



BOARD OF ADMINISTRATION

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

Thursday, April 7, 2022

8:30 AM

MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION

zoom.us

Dial In: +1 669 219 2599 US (San Jose)

Meeting ID: 931 1794 5832

Password: 960445

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Andrew Gardanier, Vice-Chair, Fire Active Rep (Term Expires 11/30/23)
Sunita Ganapati, Trustee, Public Member (Term Expires 11/30/22)
Howard Lee, Trustee, Public Member (Term Expires 11/30/22)
Eswar Menon, Trustee, Public Member (Term Expires 11/30/22)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Franco Vado, Trustee, Police Retiree Rep (Term Expires 11/30/24)
Dave Wilson, Trustee, Acting Police Active Rep (Term Expires 11/30/21)
Vacant, Trustee, Public Member (Term Expires 11/30/24)

Pam Foley, City Council Liaison to the Board

Harvey Leiderman and Maytak Chin, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

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

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, April 7, 2022 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

Trustee Gardanier arrived at 8:33 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan, Christina Wang, Arun Nallasivan, Ellen Lee, Houman Boussina, Eric Tsang, Sachin Sadana, Julie He, Deborah Sattler, Marti Zarate, Linda Alexander and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Bill Hallmark, Cheiron, Inc.; Andy Yeung, Segal; Sam Boustani, Segal; Mariah Fairley, Reed Smith; Ray Storms, Retiree Assoc. President; Matt Tuttle, Local 230 President; Cheryl Parkman, OER; Stephen Gallagher, Public Attendee.

AGENDA

CALL TO ORDER AND ROLL CALL

OPEN SESSION

• ORDERS OF THE DAY

Chair Lanza read the following Orders of the Day into the record:

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- We run great, open meetings. But we need a different etiquette. Do not interrupt a presenter. Take notes and ask later during the comment period.
- Board Members please stay on this zoom meeting call after the regular meeting ends – the public Special meetings for each committee to address California Assembly Bill No. 361 will take place using the same zoom meeting ID and password.
- Items 3a and 4c will be heard together
- Items 3b and 4d will be heard together

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Menon 7-0-0) The motion passed unanimously by roll call vote.
Vice-Chair Gardanier did not vote.

1.1 Approval for a Service-Connected Disability Retirement

- a. **Kevin Shinn**, Police Officer, Police Department, Request for Service-Connected Disability Retirement, effective April 7, 2022; 14.04* years of service. (*Disability Committee Recommendation: Approval*)

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

- a. **Gary Petrakovitz**, Police Sergeant, Police Department, Request for Change of Status to Service-Connected Disability Retirement, effective May 1, 2018; 16.90* years of service.
(Disability Committee Recommendation: Approval)

1.3 Approval Of Minutes

- a. Approval of the Board Minutes of March 3, 2022.

1.4 Approval Of Travel for Conferences and Due Diligence

- a. Howard Lee, Trustee
- Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022.
- b. Prabhu Palani, CIO
- Transpose Platform Ecosystem Days, San Francisco, CA - May 11 - 12, 2022.
 - 2022 Milken Institute Global Conference, The Beverly Hilton, Beverly Hills, CA - May 1 - 4, 2022.
 - Accel Virtual Leaders 4, Virtual Conference, March 30, 2022.

1.5 Return of Contributions

- a. Voluntary/Involuntary.

1.6 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Plan Expenses for January and February 2022. Receive and file.
- c. Lump Sum Payment of Employer Retirement Contributions and Establishment of the Prepayment Amount for Fiscal Year 2022-23.

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 Colette Wilson, ex-spouse of retired Police Sergeant, **Christopher Wilson** to be effective March 14, 2022 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

- b. Approval of Alternate Payee Benefit election of Unreduced Lifetime Monthly Payment Option to be paid to Ernest Marquez, ex-spouse of retired Police Lieutenant, **Christina LaCap** to be effective March 24, 2022 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

1.8 Approval of Administrative Matters

- a. Fiduciary Insurance and Waiver of Recourse Fees for Policy Year March 2022-2023.

1.9 Education and Training

- a. The Cortex Report - May 2022, Conferences, Seminars and Educational Programs.
- b. CalAPRS Special Virtual Trustee Roundtable, April 29, 2022.
- c. SACRS Spring Conference 2022, Las Palmas Resort & Spa, Rancho Mirage, CA - May 10-13, 2022.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani

CIO Palani updated the Board on preliminary numbers for the Plan:

- For Fiscal Year-To-Date as of April 5, 2022 the Pension Plan was up approximately 1.79%.
- For Fiscal Year-To-Date as of April 5, 2022 the Health Care Trust was down approximately 1%.

- b. Discussion and action on Strategic Asset Allocation for the Healthcare Trust by Meketa Investment Group.

CIO Palani introduced Laura Wirick, Meketa Investment Group, who spoke to the item and answered questions from the Board. Ms. Wirick presented the proposed Asset Allocation mixes in the attached document and went over the risk/reward scenarios for each option.

A motion was made to approve 'Mix A' for the Strategic Asset Allocation for the Health Care Trust.

Approved. (M.S.C. Menon/Santos 8-0-0) The motion passed unanimously by roll call vote.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on the Revised Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2021 presented by Cheiron, Inc.

This item was heard together with item 4c.

Bill Hallmark, Cheiron Inc., briefly spoke to the changes made in the revised Other Post Employment Benefits (OPEB) report as of June 30, 2021. He reported nothing material had changed.

A motion was made to approve the Revised OPEB Report as of June 30, 2021.

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

- b. Discussion and action on adoption of Procedural Due Process Policy for Cancellation and Termination of Retirement Allowances pursuant to SJMC § 3.36.830 and SJMC § 3.36.1150.
(Continued from the March 3, 2022 P&F Board meeting)

This item was heard together with item 4d.

Chair Lanza introduced the item for discussion and provided a brief background on the item. Counsel Chin spoke to the proposed policy and procedures document and answered questions from the Board. Trustee Vado spoke to the proposed notification time frame and suggested changing the 45 day notice to 90 days. Extensive discussion ensued.

A motion was made to approve the proposed Procedural Due Process Policy for Cancellation and Termination of Retirement Allowances pursuant to SJMC § 3.36.830 and SJMC § 3.36.1150 with the amended language for a 90 day notice period.

Approved. (M.S.C. Vado/Lanza 8-0-0) The motion passed unanimously by roll call vote.

4. NEW BUSINESS

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

This item was heard after 4d.

CEO Peña updated the Board on the following:

- Medicare Part-B Reimbursement forms were due April 1st. Approximately 780 applications have been received; most have been processed and the rest will be processed in May and June.
- The Spring Edition of the Quarterly Retirement Connection newsletter will be sent out soon via email and regular mail.
- Staffing update: The new Network Technician, Chris Ha, started last month. The interview process has begun for the IT Manager position. The Accounting group lost Accounting Tech, Johnny Nguyen; staff will recruit for that position soon. The Benefits group welcomes two new staff members, Tracy Tanner and Tara Tran.
- The City has lifted the mandatory masking policy.
- CALAPRS General Assembly was well attended and informative, with some Senior staff and Trustees speaking at the conference.

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

Councilwoman Foley was unable to attend the meeting.

- c. Discussion and action on Segal presentation of actuarial audit of the Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 prepared by Cheiron.

This item was heard together with item 3a.

Andy Yeung and Sam Boustani, Segal Inc., presented their analysis of Cheiron's actuarial audit of the Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 and answered questions from the Board.

A motion was made to accept Segal's audit of the (OPEB) Valuation Report as of June 30, 2021.

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

- d. Discussion regarding Board determinations on the cancellation and termination of retirement allowances pursuant to SJMC § 3.36.830 and SJMC § 3.36.1150.

This item was heard together with item 3b.

Counsel Chin spoke to the attached presentation and answered questions from the Board. Ms. Chin counseled the Board to keep the discussion focused on the topic at hand and not on any specific members. Discussion took place.

- e. Discussion and action to authorize the CEO to negotiate and execute the second amendment to an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Grant Thornton, LLP ("GT") for audit services ending June 30, 2022 for an additional \$50,000 to increase the maximum contract amount to \$550,000.

This item was heard after 4a.

CEO Peña spoke to the request before the Board and answered questions.

A motion was made to authorize the CEO to negotiate and execute the second amendment to an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Grant Thornton, LLP ("GT") for audit services ending June 30, 2022 for an additional \$50,000 to increase the maximum contract amount to \$550,000.

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

- f. Discussion and action on factual findings for use of California Assembly Bill 361's abbreviated teleconferencing procedures.

Counsel Chin introduced and spoke to the item. Ms. Chin explained the contents of the memo submitted to the Board regarding evidentiary support for the Board's consideration of factual findings necessary for election to adopt AB 361's abbreviated teleconferencing procedures,

which included:

(1) Governor's proclamation on the continued state of emergency due to the ongoing COVID-19 pandemic; and

(2) the City Council's recent resolution that continued to impose and recommend social distancing in City facilities.

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

5. RETIREMENTS

5.1 Service Retirements

Chair Lanza read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardanier 8-0-0) The motion passed unanimously by roll call vote. Trustee Wilson said a few kind words about the retirees.

- a. **Brian P. McDonald**, Police Officer, Police Department, effective April 16, 2022; 26.07* years of service.
- b. **Vernon L. Todd**, Police Officer, Police Department, effective April 30, 2022; 25.14* years of service.

5.2 Deferred Vested

Chair Lanza read the Deferred Vested Retirement into the record.

A motion was made to approve the Deferred Vested Retirement.

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

- a. **Scott Morasci**, Police Officer, Police Department, effective April 2, 2022; 23.21* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a. Notification of the death of **Dwight R. Messimer**, Police Sergeant, retired April 5, 1989, died February 24, 2022. Survivorship benefits to Renate Messimer, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: March 3, 2022 (Special) Next Meeting: April 7, 2022 (Special), April 26, 2022 (Regular)

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

Chair Menon reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Investment Committee meeting from February 3, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: March 3, 2022 (Special) Next Meeting: April 7, 2022 (Special), May 19, 2022 (Regular)

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

Chair Ganapati reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Audit/Risk Committee meeting from February 3, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: March 3, 2022 (Special) Next Meeting: April 7 , 2022 (Special), June 16, 2022 (Regular)

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

Chair Vado reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Governance Committee meeting from February 3, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: March 15, 2022 (Regular) Next Meeting: April 7, 2022 (Special), April 11, 2022 (Regular) MEETING CANCELLED

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

Chair Santos reported that the April 11th regular meeting of the Disability Committee was cancelled.

- b. Minutes of the Special Disability Committee meeting from February 3, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes from the February 7, 2022 Police & Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: March 4, 2022 (Regular) Next Meeting: TBD

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

Chair Gardanier reported on the last JPC meeting and stated that the Committee recommended approval for the CIO Performance Evaluation Policy and Procedures.

- b. Minutes of the February 4, 2022 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Discussion on the CIO performance process for feedback and potential revisions to the Policy and Procedures.

- d. Discussion and action on potential revisions to the performance evaluation for the CIO.

This Committees/Reports/Recommendations was approved.

A motion was made to approve the CIO Performance Evaluation Policy and Procedures.

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

- **PROPOSED AGENDA ITEMS**

An educational presentation regarding 'smoothing' frequency.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

The meeting adjourned at 11:20 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES