



BOARD OF ADMINISTRATION

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

Thursday, February 4, 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: 981 2567 6138

Password: 633675

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, 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 11/30/24)
Vacant, 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

Present: 8 - Eswar Menon, Andrew Gardanier, Howard Lee, Andrew Lanza, Richard Santos, Sunita Ganapati, Nick Muyo and Vincent Sunzeri

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, February 4, 2021 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

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; Michael Schionning, Cheiron; Maja Ben, Fund Map Journalist; Franco Vado, Retiree.

AGENDA

OPEN 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.

Waive Sunshine on item 4e – Adoption of Resolution No. 4820 on the actuarial equivalence assumptions, received after agenda posting.

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

Approved. (M.S.C. Santos/Sunzeri 8-0-0) 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/Muyo 8-0-0). The motion passed unanimously by roll call vote.

1.1 Approval Of Minutes

- a. Approval of the Board Minutes of January 7, 2021.

1.2 Approval Of Travel for Conferences and Due Diligence

- a. Roberto L. Peña, CEO
 - CalAPRS Virtual Administrators Round Table, February 11, 2021.
- b. Sunita Ganapati, Trustee
 - CalAPRS Virtual General Assembly, March 8 - 9, 2021.
- c. Howard Lee, Trustee
 - 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 December 2020. Receive and file.
- c. Report of the Budget vs. Actual Expenses for 2nd Quarter FY 20-21. Receive and file.
- d. ORS's Quarterly Newsletter - The Retirement Connection.
- e. Notification of Real Estate Commitments to Clarion Lion Industrial Trust by Investment Staff.

1.5 Rescission Of Retirement Application

- a. Approval of request to rescind the Service Retirement application of **Gregory Alameda**, approved at the January 7, 2021 Board meeting for the effective date of January 23, 2021.

1.6 Report out of Closed Session

- a. Report out of Closed Session from the January 7, 2021 Police and Fire Board Meeting.

1.7 Education and Training

- a. The Cortex Report - March 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 spoke to the next Investment Committee meeting and it's focus on Strategic Asset Allocation and updated the Board on the following:

- The Plan returned 13.7% for calendar year 2020, putting the P&F Plan at No. 8 out of 61 peers.
- For Fiscal Year To-Date, the Plan is up 17.7%.
- For January 2021 the Plan is down 7 basis points.
- For January 2021 the Health Care Trust is up 24 basis points.
- Game Stop Hedge Fund issue has had no impact on our funds, we own negligible amount of GameStop stock through index funds.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2020 presented by Cheiron.

Bill Hallmark and Mike Schionning, Cheiron, introduced and led the discussion on the Final Other Post Employment Benefits (OPEB) Valuation results for Fiscal Year ending June 30, 2020. Cheiron answered questions from the Board and reported the explicit subsidy is currently 28% funded for Fire and 32% funded for Police. It is expected to reach 100% funded in 2045 for Police and Fire if all assumptions are met. However, the City has hit its annual contribution cap and if that continues it will affect the ability to reach full actuarial funding. Projected contributions are very similar to the prior year. Member contributions are expected to decline as members with full benefits retire or no longer work for the City. City contributions are expected to increase gradually primarily to make up for declining member contributions. The full report is attached to the agenda.

A motion was made to accept the Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2020.

Approved. (M.S.C. Lanza/Santos 8-0-0) 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 4e.

CEO Peña updated the Board on the following:

- Retiree 1099-R tax forms were mailed out in January.

- P&F COLA is being calculated and will be paid at the end of February.
- Guaranteed Purchasing Power (GPP) adjustments will also be paid in February.
- Staff continues to work remotely completing core duties. Laptops have been purchased for staff's use while working from home and the laptop dissemination to staff is nearly complete.
- Office of Retirement Services will be closed for President's Day, February 15, 2021.
- The application period for the available Sr. Benefits Analyst and Analyst positions have closed. Staff will be reviewing resumes and conducting interviews soon.
- Staff is working on a Budget proposal for Fiscal Year 2021-22 in the hopes of bringing it to the Board in March.
- Staff will be working with the City Clerk to fill the 2 available seats on the PF Board: Police Retiree and Police Active seat.

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

Council Liaison Foley updated the Board on the following:

- Budget and Priority Setting Session is upcoming on the City Council agenda.
- On Friday, February 5, the City Council will have a Study Session regarding how to thrive and survive after COVID.
- At the last City Council meeting an eviction moratorium was passed for the City of San Jose. The State superseded the move a few days later by passing a state wide moratorium.
- The City Council unanimously passed a rent freeze through June 30 which effects mobile homes, and some rental properties.
- Hazard pay for grocery workers has been approved by the City of San Jose.

- c. Discussion on Cheiron's 5-Year City Contribution Projections for the Police & Fire Board.

This item was heard after 3a.

Mr. Hallmark led the discussion on the 5-year City contribution projections and answered questions from the Board. CEO Peña noted that the Board would soon have to determine the discount rate to apply on the City's pre-funding contributions.

- d. Discussion and action on Assumptions for 2021 Actuarial Equivalence based on the June 30, 2020 Valuation Assumptions.

Mr. Hallmark presented the Assumptions for 2021 Actuarial Equivalence based on June 30, 2020 Valuation Assumptions and answered questions from the Board. He noted that the Actuarial Equivalence are based on the Pension Valuation figures that were approved by the Board in January. The Actuarial Equivalence is required by the Municipal Code and must be adopted by the Board in a resolution (4e).

A motion was made approve the Assumptions for 2021 Actuarial Equivalence based on the June 30, 2020 Valuation Assumptions.

Approved. (M.S.C. Santos/Gardanier 8-0-0) The motion passed unanimously by roll call vote.

- e. Adoption of Resolution No. 4820 on the actuarial equivalence assumptions.

A motion was made adopt Resolution No. 4820 on the actuarial equivalence assumptions.

Approved. (M.S.C. Santos/Gardanier 8-0-0) The motion passed unanimously by roll call vote.

- f. Discussion and action on extending contracts for actuarial services and actuarial audit.

This item was heard after 4b.

CEO Peña spoke to the request to the Board, provided background and answered questions from the Board. CEO Peña spoke to the costs associated with keeping Cheiron, Inc. and Segal, Inc. on as our Actuary and Auditor, respectively. Staff recommends a contract extension between the Board and Cheiron, Inc. for actuarial services for three years ending June 30, 2024 and for an additional \$800,000. Staff also recommends a contract extension between the Board and Segal, Inc. for actuarial audit services and as a retained actuary for three years ending June 30, 2024 and for an additional \$250,000.

A motion was made to authorize the CEO to negotiate and execute the Second Amendment to an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Cheiron, Inc. for actuarial services for three years ending June 30, 2024 and for an additional \$800,000 and to negotiate and execute the First Amendment to an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Segal, Inc. for actuarial audit services and as a retained actuary for three years ending June 30, 2024 and for an additional \$250,000.

Approved. (M.S.C. Sunzeri/Santos 8-0-0) The motion passed unanimously by roll call vote.

- g. Update on Strategic Communications Plan presented by staff.

CEO Peña introduced the item and Barbara Hayman, Deputy Director, who presented the updated Strategic Communications Plan to the Board and answered questions. CEO Peña acknowledged Ms. Hayman and Ms. Linda Alexander for their excellent work on the newsletter and Ms. Hayman for her work on the Strategic Communications Plan. CEO Peña stated that the goal is to provide the Board updates every 6 months or so on the progress of the implementation of the Strategic Communication Plan. Chair Lanza thanked staff on behalf of the Board for their hard work.

- h. Discussion and action on Police & Fire Strategic Planning.

Chair Lanza introduced the topic and answered questions from the Board regarding the PF Strategic Planning session this year. He stated that this topic will be discussed in upcoming meetings; the item was placed on the agenda to queue up the discussion and have Trustees start thinking about the trajectory of the Board to offer insightful discussion points in the future. Chair Lanza will work with staff to gather data for the next Board Retreat.

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/Muyo 8-0-0) The motion passed unanimously by

roll call vote. Trustee Muyo and Trustee Santos said a few kind words.

- a. **Richard J. Caginia**, Fire Engineer, Fire Department, effective February 26, 2021; 25.00* years of service.
- b. **Eric Giordano**, Fire Captain, Fire Department, effective January 29, 2021; 26.02* years of service.
- c. **Albert Hernandez**, Fire Captain, Fire Department, effective January 27, 2021; 25.12* years of service.
- d. **Jonathan T. Kaiser**, Police Officer, Police Department, effective January 23, 2021; 27.02* years of service.
- e. **Troy A. Murray**, Police Officer, Police Department, effective January 31, 2021; 27.48* years of service.
- f. **Manuel M. Pereira Jr.**, Battalion Chief, Fire Department, effective January 23, 2021; 29.90* years of service. *(With Reciprocity)*
- g. **Peter L. Roman**, Fire Captain, Fire Department, effective January 30, 2021; 26.63* years of service. *(With Reciprocity)*
- h. **Jesus Sanchez**, Fire Engineer, Fire Department, effective February 20, 2021; 25.03* years of service.
- i. **Tim K. West**, Fire Engineer, Fire Department, effective February 8, 2021; 25.00* years of service.

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 and Trustee Santos said a few kind words.

- a. Notification of the death of **Gary Hughes**, Police Sergeant, retired June 7, 2001, died December 7, 2020. Survivorship benefits to Penny Hughes, Spouse.
- b. Notification of the death of **John Kregel**, Police Officer, retired September 3, 1985, died October 21, 2020. No survivorship benefits.
- c. Notification of the death of **Craig Shelton**, Fire Engineer, retired January 30, 2005, died

November 17, 2020. Survivorship benefits to Margaret Shelton, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: December 22, 2020 Next Meeting: February 23, 2021 (January 26, 2021 meeting rescheduled)

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

There was no update.

7.2 Audit/Risk Committee (Lee - CH/Lanza/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: December 17, 2020 Next Meeting: March 4, 2021

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

There was no update.

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

Last Meeting: December 7, 2020 Next Meeting: February 8, 2021

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

There was no update.

7.5 Joint Personnel Committee (Sunzeri - CH/Lanza/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**

None.

- **ADJOURNMENT**

Next Meeting: March 4, 2021

The meeting adjourned at 10:35 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES