Board of Administration on any subject within the Board's jurisdiction that is not on today's agenda. To address the Board during Non-Agenda Public Comment, you must complete a Request to Speak form and submit it to the Board Secretary before the meeting begins. To address the Board on a subject that is on today's agenda, you must submit a Request to Speak form before the item is called. These forms are located in the back of the Board Room. The chairperson will call your name to address the Board during Non-Agenda Public Comment or when your item is to be heard. Non-agenda Public Comment is limited to 3 minutes per speaker and 15 minutes per topic. Public testimony on an item on the agenda is limited to 3 minutes per speaker and 15 minutes per side.

**II. APPROVAL OF CONSENT AGENDA ITEMS A-F**

**A. SERVICE RETIREMENTS**

**CITY OF SAN DIEGO**

1. Toni Atkins, Council District 3. Council Member. 19.89 years creditable service. Effective date 12/9/2008.
2. Debra Chapman, City Attorney. Senior Investigator. 29.17 years creditable service. Effective date 1/30/2009.
3. Terry Fox, Library. Librarian III. 21.97 years creditable service. Effective date 1/10/2009.
4. Lisa Gonzalez, Council District 6. Council Representative. 26.36 years creditable service. Effective date 1/17/2009.
5. John Henze, City Attorney. Senior Investigator. 15.02 years creditable service. Effective date 1/30/2009.

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6. Scott Peters, Council District 1. Council Member. 8.01 years creditable service. Effective date 12/9/2008.
7. Stephan Rea, Planning. Assistant to the Planning Director. 13.18 years creditable service. Effective date 1/8/2009.
8. Paul Retsch, Metropolitan Waste Water. Safety Representative II. 20.00 years creditable service. Effective date 1/10/2009.
9. Daniel Weinberg, Finance. Program Director. 12.20 years creditable service. Effective date 1/1/2009.

**UNIFIED PORT DISTRICT**

1. Roy Jungkurth, General Services. Maintenance Worker. 19.31 years creditable service. Effective date 12/30/2008.

**B. DEFERRED RETIREMENT OPTION**

**CITY OF SAN DIEGO**

1. Lynn Bakker, General Services. Equipment Operator I. 22.48 years creditable service. Effective date 1/10/2009.
2. Tim Bao, Metropolitan Waste Water. Assistant Chemist. 22.24 years creditable service. Effective date 12/27/2008.
3. German Barajas, Environmental Services. Sanitation Driver II. 24.89 years creditable service. Effective date 1/27/2009.
4. Rosemary Billburg, Park & Recreation. Center Director II. 32.83 years creditable service. Effective date 12/27/2008.
5. James Borg, Police. Police Officer II. 22.33 years creditable service. Effective date 1/24/2009.
6. Marilyn De Jarnette, Retirement. Retirement Assistant. 13.28 years creditable service. Effective date 12/27/2008.
7. Robert Clark, Police. Sergeant. 26.53 years creditable service. Effective date 12/13/2008.
8. Bradley Elow, Police. Police Officer II. 30.00 years creditable service. Effective date 1/13/2009.

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9. Raymond Fischer, Metropolitan Waste Water. Associate Civil Engineer. 22.67 years creditable service. Effective date 1/10/2009.
10. Frank Gerbac, Police. Police Officer II. 26.34 years creditable service. Effective date 1/10/2009.
11. John Ghiotto, Fire. Fire Captain. 25.49 years creditable service. Effective date 1/10/2009.
12. Randal Jones, Police. Sergeant. 23.73 years creditable service. Effective date 1/10/2009.
13. Ivan Kornblau, Neighborhood Code Compliance. Building Inspector. 10.12 years creditable service. Effective date 1/10/2009.
14. John Leas, Police. Lieutenant. 29.54 years creditable service. Effective date 11/29/2008.
15. Stephen Martino, Fire. Fire Captain. 28.25 years creditable service. Effective date 1/10/2009.
16. Cristino Miranda, Water. Water Systems technician IV. 20.02 years creditable service. Effective date 1/24/2009.
17. Beverly Morisako, Storm Water. Biologist II. 22.17 years creditable service. Effective date 11/29/2008.
18. David Nashelsky, Library. Librarian IV. 11.03 years creditable service. Effective date 12/13/2008.
19. Richard Parrella, Police. Police Officer. 28.64 years creditable service. Effective date 12/13/2008.
20. Ruth Peoples, Water. Laboratory Technician. 28.57 years creditable service. Effective date 12/27/2008.
21. Linda Rushing, Water. Document Clerk. 29.31 years creditable service. Effective date 12/13/2008.
22. Ora Stanton-Broome, Personnel. Associate Personnel Analyst. 24.96 years creditable service. Effective date 1/10/2009.
23. Porfirio Venegas, Park & Recreation. Grounds Maintenance Worker II. 18.07 years creditable service. Effective date 12/27/2008.

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24. Tracey Walker, Park & Recreation. Senior Park Ranger. 11.56 years creditable service. Effective date 12/27/2008.
25. Alphonso Williams, Police. Police Officer II. 20.07 years creditable service. Effective date 12/13/2008.
26. Marilyn Williams, Engineering & Capital Projects. Senior Management Analyst. 39.00 years creditable service. Effective date 1/11/2009.

**UNIFIED PORT DISTRICT**

1. Robert Heersema, Marine Operations. Wharfinger. 7.55 years creditable service. Effective date 12/19/2008.

**C. STATEMENTS OF MEMBERSHIP THROUGH DECEMBER 31, 2008**

Retired (including DROP's)	1981 Pension Plan	Continuance	DRO's	Active	Retired Deaths	Active Member Deaths (paid)	Enrolled	Deferred / Inactive
6111	2	961	173	9736	7	1	49	2895

**D. ACTIVE DROP TO RETIRED DROP**

Edward Aguirre	Police Sergeant	12/31/2008
Ricardo Amador	Senior Biologist	12/31/2008
Larry Ault	Water Utility Supervisor	12/27/2008
John Benedetto	Associate Civil Engineer	01/03/2009
Kristina Blake	Associate Management Analyst	12/31/2008
Geraldine Bollenbach	Assistant Civil Engineer	12/31/2008
Paul Borowik	Firefighter/Inspector II	12/31/2008
Jon Campbell	Fire Engineer	12/27/2008
Salvador Castro	Fire Engineer	12/31/2008
David J. Chivers	Ground Maintenance Worker II	01/10/2009
Willie Del	Criminalist II	01/03/2009
Richard Enriquez	Senior Management Analyst	12/31/2008
Steven Evans	Assistant Chemist	01/24/2009
Christine Farmer	Police Officer II	12/31/2008
Jeff Frazier	Deputy Fire Chief	12/31/2008
Edward Gomez	Detective	12/31/2008
Pamela Gonzalez	Utility Supervisor	12/31/2008
Randall Hill	Police Officer II	12/31/2008
Bruce Hollingsworth	President/CEO	01/02/2009
Thomas Hughes	Lead Electrician	12/26/2008
Sussan Johnsen	Associate Management Analyst	12/31/2008
James Kraklau	Communication Technician	01/10/2009
Sandra La Chapelle	Police Officer II	01/03/2009
Alan C. Langworthy	Deputy Director	12/31/2008
Richard Leap	Battalion Chief	12/31/2008

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Lynda Lynch	Fire Captain	12/31/2008
Ruben Martinez	Sergeant	01/24/2009
Christine Meyer	Police Dispatcher II	12/27/2008
Marilyn Mirrasoul	Associate Planner	12/27/2008
Paul O'Brien	Fire Captain	12/31/2008
Jay Odom	Police Officer II	12/31/2008
Gene Oliver	Police Officer II	12/31/2008
Christopher O'Quinn	Police Officer II	12/27/2008
C. Fred Ott	Fire Engineer	01/17/2009
Ron Saathoff	Fire Captain	12/31/2008
Alicia Santos	Clerical Assistant II	12/31/2008
Esther Scannell	Planner / Inspector	12/31/2008
Dale Shockley	Sergeant	01/10/2009
Jesse Simeroth	Police Officer II	01/24/2009
Rex Smith	Development Services	12/27/2008
Gregory Stansbury	Fire Captain	01/30/2009
Robert Sylvester	Police Detective	12/31/2008
Joseph Taormina	Fire Fighter II	12/31/2008
Kenneth Teasley	Senior Planner	01/31/2009
Leah Tombleson	Senior Clerk Typist	01/31/2009
Joseph Vasquez	Detective Sergeant	12/31/2008
Vicente Villalvazo	Lieutenant	12/31/2008
Pamela Wallace	Data Input Clerk	12/31/2008
Wesley Warren	Police Officer	01/02/2009
Douglas Welker	Harbor Police	12/27/2008
Dan Wilkens	Executive Vice-President	01/05/2009
Samuel Wilson	Council Representative	01/22/2009

**E. DROP ACTIVITY THROUGH DECEMBER 31, 2008**

<b>TOTAL ACCOUNTS: DROP ACTIVE AND RETIRED, FUNDS LEFT ON ACCOUNT 1,774</b>					
<b>TOTAL DEPOSITS: DROP ACTIVE AND RETIRED, FUNDS LEFT ON ACCOUNT \$333,532,359.90</b>					
<b>DROP ACTIVE MEMBERS</b>			<b>DROP RETIRED MEMBERS, FUNDS LEFT ON ACCOUNT</b>		
<b>PLAN</b>	<b>COUNT</b>	<b>BALANCE</b>	<b>PLAN</b>	<b>COUNT</b>	<b>BALANCE</b>
LEGISLATURE	0	\$0.00	LEGISLATURE	1	\$41,956.03
GENERAL	576	\$59,884,925.37	GENERAL	413	\$65,113,080.35
SAFETY LIFEGUARD	6	\$1,578,107.17	SAFETY LIFEGUARD	4	\$677,489.20
SAFETY POLICE	219	\$43,066,439.60	SAFETY POLICE	176	\$53,412,291.14
SAFETY FIRE	152	\$39,867,046.65	SAFETY FIRE	170	\$62,074,486.77
UPD SAFETY	5	\$683,588.11	UPD SAFETY	5	\$1,023,956.86
UPD GENERAL	29	\$4,508,577.50	UPD GENERAL	10	\$889,254.22
APA GENERAL	7	\$563,024.29	APA GENERAL	1	\$148,136.64
<b>TOTAL DROP ACTIVE</b>	<b>994</b>	<b>\$150,151,708.69</b>	<b>TOTAL DROP RETIRED</b>	<b>780</b>	<b>\$183,380,651.21</b>

**F. TERMINATIONS/WITHDRAWALS OF CONTRIBUTIONS FOR THE MONTH OF DECEMBER 31, 2008**

NAME	MEMBERSHIP
BUSACCO, THOMAS	Safety Police
CASTILLO, ARTHUR	Safety Police
EDWARDS, SHIRLEY	General
MORRIS, LENNIE	General
AVILES, RICHARD	General
BAUERLEIN, KIMBERLY	General
LUGUE, EFREN	General
NANCE, KEVIN	General
PONCE, JOSEPH	Safety Police
WARD, SEAN	Safety Police
YAVEL, DAVID	Safety Police
MILLE, MARILYN	General
VAZQUEZ, ANTONIO	General
CULLWELL, DORIS	APA General
<b>TOTAL WITHDRAWAL OF CONTRIBUTIONS:</b>	<b>\$174,491.88</b>

**III. CONSIDERATION AND ACTION OF ITEMS PULLED FROM CONSENT AGENDA**

**IV. BUSINESS OPERATIONS**

**A. OLD BUSINESS**

**NO ACTION REQUESTED**

1. Discussion of DROP Interest Crediting. **Gene Kalwarski – Cheiron and Ashley Dunning – Manatt, Phelps & Phillips (TAB 1)**

**ACTION REQUESTED**

2. Recommended salary basis for Pricing of Future PSC Contracts. **Gene Kalwarski – Cheiron (TAB 2)**

**B. NEW BUSINESS**

**ACTION REQUESTED**

1. Approve the June 30, 2008 Actuarial Valuation Report for the City of San Diego. **Gene Kalwarski – Cheiron (TAB 3)**
2. Approve the June 30, 2008 Actuarial Valuation Report for the San Diego Unified Port District. **Gene Kalwarski – Cheiron (TAB 4)**
3. Approve the June 30, 2008 Actuarial Valuation Report for the San Diego Regional Airport Authority. **Gene Kalwarski – Cheiron (TAB 5)**

**V. TRAINING**

**A. NEW BUSINESS**

**ACTION REQUESTED**

1. RREEF Alternative Investments 2009 Educational Client Conference, February 24-25, 2009, Newport Beach, CA. **Elaine Reagan (TAB 6)**
2. Planning Calendar. **Elaine Reagan (TAB 7)**

**VI. DISABILITY COMMITTEE – WILLIAM SHEFFLER, CHAIR (TAB 8)**

**A. STATUS REPORTS**

**B. APPROVAL OF DISABILITY CONSENT AGENDA ITEMS 1-11**

**ACTION REQUESTED**

1. Staff's recommendation to approve the non-industrial disability retirement application of Edward Dowling. **(TAB 9)**
2. Staff's recommendation to approve the industrial disability retirement application of Lester Chaves. **(TAB 10)**
3. Staff's recommendation to approve the industrial disability retirement application of Sandi Lehan. **(TAB 11)**



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4. Staff's recommendation to approve the industrial disability retirement application of Derek Walker. **(TAB 12)**
5. Staff's recommendation to refer to hearing the industrial disability retirement application of Maxine Bergo. **(TAB 13)**
6. Staff's recommendation to refer to hearing the industrial disability retirement application of Patrick Shanley. **(TAB 14)**
7. Staff's recommendation to refer to hearing the industrial disability retirement application of Jacqueline Lindsay (continued from December). **(TAB 15)**
8. Staff's recommendation to deny the industrial disability retirement application of Steven Powers. **(TAB 16)**
9. Adjudicator's recommendation to deny Henry Simpson's application for industrial disability retirement. **(TAB 17)**
10. Committee's recommendation to refer Adjudicator's recommendation to deny Janis Valencia's application for industrial disability retirement back to original Adjudicator to rule on objection. **(TAB 18)**
11. Staff's recommendation to deny the industrial disability retirement application of Wayne Allison (continued from December). **(TAB 19)**

**C. CONSIDERATION AND ACTION OF ITEMS PULLED FROM DISABILITY CONSENT AGENDA**

**D. NEW BUSINESS**

**NO ACTION REQUESTED**

1. Status Report. **(TAB 20)**

**VII. BUSINESS AND GOVERNANCE COMMITTEE – MARK SULLIVAN, CHAIR  
(TAB 21)**

**A. NEW BUSINESS**

**ACTION REQUESTED**

1. Adopt Resolution 2009-1 (Designation of Authorized Signatories). **(TAB 22)**
2. Repeal Board Rule 8.30 (Transfer of Employer Funds Between City and Port District). **(TAB 23)**
3. Repeal Board Rule 8.60 (Normal Retirement Age). **(TAB 24)**
4. Repeal and reenact Board Rule 8.70 and transfer to Division 2 of the Board Rules as Rule 2.70 (Forfeiture of Retirement Funds). **(TAB 25)**
5. Repeal and reenact Board Rule 8.80 and transfer to Division 2 of the Board Rules as Rule 2.80 (Member Contribution Rates). **(TAB 26)**
6. Repeal and reenact Board Rule 8.90 and transfer to Division 2 of the Board Rules as Rule 2.90 (Applicable Mortality Tables). **(TAB 27)**
7. Repeal and reenact Board Rule 9.00 and transfer to Division 3 of the Board Rules as Rule 3.00 (General Rules Applicable to Change in Membership Category). **(TAB 28)**
8. Repeal Board Rules 9.01 (General Member to Safety Member), 9.02 (Safety Member to General Member) and 9.03 (Elected Officers Changing Categories). **(TAB 29)**
9. Authorize the Board President to request that the City Council enact an ordinance correcting SDMC Section 24.1102 to conform with legislative intent and deleting SDMC Section 24.1120 as obsolete. **(TAB 30)**
10. Amend Board Rule 12.10(a) to reflect current DROP Interest Crediting Rate of 7.75%. **(TAB 31)**

**NO ACTION REQUESTED**

11. Report on John Thomson's Request for Legal Opinion from Fiduciary Counsel (Conflict of Interest). **(TAB 32)**

**B. STATUS REPORTS**

**NO ACTION REQUESTED**

1. Staff Reports by Division.
  - Benefits Administration. **(TAB 33)**
  - Compliance. **(TAB 34)**
  - Information Technology. **(TAB 35)**
  - Legal Services. **(TAB 36)**
  - Member Services. **(TAB 37)**
  - Finance and Administration. **(TAB 38)**
2. November 2008 Financial Statements. **(TAB 39)**
3. December 2008 Year-to-Date Administrative Expenses – Actual vs. Budget. **(Tab 40)**

**VIII. INVESTMENT COMMITTEE – STEVEN MEYER, CHAIR (TAB 41)**

**A. NEW BUSINESS**

**NO ACTION REQUESTED**

1. Real Estate Performance Report for the quarter ended September 30, 2008. **(TAB 42)**

**B. STATUS REPORTS**

**NO ACTION REQUESTED**

1. Staff Reports – Executive Summary. **(TAB 43)**
  - Investment Division Status Report and Proxy Voting Activity through November 2008.
  - Year-To-Date Realized Gains Chart through November 30, 2008.
  - Managers' Watch List.
  - SDCERS' Asset Allocation Status.
  - Top 25 holdings in equities and fixed income.
2. Private Equity update. **(TAB 44)**

**IX. AUDIT COMMITTEE SUMMARY (TAB 45)**

**X. QUESTIONS AND COMMENTS FROM PRESIDENT, TRUSTEES AND STAFF**

**XI. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(SUBDIVISION (a) OF SECTION 54956.9, CALIFORNIA GOVERNMENT CODE)**

**GENERAL LITIGATION**

1. San Diego Police Officers Association v. Michael Aguirre, et al., United States District Court Case No. 05CV1581
2. SDCERS v. City of San Diego & City Attorney Michael Aguirre, San Diego Superior Court No. 841845
3. San Diego City Employees' Retirement System v. City of San Diego, San Diego Superior Court Case No. GIC 851286
4. Erica Aaron et al. v. Mike Aguirre, City of San Diego, San Diego City Employees' Retirement System, et al. (aka POA Class Action); Case No. 08CV1451
5. City of San Diego v. San Diego City Employees' Retirement System, et al., Case No. 37-2007-00077604-CU-MC-CTL (MOU effective date)
6. San Diego Police Officers Association v. Michael Aguirre, City of San Diego, and San Diego City Employees' Retirement System, et al., Case No. 37-2007-00075432-CU-MC-CTL
7. City of San Diego v. San Diego City Employees' Retirement System, et al., Case No. 37-2007-00081912-CU-WM-CTL (PSC)
8. Annis v. City of San Diego, et al., Case No. 37-2008-00092949-CU-BC-CTL
9. San Diego City Firefighters v. Board of Administration, Case No. 37-2008-00093217-CU-OE-CTL

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10. Aaron v. City of San Diego, Case No. 37-2008-00093078-CU-OE-CTL

11. San Diego MEA vs. SDCERS, Case No. 37-2008-00096145.

**B. CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION [Cal. Gov. Code Section 54956.9(a)]: ONE CASE**

1. In Re European Aeronautic Defense and Space Company (EADS) Securities Litigation.

**XII. NON-DOCKET ITEMS**

**XIII. NEXT MEETING**

**Friday, February 20, 2009 - 8:30 A.M.  
401 West A Street  
SDCERS Boardroom, Third Floor  
San Diego, CA 92101**

**XIV. ADJOURNMENT**