BOARD OF ADMINISTRATION

Meeting Minutes - Final

Police & Fire Department Retirement Plan and Health Care Trust

Thursday, April 6, 2023	**8:30 AM**	**City Hall, Council Chambers, 200 E. Santa Clara St. San Jose, CA 95113**

HYBRID MEETING

PHYSICAL LOCATION:
City Hall, Council Chambers, 200 E. Santa Clara St. San Jose, Ca 95113

ZOOM INFORMATION:
zoom.us
Dial In: +1 669 900 9128 US (San Jose)
Meeting ID: 917 9323 0480
Pass Code: 449190

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Franco Vado, Vice-Chair, Police Retiree Rep (Term Expires 11/30/24)
Sunita Ganapati, Trustee, Public Member (Term Expires 11/30/26)
Andrew Gardanier, Trustee, Fire Active Rep (Term Expires 11/30/23)
David Kwan, Trustee, Public Member (Term Expires 11/30/24)
Howard Lee, Trustee, Public Member (Term Expires 11/30/26)
Eswar Menon, Trustee, Public Member (Term Expires 11/30/26)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/26)
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

Present: 9 - Andrew Gardanier, David Kwan, Sunita Ganapati, Dave Wilson, Franco Vado, Howard Lee, Drew Lanza, Eswar Menon and Richard Santos

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met in person at City Hall Council Chambers and zoom on Thursday, April 6, 2023 at 8:30 a.m. Chair Lanza called the Pension Plan and Health Care Trust meeting to order at 8:30 a.m. followed by roll call.

Board Members Present: Drew Lanza, Franco Vado, Andrew Gardanier, David Kwan, Howard Lee, Richard Santos, Dave Wilson, Sunita Ganapati and Eswar Menon.

Trustee Santos departed the meeting at 9:40 a.m.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Jay Kwon, Eric Tsang, Sandra Castellano, Chris Ha, Isela Chaparro, Khadijah Onyeije, Michelle San Miguel, Ron Kumar, Dhinesh Ganapathiappan, Benjie Chua-Foy and Sherrell Aledo.

Retirement Staff Present via Zoom: Shilpi Dwivedi, Arun Nallasivan, Christina Wang, Ellen Lee, Julie He, Houman Boussina, Deborah Sattler and David Aung.

Also Present: Pam Foley, Council Liaison; Laura Wirick, Meketa Investment Group; Eileen Neill, Verus.

Also Present via Zoom: Maytak Chin, and Harvey Leiderman, General and Fiduciary Counsel; Jared Pratt, Meketa Investment Group; Kevin Balaod, Public Attendee; Gary Johnson, Public Attendee; Ada Lin, Public Attendee; Tim Doyle, Public Attendee.

ADA ALERT

In accordance with the requirements of AB 2449, the Board of Administration ("Board") will generally, upon request, provide appropriate aids and services leading to effective communication for individuals with disabilities so they can participate equally in the Board's meetings, including qualified sign language interpreters, documents in Braille, and other ways of making information and communications accessible to people who have speech, hearing, vision or other disabilities.

Anyone who requires an auxiliary aid or service for effective communication to participate in a Board meeting should contact the designated contact in Office of Retirement Services as far in advance of the scheduled meeting as possible. The Board strongly encourages individuals with disabilities to endeavor to submit requests for reasonable accommodation no later than five (5) business days before the scheduled meeting, as the Board may not be able to grant requests for reasonable accommodations without sufficient advance notice. The Board strongly encourages individuals with disabilities to submit their written requests via email or regular mail to facilitate tracking and response; however, if the submission of a written request constitutes a hardship, individuals may call the Office of Retirement Services to submit an oral request.

The designated contact in the Office of Retirement Services will endeavor to respond to each request within three (3) business days of receipt of the request. Depending on the request, the designated contact in the Office of Retirement Services may ask to schedule a time to discuss the request (which may occur virtually) to determine the most appropriate auxiliary aid or service, before the request is resolved.

ADA Designated Contact Information

Attention: Deputy Director/Chief Operations Officer, Office of Retirement Services
Address: 1737 N First St #600, San Jose, CA 95112
Email: #Retire_Admin@sanjoseca.gov
Phone: 408-794-1000 (ORS Main Line)

1. AB 2449 REMOTE APPEARANCES(S)

a. Just Cause Circumstance(s) (Gov't Code § 54953)

i. The following Trustee(s) have notified the Board of a "Just Cause" to attend this meeting via teleconference.

NONE

ii. Call for Trustee(s) who wish to notify the Board of a "Just Cause" to attend this meeting via teleconference.

b. Emergency Circumstance(s) (Gov't Code § 54953)

i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."

NONE

ii. Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance".

iii. Take action on request(s) for remote appearance.

No action was taken for this agenda item.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

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

2. CLOSED SESSION NEW BUSINESS

The Board entered into Closed Session at 8:33 a.m.

A. CLOSED SESSION: PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2): SIGNIFICANT EXPOSURE TO LITIGATION (2 CASES).

The Board came out of Closed Session at 9:19 a.m.

There was no reportable action from Closed Session.

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

Open Session re-convened at 9:23 a.m.

- ## ORDERS OF THE DAY

Chair Lanza read the following into the record:

A FEW GROUND RULES FOR THIS MEETING

• We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.

ORDERS OF THE DAY:

• Defer items 8.2c and 8.4d – they were erroneously added to the agenda.

WAIVE SUNSHINE (amended/attachment posted late):

•4a – Discussion and action on the revised Office of Retirement Services proposed administrative budget for FY23-24 for changes in the personnel category.

• 5e - Discussion and action to authorize the CEO to negotiate and execute an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Macias Gini and O'Connell LLP ("MGO") for audit services for the maximum contract amount of $750,000.

A motion was made to approve the Orders of the Day and Waive Sunshine on items 4a and 5e.

Approved. (M.S.C. Santos/Gardanier 9-0-0)

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

None.

2.1 CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Vado 7-0-0) Trustee Kwan and Trustee Lee were not present at the time of voting.

2.2. Approval for a Service-Connected Disability Retirement

a. **Alexander Benn**, Police Officer, Police Department, Request for Service-Connected Disability Retirement, effective April 6, 2023; 4.52* years of service. (*Disability Committee Recommendation: Approval)*

2.3 Approval Of Minutes

a. Approval of the Board Minutes of March 2, 2023.

b. Approval of the Special Police & Fire Board Minutes of March 13, 2023.

c. Approval of the Special Police & Fire Board Minutes of March 27, 2023.

2.4 Approval Of Travel for Conferences and Due Diligence

a. Prabhu Palani, CIO

- Pension Bridge Annual 2023, Hotel Fairmont, San Francisco, CA April 17-19th, 2023.
- Innovation Endeavors 2023 Summit, Napa, CA, April 25, 2023.
- Milken Institute Global Conference, Beverly Hilton, Los Angeles, CA, April 30 - May 3, 2023.
- Crosslink 2023 Annual meeting, Rosewood Sand Hill, Menlo Park, CA, March 16, 2023.

b. Eswar Menon, Trustee

- CalAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles, CA - March 29 -31, 2023.
- The Pension Bridge Annual 2023. The Fairmont, San Francisco, April 17-19, 2023.

c. Howard Lee, Trustee

- CalAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles, CA - March 29 -31, 2023.
- The Pension Bridge Annual 2023. The Fairmont, San Francisco, April 17-19, 2023.

2.5 Return of Contributions

a. Voluntary | Involuntary

2.6 Communication/Information

a. Police and Fire Retirement System Dashboard.

b. Report of the Monthly Board Expenses for February 2023. Receive and file.

2.7 Change of Retirement Application

a. Approval for a change in effective date for **Steven Brown**, Fire Engineer, from January 22, 2023, to January 21, 2023, for a Service Retirement approved at the January 5, 2023 Board meeting.

2.8 Notice of Alternate Payee Benefit Election

a. Approval of Alternate Payee Benefit election of Unreduced Lifetime Monthly Payment Option to be paid to Pamela Gomez, ex-spouse of Police Officer, **Douglas Amaro** to be effective April 9, 2023, under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

2.9 Approval of Administrative Matters

a. Fiduciary Insurance and Waiver of Recourse Fees for Policy Year March 2023-2024.

3.0 Education and Training

a. CalAPRS 2023 Program Calendar.

b. SACRS Annual Spring Conference, Paradise Point Resort & Spa, San Diego, CA - May 9 - 12, 2023.

c. The Pension Bridge Annual 2023. The Fairmont, San Francisco, April 17-19, 2023.

d. CalAPRS Overview Course in Retirement Plan Administration, Virtual Program - April 28, 2023.

e. CALAPRS Virtual Trustee Round Table, May 5, 2023.

3. INVESTMENTS

a. Oral update by CIO, Prabhu Palani.

This item was heard after item 7 - Death and Survivorship Notifications.

Trustee Santos departed the meeting at 9:40 a.m.

CIO Palani updated the Board and on the following unaudited estimated performance and answered questions:

- For FYTD through April 4th, the Pension Plan was up 4.7%.
- For FYTD through April 4th, the Health Care Trust was up 6.17%.

b. Discussion and action on strategic asset allocation by Meketa Investment Group.

CIO Palani introduced Laura Wirick, Meketa Investment Group, who spoke to the item and answered questions from the Board. Ms. Wirick presented the proposed Asset Allocation mixes and went over the risk/reward scenarios for each option. The Investment Committee recommends retaining the current mix.

A motion was made to keep the current mix for the Strategic Asset Allocation for the Pension Plan.

Approved. (M.S.C. Menon/Santos Gardarnier 7-1-1) Trustees Lanza,Vado, Gardanier, Kwan, Lee, Menon, and Wilson voted to approve. Trustee Ganapati voted no. Trustee Santos was absent.

c. Discussion and action to renew the investment consulting agreement with Meketa Investment Group for one year for an amount not-to-exceed $350,500.

Items 3c, 3d and 3e were heard together, but were voted on separately.

Ron Kumar introduced and spoke to the renewal of agreements between the Board and Meketa Investment Group for investment consulting, Verus Advisory and Barra LLC for risk consulting and services. CIO Palani and Mr. Kumar responded to questions from the Trustees.

A motion was made to renew the investment consulting agreement with Meketa Investment Group for one year for an amount not-to-exceed $350,500.

Approved. (M.S.C. Menon/Kwan 8-0-0) Trustee Santos was absent.

d. Discussion and action to renew the risk consulting agreement with Verus Advisory, Inc. for one year for an amount not-to-exceed $125,000.

Items 3c, 3d and 3e were heard together, but were voted on separately.

A motion was made to renew the risk consulting agreement with Verus Advisory, Inc. for one year for an amount not-to-exceed $125,000.

Approved. (M.S.C. Menon/Kwan 8-0-0) Trustee Santos was absent.

e. Discussion and action to renew the risk data service agreement with Barra LLC for one year for an amount not-to-exceed $96,000.

Items 3c, 3d and 3e were heard together, but were voted on separately.

A motion was made to renew the risk data service agreement with Barra LLC for one year for an amount not-to-exceed $96,000.

Approved. (M.S.C. Menon/Kwan 8-0-0) Trustee Santos was absent.

4. OLD BUSINESS CONTINUED-DEFERRED ITEMS

a. Discussion and action on the revised Office of Retirement Services proposed administrative budget for FY23-24 for changes in the personnel category.

CEO Peña introduced the item for discussion and provided background on why the item was returning to the Board for re-approval. CEO Peña presented the revised proposed budget and answered questions from the Board with Benjie Chua-Foy, Accounting Division Manager.

A motion was made to approve the revised Office of Retirement Services proposed administrative budget for FY23-24 for changes in the personnel category.

Approved. (M.S.C. Vado/Wilson 8-0-0) Trustee Santos was absent.

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Medicare Part-B reimbursements for qualified members is being completed. ORS received over 800 forms and over 500 have been processed so far, the remainder will be processed as soon as possible.
- ORS welcomes new Senior Benefits Analyst, Amy Dickinson, who started on 4/3.
- ORS will welcome new Benefits Analyst Sierra Kenoly on 4/17.
- The April edition of ORS's Quarterly newsletter, The Retirement Connection, has been distributed its April edition via mail and e-mail.

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

Council Liaison Foley updated the Board on pending matters before the Council, including budget issues.

c. Discussion and action on proposed communication to the City and the Police and Fire bargaining units to encourage clarifying Municipal Code Section 3.36.3660.

Counsel Chin spoke to the item and explained that, as discussed at the Board's last Special Meeting on March 27, 2023, San Jose Municipal Code Section 3.36.3660 is vague and ambiguous, and thus lending itself to various interpretations. Counsel Chin suggested asking the City to clarify the language in that code section to avoid any unintended consequences for the affected members.

A motion was made to direct Counsel to draft a letter to the City Council and the bargaining units on this issue and to delegate authority to CEO Peña to send the letter to City Council when it is completed.

Approved, (M.S.C. Lanza/Vado 8-0-0) Trustee Santos was absent.

d. Discussion and action to authorize the CEO to negotiate and execute an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Macias Gini and O'Connell LLP ("MGO") for audit services for the maximum contract amount of $750,000.

Benjie Chua-Foy, Accounting Division Manager, spoke to the item and provided background on the Request for Proposal (RFP) process utilized for this search. Ms. Chua-Foy spoke to the results of the RFP and explained the Macias Gini and O'Connell (MGO) scored the highest overall during the bid review process. Staff recommends engaging MGO for a five-year term with two one-year extension options for a maximum contract of $750,000 per plan to account for the two one-year options and for contingencies.

A motion was made to authorize the CEO to negotiate and execute an agreement between the Board of Administration for the Police and Fire Department Retirement Plan and Macias Gini and O'Connell LLP ("MGO") for audit services for the maximum contract amount of $750,000.

Approved. (M.S.C. Gardanier/Ganapati 8-0-0) Trustee Santos was absent.

e. Discussion and action regarding resolution No. 4832 Police Tier 1, Resolution No. 4833 Police Tier 2, Resolution No. 4834 Fire Tier 1, and Resolution No. 4835 Fire Tier 2 Contribution Rates/Amounts for FY23-24.

Benjie Chua-Foy, Accounting Division Manager, briefly spoke to the request to approve Resolution No's 4832, 4833, 4834 and 4835 for Police and Fire Tier 1 and Tier 2 contribution rates for FY 23-24, which were attached to the agenda as back-up materials..

A motion was made to approve resolution No. 4832 Police Tier 1, Resolution No. 4833 Police Tier 2, Resolution No. 4834 Fire Tier 1, and Resolution No. 4835 Fire Tier 2 Contribution Rates/Amounts for FY23-24.

Approved. (M.S.C. Gardanier/Wilson 8-0-0) Trustee Santos was absent.

6. RETIREMENTS

6.1 Service Retirements

Chair Lanza read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Wilson/Vado 8-0-0) Trustee Santos was absent.

a. **Manuel A. Guerrero III**, Police Officer, Police Department, effective April 15, 2023; 26.52* years of service.

7. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

This item was heard after the Consent Calendar.

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, Trustee Vado, Trustee Gardanier and Trustee Wilson said a few kind words.

a. Notification of the death of **Robert L. Bacon,** Firefighter, retired August 1, 1996, died February 4, 2023. Survivorship benefits to Terri Bacon, spouse.

b. Notification of the death of **Herbert Bartolini,** Firefighter, retired April 1, 1968, died February 2, 2023. No survivorship benefits.

c. Notification of the death of **Joshua Brown**, Police Officer, retired Deferred Vested, died February 12, 2023. No survivorship benefits.

d. Notification of the death of **Dudley C. Bynoe,** Firefighter, retired July 12, 1999, died December 25, 2022. Survivorship benefits to Linda Bynoe, spouse.

e. Notification of the death of **George Grigg,** Police Sergeant, retired July 28, 2007, died February 5, 2023. Survivorship benefits to Catherine Grigg, spouse.

f. Notification of the death of **Michael P. Nichols,** Police Sergeant, retired March 8, 1998, died December 14, 2022. No survivorship benefits.

g. Notification of the death of **Stephen Pizzo**, Fire Captain, retired January 15, 1998, died February 23, 2023. Survivorship benefits to Elizabeth Pizzo, Spouse.

h. Notification of the death of **Thomas Wheatley,** Acting Chief, retired January 7, 2004, died January 23, 2023. No survivorship benefits.

8. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: March 27, 2023 (Special) Next Meeting: April 25, 2023 (Special)

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

This item was heard after Item 6.1 – Service Retirements.

Chair Menon spoke to the contents of the last Investment Committee meeting.

b. Minutes of the February 2, 2023, Special Police and Fire Investment Committee meeting. Received and file.

The Minutes were received and filed.

c. Minutes of the December 20, 2022, Special Police and Fire Investment Committee meeting. Received and file.

The Minutes were received and filed.

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

Last Meeting: February 16, 2023 (Regular) Next Meeting: May 18, 2023 (Regular)

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

Chair Ganapati spoke to the contents of the February 16, 2023 Joint Audit Committee meeting.

b. Minutes of the Special Audit/Risk Committee meeting from February 2, 2023. Receive and file.

The Minutes were received and filed.

c. Minutes of the February 16, 2023, 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 pulled.

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

Last Meeting: December 1, 2022 (Regular) Next Meeting: June 15, 2023 (Regular)

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

There was no update.

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

Last Meeting: March 13, 2023 (Regular) Next Meeting: April 10, 2023 (Regular)

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

Trustee Lanza spoke to the item and stated the next Disability Committee meeting would be a hybrid meeting taking place at ORS's 5th Floor Boardroom on Monday, April 10th at 10:00 a.m.

b. Minutes from the February 2, 2023, Police and Fire Disability Committee meeting. Receive and file.

The Minutes were received and filed.

c. Minutes from the February 6, 2023, Police and Fire Disability Committee meeting. Receive and file.

The Minutes were received and filed.

d. Minutes from the March 13, 2023, Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was pulled.

8.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: April 3, 2023 (Regular) Next Meeting: TBD

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

Trustee Gardanier spoke to last JPC meeting and shared the work that is continuing to be undertaken by the Committee.

b. Minutes from the February 9, 2023, Special JPC meeting. Receive and file.

The Minutes were received and filed.

- **PROPOSED AGENDA ITEMS**
- **ADJOURNMENT**

Next Meeting Agenda: May 4, 2023

***Estimated**

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES