



BOARD OF ADMINISTRATION

Action Minutes

City Hall
Wing Rooms 118-120
200 East Santa Clara
Street,
San Jose, CA 95113

Police & Fire Department Retirement Plan and Health Care Trust

Thursday, February 7, 2019

8:30 AM

City Hall, Wing Rooms 118-120

CALL TO ORDER AND ROLL CALL

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met on Thursday, February 7, 2019 at 8:30 a.m. in regular session at City Hall Wing Rooms 118-120, 200 East Santa Clara Street, San Jose, California 95113. Chair Sunzeri called the Pension Plan and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

Present: 9 - Richard Santos, Drew Lanza, Nick Muyo, Vincent Sunzeri, Ghia Griarte, Andrew Gardanier, Franco Vado, Eswar Menon and Vikas Oswal

Trustee Lanza departed at 10:24 a.m. after item 4g.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Donna Busse (via telephone), Christina Wang, Peter Pham, Marti Zarate, Michelle San Miguel, Linda Alexander.

Also Present: Harvey Leiderman, General and Fiduciary Counsel; Bill Hallmark, Cheiron; Cheryl Parkman, OER; Randy Diamond, Reporter.

AGENDA

CLOSED SESSION

The Board entered into Closed Session at 8:32 a.m.

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

I. CLOSED SESSION OLD BUSINESS/CONTINUED-DEFERRED ITEMS

- A. CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL
PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) -
DECIDING WHETHER TO INITIATE LITIGATION (ONE CASE)

The Board came out of Closed Session at 9:29 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

The Board reconvened into Open Session at 9:33 a.m. There was no report out of Closed Session.

• **ORDERS OF THE DAY**

A motion was made to approve the Orders of the Day.
Approved. (M.S.C. Santos/Menon 8-0-0). The motion passed.

Trustee Vikas was out of the room.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.
Approved. (M.S.C. Santos/Menon 8-0-0). The motion passed.

Trustee Vikas was out of the room.

1.1 Approval Of Minutes

- a. Approval of the Board Minutes of January 10, 2019.

1.2 Approval Of Travel for Conferences and Due Diligence

- a. Roberto L. Peña, CEO
- CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 2- 5, 2019.
- b. Andrew Gardanier, Vice-Chair
- CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 2-5, 2019.
- c. Eswar Menon, Trustee
- CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 2-5, 2019.
- d. Richard Santos, Trustee
- CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 2-5, 2019.

1.3 Return of Contributions

- a. Voluntary / Involuntary. - **None**

1.4 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Matrix of City Auditor's Recommendations from the 2017 Audit. Receive and file.
- c. Report of the Plan Expenses for November 2018. Receive and file.
- d. Report of the Plan Expenses for December 2018. Receive and file.
- e. Report of the Budget vs. Actual Expenses for 2nd Quarter FY 18-19. Receive and file.

1.5 Recission Of Retirement Application

- a. Approval of request to rescind the Service Retirement application of **Lawrence Day**, approved at the December 6, 2018 Board meeting for the effective date of January 26, 2019.
- b. Approval of request to rescind the Service Retirement application of **Tedy LaCap**, approved at the December 6, 2018 Board meeting for the effective date of January 12, 2019.

1.6 Change of Retirement Application

- a. Approval for a change in effective date for **James Froisland** from January 26, 2019 to January 27, 2019 for a Service Retirement, approved at the December 6, 2018 Board meeting.
- b. Approval for a change in effective date for **Ted Trujillo** from January 27, 2019 to January 31, 2019 for a Service Retirement, approved at the January 10, 2019 Board meeting.

1.7 Approval of Administrative Matters

- a. Resolution #4672 adopting Rosenberg's Rules of Order for Board Governance in accordance with the City's adoption of the simplified meeting governance rules.

1.8 Education and Training

- a. The Cortex Report January 2019 - Conferences, Seminars, and Educational Programs.

- b. CalAPRS 2019 Program Calendar.
- c. The Pension Bridge Annual Conference, Westin St. Francis Hotel, San Francisco, CA - April 9-10, 2019.

2. INVESTMENTS

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

CIO Palani presented the attached slides to the Board regarding the market in China.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on OPEB methods and assumptions to be presented by Cheiron. *(Continued from the January 10, 2019 Board Meeting)*

Item 3a was heard after 4g.

Bill Hallmark from Cheiron led the discussion and answered questions from the Board.

4. NEW BUSINESS

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

Item 4a was heard after item 4c.

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

The Chair welcomed and introduced Pam Foley, Council Liaison to the Board. The Trustees introduced themselves and said a few words. The new Councilmember was happy to be assigned to the Board.
- c. Cheiron's 5-Year Budget Projections for City Pension contributions.

