



BOARD OF ADMINISTRATION

Meeting Minutes - Final Police & Fire Department Retirement Plan and Health Care Trust

Thursday, March 2, 2023

8:30 AM

City Hall, Council Chambers, 200 E. Santa
Clara St. San Jose, CA 95113

HYBRID MEETING

PHYSICAL LOCATION:

City Hall, Council Chambers, 200 E. Santa Clara St. San Jose, Ca 95113

ZOOM INFORMATION:

zoom.us

Dial In: +1 669 900 9128 US (San Jose)

Meeting ID: 946 4747 2360

Pass Code: 466665

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Franco Vado, Vice-Chair, Police Retiree Rep (Term Expires 11/30/24)
Sunita Ganapati, Trustee, Public Member (Term Expires 11/30/26)
Andrew Gardanier, Trustee, Fire Active Rep (Term Expires 11/30/23)
David Kwan, Trustee, Public Member (Term Expires 11/30/24)
Howard Lee, Trustee, Public Member (Term Expires 11/30/26)
Eswar Menon, Trustee, Public Member (Term Expires 11/30/26)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/26)
Dave Wilson, Trustee, Police Active Rep (Term Expires 11/30/25)

Pam Foley, City Council Liaison to the Board

Harvey Leiderman & Maytak Chin, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

Present: 7 - Andrew Gardanier, David Kwan, Dave Wilson, Franco Vado, Howard Lee,
Eswar Menon and Richard Santos

Absent: 2 - Sunita Ganapati and Drew Lanza

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met in person at City Hall Council Chambers and zoom on Thursday, March 2, 2023 at 8:30 a.m. Vice-Chair Vado called the Pension Plan and Health Care Trust meeting to order at 8:30 a.m. followed by roll call.

Board Members Present: Franco Vado, Andrew Gardanier, David Kwan, Howard Lee, Richard Santos, Dave Wilson.

Board Members Present via Zoom utilizing the Just Cause exception under AB 2449: Eswar Menon.

Chair Drew Lanza and Trustee Sunita Ganapati were absent.

Retirement Staff Present: Roberto L. Peña, Barbara Hayman, Jay Kwon, Arun Nallasivan, Christina Wang, Eric Tsang, Sandra Castellano, Shilpi Dwivedi, Chris Ha, Linda Alexander, Isela Chaparro, Khadijah Onyeije, Michelle San Miguel and Sherrell Aledo.

Retirement Staff Present via Zoom: Prabhu Palani, Ron Kumar, Dhinesh Ganapathiappan, Ellen Lee, Julie He, Houman Boussina, Tami Imai, Benjie Chua-Foy.

Also Present: Pam Foley, Council Liaison; Laura Wirick, Meketa Investment Group.

Also Present via Zoom: Maytak Chin, General and Fiduciary Counsel; Jared Pratt, Meketa Investment Group; Eileen Neill, Verus; Danny Sullivan, Verus; Lisa Harrison, Ice Miller; Rob Gauss, Ice Miller; Joe Ebisa, Public Attendee; Carolyn Gibson, OER; Gary Johnson, Public Attendee; Thomas Warren, Public Attendee; Ray Storms, Public Attendee; Chuck Wall, Public Attendee; Phil Demers, Public Attendee; Al Gerbino, Public Attendee; Lawrence Silva, Public Attendee; Tom Afflixio, Public Attendee; Stewart McGhee, Public Attendee; Steve Mercotte, Public Attendee; Omar Prieto, Public Attendee; John Emerson, Public Attendee; Suzanne Usiskin, Public Attendee; Josh, Public Attendee; Jim, Public Attendee.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.

I. CLOSED SESSION NEW BUSINESS

The Board entered into Closed Session at 8:34 a.m.

**A. CLOSED SESSION: PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2),
SIGNIFICANT EXPOSURE TO LITIGATION.**

The Board came out of Closed Session at 9:32 a.m.

There was no reportable action from Closed Session.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:30 a.m.

Open Session re-convened at 9:35 a.m.

ORDERS OF THE DAY

Vice-Chair Vado read the following ground rules into the record:

A FEW GROUND RULES FOR THIS MEETING

- All votes will be roll call votes.
- We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.

A motion was made to approve the Orders of the Day.

Approved. (M.S.C. Wilson/Santos 7-0-0). The motion passed unanimously. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

A motion was made to waive Sunshine on the following items:

- 4c - Discussion on SJMC § 3.36.3660 Disability retirement of participant and the impact of the Benefits of Disability Retirees with Separate Account Alternate Payees.
- 4d - Discussion and action regarding approval to increase the FY22-23 administrative budget for professional services by \$200,000 to a total of \$998,000.
- 4e - Discussion and action on the Office of Retirement Services proposed administrative budget for FY23-24.

Approved. (M.S.C. Gardanier/Santos 7-0-0). The motion passed unanimously. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

PUBLIC/RETIREE/GENERAL COMMENTS - Not Related to A Specific Agenda Item

This was heard after item 4c.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C Santos/Wilson 7-0-0) The motion passed unanimously. Trustee Menon voted

virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

1.1 Approval for a Service-Connected Disability Retirement

- a. **Ken Allen**, Firefighter/Paramedic, Fire Department, Request for Service-Connected Disability Retirement, effective April 16, 2022; 10.06* years of service. (*Disability Committee Recommendation: Approval*)
- b. **Martin Wallace**, Police Sergeant, Police Department, Request for Service-Connected Disability Retirement, effective March 2, 2023; 17.18* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval Of Minutes

- a. Approval of the Board Minutes of February 2, 2023.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Prabhu Palani, CIO
 - Pension Bridge Annual 2023, Hotel Fairmont, San Francisco, CA April 17-19th, 2023.
 - Innovation Endeavors 2023 Summit, Napa, CA, April 25, 2023.
 - Milken Institute Global Conference, Beverly Hilton, Los Angeles, CA, April 30 - May 3, 2023.

1.4 Return of Contributions

- a. Voluntary | Involuntary.

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Monthly Board Expenses for January 2023. Receive and file.
- c. ORS's Quarterly Newsletter - The Retirement Connection: January 2023 Edition.
- d. Return to in person meetings for members of the P&F and FCERS Boards of Administration - AB 2449 and Post Covid Public Meetings informational memorandum. Receive and file.

1.6 Change of Retirement Application

- a. Approval for a change in effective date for **Melvin P. Meeks**, Fire Captain, from January 7, 2023, to February 23, 2023, for a Service Retirement approved at the January 5, 2023 Board meeting.

1.7 Notice of Alternate Payee Benefit Election

- a. Approval of Alternate Payee Benefit election of Unreduced Lifetime Monthly Payment Option to be paid to Shirley Feliciano, ex-spouse of Police Officer, **Mark Goings** to be effective January 30, 2023 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

1.8 Education and Training

- a. The Cortex Report - March 2023, Conferences, Seminars and Educational Programs.
- b. CalAPRS 2023 Program Calendar.
- c. CalAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles, CA - March 29 -31, 2023.
- d. SACRS Annual Spring Conference, Paradise Point Resort & Spa, San Diego, CA - May 9 - 12, 2023.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board and on the following performance and answered questions:

- For FYTD through February 28th, the Pension Plan was up 3.0%.
- For FYTD through February 28th, the Health Care Trust was up 3.9%.

CIO Palani also spoke to the upcoming Investment Committee meeting in which Strategic Asset allocation and pre-funding options will be further reviewed and discussed before presenting to the full Board in April.

- b. Presentation of Calendar 3rd Quarter 2022 Private Equity report by Neuberger Berman.

Kaci Boyer from the Neuberger Berman Group presented the overview of Q3 2022 Private market report and answered questions from the Board.

- c. Presentation of Calendar 3rd Quarter 2022 Private Markets report by Meketa Investment Group.

Laura Wirick of Meketa Investment Group presented the Q3 2022 Private Markets report and answered questions from the Board.

- d. Presentation of Calendar 4th Quarter 2022 Performance report for Pension Plan by Meketa Investment Group.

Laura Wirick from the Meketa Investment Group presented the Q4 2022 Performance report for Pension Plan and answered questions from the Board.

- e. Presentation of Calendar 4th Quarter 2022 Performance report for Health Care Trust by Meketa Investment Group.

Laura Wirick from the Meketa Investment Group presented the Q4 2022 Performance report for Health Care Trust and answered questions from the Board. This item will be back to the Police and Fire Board meeting in April.

- f. Discussion and action on strategic asset allocation by Meketa Investment Group.

This Investments item was deferred to the next Police and Fire Board meeting in April.

- g. Discussion and action regarding the prefunding of the City's retirement contribution.

Jay Kwon, Senior Investment Officer, presented the prefunding of the City's retirement contribution. Mr. Kwon discussed the full discount rates and highlighted three key factors and answered questions from the Board.

A motion was made to approve the staff recommendation to extend City the discount rate of 6.625%.

Approved. (M.S.C. Santos/Menon 7-0-0) The motion passed unanimously. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS - NONE

4. NEW BUSINESS

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.

CEO Peña updated the Board on the following:

- Linda Alexander is retiring at the end of this month on March 31, 2023. She is planning to come back as a rehired retiree after 30 days, as the ORS Administrative Group would appreciate her support and expertise. Linda has been with the ORS for 10 years and worked remotely for 3 years. We wish Linda a healthy and happy retirement.**
- Isela Chaparro, welcome to the ORS. She will be taking over Linda's position as the**

Executive Assistant. Isela has a lengthy work experience with the City of San Jose and she has a good reference from the former Mayor Sam Liccardo.

-The Medicare Part-B Reimbursement letters and forms were mailed out to eligible P&F retirees in February. The completed forms are due by April 1, 2023 and the refunds goes back to the eligible P&F retirees pension checks.

-The Joint Meeting of the City Council, the Federated Retiree Board and the P&F Retiree Board is scheduled on Thursday, March 30th from 1:30 p.m. to 4:30 p.m. in the Wing Room 118-120. There are two items in the agenda. We have 6 new City Council members. We will be providing introduction for allocation to the retirement plan and accrual to the retirement plan.

- The office will be closed on Friday, March 31, 2023 in observance of Cesar Chavez Day.

- b. Oral update from the City Council Liaison to the Board.

Council Liaison Foley updated the Board on pending matters before the Council.

The Board took a break at 11:18 a.m. and resume at 11:25 a.m.

- c. Discussion on SJMC § 3.36.3660 Disability retirement of participant and the impact on the Benefit of Disability Retirees with Separate Account Alternate Payees.

Time Certain: 9:30 a.m.

This item was heard first after Closed Session.

Maytak Chin, General and Fiduciary Counsel, spoke on the item. Counsel Chin further explained that the Board and Plan must follow all applicable IRS rules when implementing SJMC § 3.36.3660. Counsel Chin introduced the Tax Counsel, Lisa Harrison and Rob Gauss from Ice Miller, to discuss the tax implication for SJMC § 3.36.3660. Tax counsel also answered questions from the Board.

The Board also heard public comment from affected members, a representative of the retiree association, Councilmember Foley, and ORS staff.

- d. Discussion and action regarding approval to increase the FY22-23 administrative budget for professional services by \$200,000 to a total of \$998,000.

CEO Roberto Peña introduced and spoke on the item. Mr. Peña discussed the proposed increase and the recommendations to approve and answered questions from the Board.

A motion was made to approve to increase the FY 22-23 administrative budget for professional services.

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

- e. Discussion and action on the Office of Retirement Services proposed administrative budget for FY23-24.

CEO Roberto Peña spoke on the item, and the ORS Accounting Manager, Benjie Chua-Foy, produced supporting documents to present to the Board and City Council. The administrative budget report included legal analysis, estimates and uses of funds, and transparencies. Mr.

Peña discussed the proposed increase and the recommendations to approve and answered questions from the Board.

A motion was made to approve the ORS administrative budget for FY 23-24.

Approved. (M.S.C. Santos/Lee 7-0-0) The motion passed unanimously by roll call vote. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

5. RETIREMENTS

5.1 Service Retirements

Vice-Chair Vado read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously. Trustee Menon voted virtually via Zoom. Chair Lanza and Trustee Ganapati were absent.

- a. **Steven A. Forman**, Battalion Chief, Fire Department, effective January 23, 2023; 26.48* years of service.
- b. **Gregory A. Lombardo**, Police Captain, Police Department, effective March 18, 2023; 28.19* years of service.
- c. **Abraham Ra'oof**, Police Officer, Police Department, effective March 18, 2023; 26.53* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Vice-Chair Vado read the Death Notification into the record and asked for a moment of silence for those who have served and passed away. Trustee Santos said a few kind words.

- a. Notification of the death of **Dennis G. Anderson**, Fire Captain, retired December 16, 1985, died January 25, 2023. Survivorship benefits to Helen Anderson, spouse.
- b. Notification of the death of **James Christensen**, Fire Captain, retired August 5, 2000, died December 10, 2022. No survivorship benefits.
- c. Notification of the death of **John W. Earnest**, Fire Engineer, retired May 21, 1996, died February 8, 2023. Survivorship benefits to Janice F. Earnest, spouse.
- d. Notification of the death of **Michael Gilligan**, Fire Fighter, retired January 7, 1993, died January 24, 2023. No survivorship benefits.

- e. Notification of the death of **Jerry L. Harrell**, Fire Engineer, retired July 9, 1998, died January 14, 2023. No survivorship benefits.
- f. Notification of the death of **Billy Key**, Police Officer, retired March 3, 1983, died January 2, 2023. No survivorship benefits.
- g. Notification of the death of **Marcel Lassalle**, Fire Engineer, retired January 7, 1990, died December 6, 2022. Survivorship benefits to Nadine Lassalle, spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Menon - CH/Gardanier/Ganapati/Lee)

Last Meeting: February 28, 2023 (Regular) Next Meeting: April 25, 2023 (Regular)

- a. Oral update from the Chair of the Investment Committee.

Chair Menon spoke about the last Investment Committee meeting and stated that the Committee had further work to do on the Strategic Asset Allocation before it would be ready to present to the Board.
- b. Minutes of the January 5, 2023, Special Police and Fire Investment Committee meeting. Received and file.

Received and filed.

7.2 Audit/Risk Committee (Ganapati-CH/Lee/Wilson)

Last Meeting: February 16, 2023 (Regular) Next Meeting: May 18, 2023 (Regular)

- a. Oral update from the Chair of the Audit/Risk Committee.

CEO Peña updated the Board on the last Joint Audit Committee meeting.
- b. Minutes of the Special Audit/Risk Committee meeting from January 5, 2023. Receive and file.

Received and filed.
- c. Minutes of the October 20, 2022, Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

Received and filed.

- d. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.

Received and filed.

- e. Status of Audit Recommendations by Internal Auditor, Houman Boussina. Receive and file.

Received and filed.

- f. 2022 Internal Staff Survey by Internal Auditor, Houman Boussina. Receive and file.

Received and filed.

7.3 Governance Committee (Vado - CH/Kwan/Santos)

Last Meeting: December 1, 2022 (Special) Next Meeting: March 2, 2023 (Regular)

- a. Oral update from the Chair of the Governance Committee.

There was no update.

7.4 Disability Committee (Santos - CH/Lanza - Alts: Menon/Vado)

Last Meeting: February 6, 2023 (Regular) Next Meeting: March 13, 2023 (Regular)

- a. Oral update from the Chair of the Disability Committee.

Chair Santos reported that the next P&F Disability Committee meeting would be on March 13, 2023 at 12:00 p.m. at ORS's 5th floor Boardroom.

- b. Minutes from the November 7, 2022 Police and Fire Disability Committee meeting. Receive and file.

Received and filed.

- c. Minutes of the Special Disability Committee meeting from January 5, 2022. Receive and file.

Received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: February 9, 2023 (Regular) Next Meeting: March 9, 2023 (Regular)

- a. Oral update from the Chair of the Joint Personnel Committee.

Chair Menon updated the Board on the ongoing work on incentive compensation issues being undertaken by the Joint Personnel Committee.

- b. Minutes from the January 12, 2023, Special JPC meeting. Receive and file.

Received and filed.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 12:13 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

FRANCO VADO, VICE-CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES