



BOARD OF ADMINISTRATION

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

Thursday, November 7, 2024

9:00 AM

City Hall, Wing Rooms 118-120
200 E. Santa Clara St. San Jose, CA 95113

HYBRID MEETING

PHYSICAL LOCATION:

City Hall, Wing Rooms 118-120, 200 E. Santa Clara St. San Jose, Ca 95113

ZOOM INFORMATION:

zoom.us

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

Meeting ID: 959 0376 2712

Pass Code: 613870

Franco Vado, Chair, Police Retiree Rep (Term Expires 11/30/24)
Sunita Ganapati, Vice-Chair, Public Member (Term Expires 11/30/26)
Andrew Gardanier, Trustee, Fire Active Rep (Term Expires 11/30/27)
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)
Vacant, Trustee, Public Member

Pam Foley, City Council Liaison to the Board

Maytak Chin, General and Fiduciary Counsel

John Flynn, CEO, Office of Retirement Services

Present: 8 - David Kwan, Sunita Ganapati, Dave Wilson, Franco Vado, Howard Lee,
Eswar Menon, Richard Santos and Andrew Gardanier

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met in person at City Hall Wing Rooms 118-120 and via Zoom on Thursday, November 7, 2024 at 9:00 a.m. Chair Vado called the Pension Plan and Health Care Trust meeting to order at 9:01 a.m. followed by roll call.

Board Members Present: Franco Vado, Sunita Ganapati, Dave Wilson, Richard Santos, David Kwan, Howard Lee, Andrew Gardanier and Eswar Menon.

Retirement Staff Present: John Flynn, Barbara Hayman, David Aung, Harrison Pearce, Christina Wang, Ron Kumar, Jay Kwon, Benjie Chua-Foy, Chris Ha, Edith Aldama, Sherrell Aledo, Gabriela Romero-Castrejon, and Cynthia Ayala.

Retirement Staff Present via Zoom: Linda Alexander, Prabhu Palani, Dhinesh Ganapathiappan, Nam Cao, Arun Nallasivan, Ellen Lee, and Sandra Castellano.

Also Present: Bill Gold, OER; Maytak Chin, General and Fiduciary Counsel; Pam Foley, Council Liaison; Bill Hallmark and Anne Harper, Cheiron; John Cleveland, Public Attendee; Gretchen Flicker, Public Attendee; Christopher Maldonado, Public Attendee; Laura Wirick, Meketa Investment Group; Eileen Neil and Marc Gesell, Verus.

Also Present via Zoom: Colin Kowalski, Meketa Investment Group; Kevin Balaod, Journalist; Tim Doyle, Public Attendee; David Woolsey, Police Department.

ADA ALERT

In accordance with the requirements of AB 2449, the Board of Administration (“Board”) will generally, upon request, provide appropriate aids and services leading to effective communication for individuals with disabilities so they can participate equally in the Board’s meetings, including qualified sign language interpreters, documents in Braille, and other ways of making information and communications accessible to people who have speech, hearing, vision or other disabilities.

Anyone who requires an auxiliary aid or service for effective communication to participate in a Board meeting should contact the designated contact in Office of Retirement Services as far in advance of the scheduled meeting as possible. The Board strongly encourages individuals with disabilities to endeavor to submit requests for reasonable accommodation no later than five (5) business days before the scheduled meeting, as the Board may not be able to grant requests for reasonable accommodations without sufficient advance notice. The Board strongly encourages individuals with disabilities to submit their written requests via email or regular mail to facilitate tracking and response; however, if the submission of a written request constitutes a hardship, individuals may call the Office of Retirement Services to submit an oral request.

The designated contact in the Office of Retirement Services will endeavor to respond to each request within three (3) business days of receipt of the request. Depending on the request, the designated contact in the Office of Retirement Services may ask to schedule a time to discuss the request (which may occur virtually) to determine the most appropriate auxiliary aid or service, before the request is resolved.

ADA Designated Contact Information

Attention: Deputy Director/Chief Operations Officer, Office of Retirement Services
Address: 1737 N First St #600, San Jose, CA 95112
Email: #Retire_Admin@sanjoseca.gov
Phone: 408-794-1000 (ORS Main Line)

THE LEVINE ACT

Senate Bill 1439 (“Levine Act”) amended Government Code Section 84308 and requires disclosure and recusal by a local elected official and some members of boards and commissions if they receive campaign contributions over \$250 from a party, a participant with a financial interest in a proceeding, or their respective agents. The Levine Act was an anti-corruption law intended to curb “pay-to-play” and enhance public trust so that decision-makers can maintain their independence from the influence of donations for political campaigns. SB 1439 expanded the scope from state agency appointees or appointed local officials to include local elected officials. Please visit <https://www.sanjoseca.gov/your-government/appointees/city-clerk/levine-act> for updated forms and information.

AB 2449 REMOTE APPEARANCE(S)

a. Just Cause Circumstance(s) (Gov’t Code § 54953)

- i. The following Trustee(s) have notified the Board of a “Just Cause” to attend this meeting via teleconference.

NONE

- ii. Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference.

b. Emergency Circumstance(s) (Gov't Code § 54953)

- i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."

NONE

- ii. Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."
iii. Take action on request(s) for remote appearance.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 10:30 A.M.

I. CLOSED SESSION OLD BUSINESS/CONTINUED-DEFERRED ITEMS

Closed session was heard immediately after item 4c. The Board entered into Closed Session at 9:58 a.m.

- A. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Investment Officer.**

There was no reportable action for this item from Closed Session.

- B. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Trustee Eswar Menon; Unrepresented employees: Chief Investment Officer.**

There was no reportable action for this item from Closed Session.

The Board came out of Closed Session at 10:33 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 11:00 a.m.

Open Session re-convened at 10:37 a.m.

ORDERS OF THE DAY

Orders of the Day was heard immediately after roll call attendance.

ORDERS OF THE DAY:

- Time Certain: 9:10 a.m. - Item 4c
- Item 4i to be heard before item 4a

WAIVE SUNSHINE:

A motion was made to waive sunshine on the attachment 4n and 7.2d(2).

Approved. (M.S.C. Santos/Gardanier 8-0-0).

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

None.

1. CONSENT CALENDAR

The Consent Calendar was heard after item 2a.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Wilson/Santos 8-0-0).

1.1 Approval Of Minutes

- a. Approval of the Board Minutes of October 3, 2024.

1.2 Return of Contributions

- a. Voluntary | Involuntary

1.3 Approval Of Travel & Reimbursements

- a. John Flynn, CEO
- CALAPRS Annual General Assembly 2025, Silverado Resort, Napa, CA, March 2 - 5, 2025.
- b. Reimbursements
- John Flynn's 'Temporary Lodging Reimbursement' for August 24-October 6, 2024 pursuant to CEO Employment Contract, Paragraph 3(C), Exhibit E.

1.4 Communication/Information

- a. Police and Fire Retirement System Dashboard.

- b. Report of the Monthly Board Expenses for July 2024. Receive and file.
- c. Report of the Monthly Board Expenses for August 2024. Receive and file.
- d. Report of the Monthly Board Expenses for September 2024. Receive and file.
- e. Q1 FY24-25 Budget to Actual Quarterly Budget Report.

1.5 Education and Training

- a. The Cortex Report - November 2024, Conferences, Seminars and Educational Programs.
- b. CALAPRS 2024 Program Calendar.
- c. CALAPRS General Assembly 2025, Silverado Resort, Napa, CA, March 2 - 5, 2025.
- d. Pension Bridge The Annual 2025, Ritz-Carlton, Half Moon Bay, CA, March 24 - 26, 2025.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

This item was heard after Closed Session.

CIO Palani updated the Board and reported on the following unaudited estimated performance by Meketa Investment Group:

- For FYTD as of November 5, 2024, the Pension Plan was up 2.97%.
- For FYTD as of November 5, 2024, the Health Care Trust was up 3.77%.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS-NONE

4. NEW BUSINESS

- a. Oral update by CEO, John Flynn.

This item was heard after item 4i.

CEO updated the board on the following topics:

- Recognition of retiring ORS analyst, Theresa Sitchler

- ORS recruitment activities
- Open Enrollment and Health Fair – Open Enrollment 2025 Rates letter
- Annual Business Continuity Test
- ORS Procurement Policy
- Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2023
- IRS 415(b) limit for 2025 is \$280,000
- Interview schedule for unschedule member board seat
- Retirement Connection newsletter
- Request for Proposal activities
- Replacement project of physcial phones with Zoom Phones
- Upcoming ORS Holidays.
- CEO Transition Update

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

City Council Liaison updated the Board on matters before the City Council, and matters related to ORS operations and the Board.

- c. Discussion and action on recommendation to City Council for the Public Board Member to fill 9th seat of the Board for full term ending April 30, 2027, following interviews of trustee candidates.

Time Certain: 9:10 a.m. or soon thereafter

Candidates:

- John Cleveland
- Gretchen Flicker

This item was heard immediately after the Board's waiver of sunshine motion.

Chair Vado introduced this item. The Board interviewed candidates John Cleveland and Gretchen Flicker separately. Each trustee candidate recused themselves from the meeting while the Board interviewed the other candidate. Counsel Chin advised of the procedures for the position set forth under SJMC § 2.08.1240 for this vacant trustee seat.

After discussion, a motion was made to recommend Gretchen Flicker to the City Council to serve as a Public Board Member to 9th seat of the Board for a full term ending April 30, 2027.

Approved. (M.S.C. Ganapati/Wilson 8-0-0).

- d. Discussion on Preliminary Pension Valuation Results as of June 30, 2024 presented by Cheiron.

Bill Hallmark and Anne Harper, Cheiron, presented this item and answered questions from the Board.

- e. Discussion and action on assumptions for the OPEB June 30, 2024 actuarial valuation to be presented by Cheiron.

Bill Hallmark, Cheiron, presented this item and answered questions from the Board.

A motion was made to accept the recommendations on assumptions stated on slide 19 of the presentation materials for the OPEB June 30, 2024 actuarial valuation.

Approved. (M.S.C. Gardanier/Santos 8-0-0).

- f. Discussion and action on merit and executive days for fiscal year ending June 30, 2025 for the CIO position.

Trustee Menon spoke to the item.

A motion was made to approve a 2.5% merit increase and five executive days for fiscal year ending June 30, 2025 for the CIO position.

Approved. (M.S.C. Wilson/Santos 8-0-0).

- g. Nominations for the position of Board Chair for calendar year 2025.

Trustee Wilson nominated Chair Vado for the position of Board Chair for calendar year 2025 and Chair Vado accepted the nomination.

- h. Nomination for the position of Board Vice-Chair for calendar year 2025.

Trustee Wilson nominated Trustee Kwan for the Board Vice-Chair position for calendar year 2025. Trustee Menon nominated Vice-Chair Ganapati for the Board Vice-Chair position for calendar year 2025. Both Trustee Kwan and Vice-Chair Ganapati accepted the nomination.

- i. Discussion and action to authorize investment and risk consultants to review the Investment Policy Statement (including but not limited to the Investment Committee's May 14, 2024 recommended action) based on consultants' proposed scope of services, timeline, and budget for same.

This item was heard after the Consent Calendar.

Trustee Menon introduced this item. Vice-Chair Ganapati and Chair Vado added comments. Eileen Neil, Verus, and Laura Wirick, Meketa Investment Group, added comments and answered questions from the Board. Counsel Chin asked the consultants if the services requested are already covered by the scope of their existing agreements with the Board, and the consultants confirmed it was.

A motion was made to authorize investment and risk consultants along with fiduciary counsel to review Investment Policy Statement and the Investment Committee's May 14, 2024 recommendation, and to come back to the Board with the consultants' recommendations based on best practices.

Approved. (M.S.C. Wilson/Ganapati 8-0-0).

- j. Discussion and action on establishing a Joint Ad Hoc Committee of two board members from each board to participate in the procurement process for legal services used by the ORS and the Boards. This Joint Ad Hoc Committee would continue until the selected vendors execute all contracts.

This item was heard after item 4h.

CEO Flynn spoke to the item and answered questions from the Board. Vice-Chair Ganapati

and Chair Vado volunteered to be part of the Joint Ad Hoc Committee to participate in the procurement process for legal services used by the ORS and the Boards.

A motion was made to establish a Joint Ad Hoc Committee to participate in the procurement process for legal services used by the ORS and the Boards and for Chair Vado and Vice-Chair Ganapati to be the two Police and Fire Board members on the Committee.

Approved. (M.S.C. Wilson/Santos 8-0-0).

- k. Discussion and action to give authority to the proposed Joint Ad Hoc Committee to work with staff to identify how they would be involved in procuring the legal services and set an appropriate timeline so that all services may be procured and the contract(s) executed no later than June 30, 2025.

CEO Flynn spoke to the item.

A motion was made give authority to the proposed Joint Ad Hoc Committee to work with staff to identify how they would be involved in procuring the legal services and set an appropriate timeline so that all services may be procured and the contract(s) executed no later than June 30, 2025.

Approved. (M.S.C. Wilson/Santos 8-0-0).

- l. Discussion and action to procure separate services for general counsel and fiduciary counsel.

CEO Flynn spoke to the item.

A motion was made to procure separate services for general counsel and fiduciary counsel.

Approved. (M.S.C. Wilson/Santos 8-0-0).

- m. Discussion and action on authorizing the secretary to negotiate and execute the third amendment to the agreement with Cortex Consulting for governance consulting services to extend the term of the agreement to March 31, 2025, and increase the compensation payable under the agreement by \$5,000 to a not to exceed the amount of \$80,000.

CEO Flynn spoke to the item and answered questions from the Board.

A motion was made to authorize the secretary to negotiate and execute the third amendment to the agreement with Cortex Consulting for governance consulting services to extend the term of the agreement to March 31, 2025, and increase the compensation payable under the agreement by \$5,000 to a not to exceed the amount of \$80,000.

Approved. (M.S.C. Santos/Gardanier 8-0-0).

- n. Discussion and action on creating a Joint Ad hoc Committee (JAHC) with the Federated Board for procuring actuarial and actuarial audit services for the Office of Retirement Services (ORS) and the System / Plan.

CEO Flynn spoke to the item and answered questions from the Board. Counsel Chin assisted

with answering questions.

A motion was made to create a Joint Ad hoc Committee (JAHC) with the Federated Board for procuring actuarial and actuarial audit services for the Office of Retirement Services (ORS) and the System / Plan and Trustee Kwan to be the Police and Fire Board member on this Joint Ad Hoc Committee.

Approved. (M.S.C. Santos/Wilson 8-0-0).

5. RETIREMENTS

5.1 Service Retirements

Chair Vado read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Wilson 8-0-0). Trustees Santos and Wilson said a few kind words.

- a. **Carlos Acosta**, Police Captain, Police Department, effective November 28, 2024; 25.62* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Chair Vado read the Death Notifications into the record and asked for a moment of silence for those who have served and passed away. Trustees Santos and Wilson said a few kind words.

- a. Notification of the death of **Robert Crowder**, Fire Captain, retired January 8, 1986, died August 26, 2024. Survivorship benefits to Evelyn Crowder, spouse.
- b. Notification of the death of **Duncan De Mers**, Police Officer, retired January 15, 1998, died October 14, 2024. No survivorship benefits.
- c. Notification of the death of **Mills Ridgway**, Fire Captain, retired July 9, 1989, died September 28, 2024. Survivorship benefits to Cheryl Ridgway, spouse.
- d. Notification of the death of **Paul E. Tomlinson**, Police Sergeant, retired December 16, 1996, died August 24, 2024. Survivorship benefits to Carolyn Louise Tomlinson, spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: August 20, 2024

Next Meeting: December 17, 2024

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

There was no update.

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

Last Meeting: October 31, 2024

Next Meeting: February 20, 2025

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

Chair Lee updated the Board on matters regarding the last meeting.

- b. Minutes of the Audit Committee meeting from August 15, 2024. Receive and file.

The Minutes were received and filed.

- c. Discussion and action regarding communication to the Board of Administration of the City of San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System from Macias Gini & O'Connell (MGO), the Plan's external auditor:

- a. Independent auditor's report on the internal control over financial reporting, compliance and other matters based on an Audit of Financial Statements performed.

- b. Independent auditor's Management Letter comments and recommendations regarding audit findings.

Chair Lee spoke to the item.

A motion was made to accept the Item 7.2(a)(c)(a) regarding the independent auditor's report on the internal control over financial reporting, compliance and other matters based on an Audit of Financial Statements performed.

Approved. (M.S.C. Ganapati/Wilson 8-0-0).

Item 7.2a(c)(b) was deferred to the next meeting.

- d. Discussion and action on the approval of the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2023-2024.

A motion was made to approve the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2023-2024.

Approved. (M.S.C. Santos/Gardanier 8-0-0).

- e. Discussion of CEO's assessment of ORS staff positions, including but not limited to the Senior Internal Auditor position.

CEO Flynn spoke to the item. Vice-Chair Ganapati thanked CEO Flynn.

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

Last Meeting: June 18, 2024

Next Meeting: December 19, 2024

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

There was no update.

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

Last Meeting: September 9, 2024

Next Meeting: November 15, 2024

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

Chair Santos announced that the next Police and Fire Disability Committee meeting will take place on Friday, November 15, 2024.

7.5 Joint Personnel Committee (Menon - CH/Gardanier/Vado)

Last Meeting: April 25, 2024

Next Meeting: January 21, 2025

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

There was no update.

• **PROPOSED AGENDA ITEMS**

None.

• **ADJOURNMENT**

Next Meeting: December 5, 2024

The meeting adjourned at 12:19 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

FRANCO VADO, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

JOHN FLYNN, CEO
OFFICE OF RETIREMENT SERVICES

The Code of Conduct

(<https://www.sanjoseca.gov/home/showpublisheddocument/12901/63667000496663000>)

0) is intended to promote open meetings that welcome debate of public policy issues being discussed by the City Council, their Committees, and City Boards and Commissions in an atmosphere of fairness, courtesy, and respect for differing points of view.

1. Public Meeting Decorum:

- a) Persons in the audience will refrain from behavior which will disrupt the public meeting. This will include making loud noises, clapping, shouting, booing, hissing or engaging in any other activity in a manner that disturbs, disrupts or impedes the orderly conduct of the meeting.
- b) Persons in the audience will refrain from creating, provoking or participating in any type of disturbance involving unwelcome physical contact.
- c) Persons in the audience will refrain from using cellular phones and/or pagers while the meeting is in session.
- d) Appropriate attire, including shoes and shirts are required in the Council Chambers and Committee Rooms at all times.
- e) Persons in the audience will not place their feet on the seats in front of them.
- f) No food, drink (other than bottled water with a cap), or chewing gum will be allowed in the Council Chambers and Committee Rooms, except as otherwise pre-approved by City staff.
- g) All persons entering the Council Chambers and Committee Rooms, including their bags, purses, briefcases and similar belongings, may be subject to search for weapons and other dangerous materials.

2. Signs, Objects or Symbolic Material:

- a) Objects and symbolic materials, such as signs or banners, will be allowed in the Council Chambers and Committee Rooms, with the following restrictions: § No objects will be larger than 2 feet by 3 feet.
 - No sticks, posts, poles or other such items will be attached to the signs or other symbolic materials.
 - The items cannot create a building maintenance problem or a fire or safety hazard.
- b) Persons with objects and symbolic materials such as signs must remain seated when displaying them and must not raise the items above shoulder level, obstruct the view or passage of other attendees, or otherwise disturb the business of the meeting.
- c) Objects that are deemed a threat to persons at the meeting or the facility infrastructure are not allowed. City staff is authorized to remove items and/or individuals from the Council Chambers and Committee Rooms if a threat exists or is perceived to exist. Prohibited items include, but are not limited to: firearms (including replicas and antiques), toy guns, explosive material, and ammunition; knives and other edged

weapons; illegal drugs and drug paraphernalia; laser pointers, scissors, razors, scalpels, box cutting knives, and other cutting tools; letter openers, corkscrews, can openers with points, knitting needles, and hooks; hairspray, pepper spray, and aerosol containers; tools; glass containers; and large backpacks and suitcases that contain items unrelated to the meeting.

3. Addressing the Council, Committee, Board or Commission:

- a) Persons wishing to speak on an agenda item or during open forum are requested to complete a speaker card and submit the card to the City Clerk or other administrative staff at the meeting.
 - b) Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the total amount of time allocated for public testimony for each public speaker or for an agenda item is in the discretion of the Chair of the meeting and may be limited when appropriate. (California Government Code Section 54954.3; Council Policy 0-37) Applicants and appellants in land use matters are usually given more time to speak. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Council, Committee, Board or Commission.
 - c) Speakers should discuss only the agenda item when called to speak for that item, and only topics related to City business when called to speak during open forum on the agenda.
 - d) Speakers' comments should be addressed to the full body. Requests to engage the Mayor, Council Members, Board Members, Commissioners or Staff in conversation will not be honored. Abusive language is inappropriate.
 - e) Speakers will not bring to the podium any items other than a prepared written statement, writing materials, or objects that have been inspected by security staff.
 - f) If an individual wishes to submit written information, he or she may give it to the City Clerk or other administrative staff at the meeting.
 - g) Speakers and any other members of the public will not approach the dais at any time without prior consent from the Chair of the meeting.
- Failure to comply with this Code of Conduct which will disturb, disrupt or impede the orderly conduct of the meeting may result in removal from the meeting and/or possible arrest.