Item 4c was heard after 3a.

Bill Hallmark from Cheiron stated that this is an informational item that will go to the City Council.

- d. Discussion and action on Reclassified Member Contribution Rates.
- Item 4d was heard after item 3a.
- A motion was made to adopt the rates outline on page one and direct staff to report back in 90 days with a status.
- Approved. (M.S.C. Sunzeri/Santos 8-0-0). The motion passed.
- e. Discussion on proposed topics for the April 25, 2019 Joint Meeting with the Retirement Boards and City Council.
- Item 4e was heard after item 2.
- The Board discussed topics for the Joint meeting of the City Council and both Boards. The meeting will be held on April 25, 2019 at City Hall from 1:30-4:30.
- This item will be continued.
- f. Discussion and action on 2019 Board Retreat.
- Item 4f was heard after item 4a.
- The Board suggested a few dates in April for the retreat. Staff will send a survey to the Board for their availability.
- g. Trustee Interviews to Recommend 9th Board Member to City Council:
- Candidates:
- Andrew Lanza
- Item 4g was heard after item 4e.
- Andrew Lanza interviewed for the position of the 9th member and answered questions from the Board. The Board gave Mr. Lanza the opportunity to speak. He stated that he wants to take a deep dive on all levels of risk and absolute risk.
- After the interview, a motion was made to recommend Trustee Lanza as the 9th member of the Police and Fire Retirement Board.
- Approved. (M.S.C. Sunzeri/Santos 8-0-0). The motion passed.
- Trustee Lanza departed after this item at 10:24 a.m.

5. RETIREMENTS

5.1 Service Retirements

The Chair read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardenier 8-0-0). The motion passed.

- a. **Bryan Aquino**, Fire Engineer, Fire Department, effective January 24, 2019; 25.11* years of service.
- b. **Douglas Biddle**, Fire Engineer, Fire Department, effective January 5, 2019; 29.20* years of service. *(With Reciprocity - CSJ YOS - 20.12 + 9.07 PERS YOS)*
- c. **Kelly Kersten**, Fire Engineer, Fire Department, effective January 31, 2019; 23.02* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

The Chair read the Death and Survivorship notifications into the record followed by a moment of silence.

- a. Notification of the death of **Roderick Avery, Jr.**, Police Officer, retired April 1, 1992, died January 20, 2019. No survivorship benefits.
- b. Notification of the death of **Mauri K. Reeder**, Fire Captain, retired June 1, 1995, died August 19, 2018. No survivorship benefits.
- c. Notification of the death of **Ronald J. Rizzo**, Fire Captain, retired March 4, 1993, died November 12, 2018. Survivorship benefits to Nathalie Rizzo, Spouse.
- d. Notification of the death of **Jerry Williams**, Fire Captain, retired March 8, 1997, died October 11, 2018. Survivorship benefits to Ethel Williams, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Griarte - CH/Gardanier/Oswal/Sunzeri)

Last Meeting: January 22, 2019

Next Meeting: February 26, 2019

- a. Oral update from the Chair of the Investment Committee.
Trustee Griarte updated the Board on the Investment Committee.

- b. Minutes of the December 18, 2018 Joint Investment Committee Meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the December 18, 2018 Police and Fire Investment Committee Meeting. Receive and File.

This Committees/Reports/Recommendations was received and filed

7.2 Audit/Risk Committee (Lanza - CH/Menon/Vado – Alt: Gardanier)

Last Meeting: October 18, 2018

Next Meeting: February 21, 2019

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

The Audit committee has not met since October. The next meeting is on February 21, 2019.

7.3 Governance Committee (Vado - CH/Menon/Muyo – Alt: Santos)

Last Meeting: November 26, 2018 (Joint)

Next Meeting: March 7, 2019

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

Trustee Vado stated that the next meeting will be on March 7, 2019. Trustee Griarte suggested that the Governance Committee come up with setting discount rate procedures in the next few months.

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

Last Meeting: December 10, 2018 (January 7, 2019 Meeting Cancelled) Next Meeting: February 11, 2019

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

There was no report from the Disability Committee.

7.5 Joint Personnel Committee (Sunzeri - CH/Griarte/Muyo)

Last Meeting: August 23, 2018

Next Meeting: TBD

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

Chair Sunzeri stated that he would like a defined benefit plan for the Investment group on the next JPC agenda on February 20, 2019 and to report out to the Board at the March meeting.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

Next Meeting: March 7, 2019

The meeting adjourned at 12:41 p.m.

*Estimated