



BOARD OF ADMINISTRATION

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

Thursday, May 6, 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: 977 9212 4871

Password: 060737

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: 7 - Eswar Menon, Andrew Gardanier, Howard Lee, Andrew Lanza, Richard Santos, Sunita Ganapati and Vincent Sunzeri

Absent: 1 - Nick Muyo

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, May 6, 2021 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:33 a.m. followed by roll call.

Vice-Chair Gardanier departed the meeting at 11:57 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Jay Kwon, Brian Starr, Ron Kumar, Dhinesh Ganapathiappan, David Aung, Christina Wang, Arun Nallasivan, Ellen Lee, Connie Molloy, Benjie Chua-Foy, 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; Tom Iannucci, Cortex Applied Research; Shawn Parris, Public Attendee; McCyril Espanol, Public Attendee; Joe Schulman, Public Attendee; Franco Vado, Retiree.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

The Board entered Closed Session at 8:34 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).

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

The Board reconvened into Open Session at 9:20 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.
- For Closed Session: Updates have been made to the breakout rooms while utilizing Zoom. Staff is no longer able to put Trustees in the room the night before the meeting as they did in

the past. To help make the process move smoothly, Staff is asking for your patience as they let you in the breakout room one at a time.

• Change to the Agenda: The May 10, 2021 P&F Disability Committee meeting has been cancelled – The next meeting date is June 7, 2021

WAIVE SUNSHINE (attachments received late):

- 4c - Discussion and action regarding Resolution No. 4821 Police Tier 1, Resolution No. 4822 Police Tier 2, Resolution No. 4823 Fire Tier 1, and Resolution No. 4824 Fire Tier 2 Contribution Rates/Amounts for FY 21-22.
- 7.5c - Discussion and action on the Committees' recommendation to approve the proposed revisions to CEO Performance Evaluation Policy.
- 7.5d- Discussion and action on the Committees' recommendation to approve the proposed revisions to CIO Performance Evaluation Policy.

A motion was made to approve the Orders of the Day and Waive Sunshine on the attachments for 4c, 7.5c and 7.5d.

Approved. (M.S.C. Santos/Sunzeri 7-0-0) 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/Gardanier 7-0-0) The motion passed unanimously by roll call vote.

1.1 Approval for a Service-Connected Disability Retirement

- a. **Kirk Spillner**, Fire Fighter, Fire Department, Request for a Service-Connected Disability Retirement, effective December 26, 2020; 8.02* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval Of Minutes

- a. Approval of the Board Minutes of April 1, 2021.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Roberto L. Pena, CEO
 - SACRS Virtual Spring Conference, May 11 - 14, 2021.
- b. Prabhu Palani, CIO
 - TI Platform DEI Day; Diversity, Inclusion, & The Future of Technology, Virtual Conference, April 28, 2021.

1.4 Return of Contributions

- a. Voluntary / Involuntary.

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.

CEO Peña briefly spoke to the P&F Dashboard and stated that it had been updated with the latest information available.

- b. ORS's Quarterly Newsletter - The Retirement Connection.
- c. Report of the Plan Expenses for March 2021. Receive and file.
- d. Report of the Budget vs. Actual Expenses for 3rd Quarter FY 20-21. Receive and file.

1.6 Change of Retirement Application

- a. Approval for a change in effective date for **Phillip Garcia** from May 1, 2021 to August 21, 2021 for a Service Retirement, approved at the April 1, 2021 Board meeting.

1.7 Education and Training

- a. The Cortex Report - May 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Trustees Roundtable, May 10, 2021.
- c. SACRS Virtual Annual Spring Conference, May 11-14, 2021.
- d. CalAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7,9 & 11, 2021.

2. INVESTMENTS

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

CIO Palani briefly spoke to the passing of a prominent investment professional, David Swensen, Chief Investment Officer of the Yale Endowment Fund and updated the Board on the following:

- The Pension Plan returned 2.35% during the month of April 2021.
- The Health Care Trust returned 2.64% during the month of April 2021.
- For Fiscal Year To-Date, the Pension Plan is up 21.52%.
- For Fiscal Year To-Date, the Health Care Trust is up 21.36%.

b. Discussion and action on Private Markets Pacing Plan by Staff.

Brian Starr, Senior Investment Officer, and Dhinesh Ganapathiappan, Investment Officer, presented the proposed Private Markets pacing plan and answered questions from the Board. The Private Markets pacing plan has been discussed extensively at the Committee level. The proposed pacing plan for Fiscal Year 21-22 is highlighted in yellow on Slide 12 of the attached presentation.

A motion was made to approve the proposed Private Markets pacing plan for FY 21-22.

Approved. (M.S.C. Santos/Ganapati 6-0-0) The motion passed unanimously by roll call vote. Trustee Sunzeri was unable to vote due to technical difficulties.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS - None

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Ballots will be sent out to the P&F unions and retiree associations in June to vote for a new active and retired Police representatives to the Board. Only 1 application per seat was received; staff is hopeful to have the new Trustees join the Board in August.
- The City is working through their annual Budget process. Both Boards have approved the ORS Budget; the City will receive ORS's budget this week.
- The City is anticipating a budget shortfall; \$38.4 million is rough estimate of shortfall for FY 21-22.
- ORS requested and received permission to unfreeze 2 vacant positions – Benefits Division Manager and Benefits Staff Specialist.
- ORS has hired Connie Molloy to be the new Senior Benefits Analyst. Ms. Molloy has extensive experience and is coming from CalPERS.
- Senior staff will be making an offer to an applicant for the Benefits Analyst position.
- The Request for Proposal (RFP) for the Board Medical Advisor position closed on April 30th. ORS received 3 applications. Staff's goal is to return in June with a recommendation to the Board.
- The City Council held a Study Session on Pension Obligation Bonds. The next meeting will be May 11. ORS staff needs direction from City Council on how to proceed.
- ORS is working with Cheiron to present educational sessions on Pension Obligation Bonds to Trustees to help them with their understanding in order to make decisions in the future.
- The Quarterly Newsletter was sent out to members. The next issue will be sent out in July.
- ORS's Quarterly All Staff meeting (QAS) was April 30. Staff attended a stress presentation that was helpful.
- ORS is proud to announce the soft launch of the Office's Facebook and Twitter account. The

social media pages have been created, however, ORS is not actively adding content at the moment, but will do so soon.

- Senior staff is working with the City on going back to in-person work.

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

Councilwoman Foley updated the Board on pending matters before the Council.

- c. Discussion and action regarding Resolution No. 4821 Police Tier 1, Resolution No. 4822 Police Tier 2, Resolution No. 4823 Fire Tier 1, and Resolution No. 4824 Fire Tier 2 Contribution Rates/Amounts for FY 21-22.

CEO Peña introduced the item for discussion and briefly spoke to it. Ms. Chua-Foy, Accounting Division Manager was also available to answer questions from the Board.

A motion was made to approve Resolution No. 4821 Police Tier 1, Resolution No. 4822 Police Tier 2, Resolution No. 4823 Fire Tier 1, and Resolution No. 4824 Fire Tier 2 Contribution Rates/Amounts for FY 21-22.

Approved. (M.S.C. Lanza/Santos 7-0-0) 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 Medlink, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31, 2025.

Ms. Hayman, Deputy Director, introduced and spoke to the item. She went over the contents of the attached memo and answered questions from the Board.

A motion was made to authorize the CEO to negotiate and execute a second amendment to the agreement with Medlink, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31, 2025.

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously by roll call vote.

- e. Discussion and action on authorizing the CEO to negotiate and execute a second amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2022 and increase the maximum compensation payable under the Agreement by \$25,000 to \$75,000.

Ms. Hayman, Deputy Director, introduced and spoke to the item. She went over the contents of the attached memo and answered questions from the Board.

A motion was made to authorize the CEO to negotiate and execute a second amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2022 and increase the maximum compensation payable under the Agreement by \$25,000 to \$75,000.

Approved. (M.S.C. Santos/Sunzeri 7-0-0) The motion passed unanimously by roll call vote.

- f. Discussion and action on Committee Assignments.

This Item was heard after 4g.

CEO Peña spoke to the item and stated that the item was on the agenda as a member of the Investment Committee is no longer able to serve on that committee. Trustee Sunzeri formally resigned from the Investment Committee. The Board discussed the efficiency of filling the vacancies on the Committees, as new Trustees would soon join the Board. A brief discussion ensued.

A motion was made to accept Trustee Sunzeri's resignation from the Investment Committee and to appoint him to the Audit Committee.

Approved. (M.S.C. Lanza/Santos 7-0-0) The motion passed unanimously by roll call vote.

- g. Office of Retirement Services Redesigned Website Presentation by Staff.

This Item was heard after 4e.

CEO Peña introduced the item for discussion and provided a brief background on the history of the ORS website update project. Eran Amir, IT Division Manager, presented the new website to the Board and answered questions. The new website is not live at this point, but will be in the very near future. The Board thanked staff for their hard work on the updated website.

- h. Discussion on "Past as Prologue Project" - evaluation of historical actuarial and capital markets assumptions to inform future funding determinations.

This Item was heard after 4f.

Chair Lanza spoke to the item, providing a brief background on the Boards work on Risk for Plan assets. He spoke to the attached presentation and answered questions from the Board. The Board should explore what the best way is to select a discount rate that is "right" for the Plan. The goal is to bring a plan for Board approval later this year.

5. RETIREMENTS

5.1 Service Retirements

Item 5.1a and 5.2a were heard together.

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

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously by roll call vote. Trustee Santos said a few kind words.

- a. Jarrod J. Nunes, Police Sergeant, Police Department, effective May 15, 2021; 28.50* years of service.

5.2 Deferred Vested

- a. **John Tompkins**, Police Officer, Police Department, effective May 15, 2021; 25.34* 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 Santos said a few kind words.

- a. Notification of the death of **Donald J. Moore**, Police Sergeant, retired June 26, 2010, died January 21, 2021. No survivorship benefits.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: April 20, 2021 **Next Meeting: June 22, 2021**

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

Trustee Menon spoke briefly to the contents of the last Investment Committee meeting.
- b. Minutes of the March 16, 2021 Special Police and Fire Investment Committee Meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: February 18, 2021 **Next Meeting: May 20, 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 4, 2021 **Next Meeting: June 17, 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: April 5, 2021 **Next Meeting: May 10, 2021**

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

Trustee Santos stated that the May 10, 2021 Disability Committee was cancelled.

- b. Minutes from the February 8, 2021 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. 2020 4th Quarter Dashboard Reports and the 2020 4th Quarter Detailed Statistics Reports.
Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: April 30, 2021 **Next Meeting: TBD**

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

Trustee Sunzeri spoke to the last Joint Personnel Committee meeting and introduced Tom Iannucci, Cortex Consulting, who spoke to the CEO and CIO Performance Evaluation Policies and Procedures and answered questions from the Board.

- b. Minutes of the November 10, 2020 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Discussion and action on the Committees' recommendation to approve the proposed revisions to CEO Performance Evaluation Policy.

Item 7.5c and 7.5d were heard together.

Tom Iannucci, Cortex Applied Research, spoke to the CEO and CIO performance evaluation policies and went over the changes that the Joint Personnel Committee recently made to the documents. Mr. Iannucci answered questions from the Board.

A motion was made to accept the CEO and CIO Performance Evaluation Policies.

Approved. (M.S.C Santos/Sunzeri 6-0-0) The motion passed unanimously by roll call vote.

Vice-Chair Gardanier was absent from the vote.

- d. Discussion and action on the Committees' recommendation to approve the proposed revisions to CIO Performance Evaluation Policy.

This Committees/Reports/Recommendations was approved.

- e. Review of the CEO Performance Evaluation Procedures.

This Committees/Reports/Recommendations was received and filed.

- f. Review of the CIO Performance Evaluation Procedures.

This Committees/Reports/Recommendations was received and filed.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

Next Meeting: June 3, 2021

The meeting adjourned at 12:02 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES