



BOARD OF ADMINISTRATION

City Hall
Wing Rooms 118-120
200 East Santa Clara
Street,
San Jose, CA 95113

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

Thursday, May 2, 2019

8:30 AM

City Hall, Wing Rooms 118-120

CALL TO ORDER AND ROLL CALL

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met on Thursday, May 2, 2019 at 8:30 a.m. in regular session at City Hall Wing Rooms 118-120, 200 East Santa Clara Street, San Jose, California 95113. Chair Sunzeri called the Pension Plan and Health Care Trust meeting to order at 8:36 a.m. followed by roll call.

Pam Foley, City Council Liaison to the Board was absent.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Peter Pham, Marti Zarate, Michelle San Miguel.

Also Present: Harvey Leiderman, General and Fiduciary Counsel; Jennifer Schembri, Director of OER; Cheryl Parkman, OER; Russ Richeda, Disability Counsel; Dr. Susan Tierman, Medical Advisor to the Board; Toni Taber, City Clerk.

Present: 6 - Richard Santos, Nick Muyo, Vincent Sunzeri, Andrew Gardanier, Franco Vado and Vikas Oswal

Absent: 3 - Drew Lanza, Ghia Griarte and Eswar Menon

AGENDA

I. CLOSED SESSION OLD BUSINESS/CONTINUED-DEFERRED ITEMS

The Board entered into Closed Session at 8:37 a.m.

- A. CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) - DECIDING WHETHER TO INITIATE LITIGATION (ONE CASE).

The Board came out of Closed Session at 8:56 a.m. There was no reportable action out of Closed Session.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

The Board reconvened into Open Session at 8:57 a.m.

• **ORDERS OF THE DAY**

Time Certain Item 4g will be heard at 10:00 a.m.

City Hall Earthquake drill will be at 10:00 a.m.

Waive Sunshine on 4g (some attachments received late).

A motion was made to approve the Orders of the Day and waive Sunshine on attachments for item 4g.

Approved. (M.S.C. Santos/Gardanier 6-0). The motion passed unanimously.

1. **CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Muyo 6-0) The motion passed unanimously.

1.1 **Approval Of Minutes**

- a. Approval of the Board Minutes of April 4, 2019.

1.2. **Return of Contributions**

- a. Voluntary / Involuntary.

1.3 **Communication/Information**

- a. Police and Fire Retirement System Dashboard.
- b. Matrix of City Auditor's Recommendations from the 2017 Audit. Receive and file.
- c. Report of the Plan Expenses for March 2019. Receive and file.
- d. Report of the Budget vs. Actual Expenses for 3rd Quarter FY 18-19. Receive and file.
- e. Notification of CIO Prabhu Palani being invited to speak at the Annual Pension Bridge Conference.

- f. Memo regarding the City's Resolution banning non-essential City Travel to certain states.
- g. Presentation of 6.30.18 Actuarial Valuations to City Council.

1.4 Education and Training

- a. The Cortex Report March 2019 - Conferences, Seminars, and Educational Programs.
- b. CalAPRS 2019 Program Calendar.

2. INVESTMENTS

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.

CIO Palani updated the Board on the investment program, stating that now that the Retreat and the Joint meeting have passed, the Investment group will be focused on the strategic asset allocation as per the new IPS. Investments will be working with Meketa to bring forward items to the Investment Committee and the Board.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion on April 15, 2019 Police & Fire Board Retreat.

Chair Sunzeri introduced spoke to the item and summarized Trustee Menon's comments on the Board Retreat in his absence. There was a general discussion among the board members and staff.

- b. Discussion on April 30, 2019 Joint Meeting with the Retirement Boards and City Council.

Chair Sunzeri introduced and spoke to the item. He stated that CIO Palani did an excellent job at presenting the information to the City Council. He said the presentation was very clear to a laymen audience and that was very helpful. There was general discussion among the board and staff.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- South Korean delegation of public employees came to ORS on Friday April 24, 2019 for a presentation on the City of San Jose's retirement system, including the role of the Boards and staff in issuing benefits to retirees.
- CEO Peña presented the Actuarial evaluation of the Plan to City Council in April.
- RFP issued for the medical panel closed on May 1, 2019. No bids were received. CEO Peña will work with the City on next steps.
- Trustees' waiver of fiduciary insurance payment of \$75 is due.
- New Staff Specialist will be starting in the Investments group in May.
- New Senior Auditor will start on May 20, 2019.
- The August 1, 2019 P&F Board meeting may be held at ORS due to City Hall construction work. Staff will confirm the change and update the Board next month.
- Training from the City on Municipal Bonds will take place next month.

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

Ms. Foley was absent. There was no update.

- c. Discussion and action regarding Resolution No. 4770 Police Tier 1 Contribution Rates/Amounts for FY19-20.

Item 4c, 4d, 4e, and 4f were heard together.

A motion was made to approve Resolution No. 4770 Police Tier 1 Contribution Rates/Amounts for FY 19-20.

Approved. (M.S.C. Santos/Vado 6-0). The motion passed unanimously.

- d. Discussion and action regarding Resolution No. 4771 Police Tier 2 Contribution Rates/Amounts for FY19-20.

A motion was made to approve Resolution No. 4771 Police Tier 2 Contribution Rates/Amounts for FY 19-20.

Approved. (M.S.C. Santos/Vado 6-0). The motion passed unanimously.

- e. Discussion and action regarding Resolution No. 4772 Fire Tier 1 Contribution Rates/Amounts for FY19-20.

A motion was made to approve Resolution No. 4772 Fire Tier 1 Contribution Rates/Amounts for FY 19-20.

Approved. (M.S.C. Santos/Vado 6-0). The motion passed unanimously.

- f. Discussion and action regarding Resolution No. 4773 Fire Tier 2 Contribution Rates/Amounts for FY19-20.

A motion was made to approve Resolution No. 4773 Fire Tier 2 Contribution Rates/Amounts for FY 19-20.

Approved. (M.S.C. Santos/Vado 6-0). The motion passed unanimously.

- g. Discussion on the Municipal Code changes for both Boards regarding public member Trustee eligibility and the election process for the employees and retirees. **(TIME CERTAIN: 10:00 A.M.)**

**The Board reconvened into Open session after the earthquake drill at 10:06 a.m.
This item was heard after item 7.5a.**

Chair Sunzeri introduced the item. CEO Peña discussed the background of this item. Toni Taber, City Clerk, spoke briefly on how the current Retiree election process works and spoke to the recommended changes to that process. The Board also received letters from the Police and Fire bargaining units encouraging the Board to recognize that this was a "meet and confer" issue. Counsel Leiderman recommended the Board defer the item until the City could confer with the Unions on the proposed changes. The matter was tabled.

- h. Discussion about disability retirement standards, including pre-existing conditions, preplacement and issues under the Americans with Disabilities Act and its state counterpart.

Disability Counsel Russ Richeda and Medical Advisor to the Board, Dr. Susan Tierman, presented on the disability retirement standards used by the Board, including pre-existing conditions, preplacement and issues under the Americans with Disabilities Act and its state counterpart. Counsel Richeda and Dr. Tierman answered questions from the Board on the attached presentations.

- i. Discussion on request from POA regarding conducting an actuarial study to determine the impacts of eliminating the 'Remarriage Penalty' under San Jose Municipal Code section 3.26.1200(F).

This item was heard after 4f.

CEO Peña introduced and provided background on the item for discussion. There was a general discussion of the matter. Counsel Leiderman recommended allowing the POA or the City to use Cheiron, the Boards' Actuary, for the study on the cost impact of changing the Code, but the Plan should not be responsible to pay.

Direction: Communicate with the POA and City about the Boards approval of the request to use Cheiron to conduct a study on cost impacts of eliminating the 'remarriage penalty'. The costs associated with the use of Cheiron are to be paid by the POA or the City, but not the fund.

5. RETIREMENTS

5.1 Service Retirements

The Chair read the retirements into the record.

A motion was made to approve Service Retirements.

Approved. (M.S.C. Santos/Vado 6-0-0). The motion passed unanimously.

- a. **Patrick Mulcahy**, Fire Captain, Fire Department, effective May 4, 2019; 24.05* years of service.
- b. **Michael Sperrer**, Fire Engineer, Fire Department, effective April 8, 2019; 27.89* years of service. (*With Reciprocity - 20.91 CSJ YOS + 6.98 PERS YOS*)

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

The Chair read the death and survivorship notifications followed by a moment of silence.
Trustee Muyo said a few kind words.

- a. Notification of the death of **William Smoke**, Police Sergeant, retired January 23, 2010, died March 13, 2019. Survivorship benefits to Marie Smoke, Spouse and Kayla and Jack Smoke, children.
- b. Notification of the death of **Edward Tennant**, Police Officer, retired April 1, 1993, died March 3, 2019. Survivorship benefits to Audrey Tennant, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Griarte - CH/Gardanier/Oswal/Sunzeri)

Last Meeting: April 23, 2019 **Next Meeting: May 28, 2019**

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

Trustee Gardanier reported out of the Investment Committee in the absence of Chair Griarte. He stated that the last Investment Committee meeting featured a presentation on Public Equity strategies and portfolios.

7.2 Audit/Risk Committee (Lanza - CH/Menon/Vado – Alt: Gardanier)

Last Meeting: February 21, 2019 **Next Meeting: May 16, 2019**

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

Trustee Vado stated that Audit Committee will be meeting this month after the Federated Board meeting on May 16, 2019.

7.3 Governance Committee (Vado - CH/Menon/Muyo – Alt: Santos)

Last Meeting: November 26, 2018 **Next Meeting: June 6, 2019**

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

Trustee Vado reported that the next meeting would be on June 6, 2019.

7.4 Disability Committee (Santos - CH/Lanza - Alts: Muyo/Sunzeri)

Last Meeting: February 11, 2019 **Next Meeting: May 13, 2019**

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

Trustee Santos thanked staff and Dr. Tierman and Disability Counsel Richeda for their excellent work and stated that the Disability Committee had not met since February and the next meeting would be May 13, 2019. Trustee Oswal will be attending in lieu of Trustee Lanza.

7.5 Joint Personnel Committee (Sunzeri - CH/Griarte/Muyo)

Last Meeting: February 20, 2019 **Next Meeting: TBD**

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

Chair Sunzeri stated that he will make the next Joint Personnel Committee meeting a priority now that the Board Retreat and Joint Board meetings have occurred.

After this item, the Board took a break at 9:52 a.m. to participate in the scheduled earthquake drill at 10:00 a.m.

• **PROPOSED AGENDA ITEMS**

Trustee Gardanier would like the Board to brainstorm on how to better recruit public members to apply for a Trustee position with the Board.

• **PUBLIC COMMENTS**

Chair Sunzeri noted that Trustee Menon wanted to publicly comment on the Pension Bridge Conference and how Trustee Menon felt the conference was great and very beneficial.

- **ADJOURNMENT**

Next Meeting: June 6, 2019

The meeting adjourned at 11:27 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

VINCENT SUNZERI, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA
CEO, OFFICE OF RETIREMENT SERVICES