



BOARD OF ADMINISTRATION

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

Thursday, October 5, 2023

8:30 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: 978 8596 5040

Pass Code: 173711

Drew Lanza, Chair, Public Member (Term Expires 4/30/27)

*Franco Vado, Vice-Chair, Police Retiree Rep (Term Expires 11/30/24) - Conference Center at Hilton, 6924
Grand Vacations Way, Orlando, FL 32821*

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

Absent: 1 - Drew Lanza

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, October 5, 2023, at 8:30 a.m. Vice-Chair Vado called the Pension Plan and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

Counsel Chin questioned Vice-Chair Vado on having satisfied the requirements of the Traditional Brown Act teleconferencing rules and Vice-Chair Vado responded in the affirmative.

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

Board Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Franco Vado.

Chair Drew Lanza absent.

Vice-Chair Vado departed at 10:41 a.m.

Retirement Staff Present: Prabhu Palani, Robert L. Peña, Barbara Hayman, Jay Kwon, Eric Tsang, Harrison Pearce, Ron Kumar, Christina Wang, Dhinesh Ganapathiappan, Arun Nallasivan, Shilpi Dwivedi, Edith Aldama, Sherrell Aledo and Cynthia Ayala.

Retirement Staff Present via Zoom: Chris Reyes, Ellen Lee, David Aung, Houman Boussina, Sandra Castellano and Julie He.

Also Present: Pam Foley, Council Liaison; Cheryl Parkman, OER; Valter Viola, Cortex Consulting; Bill Hallmark and Anne Harper, Cheiron; Maytak Chin, General and Fiduciary Counsel.

Also Present via Zoom: Laura Wirick and Jared Pratt, Meketa Investment Group; Marc Gesell and Eileen Neil, Verus; Cyril Espanol, Journalists.

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)

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 8:30 A.M.

I. CLOSED SESSION NEW BUSINESS

The Board entered into Closed Session at 8:35 a.m.

- A. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Franco Vado, Board Vice Chair and Eswar Menon, Investment Committee Chair. Unrepresented employees: Chief Executive Officer and Chief Investment Officer.**

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

- B. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Chief Executive Officer and counsel.**

This Closed Session Item was heard after Closed Session Item IC.

Counsel Chin recused herself from this agenda item at 9:22 a.m., and Conflicts Counsel Russ Richeda joined the Board for this agenda item.

Trustee Gardanier announced the reportable action for item B from Closed Session as follows by unanimous vote in closed session:

-Board retained Conflicts Counsel Russ Richeda

-Board approved a budget of \$25,000

-Board approved the appointment of Vice Chair Vado to serve as the liaison to discuss with Conflicts Counsel.

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

This Closed Session Item was heard after Closed Session Item IA.

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

The Board came out of Closed Session at 10:35 a.m. Vice Chair Vado departed at 10:41 a.m.

A motion was made to nominate Trustee Gardinaier to serve as Acting Chair for this meeting upon Vice Chair Vado's departure.

Approved. (M.S.C. Santos/Kwan 7-0-0). Chair Lanza and Vice Chair Vado were absent.

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

Open Session re-convened at 10:38 a.m.

• **ORDERS OF THE DAY**

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

Vice-Chair Vado read the following into the record:

A FEW GROUND RULES FOR THIS MEETING:

- 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.

ORDERS OF THE DAY:

- The October 10th Disability Committee meeting has been cancelled. The next Disability Committee meeting will be on November 6th.

Vice-Chair Vado stated that the Board received information related to two items after the agenda posting that need immediate action by the Board. Because one item involves performance evaluation, he proposed that the matter be added to the agenda and heard in closed session.

A motion was made to add the new item for performance evaluation for the CIO to the Board's closed session agenda pursuant to Gov. Code, § 54954.2(b)(2).

Approved. (M.S.C. Santos/Wilson 8-0-0). The motion passed unanimously by roll call vote. Chair Lanza was absent.

A motion was made to add a second item for discussion and action to amend the contract with the external auditors, Macias Gini & O'Connell LLP, with a NTE \$25,000 to the New Business section pursuant to Gov. Code, § 54954.2(b)(2).

Approved. (M.S.C. Santos/Gardanier 8-0-0). The motion passed unanimously by roll call vote. Chair Lanza was absent.

The Board went into closed session after Orders of the Day.

WAIVE SUNSHINE:

The Board waived sunshine after item 2b.

- Item 2c(1): PF Annual Fee Report 2022

- Item 2c(2): Fee Presentation – PF 2022
- Item 4d: 2023 Economic Assumptions Review

A motion was made to waive sunshine on the attachments for items 2c(1), 2c(2) and 4d.

Approved. (M.S.C. Santos/Wilson 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

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

None.

1. CONSENT CALENDAR

This item was heard after Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Wilson 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

1.1 Approval for a Change in Status to Service-Connected Disability Retirement

- Rubens Dalaison**, Police Officer, Police Department, Request for Change in Status to Service-Connected Disability Retirement, effective September 19, 2020; 24.52* years of service.
(Disability Committee Recommendation: Approval)
- Vincent Dupree**, Fire Captain, Fire Department, Request for Change in Status to Service-Connected Disability Retirement, effective January 28, 2018; 23.05* years of service.
(Disability Committee Recommendation: Approval)
- Eric Hernandez**, Fire Captain, Fire Department, Request for Change in Status to Service-Connected Disability Retirement, effective August 10, 2019; 25.17* years of service.
(Disability Committee Recommendation: Approval)
- George King**, Fire Engineer, Fire Department, Request for Change in Status to Service-Connected Disability Retirement, effective January 25, 2020; 25.54* years of service.
(Disability Committee Recommendation: Approval)
- Gilbert Torres**, Police Lieutenant, Police Department, Request for Change in Status to Service-Connected Disability Retirement, effective January 24, 2010; 29.30* years of service.
(Disability Committee Recommendation: Approval)

1.2 Approval Of Minutes

- Approval of the Board Minutes of September 7, 2023.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Eswar Menon, Trustee
 - The 2023 Pension Bridge Alternatives, The Westin Times Square, New York City, New York, October 10-11, 2023
- b. Prabhu Palani, CIO
 - Fiduciary Investors Symposium, Stanford University, Palo Alto, CA, September 19-21, 2023
- c. Andrew Gardanier, Trustee
 - SACRS Annual Fall Conference 2023, Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, CA, November 7 - 10, 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 July 2023. Receive and file.

1.6 Education and Training

- a. The Cortex Report - September 2023, Conferences, Seminars and Educational Programs.
- b. CALAPRS 2023 Program Calendar.
- c. SACRS Annual Fall Conference 2023, Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, CA - November 7 - 10, 2023.

1.7 Notice of Alternate Payee Benefit Election

- a. Approval of Alternate Payee Benefit election of Unreduced Retirement Option to be paid to Melinda Doss, ex-spouse of Fire Captain, **Cleotis Doss** to be effective October 19, 2023 under

Part 17, Section 3.36.3600 of the San Jose Municipal Code.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani introduced Jay Kwon, Senior Investment Officer, and Eileen Neil, Verus, to present the revised Investment Policy Statement.

- b. Discussion and approval of the revised Investment Policy Statement for San Jose Police and Fire Department Retirement Plan and approval of Resolution No. 4837.

Jay Kwon, Senior Investment Officer, and Eileen Neil, Verus, presented the revised Investment Policy Statement.

A motion was made to approve the revised Investment Policy Statement for San Jose Police and Fire Department Retirement Plan and to approve Resolution No. 4837.

Approved. (M.S.C. Santos/Menon 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

- c. Presentation of Investment Fee report for Calendar year 2022 by Investment Staff.

CIO Palani introduced Investment staff Eric Tsang and Dhinesh Ganapathiappan to present the Investment Fee Report for calendar year 2022. Eric Tsang, Dhinesh Ganapathiappan, and CIO Palani answered questions from the Board. Trustee Gardanier thanked Investment staff for their presentation.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on merit increase and executive days for the CEO/CIO positions.

This item was heard after item 4h.

The merit increase and executive days for the CEO position was deferred to the November 2nd Board meeting.

Trustee Menon stated that the CIO review was outstanding and reported the proposed merit increase of 6% and 5 executive days.

A motion was made to approve the 6% merit increase and 5 executive days for the CIO position.

Approved. (M.S.C. Wilson/Santos 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

- b. Discussion and action to approve Disability Committee Charter.

Counsel Chin introduced the Disability Committee Charter and pointed out the updated change.

A motion was made to approve the Disability Committee Charter.

Approved. (M.S.C. Santos/Gardanier 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

4. **NEW BUSINESS**

- a. Oral update by CEO, Roberto L. Peña.

CEO Peña updated the Board on the following:

- The health open enrollment is taking place from November 1 - November 30, 2023.
- The Retiree Health Fair will take place on November 8, 2023 from 10 a.m. to 2 p.m.
- The staff open enrollment presentation will take place on November 9, 2023 at the Association of Retired San Jose Police Officers and Firefighters.
- ORS Disability Analyst will be retiring later this month, and a new Analyst will be starting next month.
- Yanira Hernandez was hired for the ORS Senior Office Specialist position.
- The new Accountant I, Trang Vo, started on Monday, September 11, 2023.
- ORS has a new Benefits Health Analyst that started in her role last month.
- The new Executive Assistant, Cynthia Ayala was introduced.
- The ORS office will be closed on October 9, 2023 for Indigenous Peoples Day.
- The RFP for insurance brokers was issued last week and closed on September 29, 2023.

CEO Peña answered questions from the Board.

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

City Council Liaison updated the Board on pending matters before the Council. Trustee Santos thanked City Council Liaison Foley for her service.

- c. Presentation by Bill Hallmark from Cheiron on revisions to actuarial standards affecting public pensions plans.

Bill Hallmark and Anne Harper from Cheiron Inc. were introduced and presented the revisions to the actuarial standards affecting public pension plans. Mr. Hallmark and Ms. Harper answered questions from the Board.

- d. Discussion and action on Pension economic assumptions for the June 30, 2023 Actuarial Valuation to be presented by Cheiron.

Bill Hallmark and Anne Harper from Cheiron Inc. presented the Pension economic assumptions for the June 30, 2023 actuarial valuation. Mr. Hallmark and Ms. Harper answered questions from the Board. Counsel Chin assisted with answering questions from the Board. Laura Wirick from Meketa Investment Group made a few comments.

This item was deferred to the next Board meeting on November 2.

- e. Discussion and possible action on 2023 Police and Fire Board self-assessment evaluation.

Valter Viola from Cortex Consulting presented the 2023 Police and Fire Board self-assessment memo and pointed out key comments/reviews. Mr. Viola also answered questions from the Board.

This item was deferred to the next Board meeting on November 2.

- f. Discussion and action on authorizing the CEO to negotiate and execute a first amendment with Cortex Consulting Inc., to extend the term of the agreement through December 31, 2024, for a total NTE amount of \$50,000.

CEO Peña spoke to the request to execute the first amendment with Cortex Consulting for calendar year 2024 and explained the higher NTE amount.

A motion was made to authorize the CEO to negotiate and execute a new agreement with Cortex Consulting Inc., for calendar year 2024.

Approved. (M.S.C. Santos/Menon 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

- g. Discussion and action to authorize the CEO to negotiate and execute a fifth amendment to the agreement between Granicus Inc. and the Boards (Board of Administration for the Police and Fire Department Retirement Plan and the Board of Administration for the Federated City Employees' Retirement System) for Agenda Management Software and Services to extend the term of the agreement through October 31, 2024, for an annual cost of \$8,056.45 (this cost split 50/50 with the Federated City Employees' Retirement System).

Shilpi Dwivedi, IT Manager, presented the Granicus amendment memo. Deputy Director Hayman pointed out the 50/50 cost split between the two Boards and answered questions from the Board.

A motion was made to negotiate and execute a fifth amendment to the agreement between Granicus Inc. and the Board.

Approved. (M.S.C. Santos/Kwan 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

- h. Discussion and action to amend the contract with the external auditors, Macias Gini & O'Connell LLP, to include an "agreed-upon procedures" engagement to audit the inclusion of invoice management fees in the Plans' investment performance, with fees not to exceed \$25,000.

Item 4h was heard after item 2c.

Counsel Chin introduced this new item and Trustee Ganapati made a few comments.

A motion was made to amend the contract with the external auditors, Macias Gini & O'Connell LLP, NTE \$25,000 to be split 50/50 with Federated.

Approved. (M.S.C. Santos/Lee 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

5. RETIREMENTS

5.1 Service Retirements

Trustee Gardanier read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Wilson 7-0-0). Chair Lanza and Vice-Chair Vado were absent. Trustees Santos, Gardanier, and Wilson said a few kind words.

- a. **Andrew T. Brown**, Police Officer, Police Department, effective October 20, 2023; 25.01* years of service.
- b. **Milan Hrnair**, Police Officer, Police Department, effective November 10, 2023; 27.18* years of service.
- c. **Victor Perez**, Police Officer, Police Department, effective October 27, 2023; 25.01* years of service.
- d. **Timothy J. Takash**, Police Officer, Police Department, effective October 27, 2023; 25.01* years of service.

5.2 Deferred Vested

Trustee Gardanier read the Deferred Vested Retirements into the record.

A motion was made to approve the Deferred Vested Retirements.

Approved. (M.S.C. Santos/Wilson 7-0-0). Chair Lanza and Vice-Chair Vado were absent. Trustees Santos, Gardanier and Wilson said a few kind words.

- a. **Liane M. McMahon**, Police Officer, Police Department, effective October 28, 2023; 26.98* years of service. (*With Reciprocity - 21.48 CSJ YOS + 5.50 PERS YOS*)

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a. Notification of the death of **Roy Ilse**, Fire Captain, retired March 5, 1986, died September 11, 2023. No survivorship benefits.
- b. Notification of the death of **Louis G. Nurisio**, Police Officer, retired December 1, 1974, died August 20, 2023. No survivorship benefits.

- c. Notification of the death of **Henry A. Wheeler**, Fire Engineer, retired January 29, 1984, died August 7, 2023. Survivorship benefits to Yvonne Wheeler, spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: September 7, 2023

Next Meeting: October 24, 2023

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

Chair Menon updated the Board regarding the discussions from the September 7th Investment Committee meeting.

- b. Minutes of the P&F Investment Committee meeting from April 27, 2023. Receive and file.

The Minutes were received and filed.

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

Last Meeting: September 21, 2023

Next Meeting: October 19, 2023

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

Chair Ganapati updated the Board regarding items from the September 21st Audit Committee meeting.

- b. Minutes of the P&F Audit Committee meeting from May 18, 2023. Receive and file.

The Minutes were received and filed.

- c. Discussion and action on ORS Management's Response to "Audit: Procurement and Contract Oversight" Report by ORS Senior Internal Auditor, dated May 18, 2023.

Chair Ganapati introduced the ORS Management's response to the ORS Senior Internal Auditor's findings in the May 18, 2023 Report. Deputy Director Hayman made a verbal amendment and change to the ORS Management response, which is reflected in the attached response to these Minutes. Chair Ganapati stated that the Committee recommends accepting the ORS management's response with the amendments mentioned by Deputy Director Hayman. Trustees Santos and Gardanier made comments.

A motion was made to accept the ORS management's response to the ORS Internal Auditor's findings in the May 18, 2023 Report.

Approved. (M.S.C. Santos/Lee 7-0-0). Chair Lanza and Vice-Chair Vado were absent.

- d. Memorandum from City Auditor entitled "Internal Control Risks Regarding the Office of Retirement Services," dated May 11, 2023. Receive and file.

This Memorandum was received and filed.

- e. Discussion and action for the Board to engage Cortex Consulting Inc. to conduct an evaluation of ORS policies on procurement and contract issues.

Chair Ganapati state that the Committee recommends to engage Cortex Consulting to conduct an evaluation of ORS policies. CEO Peña, Counsel Chin and Trustee Gardanier made a few comments.

A motion was made for the Board to engage Cortex Consulting Inc.

Approved. (M.S.C. Santos/Kwan 7-0-0). Chair Lanza and Vice-Chair Lanza were absent.

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

Last Meeting: December 1, 2022 (Special)

Next Meeting: TBD

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

CEO Peña stated that they in discussions with Cortex Consulting for a new date for a Governance Committee meeting.

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

Last Meeting: September 15, 2023

Next Meeting: November 6, 2023

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

Chair Santos stated that the October 10th Disability Committee meeting has been cancelled. The next Disability Committee meeting will take place on November 6.

- b. Minutes of the P&F Disability Committee meeting from August 7, 2023. Receive and file.

The Minutes were received and filed.

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

Last Meeting: May 11, 2023

Next Meeting: TBD

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

There was no update. Chair Menon thanked Trustee Gardanier for attending the City Council Meeting.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 1:14 p.m.

Next Meeting: November 2, 2023

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES