



BOARD OF ADMINISTRATION

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

Thursday, January 7, 2021

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: 913 4209 1147

Password: 567509

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)
Nick Muyo, Trustee, Police Retiree Rep (Term Expires 11/30/20)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Vincent Sunzeri, Trustee, Public Member (Term Expires 11/30/24)
Franco Vado, Trustee, Police Active Rep (Term Expires 11/30/21)

Pam Foley, City Council Liaison to the Board

Harvey Leiderman, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

CALL TO ORDER AND ROLL CALL

Present: 9 - Eswar Menon, Andrew Gardanier, Franco Vado, Howard Lee, Andrew Lanza, Richard Santos, Sunita Ganapati, Nick Muyo and Vincent Sunzeri

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, January 7, 2021 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:30 a.m. followed by roll call.

Trustee Lee arrived at 8:34 a.m.

City Council Liaison Foley arrived at 9:09 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: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Bill Hallmark, Cheiron; Anne Harper, Cheiron; Michael Schionning, Cheiron; Jeremy Evnine, Evnine & Assoc. Inc..

AGENDA

Ceremonial Item

Presentation of a commendation to Franco Vado for his service as Trustee of the Police & Fire Retirement Plan's Board of Administration.

The Ceremonial Item was heard after Closed Session.

Chair Lanza presented Trustee Vado's Commendation and spoke to his excellent service to the Board throughout his tenure. CEO Peña thanked Trustee Vado for his service to the City and the Board on behalf of staff and Plan members.

CLOSED SESSION

The Board entered Closed Session at 8:32 a.m.

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 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 9:18 a.m.

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

The Board reconvened into Open Session at 9:19 a.m. There was no reportable action out of

Closed Session.

• **ORDERS OF THE DAY**

Chair Lanza read the following ground rules and changes to the agenda 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.
- Item 5.1d - Service Retirement for Hung T. Bui; Change of retirement date from January 15, 2021 to January 22, 2021.

A motion was made to approve the Orders of the Day.

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

1. **CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

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

1.1 **Approval Of Minutes**

- a. Approval of the Board Minutes of December 3, 2020.

1.2 **Approval Of Travel for Conferences and Due Diligence**

- a. Roberto L. Peña, CEO
- CalAPRS Virtual General Assembly, March 8 - 9, 2021.

1.3 **Return of Contributions**

- a. Voluntary / Involuntary.

1.4 **Communication/Information**

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

- c. Notification of Private Markets Commitments to Canvas Ventures 3, L.P. and HPS Special Situations Opportunity Fund, L.P. by Investment Staff.
- d. Article: Prabhu Palani named Trusted Insight All Star Chief Investment Officer.

Trustee Sunzeri spoke to this item and praised CIO Palani for the accomplishment of being noted in the article. CEO Peña acknowledged and congratulated CIO Palani.

1.5 Change of Retirement Application

- a. Approval for a change in effective date for **Mark E. Stephens** from December 26, 2020 to January 23, 2021 for an Early Service Retirement, approved at the December 3, 2020 Board meeting.

1.6 Education and Training

- a. The Cortex Report - January 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual General Assembly, March 8-9, 2021.

2. INVESTMENTS

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

CIO Palani briefly spoke to the educational presentation by Jeremy Evnine and updated the Board on the following:

- For Calendar Year To-Date, the Plan is up 13%
- For Fiscal Year To-Date, the Plan is up 15.25%

- b. Educational Session on Asset Allocation by Mr. Jeremy Evnine.

This item was heard after 4e.

CIO Prabhu introduced Jeremy Evnine to the Board. Mr. Evnine led the educational session on asset allocation and answered questions from the Board. The Board thanked Mr. Evnine for the informative and helpful educational presentation.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on Final Pension Valuation Results of June 30, 2020 to be presented by Cheiron.

Bill Hallmark, Cheiron Inc., introduced and spoke to the Final Pension Valuation results for FY ending June 30, 2020. Anne Harper, Cheiron Inc., also presented and answered questions from the Board. At the December meeting, the Board approved different options and assumptions and the final report memorializes those decisions.

A motion was made to accept the Final Pension Valuation results for Fiscal Year ending June 30, 2020.

Approved. (M.S.C. Santos/Sunzeri 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.

This item was heard after 2a.

CEO Peña updated the Board on the following:

- Staff continues working remotely, completing core duties.
- Dr. Tierman will be retiring at the end of June 2021. A Request for Proposal (RFP) is being worked on to be issued for a new Board Medical Advisor. CEO Peña provided a brief history of the Boards attempting to engage a Medical Advisor and warned that in the event that there are no responses to the RFP, staff may need to utilize Independent Medical Examiners.
- ORS's New Internal Auditor started last month, he will be introduced to Trustees next month at the Audit Committee meeting.
- Laptops have been purchased and are being issued to staff for remote working.
- New iPads were purchased for Trustees that requested a new one. Old iPads need to be returned to staff.
- ORS held a virtual Holiday Party which was well attended. CEO Peña thanked the Holiday Committee.
- The Retirement Working Solutions Group met on January 11th.
- ORS's Quarterly Newsletter will be on the agenda next month and will be mailed out to members next week.
- 1099's will be issued to retirees by the end of the month.
- ORS will be closed in observance of Martin Luther King Jr. Day on January 18th.

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

Council Liaison Foley thanked Trustee Vado for his service to the City and the Board and updated the Board on the following:

- City Council committee assignments were made at the last meeting. Council member Foley reported that she will stay on as Liaison for the Police & Fire Board.
- The City is facing a budget deficit of an estimated \$50 million for the Fiscal Year. The City will be asking departments to reduce their budget for the upcoming fiscal year.
- COVID-19 vaccination distribution guidance may change in regards to the current minimum age requirement which may allow for wider access soon.

- c. Discussion and action on Other Post Employment Benefits (OPEB) actuarial methods and assumptions to be presented by Cheiron.

This item was heard after 3a.

Bill Hallmark and Michael Schionning, Cheiron Inc., led the discussion regarding the Other Post Employment Benefits (OPEB) methods and assumptions. Cheiron asked the Board to adopt the assumptions and next month they will come back with a full report. Cheiron recommended the following:

- Discount rate - Consider 6.25% to 5.75%.
- Healthcare trends - Dental remains at 3.50%, Health non-Medicare 7.66% and Medicare 4.10%.
- Dependent Coverage Elections - recommend no change.
- Health Dental Plan Election - Update to reflect Anthem enrollments.
- In-Lieu Elections - Proposed minor adjustments to assumed coverage Tiers
- Administrative Expenses - recommend an assumption of \$41 per member for FYE 2022 increasing with future wage inflation.
- Claims cost - 1). Claims costs are developed by age for each plan offered. 2). Aggregate claims costs reflect the average cost based on plan election. 3). Aggregate claims costs for FYE 2020 are lower than expected.

After discussion, a motion was made to adopt a discount rate of 6.25% and approve the OPEB methods and assumptions as presented.

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

- d. Discussion and action on authorizing the CEO to negotiate and execute a second amendment to the agreement with ExamWorks, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31st 2025, for additional funds for applicant examinations in the amount of \$250,000 for a total not to exceed amount of \$500,000.

This item was heard after 4b.

Barbara Hayman, Deputy Director, introduced and spoke to the item and explained the request to the Board. Ms. Hayman provided a brief background on the contract and answered questions from the Board. Counsel Leiderman clarified that the agreement is for the P&F Board only.

A motion was made to authorize the CEO to negotiate and execute a second amendment to the agreement with ExamWorks, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31st 2025, for additional funds for applicant examinations in the amount of \$250,000 for a total not to exceed amount of \$500,000.

Approved. (M.S.C. Gardanier/Lee 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo and Trustee Menon were unable to vote due to technical difficulties.

- e. Discussion and action on Committee Assignments for calendar year 2021.

Chair Lanza introduced and spoke to the item. After a brief discussion on the possibilities for new Committee assignments in light of Trustees leaving and coming onto the Board, a motion was made to change the committee members on an interim basis.

A motion was made for Chair Lanza to join the Audit Committee, replacing Trustee Vado for one meeting. Chair Lanza will replace Vice-Chair Gardanier on the Joint Personnel Committee. Trustee Lee will be Chair of the Audit Committee.

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

5. RETIREMENTS

Chair Lanza read the Service Retirements into the record.

5.1 Service Retirements

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardanier 9-0-0) The motion passed unanimously by roll call vote. Trustee Muyo and Trustee Santos said a few kind words.

- a. **Robert D. Adams**, Fire Captain, Fire Department, effective January 23, 2021; 25.49* years of service.
- b. **Gregory W. Alameda**, Fire Captain, Fire Department, effective January 23, 2021; 24.96* years of service.
- c. **Fabrice P. Bellini**, Police Sergeant, Police Department, effective January 23, 2021; 22.80* years of service.
- d. **Hung T. Bui**, Police Officer, Police Department, effective January 15, 2021; 25.28* years of service.
- e. **Roberto M. Garcia**, Fire Engineer, Fire Department, effective January 23, 2021; 29.94* years of service.
- f. **Brett D. Johnson**, Police Officer, Police Department, effective January 23, 2021; 31.57* years of service. *(With Reciprocity - 20.53 CSJ YOS + 11.03 PERS YOS)*
- g. **Amir Khalighi**, Police Sergeant, Police Department, effective January 23, 2021; 27.24* years of service. *(With Reciprocity - 22.67 CSJ YOS + 4.57 PERS YOS)*
- h. **Christopher Knopf**, Assistant Police Chief, Police Department, effective January 23, 2021; 28.96* years of service.
- i. **Jason A. Krassow**, Fire Inspector, Fire Department, effective January 23, 2021; 25.74* years of service.

- j. **Michael R. Nelson**, Firefighter, Fire Department, effective January 23, 2021; 20.08* years of service.
- k. **Alcibiades Pena Jr.**, Firefighter, Fire Department, effective January 19, 2021; 23.06* years of service.
- l. **Thomas M. Read**, Fire Captain, Fire Department, effective January 9, 2021; 25.70* years of service.
- m. **Domingo Sanchez**, Police Sergeant, Police Department, effective January 23, 2021; 29.09* years of service. *(With Reciprocity - 24.84 CSJ YOS + 4.25 PERS YOS)*
- n. **Carl Sheppard**, Police Sergeant, Police Department, effective January 22, 2021; 26.41* years of service.
- o. **Michael Trudeau**, Police Sergeant, Police Department, effective January 22, 2021; 22.81* years of service.
- p. **Jim A. Ureta**, Police Sergeant, Police Department, effective January 23, 2021; 28.53* years of service. *(With Reciprocity)*

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 Muyo said a few kind words.

- a. Notification of the death of **Stephen Windisch**, Police Captain, retired March 31, 1978, died November 4, 2020. No survivorship benefits.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: December 22, 2020 **Next Meeting: January 26, 2021**

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

Trustee Menon spoke briefly to the topics discussed at the last meeting.
- b. Minutes from the October 27, 2020 Joint Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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.

Trustee Vado had nothing to report.

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

Last Meeting: December 17, 2020

Next Meeting: March 4, 2021

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

Trustee Muyo provided a recap of the last meeting and spoke to the item that the Governance Committee is recommending approval on. He stated that the changes made to the Policy of Election of Board Officers will allow for the Board Officers to begin their term at the start of the year and aligns closer with the Federated Board's Policy.

- b. Minutes of the March 5, 2020 Joint Governance Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Discussion and action on the Committees' recommendation to approve the revised Policy on Election of Board Officers.

Chair Lanza called for a motion from the Board.

A motion was made to approve the changes to the Policy of Election of Board Officers.

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

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

Last Meeting: December 7, 2020

Next Meeting: February 8, 2021 (January

meeting cancelled)

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

Trustee Santos spoke briefly. The next meeting will be held in February.

- b. Minutes from the November 9, 2020 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. 3rd Quarter 2020 Dashboard Reports and Detailed Statistics Reports. 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.

There was no update.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

Trustee Santos thanked Trustee Vado for his service to the City and the Board.

- **ADJOURNMENT**

Next Meeting: February 4, 2021

The meeting adjourned at 1:10 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES