



BOARD OF ADMINISTRATION

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

Thursday, December 3, 2020

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: 915 0503 1761

Password: 293262

Andrew Gardanier, Chair, Fire Active Rep (Term Expires 11/30/23)
Drew Lanza, Vice-Chair, Public Member (Term Expires 4/30/23)
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)
Nick Muyo, Trustee, Acting Police Retiree Rep (Term Expired 11/30/20)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Vincent Sunzeri, Trustee, Public Member (Term Expires 11/30/20)
Franco Vado, Trustee, Police Active Rep (Term Expires 11/30/21)

Pam Foley, City Council Liaison to the Board

Jenni Krengel, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

CALL TO ORDER AND ROLL CALL

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, December 3, 2020 at 8:30 a.m. Chair Andrew Gardanier called the Pension Plan and Health Care Trust meeting to order at 8:32 a.m. followed by roll call.

City Council Liaison Foley arrived at 9:20 a.m. and departed at 11:25 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Jay Kwon, Brian Starr, Dhinesh Ganapathiappan, David Aung, Christina Wang, Arun Nallasivan, Ellen Lee, Linda Alexander, Marti Zarate, and Michelle San Miguel.

Also Present via Teleconference: Jenni Kregel, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Bill Hallmark, Cheiron; Anne Harper, Cheiron; Kaci Boyer, Neuberger Berman; Maja Ben, Fund Map journalist; Ruben Benavides, Applicant.

AGENDA

CLOSED SESSION

The Board entered Closed Session at 8:33 a.m.

I. CLOSED SESSION INVESTMENTS

- A. CLOSED SESSION: PURSUANT TO GOVERNMENT CODE SECTION 54956.81, TO CONSIDER PURCHASE OR SALE OF PARTICULAR, SPECIFIC PENSION FUND INVESTMENTS (ONE INVESTMENT)

The Board came out of Closed Session at 8:52 a.m.

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

The Board reconvened into Open Session at 8:54 a.m. There was no reportable action out of Closed Session.

• ORDERS OF THE DAY

Chair Gardanier read the following ground rules into the record for Orders of the Day.

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For matters where we must have debate, I will call the roll and you will each have a turn.
- The public will have an opportunity to speak on any item and make general comment on any matter within our subject matter jurisdiction.
- Do not interrupt a presenter. Take notes and ask later.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Lee 9-0-0). The motion passed unanimously by roll call vote.

1.1 Change in Status to Service Connected Disability Retirement

- a. **Ruben Benavides**, Fire Engineer, Fire Department, Request for a Change of Status to Service-Connected Disability Retirement, effective December 7, 2017; 25.48* years of service. *(Disability Committee Recommendation: Approval)*
- b. **Raymond Van de Star**, Fire Captain, Fire Department, Request for a Change of Status to Service-Connected Disability Retirement, effective July 27, 2013; 25.02* years of service. *(Disability Committee Recommendation: Approval)*

1.2 Approval Of Minutes

- a. Approval of the Board Minutes of November 5, 2020.

1.3 Return of Contributions

- a. Voluntary / Involuntary. - None

1.4 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Plan Expenses for October 2020. Receive and file.

1.5 Approval of Administrative Matters

- a. Approval of Police & Fire Retirement Plan's Popular Annual Financial Report (PAFR) for the year ended June 30, 2020.

1.6 Education and Training

- a. The Cortex Report - November 2020, Conferences, Seminars and Educational Programs.

2. INVESTMENTS

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

CIO Palani updated the Board on the following:

- Jay Kwon has been promoted to the position of Senior Investment Officer. David Aung has been promoted to Investment Officer. CIO Palani expressed his happiness with the promotions.

- In November the Plan reported a return of 6.27%

- In December the Plan was up 53 basis points

- For Calendar Year To-Date, the Plan is up 10.39%

- For Fiscal Year To-Date, the Plan is up 12.66%

- For Quarter To-Date, the Plan is up 6.04%

- b. Presentation of Calendar 2nd Quarter 2020 Private Equity Report by Neuberger Berman.

CIO Palani introduced Kaci Boyer, Neuberger Berman, who presented calendar 2nd Quarter 2020 Private Equity report and answered questions from the Board. Ms. Boyer stated that for calendar 2nd Quarter the Private Equity portfolio made up for calendar 1st Quarter losses. She also shared that calendar year 3rd Quarter looks like the portfolio will be up around 8.29%.

- c. Presentation of Calendar 2nd Quarter 2020 Private Markets Report by Meketa Investment Group.

CIO Palani introduced Laura Wirick, Meketa Investment Group, who presented the calendar 2nd Quarter 2020 Private Markets report and answered questions from the Board. Ms. Wirick stated that the Internal Rate of Return (IRR) is higher than what we would have done in the public markets aside from Private debt.

- d. Presentation of Calendar 3rd Quarter 2020 Performance Report for Pension Fund by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the calendar 3rd Quarter 2020 Performance Report for the Pension Plan and answered questions from the Board. The value of the P&F Retirement Plan's assets was \$4.1 billion as of September 30, 2020, an increase of approximately \$376.8 million from the end of the prior quarter. The Plan's net of fees performance for the quarter was 6.1%, compared to the policy benchmark of 5.2%.

- e. Presentation of Calendar 3rd Quarter 2020 Performance Report for Health Care Trust by Meketa Investment Group.

Laura Wirick and Jared Pratt, Meketa Investment Group, presented the calendar 3rd Quarter 2020 Performance Report for the Health Care Trust and answered questions from the Board. The value of the P&F Retirement Plan Health Care Trust's assets was \$194 million as of September 30, 2020, an increase of approximately \$16 million from the end of the prior quarter. The Plan's net of fees performance for the quarter was 5.2%, which met the policy benchmark.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Presentation of preliminary 2020 pension actuarial valuation results and discussion and action on amortization payment increase rate (Pension valuation only) and economic assumptions for the June

30, 2020 actuarial valuations:

- o Price inflation (Pension and OPEB valuations)
- o Wage inflation (Pension and OPEB valuations)
- o Expected Rate of Return/Discount rate (Pension valuation only)
- o Actuarial Methodologies (Pension valuation only)

Bill Hallmark and Anne Harper, Cheiron Inc, actuaries, presented the preliminary 2020 pension actuarial valuation results, amortization payment increase rate (Pension valuation only) and economic assumptions for the June 30, 2020 actuarial valuations and addressed questions and comments from the Board. Cheiron spoke to the direction provided by the Board at the November meeting. After extensive discussion a motion was made to adopt the following:

Wage Inflation:

- 3.00%

Discount rate:

- 6.625%

Amortization adjustment from 1 to 2 years

Approved. (M.S.C. Sunzeri/Lanza 9-0-0) The motion passed unanimously by roll call vote.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- The open Public Member seat has been filled. CEO Peña congratulated Trustee Sunzeri on his re-appointment to the Board.
- The open Retiree seat has not received any applications. The recruitment process will resume in 2021.
- Ipads were shipped out to Trustees. There have been some technical issues reported. CEO Peña asked Trustees to reach out to staff for assistance if any issues arise with the new equipment.
- The Benefits Division Manager is on leave until May 2021. Staff is working on asking the City to re-open the vacant Senior Analyst position.
- Benefits staff member, David Lisenbee has been promoted to the Senior Benefit Health Analyst position.
- Staff welcomed the new Senior Auditor. He started on November 30th and he will be introduced to the Board in 2021.
- Open Enrollment ended November 30th.
- Staff continues to work remotely and completing core duties.
- The Popular Annual Financial Report (PAFR) has been completed and is on the Consent Calendar. CEO Peña thanked Accounting staff for their work on the Comprehensive Annual Financial Report (CAFR) and PAFR.

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

This item was heard during 3a.

City Council Liaison Foley updated the Board on the following:

- The City is looking into the possibility of using Pension Obligation Bonds in the near future.

- c. Election of the Board Chair for calendar year 2021.

Item 4c and 4d were heard together.

Chair Gardanier introduced and spoke to the topic briefly. The Board needs to confirm the nominations and vote on the Board officers for calendar year 2021. Vice-Chair Lanza confirmed he is accepting the nomination for the position of Board Chair. Chair Gardanier confirmed he is accepting the nomination for the position of Board Vice-Chair.

A motion was made to elect Drew Lanza as Board Chair and Andrew Gardanier as Board Vice-Chair for Calendar Year 2021.

Approved. (M.S.C. Gardanier/Lanza 9-0-0) The motion passed unanimously by roll call vote.

- d. Election of the Board Vice-Chair for calendar year 2021.

A motion was made to elect Drew Lanza as Board Chair and Andrew Gardanier as Board Vice-Chair for Calendar Year 2021.

Approved. (M.S.C. Gardanier/Lanza 9-0-0) The motion passed unanimously by roll call vote.

5. RETIREMENTS

Items 5.1a and 5.2a-n and 5.3a-c were heard together.

Chair Gardanier read the Early Service, Service and Deferred Vested Retirements into the record.

5.1 Early Retirement

A motion was made to approve the Early Service, Service and Deferred Vested Retirements.

Approved. (M.S.C. Santos/Gardanier 9-0-0) The motion passed unanimously by roll call vote.

- a. **Mark E. Stephens**, Police Officer, Police Department, effective December 26, 2020; 21.64* years of service.

5.2 Service Retirements

A motion was made to approve the Early Service, Service and Deferred Vested Retirements.

Approved. (M.S.C. Santos/Gardanier 9-0-0) The motion passed unanimously by roll call vote.

The Board thanked the retirees for their service and spoke to Trustee Vado's upcoming retirement, thanking him for his hard work on the Board and in the Police Department.

- a. **Reid J. Biersdorff**, Police Officer, Police Department, effective January 9, 2021; 25.23* years of service.
- b. **Damian Bortolotti**, Police Sergeant, Police Department, effective January 9, 2021; 27.82* years of service.
- c. **Lisa D. Gannon**, Police Lieutenant, Police Department, effective December 12, 2020; 27.78* years of service.
- d. **Donald Guess**, Police Officer, Police Department, effective January 9, 2021; 24.80* years of service.
- e. **Robert E. Imobersteg**, Police Lieutenant, Police Department, effective January 9, 2021; 27.42* years of service.
- f. **Michael H. Kihmm**, Police Captain, Police Department, effective November 29, 2020; 26.19* years of service.
- g. **Kevin Laundrie**, Police Officer, Police Department, effective January 9, 2021; 28.17* years of service. *(With Reciprocity - 25.60 CSJ YOS + 2.5 PERS YOS)*
- h. **Leonard J. Lim**, Police Officer, Police Department, effective December 26, 2020; 26.97* years of service. *(With Reciprocity - 24.76 CSJ YOS + 2.20 PERS YOS)*
- i. **Paul R. Messier**, Police Lieutenant, Police Department, effective January 9, 2021; 27.30* years of service.
- j. **Eric J. Quan**, Police Sergeant, Police Department, effective December 12, 2020; 26.34* years of service.
- k. **Joseph P. Schneider**, Police Sergeant, Police Department, effective January 8, 2021; 25.49 years of service.
- l. **Franco Vado**, Police Officer, Police Department, effective January 9, 2021; 25.26* years of service.
- m. **Jose L. Vargas**, Police Officer, Police Department, effective January 23, 2021; 26.18* years of service. *(With Reciprocity - 23.69 CSJ YOS + 2.48 PERS YOS)*
- n. **Douglas S. Wedge**, Police Lieutenant, Police Department, effective January 9, 2021; 27.42*

years of service.

5.3 Deferred Vested

A motion was made to approve the Early Service, Service and Deferred Vested Retirements.

Approved. (M.S.C. Santos/Gardanier 9-0-0) The motion passed unanimously by roll call vote.

- a. **Shawn M. Eastman**, Police Officer, Police Department, effective December 30, 2020; 30.45* years of service. (*With Reciprocity - 3.95 CSJ YOS + 26.5 PERS YOS*)
- b. **Gina Tepoorten**, Police Officer, Police Department, effective December 16, 2020; 25.66* years of service.
- c. **Richard J. Westphal**, Police Officer, Police Department, effective December 29, 2020; 38.45* years of service. (*With Reciprocity - 15.45 CSJ YOS + 23.00 PERS YOS*)

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a. Notification of the death of **George A. Graham**, Police Lieutenant, retired September 4, 2010, died September 13, 2020. No survivorship benefits.
- b. Notification of the death of **Jess M. Sanchez**, Police Officer, retired January 26, 2008, died October 7, 2020. Survivorship benefits to Marianne Sanchez, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: October 27, 2020 **Next Meeting: December 22, 2020**

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

There was no update.

7.2 Audit/Risk Committee (Vado - CH/Lee/Muyo)

Last Meeting: October 15, 2020 **Next Meeting: February 18, 2021**

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

There was no update.

7.3 Governance Committee (Muyo - CH/ Santos/ Lee – Alt: Ganapati)

Last Meeting: March 3, 2020 (September 3, 2020 Meeting Cancelled) Next Meeting: December 17, 2020

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

Trustee Muyo reported that there will be a meeting on December 17, 2020.

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

Last Meeting: November 9, 2020 Next Meeting: January 11, 2021 (December meeting cancelled)

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

Trustee Santos provided a brief update and stated that the next meeting would be December 7, 2020.

- b. Minutes from the October 5, 2020 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: November 10, 2020 Next Meeting: TBD

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

Trustee Sunzeri provided a brief update on the last JPC Meeting and spoke to the work being done on the CIO evaluation process.

- b. Minutes of the October 20, 2020 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Review of the procedures for the CEO Evaluation process.

Trustee Sunzeri spoke briefly to the item and stated that the CEO evaluation procedures had been approved by the Joint Personnel Committee.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

Trustee Santos thanked the Board and staff for their hard work during this difficult year. CEO Peña echoed the sentiment and also thanked Chair Gardanier for his steady leadership this year.

- **ADJOURNMENT**

Next Meeting: January 7, 2021

The meeting adjourned at 12:07 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

ANDREW GARDANIER, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES