



# BOARD OF ADMINISTRATION

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

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Thursday, August 5, 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: 961 2802 9369

Password: 309655

*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 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)*  
*Vacant, Trustee, Police Active Rep (Term Expires 11/30/21)*

*Pam Foley, City Council Liaison to the Board*

*Maytak Chin, General and Fiduciary Counsel*

*Roberto L. Peña, CEO, Office of Retirement Services*

### AGENDA

#### 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, August 5, 2021 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:42 a.m. followed by roll call.

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

**Excused:** 1 - Nick Muyo

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Trustee Franco Vado, Police Retiree Representative, and Trustee Dave Wilson, Active Police Representative were appointed by the City Council and sworn into office on August 3, 2021 and attended and participated in the meeting.

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, Donna Busse, May Cheung, Linda Alexander, Marti Zarate, and Michelle San Miguel.

Also Present via Teleconference: Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Bill Hallmark, Cheiron, Inc.; Eileen Neill, Verus; Vance Creekpau, Verus; Cyril Espanol, Journalist; Nick Muyo, Retiree; Ray Storms, Retiree Association; Tom Iannucci, Cortex Consulting.

### **CLOSED SESSION**

The Board entered into Closed Session at 8:44 a.m.

#### **I. CLOSED SESSION NEW BUSINESS**

- A. **CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Executive Officer
- B. **CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Investment Officer

The Board came out of Closed Session at 10:00 a.m.

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

The Board reconvened into Open Session at 10:00 a.m. There was no reportable action from Closed Session.

#### **ORDERS OF THE DAY**

Chair Lanza welcomed Police Retiree Trustee Franco Vado and Police Active Trustee Dave Wilson to the Board. They were sworn in after their appointment by the City Council on Tuesday, August 3, 2021. He also welcomed Maytak Chin, Reed Smith, as Counsel for this meeting. Chair Lanza read the following Orders of the Day into the record.

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For matter where we must have debate, I will call the roll and you will each have a turn.
- We run great, open meetings. But we need a different etiquette. Do not interrupt a presenter. Take notes and ask later.

- If necessary, there will be a hard recess from 1:00pm -1:05pm to accommodate Civic Center TV's broadcasting process.
- 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. This will take a few minutes. Thank you and we appreciate your cooperation.
- Deferred at the request of OER – Item 4c - Discussion and action on Ordinance changes to clarify definition of FLSA Premium Pay. – Time Certain 11:00 a.m.
- Item 2b will be heard after 4d.

## 1. CONSENT CALENDAR

Item 1.6c was pulled from the Consent Calendar at the request of Trustee Sunzeri, who noted that he believed his assignment to the Audit Committee was omitted in the attachment. CEO Peña stated staff would look into it and return to the next meeting with more information.

A motion was made to approve the balance of the Consent Calendar.

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

### 1.1 Approval for a Change in Status to Service-Connected Disability Retirement

- a. **Debra Ward**, Battalion Chief, Fire Department, Request for a Change of Status to Service-Connected Disability Retirement, effective August 13, 2016; 27.52\* years of service. *(Disability Committee Recommendation: Approval)*

### 1.2 Approval of Deferred Vested / Non-Service-Connected Disability Retirement

- a. **Nicholas A. Kluka**, Police Officer. Request for a Non-Service Connected Disability Retirement, effective May 5, 2021; 22.95\* years of service. Pursuant to San Jose Municipal Code Section 3.36.302(E). *(With Reciprocity - 2.95 CSJ YOS + 20.00 PERS YOS)*

### 1.3 Approval Of Minutes

- a. Approval of the Board Minutes of June 3, 2021.

### 1.4 Approval Of Travel for Conferences and Due Diligence

- a. Prabhu Palani, CIO
  - Pacific Pension and Investment Summer 2021 Roundtable, Virtual Conference - July 13 - July 15, 2021.
  - 2021 Pension Bridge Annual Conference, Virtual Program - July 27 - July 29, 2021.

### 1.5 Return of Contributions

- a. Voluntary / Involuntary.

#### **1.6 Communication/Information**

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Plan Expenses for May 2021. Receive and file.
- c. Board Committee Assignments. Receive and file.

**This item was pulled from the Consent Calendar.**

- d. **Revised** 2021 Scheduled Board and Standing Committee Meetings. Receive and file.
- e. ORS's Quarterly Newsletter - The Retirement Connection.
- f. The Essential Allocator email regarding the City of San Jose Pension Plans, by Alicia McElhaney, July 16, 2021.

#### **1.7 Report out of Closed Session**

- a. Report out of Closed Session from the December 3, 2020 Police and Fire Board Meeting.

#### **1.8 Change of Retirement Application**

- a. Approval for a change in effective date for **Phillip Mancini** from July 16, 2021 to July 17, 2021 for a Deferred Vested Retirement, approved at the June 3, 2021 Board meeting.

#### **1.9 Notice of Alternate Payee Benefit Election**

- a. Approval of Alternate Payee Benefit election of Reduced Lifetime Monthly Payment Option to be paid to Stacey Cleaver, ex-spouse of Police Sergeant, **Todd Cleaver** to be effective May 25, 2021 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

#### **1.10 Approval of Administrative Matters**

- a. Approval to amend the request for Board approval regarding the agreement with Segal Company

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for Actuarial Services as approved at the February 4, 2021 meeting.

### **1.11 Education and Training**

- a. The Cortex Report - July 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Principles of Pension Governance for Trustees, September 28 - 30, 2021.
- c. CalAPRS Virtual Intermediate Courses in Retirement Plan Administration, November 3-5, 2021.
- d. CalAPRS Virtual Advanced Courses in Retirement Plan Administration, December 8 - 10, 2021.

## **2. INVESTMENTS**

- a. Oral Update by CIO, Prabhu Palani.

CIO Palani updated the Board on the news that Dhinesh Ganapathiappan has accepted the Senior Investment Officer position vacated by Brian Starr. CIO Palani also reported the following:

- For Fiscal Year ending June 30th, the Pension Plan returned 26.49%.
- For Fiscal Year ending June 30th, the Health Care Trust returned 24.41%.

- b. Discussion on Pension Obligation Bonds by CIO Palani, Meketa Investment Group, & Verus Investments.

This item was heard after 4d.

Chair Lanza introduced the item for discussion. Eileen Neill, Verus, spoke to the attached presentation and answered questions from the Board. Jared Pratt, Meketa Investment Group, also spoke to the attached presentation and answered questions from the Board. The topic will continue to be discussed at the next Joint Investment Committee meeting.

## **3. OLD BUSINESS CONTINUED-DEFERRED ITEMS - None**

## **4. NEW BUSINESS**

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

This item was heard after 4b.

CEO Peña updated the Board on the following:

- The Office of Retirement Services is still closed to the public. Some ORS staff stop by the

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office a few times a week, as necessary. Staff is working on setting up an appointment feature for members to use. ORS may open to public after Labor Day. Senior staff supports hybrid approach to returning to in-person work and has received feedback from staff at the recent Quarterly Staff meeting regarding their thoughts on the return to in-person work process.

- ORS has hired a new Benefits Division Manager. Sandra Castellano, formerly from DOT, will start on August 9, 2021.

- Tami Imai has been promoted to Benefits Analyst. Staff will be conducting interviews for one more vacant Benefits Analyst position. Terry Ferrigno has returned to ORS as a retiree rehire to assist the Benefits division.

- New ORS website went live in June. Staff welcomes feedback from the public.

- The Quarterly ORS Newsletter was distributed in July.

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

This item was heard after 2a.

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

- c. Discussion and action on Ordinance changes to clarify definition of FLSA Premium Pay. (TIME CERTAIN: 11:00 A.M.)

This Item was deferred to the September 9, 2021 P&F Board meeting.

- d. Actuarial presentation by Cheiron on updated Pension Projections on preliminary investment returns as of June 30, 2021.

This item was heard after 4a.

CEO Peña introduced the topic for discussion and provided a brief background on the item. He introduced Mr. Hallmark, Cheiron Inc., who presented the updated Pension Projections on preliminary investment returns as of June 30th and answered questions from the Board. He stated that the preliminary pension return was 25.25% or 690 million more than expected. Mr. Hallmark spoke to the changes to the projected funded status and projected contributions.

- e. Discussion and action on staff's recommendation for approval for the CEO to negotiate and execute an Agreement with Work Health Solutions to provide Disability Medical Evaluation Services to the Board for an amount not to exceed \$250,000 for fiscal year 2021-22 with two one-year extension options to extend beyond June 30, 2022.

This item was heard after 2b.

CEO Peña introduced the topic for discussion and Barbara Hayman, Deputy Director, who spoke to the attached memo. Ms. Hayman explained the request to the Board and detailed the selection criteria and process. Ms. Hayman answered questions from the Board and clarified that the Board would have the option to renew the agreement if they were satisfied with the Advisor.

A motion was made to authorize the CEO to negotiate and execute an Agreement with Work Health Solutions to provide Disability Medical Evaluation Services to the Board for an amount not to exceed \$250,000 for fiscal year 2021-22 with two one-year extension options to extend

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beyond June 30, 2022.

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

- f. Update on ORS Communications Plan by Barbara Hayman.

CEO Peña introduced the item and explained that this was a semi-annual update, as requested by the Board. Ms. Hayman, Deputy Director, spoke to the attached memo on the ORS Communication Plan and answered questions from the Board.

## **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 9-0-0) The motion passed unanimously by roll call vote.

- a. **Gregory W. Alameda**, Fire Captain, Fire Department, effective August 5 2021; 25.52\* years of service.
- b. **Robert L. Bacon, Jr.**, Battalion Chief, Fire Department, effective August 7, 2021; 25.06\* years of service.
- c. **Scott Campbell**, Firefighter, Fire Department, effective September 2, 2021; 25.61\* years of service.
- d. **Peter Caponio**, Fire Captain, Fire Department, effective August 7, 2021; 26.52\* years of service.
- e. **Brian Endicott**, Fire Captain, Fire Department, effective August 7, 2021; 25.05\* years of service.
- f. **Steven P. Nelson**, Fire Captain, Fire Department, effective August 7, 2021; 26.05\* years of service.
- g. **David J. Tindall**, Deputy Chief, Police Department, effective July 24, 2021; 26.99\* years of service. (*With Reciprocity CSJ YOS 25.76 + PERS YOS 1.22*)

## **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 Vado and Trustee Santos

said a few kind words.

- a. Notification of the death of **Robert Browning**, Police Sergeant, retired July 3, 1993, died June 18, 2021. Survivorship benefits to Laurel Browning, Spouse.
- b. Notification of the death of **Allan Canepa**, Firefighter, retired September 2, 1987, died April 29, 2021. No survivorship benefits.
- c. Notification of the death of **Paul Farlow**, Police Sergeant, retired January 2, 1993, died May 18, 2021. No survivorship benefits.
- d. Notification of the death of **William P. Hackett**, Fire Engineer, retired November 6, 1991, died May 2, 2021. No survivorship benefits.
- e. Notification of the death of **Jerry Mathis**, Fire Engineer, retired April 6, 1988, died May 8, 2021. Survivorship benefits to Maria Mathis, Spouse.
- f. Notification of the death of **Thomas Perez**, Police Lieutenant, retired September 22, 1995, died April 22, 2021. Survivorship benefits to Estrella Perez, Spouse.
- g. Notification of the death of **John Schaar**, Firefighter, retired January 5, 1982, died January 23, 2021. Survivorship benefits to Dorothy Schaar, Spouse.
- h. Notification of the death of **William Sims**, Police Sergeant, retired September 3, 1993, died January 4, 2021. No survivorship benefits.
- i. Notification of the death of **William B. Staples**, Assistant Fire Chief, retired August 5, 2000, died May 18, 2021. Survivorship benefits to Janice Staples, Spouse.
- j. Notification of the death of **Gary Zobrosky**, Fire Engineer, retired January 31, 2004, died March 2, 2021. Survivorship benefits to Judy Zobrosky, Spouse.

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

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

**Last Meeting: June 22, 2021**      **Next Meeting: August 24, 2021**

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

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Trustee Menon updated the Board on the topics covered at the last Investment Committee meeting.

- b. Minutes of the April 20, 2021 Police and Fire Investment Committee meeting. Receive and file.

**This Committees/Reports/Recommendations was received and filed.**

- c. Minutes of the April 20, 2021 Joint Investment Committee meeting. Receive and file.

**This Committees/Reports/Recommendations was received and filed.**

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

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

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

**There was no update.**

## **7.3 Governance Committee (Muyo - CH/ Santos/ Lee)**

**Last Meeting: June 3, 2021                      Next Meeting: September 9, 2021**

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

**CEO Peña briefly spoke to the contents of the last meeting and the Committees' recommendation to approve the Succession Planning Policy.**

- b. Minutes of the March 4, 2021 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 Succession Planning Policy.

**This Committees/Reports/Recommendations was approved.**

**A motion was made to approve the Succession Planning Policy.**

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

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

**Last Meeting: June 7, 2021**      **Next Meeting: August 16, 2021**

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

There was no update.

- b. Minutes from the April 5, 2021 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. 2021 1st Quarter Dashboard Reports and the 2021 1st 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.

CEO Peña stated that staff would try and schedule a meeting in September.

#### **• PROPOSED AGENDA ITEMS**

Retiree Association President, Ray Storms, asked that the Board discuss Post-Traumatic Stress Disorders in Police & Fire retirees and possible actions the Board can take for those members at a future meeting.

#### **• PUBLIC COMMENTS**

None.

#### **• ADJOURNMENT**

**Next Meeting: September 9, 2021**

The meeting adjourned at 1:00 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