



BOARD OF ADMINISTRATION

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

Thursday, October 6, 2022

8:30 AM

MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION

zoom.us

Dial In: +1 669 900 9128 US (San Jose)

Meeting ID: 934 0595 7452

Pass Code: 488951

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Andrew Gardanier, Vice-Chair, Fire Active Rep (Term Expires 11/30/23)
David Kwan, Trustee, Public Member (Term Expires 11/30/24)
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)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Franco Vado, Trustee, Police Retiree Rep (Term Expires 11/30/24)
Dave Wilson, Trustee, Police Active Rep (Term Expires 11/30/25)

Pam Foley, City Council Liaison to the Board

Harvey Leiderman & Maytak Chin, 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, October 6, 2022 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:38 a.m. followed by roll call. Trustee Howard Lee joined the meeting at 8:41 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan, Christina Wang, Sachin Sadana, Arun Nallasivan, Ellen Lee, Eric Tsang, David Aung, Julie He, Sandra Castellano, Linda Alexander and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Jared Pratt, Meketa Investment Group; Joe Ebisa, Journalist; Pam Foley, City Council Liaison; Gary Johnson, Public Attendee; Kevin Fisher, CAO; Scott Hughes, Council Assistant; Ray Storms, Public Attendee; Russ Richeda, Disability Counsel; Cheryl Parkman, OER; Jay Castellano, Public Attendee; Mariah Fairley, Reed Smith; Suzanne Hutchins, CAO.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.

I. CLOSED SESSION OLD BUSINESS/CONTINUED-DEFERRED ITEMS

The Board entered into Closed Session at 8:40 a.m.

- A. CLOSED SESSION:** CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Drew Lanza, Board Chair and Eswar Menon, Investment Committee Chair. Unrepresented employees: Chief Executive Officer and Chief Investment Officer

- B. CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2): ONE CASE.

The Board came out of Closed Session at 9:41 a.m.

On Closed Session Item 1A, no reportable action.

On Closed Session Item 1B, counsel reported out of closed session that the Plan and member Kenneth Williams have agreed to a written Settlement Agreement regarding action to be taken due to the member's conviction of a felony in 2008. The Agreement essentially provides for the member's current monthly allowance to be reduced for the rest of his life by 10% starting March 1, 2023, based on the facts and circumstances of Mr. Williams' case. The member has also waived and released any and all claims against the Plan arising out of the Board's action under the Municipal Code.

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

Open Session re-convened at 9:41 a.m.

• ORDERS OF THE DAY

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.
- We run great, open meetings. But we need a different etiquette. Do not interrupt a presenter. Take notes and ask later during the comment period.
- If necessary, there will be a hard recess from 1:00pm 1:05pm to accommodate Civic Center TV's broadcasting process.
- Board Members please stay on this Zoom meeting call after the Regular meeting ends – The public special meetings for each Committee to address California Assembly Bill No. 361 will take place using the same Zoom meeting ID and password.

• **PUBLIC/RETIREE/GENERAL COMMENTS - Not Related to A Specific Agenda Item**

None.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

1.1 Approval Of Minutes

- a. Approval of the Board Minutes of September 1, 2022.

1.2 Return of Contributions

- a. Voluntary | Involuntary.

1.3 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Updated Board and Committee Assignments. Receive and file.
- c. Report of the Plan Expenses for June and August 2022. Receive and file.
- d. Report of the Budget vs. Actual Expenses for 4th Quarter FY 21-22. Receive and file.
- e. **Educational Travel Reports:**
- Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022 - by

Eswar Menon.

- f. The S&P Global Ratings Article: ‘Recent Pension Funding Gains For Largest U.S. Cities Expected To Be Short-Lived’, by Stephen Doyle, Todd Kanaster, Christian Richards and Geoffrey Buswick; September 26, 2022.

1.4 Change of Retirement Application

- a. Approval for a change in effective date for **Lamont J. Cusseaux**, Police Sergeant, from October 2, 2022 to October 1, 2022 for a Deferred Vested Retirement approved at the September 1, 2022 Board meeting.

1.5 Education and Training

- a. The Cortex Report - September 2022, Conferences, Seminars and Educational Programs.
- b. NCPERS Accredited Fiduciary (NAF) Program, Sheraton Grand Nashville Downtown, Nashville, Tennessee - October 22-23, 2022.
- c. NCPERS Public Safety Conference, Sheraton Grand Nashville Downtown, Nashville, Tennessee - October 23 - 26, 2022.
- d. CalAPRS Virtual Trustee Roundtable - October 28, 2022.
- e. SACRS Fall Conference 2022, Hyatt Regency, Long Beach, CA November 8, 2022 - November 11, 2022.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani spoke to the 2021 Fee report and stated that the report was one of the most comprehensive Fee Report produced by a Pension Plan. CIO Palani also reported that the Fee Report would be presented to the City Council soon.

- b. Presentation of Investment Fee Report for Calendar Year 2021 by Investment Staff.

Dhinesh Ganapathiappan, Senior Investment Officer, presented the 2021 Fee Report and answered questions from the Board. He reviewed various sections of the fee report and highlighted key figures. The Trustees thanked Mr. Ganapathiappan for the presentation.

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:

- ORS welcome 2 new Senior Analysts, Teresa Meyer for the Health team and Han Van for the Pension team. Staff is recruiting for the vacant Staff Specialist position.
- Open Enrollment for Retirees is the entire month of November. An in-person Health Fair is scheduled this year for November 2nd at the Leninger Center. Open Enrollment packets will be mailed out by the end of October.
- The City has lifted the mandatory Masking policy on September 12th.
- ORS will be closed on October 10, 2022 in honor of Indigenous Peoples Day.
- The Joint meeting of the Boards and City Council has been moved from October 2022 to spring 2023.

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

Scott Hughes, Council Liaison Foley's Chief of Staff, updated the Board on pending matters before the Council, and noted that the Joint Session Meeting between the retirement plans and the City Council has been continued.

- c. Discussion and action on annual merit increase for the CIO position.

Trustee Menon spoke to the item and provided a brief overview on why the item has returned to the Board. The Federated Board voted on a salary range that exceeded the range originally voted on and approved by the P&F Board at their last meeting. The Federated Board recommended a merit increase for CIO Palani that was 5-7%. Trustee Gardanier noted that the Board should go back to its consultant Cortext to work on MPP evaluations issues.

A motion was made to approve a merit increase of 7% with an additional 5 Executive Leave days for the CIO.

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

- d. Discussion and action on City's request to drop healthcare coverage for affected members under the City's Medicare Mandate pursuant to SJMC § 3.36.1920(M).

CEO Peña introduced the item, and Counsel Chin and Sandra Castellano, Benefits Division Manager spoke to the issues and recommendations raised in the back-up memo provided to the Board and answered questions from the Board. Cheryl Parkman, OER, and Kevin Fisher, City Attorney's Office, also spoke to the item from the City's perspective. Ray Storms also provided comments on this item. After extensive discussion amongst the trustees and the public, a motion was put forward.

A motion was made to approve the recommendations listed in the attached memo and for the recommendations to be implemented.

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

- e. Discussion and action on Pension economic assumptions for the June 30, 2022 Actuarial Valuation to be presented by Cheiron.

Bill Hallmark, Cheiron, Inc., presented and spoke to the attached presentation. Mr. Hallmark also spoke to the proposed timeline for reviewing the annual actuarial items. Anne Harper, Cheiron, Inc., also spoke to the attached presentation. Cheiron recommends:

- Price Inflation: Increase from 2.25% to 2.5%
- Wage Inflation: Increase ultimate assumption from 3% to 3.25%
- Amortization payment increases - Increase from 2.25% to 2.5%
- Discount Rate - 6.625% - No change recommended

After extensive discussion Chair Lanza proposed that the Board review the information further and will vote on a course of action at the next Board meeting.

- f. Discussion and action on updating the Disability retirement process, including the role of the Board Medical Advisor.

CEO Peña introduced and spoke to the item. He provided a brief background on reasoning behind the request to update the disability retirement process stated in the back-up material memo for this item. Key recommendations listed in the memo are as follows:

- Direct staff to eliminate the Board Medical Advisor role from the Disability Application process

- Authorize the CEO to negotiate and execute an Amendment to the current Agreement between the Board and ExamWorks to include disability application processing services including medical record gathering and sorting, preparing line-item review and summary reports, as well as Independent Medical Examiner (IME) appointment scheduling and coordination. No additional budget is requested at this time.

CEO Peña and Sandra Castellano answered questions from the Board and public regarding the proposed changes. Counsel Chin and Leiderman also spoke to the item. Extensive discussion ensued.

A motion was made approve the recommendations listed in the memo and also to end the Agreement with Work Health Solutions (WHS) by the end of this calendar year.

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

- g. Discussion and action on authorizing the CEO to negotiate and execute a first amendment to the agreement with Socially Responsible Partnerships, Social Media Vendor, to extend the term of the Agreement through June 30, 2024 at the same monthly amount of \$1,557.50.

CEO Peña introduced the item for discussion and answered questions from the Board.

A motion was made to authorize the CEO to negotiate and execute a First Amendment to the

agreement with Socially Responsible Partnerships, Social Media Vendor, to extend the term of the Agreement through June 30, 2024 at the same monthly amount of \$1,557.50.

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

- h. Educational presentation on Ralph M. Brown Act's opening meeting laws.

This Item was deferred to the November 3, 2022 Police & Fire Department Retirement Plan and Health Care Trust meeting.

- i. Discussion and action on factual findings for use of California Assembly Bill 361's abbreviated teleconferencing procedures.

Counsel Chin introduced and spoke to the item. Ms. Chin explained the contents of the memo submitted to the Board regarding evidentiary support for the Board's consideration of factual findings necessary for election to adopt AB 361's abbreviated teleconferencing procedures, which included:

(1) Governor's proclamation on the continued state of emergency due to the ongoing COVID-19 pandemic; and

(2) the City Council's recent resolution that continued to impose and recommend social distancing in City facilities.

A motion was made to adopt these as the Board's factual findings under AB361 and authorize the Board to continue meeting virtually for the next 30 days.

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

5. RETIREMENTS

5.1 Service Retirements

Item 5.1 and 5.2 were heard together. Chair Lanza read the Service and Early Retirements into the record.

A motion was made to approve the Service and Early Retirements.

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

- a. **Stewart M. Davies**, Police Lieutenant, Police Department, effective October 15, 2022; 26.99* years of service.
- b. **David L. Parker**, Fire Captain, Fire Department, effective October 1, 2022; 27.44* years of service.
- c. **Shawn Rocha**, Police Officer, Police Department, effective October 15, 2022; 22.40* years of service.

5.2 Early Retirement

- a. **Dean W. Whipple**, Fire Prevention Inspector, Fire Department, effective September 17, 2022; 23.77* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Chair Lanza read the Death Notification into the record and asked for a moment of Silence for those who have served and passed away. Trustee Santos and Trustee Vado said kind words.

- a. Notification of the death of **William S. Bartosiewicz**, Fire Captain, retired May 4, 2000, died February 3, 2022. No survivorship benefits.
- b. Notification of the death of **Walter Capp**, Fire Captain, retired March 5, 1986, died July 30, 2022. Survivorship benefits to Dolores Capp, Spouse.
- c. Notification of the death of **Gilbert S. Gonzales**, Police Sergeant, retired August 3, 2000, died February 12, 2022. No survivorship benefits.
- d. Notification of the death of **Norvel Pulliam**, Police Lieutenant, retired February 7, 1984, died July 23, 2022. Survivorship benefits to Nancy Pulliam, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Menon - CH/Gardanier/Ganapati/Lee)

**Last Meeting: September 1, 2022 (Special) Next Meeting: October 6, 2022 (Special),
October 25, 2022 (Regular)**

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

Chair Menon reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Investment Committee meeting from July 29, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Investment Committee meeting from August 4, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.2 Audit/Risk Committee (Ganapati-CH/Lee/Wilson)

**Last Meeting: September 1, 2022 (Special) Next Meeting: October 6, 2022 (Special),
October 20, 2022 (Regular)**

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

Chair Ganapati reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Audit/Risk Committee meeting from July 29, 2022. Receive and file,

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Audit/Risk Committee meeting from August 4, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.3 Governance Committee (Vado - CH/Kwan/Santos)

Last Meeting: September 1, 2022 (Special) Next Meeting: October 6, 2022 (Special)

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

Chair Vado reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Governance Committee meeting from July 29, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Governance Committee meeting from August 4, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.4 Disability Committee (Santos - CH/Lanza - Alts: Menon/Vado)

**Last Meeting: September 6, 2022 (Regular) Next Meeting: October 6, 2022 (Special),
October 11, 2022 (Regular)**

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

Chair Santos reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Disability Committee meeting from July 29, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Disability Committee meeting from August 4, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- d. Minutes from the August 8, 2022 Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: September 15, 2022 (Special) Next Meeting: October 10, 2022

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

Trustee Gardanier spoke to the contents of the last JPC meeting and reported that the Committee will be meeting monthly.

- b. Minutes of the of the March 4, 2022 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the August 10, 2022 Special Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

• PROPOSED AGENDA ITEMS

None.

• ADJOURNMENT

Next Meeting: November 3, 2022

The meeting adjourned at 1:41 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