



BOARD OF ADMINISTRATION

Meeting Minutes - Final Joint Governance Committee

Thursday, March 5, 2020

12:30 PM

City Hall, Wing Rooms 118-120

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

POLICE & FIRE COMMITTEE MEMBERS

Nick Muyo, Trustee
Richard Santos, Trustee
Vincent Sunzeri, Trustee
Franco Vado, Alternate

FEDERATED COMMITTEE MEMBERS

Spencer Horowitz, Chair
Jay Castellano, Trustee
Mark Keleher, Trustee

COUNSEL

Harvey Leiderman, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

Present 6 - Nick Muyo, Richard Santos, Vincent Sunzeri, Spencer Horowitz, Jay Castellano, and Mark Keleher

The Joint Governance Committee met on Thursday, March 5, 2020 at City Hall Wing Rooms, 118-120, 200 E. Santa Clara St., San Jose, CA. The meeting was called to order at 1:55 p.m. by Trustee Sunzeri for the Police & Fire (P&F) Governance Committee and Chair Horowitz for the Federated City Employees' Retirement System (FCERS) Governance Committee.

Staff present: Roberto Peña, Barbara Hayman, Linda Alexander and Marti Zarate.

Others Present: Harvey Leiderman, General Counsel, Jenni Krengel, General Counsel and Tom Iannucci, via Teleconference.

Trustee Sunzeri departed at 2:35 p.m.

Joint Agenda

1. Consent Calendar

- a. Approval of the Minutes of the December 5, 2019 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 December 5, 2019 Joint Governance Committee meeting.

P&F Approved. (M.S.C. Santos/Sunzeri 2-0-0)

FCERS Approved. (M.S.C. Horowitz/Castellano 3-0-0)

The motion passed unanimously.

Chair Muyo was out of the room during this item.

2. New Business

- a. Discussion and action on the update to the ORS Budget Policies and Procedures.

CEO Peña introduced the topic for discussion and explained to the Committees' that to approve the changes to the document would mean that the Office of Retirement Services (ORS) has satisfied Recommendation #5 from the 2017 Audit of the Office of Retirement Services. Recommendation #5 states: The Retirement Boards should establish formal budget adoption policies and procedures that include clear delegation of authority to staff to spend plan assets subject to certain limits defined by the Boards. CEO Peña explained that while ORS felt the recommendation was satisfied, the City Auditor and the Boards' continue to disagree on the definition of 'aggregate expenses'. The language additions in the proposed document would satisfy the City Auditor. Counsel Leiderman disagreed with the addition of the new language. After extensive discussion, the Committees' agreed that some of the new language was unnecessary. CEO Peña clarified for the Committees' that excluding certain language from the Policy meant that that Recommendation #5 would continue to be 'Partially Implemented' indefinitely.

A motion was made to approve the update to the ORS Budget Policies and Procedures document with direction to delete everything that appears after the words 'Measure G' in the last sentence of the 'Budget Documents' section.

P&F Approved. (M.S.C. Sunzeri/Santos 3-0-0)

FCERS Approved. (M.S.C. Castellano/Keleher 3-0-0)

The motion passed unanimously.

- b. Review of the Governance Manual Update.

CEO Peña introduced Tom Iannucci, President of Cortex Applied Research, who participated via teleconference. Mr. Iannucci spoke to his cover memo regarding the status of the Governance policies and charters that exist between the two Boards. He stated that the goal is to align the policies and charters between the two Boards to run as efficiently as possible.

This Item was received and filed

- c. Discussion and action on the review of the Board Operations Policy.

Mr. Iannucci introduced the item for discussion. He stated that currently, the Police & Fire Board does not have a Board Operations Policy, and the proposed policy up for adoption would be in line with the Federated policy. Mr. Iannucci noted that for the P&F policy, there was additional language in Paragraphs 3 and 4 that applied only to P&F. Mr. Iannucci went

over the proposed changes to the Federated Policy, which were minor edits regarding committee meeting schedules and quorum.

A motion was made to approve the proposed edits to Board Operations Policy.

FCERS Approved. (M.S.C. Castellano/Keleher 3-0-0) The motion passed unanimously.

A motion was made to adopt the Board Operations Policy, with corrections to Paragraph 11, adding the Disability Committee and to Paragraph 12, noting the P&F Board meetings are held on the first Thursday of the month.

P&F Approved. (M.S.C. Santos/Sunzeri 3-0-0) The motion passed unanimously.

d. Discussion and action on the review of the Code of Conduct.

Mr. Iannucci spoke to the item for discussion and explained that the proposed edits to the Code of Conduct Policy for both Boards were minor. The edits are found in Paragraph 4 subsection 'b' and 'c'; the addition of the word 'Board' in front of 'Vice-Chair' for clarification purposes.

A motion was made to approve the proposed edits to the Code of Conduct Policy.

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

FCERS Approved. (M.S.C. Castellano/Keleher 3-0-0)

The motion passed unanimously.

e. Discussion and action on the review of the Strategic Planning Policy.

Mr. Iannucci introduced the Strategic Planning Policy for discussion on his proposed edits. He stated that the edits were proposed for clarity and consistency of terminology between the two Boards. The policy itself has not changed.

A motion was made to approve the edits to the Strategic Planning Policy.

P&F Approved. (M.S.C. Sunzeri/Santos 3-0-0)

FCERS Approved. (M.S.C. Castellano/Keleher 3-0-0)

The motion passed unanimously.

f. Discussion and action on the review of the Council Representative to the Board Charter.

Mr. Iannucci spoke to the proposed changes to the Council Representative to the Board Charter; he stated that the changes to the P&F Charter would align the Charter with Federated's Charter. He explained that the Federated Board made changes to their Charter after both Boards had adopted the initial Charter. Mr. Iannucci went over the additional language being proposed for the P&F Charter under Paragraph 3, subsection 'b' and Paragraph 4. The proposed edits to the Federated Charter were minor word changes with an additional line under Paragraph 3, subsection 'b'.

A motion was made to approve the changes to the Council Representative to the Board Charter.

P&F Approved. (M.S.C. Santos/Sunzeri 3-0-0)

FCERS Approved. (M.S.C. Keleher/Castellano 3-0-0)

The motion passed unanimously.

Adjournment

FCERS Governance Committee Adjourned at 2:37 p.m.

P&F Governance Committee Adjourned at 2:37 p.m

Minutes Recorded, Prepared and Respectfully submitted by,

Roberto L. Peña, CEO, Office of Retirement Services