



# BOARD OF ADMINISTRATION

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

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Thursday, June 3, 2021

8:30 AM

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**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: 971 8028 3990**

**Password: 162737**

*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*

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, June 3, 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.

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

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Council member Foley arrived at 8:42 a.m. and departed at 10:00 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, Stacey Fischer, Houman Boussina, 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, Inc.; Anne Harper, Cheiron, Inc.; Danny Sullivan, Verus; Doug Manor, Neuberger Berman; Kacey Boyer, Neuberger Berman; Ed Hoffman, Pathway Capital; Michael Burger, Finance Department; Russ Richeda, Disability Counsel; Dr. Tierman, Board Medical Advisor; Rob Larkins, Public Attendee; Wing-See Fox, Public Attendee; Kevin Balaod, Journalist; Franco Vado, Retiree.

## AGENDA

### CALL TO ORDER AND ROLL CALL

### 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.

#### 1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

#### 1.1 Approval for a Deferred Vested/Non-Service-Connected Disability Retirement

- a. **Eric M. Eastman**, Police Officer. Request for a Non-Service Connected Disability Retirement, effective April 17, 2021; 25.50\* years of service. Pursuant to San Jose Municipal Code Section 3.36.302(E). (*With Reciprocity - 5.80 CSJ YOS + 19.69 PERS YOS*)

## **1.2 Approval Of Minutes**

- a. Approval of the Board Minutes of May 6, 2021.

## **1.3 Approval Of Travel for Conferences and Due Diligence**

- a. Roberto L. Pena, CEO
  - SACRS Virtual Spring Conference, May 11 - 14, 2021. - CANCELLED BY ATTENDEE
  - SACRS Virtual Public Pension Investment Management Program, July 13 - July 22, 2021.

## **1.4 Return of Contributions**

Voluntary / Involuntary.

## **1.5 Communication/Information**

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Plan Expenses for April 2021. Receive and file.
- c. Article - California Pension Systems: Ranking their Funding Assumptions, Roeder Financial - April 2021.
- d. California 2021 Funding Assumption Survey - April 2021.
- e. Letter from Cortex Consulting regarding closure.
- f. Board Committee Assignments. Receive and file.
- g. 2021 Retirement System Funding Survey for California Public Plans.

## **1.6 Education and Training**

- a. The Cortex Report - May 2021, Conferences, Seminars and Educational Programs.

- b. CalAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7,9 & 11, 2021.
- c. SACRS Virtual Public Pension Investment Management Program, July 13 - July 22, 2021.

## **2. INVESTMENTS**

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

CIO Palani updated the Board on the news that Brian Starr, Senior Investment Officer, would be leaving the Office of Retirement Services at the end of August. The Board and CIO Palani thanked Mr. Starr for his dedication and hard work. CIO Palani also reported the following:

- The Pension Plan was up 92 basis points during the month of May 2021.
- The Health Care Trust was up 1.07% during the month of May 2021.
- For Fiscal Year To-Date, the Pension Plan is up 23.24%.
- For Fiscal Year To-Date, the Health Care Trust is up 23.45%.

- b. Presentation of Calendar 4th Quarter 2020 Private Equity Report by Neuberger Berman.

CIO Palani introduced Doug Manor, Neuberger Berman, who presented the calendar 4th Quarter 2020 Private Equity report and answered questions from the Board.

- c. Presentation of Calendar 4th Quarter 2020 Private Markets Report by Meketa Investment Group.

CIO Palani introduced Jared Pratt, Meketa Investment Group, who presented the calendar 4th Quarter 2020 Private Markets report and answered questions from the Board.

- d. Presentation of Calendar 1st Quarter 2021 Performance Report for Pension Plan by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the calendar 1st Quarter 2021 Performance Report for the Pension Plan and answered questions from the Board. Ms. Wirick reported that the value of the P&F Plan's assets was \$4.5 billion on March 31, 2021, an increase of approximately \$56 million from the end of the prior quarter. The Plan had net cash outflows of \$58 million, and investment gains of \$114 million during the quarter.

- e. Presentation of Calendar 1st Quarter 2021 Performance Report for Health Care Trust by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the calendar 1st Quarter 2021 Performance Report for the Health Care Trust and answered questions from the Board. Ms. Wirick reported that the value of the P&F Plan's Health Care Trust's assets was \$232.2 million on March 31, 2021, an increase of \$12.7 million from the end of the prior quarter. The Trust had net cash inflows of \$6 million and investment gains of \$6.7 million in the 3-month period.

## **3. OLD BUSINESS CONTINUED-DEFERRED ITEMS**

- a. Discussion and action on Committee Assignments.

This item was heard after 4b.

Chair Lanza spoke to the item and proposed changes to the makeup of the Committees.

A motion was made to add Howard Lee to the Investment Committee in the vacant position and add Sunita Ganapati to the Audit Committee, replacing Vincent Sunzeri and to delete the 'Alternate' position from the Governance Committee.

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.

CEO Peña updated the Board on the following:

- ORS staff is working with the City Clerk's office to fill the Active and Retiree Police seats on the Board. The City Council needs to approve the unopposed applicants. Staff is hoping to have the new Trustees by the August Board meeting.
- The City budget is still being discussed at the City Council meetings.
- ORS is looking for a new Benefits Division Manager.
- The Benefits Division has a new analyst, a promotion from within the office. Staff is looking to fill a Staff Specialist and Analyst vacancy as the office is losing Ms. Yamaji, Benefits Analyst at the end of the week.
- More bids were received from the Request for Proposal (RFP) for a new Board Medical Advisor. Staff is working on a recommendation.
- The new ORS website will launch mid-June. ORS is also 'soft' launching social media accounts.
- The City is working on a plan for employees to return to in-person work. CEO Peña will keep the Board apprised of the discussions and plans as they materialize.

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

This item was heard after 2e.

Councilwoman Foley expressed her gratitude for the Police & Fire members and their hard work during the VTA shooting.

- c. Pension Obligation Bonds (POB) Educational presentation with an emphasis on the various options for amortizing POB proceeds by Cheiron.

This item was heard after 4a and 4f.

Chair Lanza introduced and provided a brief background on the item before introducing Bill Hallmark, Cheiron, who presented the attached Pension Obligation Bonds (POB) educational presentation. Mr. Hallmark experienced technical difficulties and the item was resumed after 4f.

Mr. Hallmark completed his educational presentation and answered questions from the Board. After extensive discussion Counsel Leiderman suggested the Board perform an asset liability study before determining how to treat and invest the anticipated POB proceeds. The Board directed staff to work with Verus and Meketa to present additional information on potential Risk for the POBs for educational purposes. The Board also directed staff to work with Cheiron to present an educational presentation on the potential effects on the amortization of the unfunded liability.

- d. Educational Presentation by Board Medical Advisor Dr. Susan Tierman and Board Disability Legal Advisor Counsel Russ Richeda on qualifying disability criteria.

This item was heard after the conclusion of 4c.

CEO Peña introduced the 2 training items. Russ Richeda, Disability Counsel presented Disability Retirement from a Lawyer's perspective and answered questions from the Board. Dr. Tierman presented Determining Impairment and Causation in Disability Retirements and answered questions from the Board. CEO Peña reminded the Board that Dr. Tierman would be retiring from her position as Board Medical Advisor on June 16th and thanked her for her hard work and dedication. Trustee Santos thanked Dr. Tierman for her service to the Board, a sentiment that was echoed throughout the Board.

- e. Discussion and action item on Cortex contract amendment extending the term of the agreement through December 31, 2021 for an additional \$25,000.

This item was heard during 4c.

CEO Peña briefly spoke to the request to the Board, explaining that Cortex Consulting will be finishing up ongoing projects for the Boards during the requested extension time before the business closes at the end of the year.

A motion was made to approve the request to execute an amendment to the agreement with Cortex Consulting, extending the term of the agreement through December 31, 2021 for an additional \$25,000.

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

- f. Discussion and action on changing the P&F Board meeting date from September 2, 2021 to September 9, 2021.

This item was heard during 4c.

CEO Peña spoke to the item, explaining that granting the request to change the September Board date would allow for more time to complete the annual CEO/CIO performance evaluations.

A motion was made to change the P&F Board meeting date from September 2, 2021 to September 9, 2021.

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

## **5. RETIREMENTS**

### **5.1 Service Retirements**

Chair Lanza read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously by roll call vote.  
Trustee Sunzeri was unable to vote due to technical difficulties.

- a. **Douglas E. Amaro**, Firefighter, Fire Department, effective June 10, 2021; 25.89\* years of service.
- b. **Jarod Middleton**, Fire Captain, Fire Department, effective June 12, 2021; 25.34\* years of service.
- c. **Ken Muto**, Police Officer, Police Department, effective June 12, 2021; 25.22\* years of service.
- d. **Thomas Reid**, Fire Engineer, Fire Department, effective June 26, 2021; 31.56\* years of service.  
(*With Reciprocity CSJ YOS 20.06 + LACERA YOS 11.5*)

### **5.2 Deferred Vested**

Chair Lanza read the Deferred Vested Retirements into the record.

A motion was made to approve the Deferred Vested Retirements.

Approved. (M.S.C. Muyo/Santos 7-0-0) The motion passed unanimously by roll call vote.  
Trustee Sunzeri was unable to vote due to technical difficulties.

- a. **Jarrold M. Jesser**, Police Officer, Police Department, effective July 30, 2021; 25.35\* years of service. (*With Reciprocity CSJ YOS 17.30 + PERS YOS 8.05\**)
- b. **Philip J. Mancini**, Police Officer, Police Department, effective July 16, 2021; 25.73\* years of service. (*With Reciprocity CSJ YOS 9.71 + PERS YOS 16.02*)
- c. **Bradley Rossmiller**, Police Officer, Police Department, effective June 21, 2021; 16.98\* 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 Gardanier, Trustee Muyo and Trustee Santos

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said a few kind words.

- a. Notification of the death of **Douglas Biddle**, Fire Engineer, retired January 5, 2019, died March 13, 2021. Survivorship benefits to Samuel Biddle, son and Pearl Biddle, daughter.
- b. Notification of the death of **James C. Foley**, Fire Engineer, retired September 12, 1992, died April 6, 2021. Survivorship benefits to Linda Moore, Spouse.
- c. Notification of the death of **Russell Hewitt**, Fire Captain, retired October 7, 1987, died April 25, 2021. No survivorship benefits.
- d. Notification of the death of **Fred Kingsley**, Police Sergeant, retired February 5, 1998, died April 12, 2021. Survivorship benefits to Shirley Kingsley, Spouse.
- e. Notification of the death of **Wilbur Mitchell**, Police Sergeant, retired June 3, 1993, died April 29, 2021. Survivorship benefits to Carol Mitchell, Spouse.
- f. Notification of the death of **Floyd Stewart**, Fire Captain, retired September 1, 2010, died July 1, 2020. No survivorship benefits.
- g. Notification of the death of **Gerald R. Van Horn**, Fire Fighter, retired November 9, 2000, died April 6, 2021. Survivorship benefits to Joanna Van Horn, Spouse.

## **7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS**

### **7.1 Investment Committee (Menon - CH/Gardanier/Lanza)**

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

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

There was no update.

### **7.2 Audit/Risk Committee (Lee - CH/Muyo/Sunzeri)**

**Last Meeting: May 20, 2021**      **Next Meeting: August 19, 2021**

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

Trustee Lee provided a brief summary of the contents of the last meeting.



- b. Minutes of the February 18, 2021 Joint Audit 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. 1/1/21 - 3/31/21 Quarterly Travel and attendance for Police & Fire. Receive and file.  
**This Committees/Reports/Recommendations was received and filed.**
- d. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.  
**This Committees/Reports/Recommendations was received and filed.**
- e. Discussion and action on the Committees' recommendation to approve the FY 20-21 Office of Retirement Services Retirement Plans Audit Plan by Grant Thornton.  
**This Committees/Reports/Recommendations was approved.**  
  
**A motion was made to approve Grant Thornton's Audit Plan for FY 21-22.**  
  
**Approved. (M.S.C. Lee/Lanza 8-0-0) The motion passed unanimously by roll call vote.**

**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: June 7, 2021**

- a. Oral update from the Chair of the Disability Committee.  
  
**Trustee Santos stated that the next meeting will be June 7, 2021.**

**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.

There was no update.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

**Next Meeting: August 5, 2021**

The meeting adjourned at 1:15 p.m.

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

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DREW LANZA, CHAIR  
BOARD OF ADMINISTRATION

ATTEST:

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ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES