



# BOARD OF ADMINISTRATION

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

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Thursday, June 1, 2023

8:30 AM

City Hall, Council Chambers, 200 E. Santa  
Clara St. San Jose, CA 95113

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### HYBRID MEETING

#### PHYSICAL LOCATION:

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

#### ZOOM INFORMATION:

[zoom.us](https://zoom.us)

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

Meeting ID: 913 6129 6868

Pass Code: 846246

*Drew Lanza, Chair, Public Member (Term Expires 4/30/27)*  
*Franco Vado, Vice-Chair, Police Retiree Rep (Term Expires 11/30/24) -- Redwood 1 Meeting Room, Monterey*  
*Portola Spa and Inn, 2 Portola Plaza Monterey, CA, 93940*  
*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) -- Redwood 1 Meeting Room, Monterey*  
*Portola Spa and Inn, 2 Portola Plaza Monterey, CA, 93940*

*Pam Foley, City Council Liaison to the Board*

*Harvey Leiderman & Maytak Chin, General and Fiduciary Counsel*

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

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**Present:** 8 - Andrew Gardanier, David Kwan, Sunita Ganapati, Dave Wilson, Franco  
Vado, Drew Lanza, Eswar Menon and Richard Santos

**Absent:** 1 - Howard Lee

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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 via Zoom on Thursday, June 1, 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, Andrew Gardanier, Richard Santos, Eswar Menon, Sunita Ganapati and David Kwan.

Board Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Franco Vado and Dave Wilson. Counsel Chin questioned Trustees Vado and Wilson on their having satisfied the requirements of the Brown Act teleconference rules at the location from which they are participating and they replied in the affirmative.

Trustee Howard Lee was absent.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, Eric Tsang, Chris Ha, Michelle San Miguel, Sherrell Aledo, Edith Aldama, Ron Kumar, Arun Nallasivan, David Aung, Sandra Castellano and Mallory Vidal.

Retirement Staff Present via Zoom: Shilpi Dwivedi, Ellen Lee, Julie He and Chris Reyes.

Also Present: Pam Foley, Council Liaison; Cheryl Parkman, OER; Maytak Chin and Harvey Leiderman, General and Fiduciary Counsel; Marc Gesell, Verus; Laura Wirick, Meketa Investment Group.

Also Present via Zoom: Jared Pratt, Eric White, Meketa Investment; Paul Daggett, Neuberger Berman; Eileen Neill, Danny Sullivan, Verus; Harrison Pearce, Public Attendee; and Joe Ebisa, Journalist.

**ADA ALERT**

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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)

#### **AB 2449 REMOTE APPEARANCE(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.**

**I. CLOSED SESSION NEW BUSINESS**

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

- A. **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO SECTION 54956.9(d)(2): THREE CASES.

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

The Board came out of Closed Session at 10:19 a.m.

There was no reportable action at this time from Closed Session.

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

Open Session re-convened at 10:21 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.

**WAIVE SUNSHINE (amended/attachment posted late):**

**2g - Discussion and action to add funds for one year of additional services to the following**

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investment related subscription agreements:

- BCA Research (NTE \$14,300)
- Burgis (NTE \$20,000)
- Bloomberg Finance (NTE \$155,000)
- Bloomberg Index Service (NTE \$15,000)
- eVestment (NTE \$27,000)
- JP Morgan Index (NTE \$12,000)
- Pitchbook (NTE \$30,000)

All cost shared 50/50 with the Federated Plan.

A motion was made to waive sunshine on the attachments for items 2g.

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

• **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 8-0-0). The motion passed unanimously by roll call vote.  
Trustee Lee was absent.

**1.1 Approval for a Service-Connected Disability Retirement**

- a. **Patrick Melikian**, Firefighter, Fire Department, Request for Service-Connected Disability Retirement, effective December 25, 2021; 15.03\* years of service. (*Disability Committee Recommendation: Approval*)

**1.2 Approval Of Minutes**

- a. Approval of the Board Minutes of May 4, 2023.

**1.3 Return of Contributions**

- a. Voluntary | Involuntary

**1.4 Communication/Information**

- a. Police and Fire Retirement System Dashboard.

- b. Report of the Monthly Board Expenses for April 2023. Receive and file.
- c. **Educational Travel Reports:**
  - CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 4 -7, 2023 - by Richard Santos

## 1.5 **Education and Training**

- a. The Cortex Report - May 2023, Conferences, Seminars and Educational Programs.
- b. CalAPRS 2023 Program Calendar.
- c. CalAPRS Principles of Pension Governance for Trustees 2023, Pepperdine University, Malibu, CA, August 28 - 31, 2023.

## 2. **INVESTMENTS**

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board and introduced Harrison Pearce joining the investment team as an analyst on June 26, 2023.

Laura Wirick from Meketa Investment Group updated the Board on the following unaudited estimated performance and answered questions:

-For FYTD through May 30th, the Pension Plan was up by 5.2%, CYTD the Pension Plan was up 4.4%.

-For FYTD through May 30th, the Health Care Trust was up 5.6%, CYTD the Health Care Trust was up 4.0%.

- b. Discussion and action on risk tolerance, with presentation of Risk Tolerance Survey Results by Verus Consulting.

Eileen Neill, Marc Gesell and Danny Sullivan from Verus spoke to the Risk Tolerance survey results. Ms. Neill spoke to the key takeaways from the survey. Verus recommends to keep 12% total fund absolute volatility. CIO Palani and Verus answered questions from the Board.

No action taken for this item.

- c. Presentation of Calendar 4th Quarter 2022 Private Equity report by Neuberger Berman.

Paul Daggett from Neuberger Berman was introduced and spoke to the 4th Quarter 2022 Private Equity Report and answered questions from the Board.

- d. Presentation of Calendar 4th Quarter 2022 Private Markets report by Meketa Investment Group.

**Laura Wirick from Meketa Investment Group presented the 4th Quarter 2022 Private Markets Reports and answered questions from the Board.**

- e. Presentation of Calendar 1st Quarter 2023 Performance report for Pension Plan by Meketa Investment Group.

**Laura Wirick from Meketa Investment Group introduced and presented the 1st Quarter Performance report for the Pension Plan and answered questions from the Board. Ms. Wirick reported that the value of the City of San Jose Police & Fire Department Retirement Plan's assets on March 31, 2023 was \$4.6 billion, compared to \$4.5 billion at the end of the prior quarter. The Plan had net cash outflows of \$66 million and investment gains of \$172 million during the quarter. Jay Kwon also answered questions from the Board.**

- f. Presentation of Calendar 1st Quarter 2023 Performance report for Health Care Trust by Meketa Investment Group.

**Laura Wirick from Meketa Investment Group introduced and presented the 1st Quarter 2023 Performance report for the Health Care Trust and answered questions from the Board. Ms. Wirick reported that the value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$284.6 million on March 31, 2023, compared to \$275.8 million at the end of the prior quarter. The Trust had net cash outflows of \$1.8 million and an investment gain of \$10.6 million in the 3-month period.**

- g. Discussion and action to add funds for one year of additional services to the following investment related subscription agreements:

- BCA Research (NTE \$14,300)
- Burgis (NTE \$20,000)
- Bloomberg Finance (NTE \$155,000)
- Bloomberg Index Service (NTE \$15,000)
- eVestment (NTE \$27,000)
- JP Morgan Index (NTE \$12,000)
- Pitchbook (NTE \$30,000)

All cost shared 50/50 with the Federated Plan

**Ron Kumar spoke to the request before the Board to add funds to subscriptions as listed.**

**A motion was made to add funds to the investment related subscription agreements listed.**

**Approved. (M.S.C. Santos/Kwan 8-0-0). The motion passed unanimously by roll call vote. Trustee Lee was absent.**

**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 welcomes Edith Aldama and Sherrell Aledo to the Admin team as Staff Specialists.  
-The ORS summer picnic is scheduled for June 9, 2023 and the office will be closed for the afternoon.  
-The office will be closed on June 19, 2023 for the Juneteenth Federal Holiday and on July 4, 2023 for Independence Day.**

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

**Council Liaison Pam Foley updated the Board on pending budget matters before the Council.**

- c. Discussion and action on authorizing the CEO to negotiate and execute a fourth amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2024, within previously approved NTE amount of \$75,000.

**Barbara Hayman spoke to the request before the Board and answered questions from the Board.**

**A motion was made to authorize the CEO to negotiate and execute a fourth amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2024, within previously approved NTE amount of \$75,000.**

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

- d. Discussion and action on recommended incentive compensation ranges as follows, subject to further terms and conditions as set forth in the final Incentive Compensation Policy:

- A maximum of 50% of base salary for Chief Investment Officer Position
- A maximum 40% of base salary for Senior Investment Officer position
- A maximum of 30% of base salary for the Investment Officer position

**Trustee Menon introduced the item for discussion and provided background on the work that the JPC undertook to put forward this recommendation. Trustee Menon thanked the JPC Committee members, Counsel, and staff for their hard work on the project.**

**A motion was made to endorse and take to City Council for approval the maximum incentive award components for the Chief Investment Officer, Senior Investment Officers and Investment Officers as follows, subject to further details to be established by the Boards:**

**-A maximum of 50% of base salary for Chief Investment Officer position  
-A maximum 40% of base salary for Senior Investment Officer position  
-A maximum of 30% of base salary for the Investment Officer position**



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Approved. (M.S.C. Lanza/Santos 8-0-0). The motion passed unanimously by roll call vote.  
Trustee Lee was absent.

## **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 8-0-0). The motion passed unanimously by roll call vote.  
Trustee Lee was absent.

Trustee Santos, Wilson, Vado and Gardanier said kind words.

- a. **Brian S. Anderson**, Police Lieutenant, Police Department, effective July 8, 2023; 25.28\* years of service.
- b. **Joe A. Favorito, Jr.**, Fire Captain, Fire Department, effective July 6, 2023; 25.19\* years of service.
- c. **John M. Hutchings**, Police Lieutenant, Police Department, effective May 13, 2023; 32.05\* years of service. (*With Reciprocity - 25.95 CSJ YOS + 6.10 PERS YOS*)
- d. **Scott R. Johnson**, Police Lieutenant, Police Department, effective July 8, 2023; 27.30\* years of service.
- e. **John Marfia**, Police Sergeant, Police Department, effective July 22, 2023; 27.34\* years of service.
- f. **Albert C. Morales**, Police Sergeant, Police Department, effective June 24, 2023; 27.73\* years of service. (*With Reciprocity - 25.09 CSJ YOS + 2.64 PERS YOS*)
- g. **Edward R. Schroder**, Deputy Chief of Police, Police Department, effective June 10, 2023; 29.84\* years of service.
- h. **Christopher M. Sciba**, Police Sergeant, Police Department, effective July 8, 2023; 26.84\* years of service.
- i. **Jarrold Thoni**, Police Officer, Police Department, effective July 22, 2023; 25.84\* years of service.

- j. **Doug T. Tran**, Police Sergeant, Police Department, effective July 1, 2023; 27.28\* years of service.
- k. **Michael Van Dalen**, Fire Captain, Fire Department, effective July 22, 2023; 26.27\* years of service. *(With Reciprocity - 21.86 CSJ YOS + 4.40 PERS YOS)*
- l. **Darren Wallace**, Battalion Chief, Fire Department, effective June 24, 2023; 26.88\* years of service.
- m. **Todd Wellman**, Police Officer, Police Department, effective June 24, 2023; 20.03\* years of service.

## 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. Santos/Gardanier 8-0-0). The motion passed unanimously by roll call vote. Trustee Lee was absent.

- a. **Phil M. Craft**, Police Officer, Police Department, effective June 22, 2023; 11.43\* years of service.
- b. **Mark Hawke**, Police Officer, Police Department, effective July 27, 2023; 16.26\* 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. Trustees Santos and Gardanier said a few kind words.

- a. Notification of the death of **William E. Anderson**, Police Officer, retired November 14, 1967, died May 4, 2023. No survivorship benefits.
- b. Notification of the death of **Joseph N. Fowles**, Fire Captain, retired January 31, 2004, died April 3, 2023. Survivorship benefits to Mary Fowles, spouse.
- c. Notification of the death of **Peter R. Torres**, Fire Engineer, retired September 12, 2004, died March 29, 2023. Survivorship benefits to Deborah Torres, spouse.

## 7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

**Last Meeting: April 27, 2023**

**Next Meeting: August 22, 2023**

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

**There was no update.**

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

**Last Meeting: May 18, 2023**

**Next Meeting: August 17, 2023**

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

**Chair Ganapati spoke to the contents of the last Joint Audit Committee meeting. Ms. Ganapati noted that the City Auditor item has been closed out and completed. Chair Ganapati also reported that the Internal Auditor presented an audit report that the Committee is discussing.**

- b. 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.

**The Minutes were received and filed.**

- c. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.

**The report was received and filed.**

- d. Discussion and action on the Committees' recommendation to approve the FY 22-23 Office of Retirement Services Plans Audit Plan by Macias Gini & O'Connell LLP (MGO).

**CEO Peña spoke to the item and explained that the Committee is recommending approval of the FY 22-23 Office of Retirement Services Audit Plan by Macias Gini & O'Connell LLP (MGO).**

**A motion to approve the FY 22-23 Office of Retirement Service Plans Audit Plan by Macias Gini & O'Connell LLP (MGO).**

**Approved. (M.S.C. Santos/Ganapati 8-0-0). The motion passed unanimously by roll call vote. Trustee Lee was absent.**

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

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

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

There was no update.

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

**Last Meeting: May 8, 2023**

**Next Meeting: June 5, 2023**

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

Chair Santos noted that the next Committee meeting date is Monday, June 5th at ORS's 5th Floor Boardroom.

- b. Minutes of the P&F Disability Committee meeting from April 10, 2023. Receive and file.

The Minutes were received and filed.

#### **7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)**

**Last Meeting: May 11, 2023**

**Next Meeting: TBD**

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

Chair Menon stated that the Board took action on the JPC recommendations earlier in this meeting.

- b. Minutes from the April 3, 2023 Joint Personnel Committee meeting. Receive and file.

The Minutes were received and filed.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

**Next Meeting: August 3, 2023**

The meeting was adjourned at 12:15 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