



# BOARD OF ADMINISTRATION

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

## Meeting Minutes - Final Joint Governance Committee

Thursday, September 5, 2019

11:00 AM

City Hall, Wing Rooms 118-120

or immediately following the Police and Fire Department Retirement Plan Board meeting.

### Call to Order and Roll Call

The Police & Fire Governance Committee met on Thursday, September 5, 2019 at City Hall Wing Rooms, 118-120, 200 E. Santa Clara St., San Jose, CA. The meeting was called to order at 11:12 a.m. by Chair Vado. The Federated Governance Committee meeting was cancelled due to lack of quorum.

**Staff present:** Roberto Peña, Barbara Hayman, Linda Alexander, Michelle San Miguel and Marti Zarate.

**Others Present:** Jeffrey Rieger, General Counsel, Tom Iannucci, via Teleconference.

**Present** 5 - Richard Santos, Franco Vado, Vikas Oswal, Nick Muyo, and Qianyu Sun

**Absent** 1 - Elaine Orr

### Joint Agenda

#### 1. Consent Calendar

- a. Approval of the Minutes of the November 26, 2018 Joint Governance Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan.

**A motion was made to approve the Minutes of the November 26, 2018 Joint Governance Committee meeting.**

**P&F Approved. (M.S.C. Vado/Oswal 3-0-0)**

#### 2. New Business

- a. Approve Forward Calendar for the Joint Governance Committee.

Tom Iannucci, Cortex President, introduced the Forward Calendar for discussion. He noted that he would like to add the City Council Representative Charter for review to Meeting #3 or #4 in the attached Forward Calendar document. The Committee agreed with Mr. Iannucci's addition and offered no further modifications to the proposed Forward Calendar.

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A motion was made to approve the Forward Calendar for the Joint Governance Committee.

P&F Approved. (M.S.C. Oswal/Muyo 3-0-0)

- b. Review status of the governance policies and charters.

Mr. Iannucci introduced the item for discussion and presented the Committee with a Status Chart of current policies and charters that highlighted the differences between the two Boards' policies and charters. The attached Status Chart is a reference tool for the Committee to easily see what policies and charters need to be reviewed for edits to bring alignment and consistency to the charters and policies between the two Boards.

- c. Discussion and action on proposed Board Education Plan.

Mr. Iannucci spoke to the Board Education Plan and went over the attached Federated Board Education Policy for review, edits and adoption by the P&F Committee. CEO Roberto Peña asked Mr. Iannucci if there was a section in the Board Education Plan that addressed or suggested external educational opportunities; i.e. recommended Conferences to attend that would benefit Trustees. Chair Vado commented that recommendations for external education would be helpful. Mr. Iannucci clarified that the 'Board Education Policy' covered external education while the 'Board Education Plan' was crafted to ensure that 'inside' education was thorough and accessible to Trustees. The discussion shifted to 'inside' education and what types of educational presentations would be beneficial to Trustees. Trustee Oswal stressed the importance of Actuarial Education and requested that the Trustees be given tools to expand their understanding of Actuarial impacts. Trustee Oswal referenced a request made to Bill Hallmark of Cheiron who stated that he may be able to provide Trustees with a tool to run actuarial scenarios. Mr. Peña stated he would follow up with Mr. Hallmark about that particular tool to see what the status was. The Committee provided the following direction:

Accept the Board Education Plan with Staff to come up with educational items that need to be covered and recommendations from the Committee to be added to the Board Education Plan; Fiduciary Duties, Basic Actuarial Education and Investment Committee educational topics will be added per the Committee to be heard in the appropriate Quarter. The item will come back to the next Joint Governance Committee meeting.

- d. Discussion and action on minor revisions to governance policies and charters to achieve full consistency across the two Boards:
- a. Governance Committee Charter
  - b. Audit Committee Charter
  - c. Board Communications Policy
  - d. Board Education Policy
  - e. Board Performance Assessment Policy
  - f. Policy on Vendor Selection (to reflect recent changes to IPS)

Mr. Iannucci referred the Committee to his Cover memo, explaining the background of the item; he also suggested that in the future, the Governance Committees of each Board meet jointly at least twice a year to keep their policies and Charters aligned. He introduced the Governance Committee Charter to review the following suggested edits:

Paragraph 3 - Add subsection 'a' to the P&F Governance Committee Charter.

Paragraph 5 - Add 'Chief Investment Officer' to subsection 'a' as well as additional language to subsection 'b'.

Add subsection 'd' as well as 'subject to Board Approval and budget authorization to subsection 'h' to the P&F Governance Committee Charter.

Audit Committee Charter:

Paragraph 4 - Change 'Governance Committee' to 'Chair' in subsection 'a'.

Board Communications Policy:

Paragraph 3 - Add 'or CEO's designee' to paragraph to allow for CEO, General Counsel or the CEO's designee to speak on behalf of the Board. The change will be suggested to the Federated Committee at their next meeting.

Paragraph 17 will move to Paragraph 20 with updated language taken from the Federated's Board Communication Policy.

Add Paragraph 19; additionally, update all references to 'Counsel' to read 'General Counsel' for consistency.

The Board Education Policy was not reviewed, as the changes necessary to align the Policies would require action from the Federated Governance Committee who were unable to meet due to lack of quorum. The policy will come back to the next meeting.

Board Performance Assessment Policy:

Paragraph 3 - Add 'Subject to Board approval and budgetary authorization' to the end of the paragraph.

Policy on Vendor Selection (to reflect recent changes to the Investment Policy Statement (IPS)):

Paragraph 8 - Delete the last sentence from subsection 'a'; add subsection 'b' and 'c'.

Table 1 was attached to the policy that had red-lined additions and edits to the roles in vendor selection.

A motion was made to approve the recommended changes to the Governance Committee Charter, Audit Committee Charter, Board Communications Policy, Board Performance Assessment Policy and the Policy on Vendor Selection.

P&F Approved. (M.S.C. Oswal/Muyo 3-0-0)

- e. Discussion and action on amendments to the charters of the CEO and CIO:
- To confirm the relationship between the two positions for the benefit of JPC, which is developing the performance evaluation policies for each position.
  - To reflect recent changes to IPS
  - To eliminate any unnecessary inconsistencies between the Boards

Mr. Iannucci went over his attached cover memo explaining the need to revise the CEO and CIO Charters to reflect decisions made by the Boards, Joint Personnel Committee and the

Investment Policy Statement. He provided background on what changes need to be made to the Charters and why as stated in his cover memo. Mr. Iannucci also stated that the Governance Committee's would need to review the Charters again, depending on what decisions are made at the Joint Personnel Committee meeting, as they are formulating CEO/CIO Performance Evaluation metrics currently and that work would be reflected in the Charters. Mr. Iannucci led the Committee through the current proposed changes to the CEO Charter, major changes include:

Paragraph 28 - Line item 'f' had been eliminated in the Federated CEO Charter, but not the P&F CEO Charter

Paragraph 32 - This paragraph is not included in the P&F CEO Charter and would need to be added to align both Boards' Charters.

Paragraph 37 - Both Boards' Charters need to the additional paragraph to reflect the 'Vendor Selection Policy' to their CEO Charters.

Trustee Oswal commented that fifty thousand spending limit granted to the CEO via the 'Vendor Selection Policy' should be reviewed every so often to account for inflation.

Mr. Iannucci stated that there were no differences between the two Boards in regards to the CIO Charter. The changes that are being recommended in the attached Charter reflect recent changes to the IPS. The Committee reviewed the proposed changes.

A motion was made to approve the proposed changes as outlined to the CEO and CIO Charters.

P&F Approved. (M.S.C. Oswal/Muyo 3-0-0)

### **3. Police and Fire Agenda**

#### **a. Initiate the 2019 Board Self-Evaluation.**

Mr. Iannucci spoke to the proposed Board Self-Evaluation plan in accordance with the Board Performance Assessment Policy, going over the attached document that outlined the process of the Self-Evaluation and the timeline in which it should be completed. He noted that the Board Self-Evaluation plan should occur every 2 years on odd number years for the P&F Board and even number years for the Federated Board. Trustee Oswal asked that e-mail reminders be sent to Trustees to complete the attached electronic survey. Mr. Iannucci assured the Committee that his staff would follow-up with e-mails to remind Trustees to complete the electronic survey in a timely manner. He also stated that once all of the surveys were complete, he would be reaching out to each Trustee to go over their responses to the electronic survey in depth with the goal to provide valuable feedback and recommendations to the Board once the process was complete. The Committee did not have any further comments or additions for the Police & Fire Board Self-Evaluation.

### **Adjournment**

**The Police & Fire Governance Committee adjourned at 12:38 p.m.**

**Minutes Recorded, Prepared and Respectfully submitted by,**

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**Roberto L. Peña, CEO, Office of Retirement Services**