



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, April 4, 2019

8:30 AM

City Hall, Wing Rooms 118-120

Vincent Sunzeri, Chair, Public Member (Term Expires 11/30/20)
Andrew Gardanier, Vice-Chair, Fire Active Rep (Term Expires 11/30/19)
Ghia Griarte, Trustee, Public Member (Term Expires 11/30/22)
Drew Lanza, Trustee, Public Member (Term Expires 4/30/19)
Eswar Menon, Trustee, Public Member (Term Expires 11/30/22)
Nick Muyo, Police Retiree Rep (Term Expires 11/30/20)
Vikas Oswal, Trustee, Public Member (Term Expires 11/30/22)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Franco Vado, Trustee, Police Active Rep (Term Expires 11/30/21)

Pam Foley, CITY COUNCIL LIAISON TO THE BOARD

Harvey Leiderman, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

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, April 4, 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 8:30 a.m. followed by roll call.

Present: 6 - Richard Santos, Vincent Sunzeri, Ghia Griarte, Andrew Gardanier, Eswar Menon and Vikas Oswal

Absent: 3 - Drew Lanza, Nick Muyo and Franco Vado

Pam Foley, City Council Liaison to the Board arrived at 9:13 a.m.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Dhinesh Ganapathiappan, Brian Starr, Christina Wang, Peter Pham, Marti Zarate, Michelle San Miguel, Linda Alexander.

Also Present: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Chris Theodor, Meketa Investment Group; Paul Leggit (via telephone), Neuberger Berman; Cheryl Parkman, OER.

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 INVESTMENTS

- A. CLOSED SESSION:** CONFERENCE WITH INVESTMENT CONSULTANT PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE OR SALE OF PARTICULAR PENSION FUND INVESTMENT (TWO INVESTMENTS).

The Board came out of Closed Session at 9:05 a.m.

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

The Board reconvened into Open Session at 9:06 a.m.

• ORDERS OF THE DAY

There were no changes to the Orders of the Day.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.
Approved. (M.S.C. Santos/Gardanier 6-0-0). The motion passed unanimously.

1.1 Approval Of Minutes

- a.** Approval of the Board Minutes of March 7, 2019.

1.2 Return of Contributions

- a.** Voluntary / Involuntary.

1.3 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Matrix of City Auditor's Recommendations from the 2017 Audit. Receive and file.
- c. Mayor's March Budget Message for Fiscal Year 2019-2020.
- d. Memo regarding the City's Resolution banning non-essential City Travel to Mississippi and North Carolina.
- e. Report of the Plan Expenses for February 2019. Receive and file.
- f. **Educational Travel Reports:**
 - CalAPRS General Assembly, Monterey Marriott, Monterey, CA - March 2-5, 2019 - by Andrew Gardanier, Ghia Griarte, Eswar Menon and Richard Santos.

1.4 Approval of Recission of Deferred Vested/Non-Service Connected Disability

- a. Approval of rescinding the Deferred Vested/Non-Service Connected Disability application of **Fabian Torrico**, approved at the March 7, 2019 Board meeting for the effective date of May 6, 2018.

1.5 Education and Training

- a. The Cortex Report March 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 updated the Board. He stated that he will be a speaker at the Pension Bridge Conference in San Francisco. He also reviewed the attached slide regarding the 60/40 Passive Universe and Index Comparison.

- b. Memorandum from the City Manager on decision not to prefund FY 2019-2020 City Pension and Retiree Health Care Contributions.
Mr. Ganapathiappan presented and answered questions from the Board regarding prefunding. He referenced the attached memo from the City.
- c. Discussion and action regarding the revised Investment Policy Statement and approval of Resolution No. 4728.
Laura Wirick and Chris Theodor presented the revised Investment Policy Statement (IPS) and answered questions from the Board. They referenced that they presented pages 10 and 11 at the Joint IC meeting.
A motion was made to approve the revised IPS.
Approved. (M.C.S. Santos/Oswal 6-0-0). The motion passed unanimously.
This item has not been approved by the Federated Board and will be presented for approval at the April Board meeting.
- d. Presentation of 3rd Quarter calendar 2018 Private Markets Report by Meketa Investment Group.
Laura Wirick from Meketa Investment Group presented and answered questions from the Board.
- e. Presentation of 3rd Quarter calendar 2018 Private Equity Report by Neuberger Berman.
Paul Leggit from Neuberger Berman joined via teleconference and presented the 3rd quarter calendar 2018 Private Equity Report and answered questions from the Board. Mr. Starr was present to speak to the item.
- f. Presentation of 4th Quarter calendar 2018 Performance Report for the Pension Plan by Meketa Investment Group.
Chris Theodor from Meketa Investment Group presented and answered questions from the Board. He stated that December was the worse month since 1931.
- g. Presentation of 4th Quarter calendar 2018 Performance Report for the Health Care Trust by Meketa Investment Group.
Chris Theodor from Meketa Investment Group presented and answered questions from the Board.

3. **OLD BUSINESS CONTINUED-DEFERRED ITEMS**

- a. Oral update on the April 15, 2019 Board Retreat.

The Chair updated the Board on the Board retreat. He stated that in 2018, they held two retreats. The first retreat was in regards to risk and the second retreat addressed the asset allocation to match risk. The next Board retreat will be held on April 15, 2019. The Chair, CEO and Vice Chair had a second teleconference meeting with Cheiron. They discussed how the plan is different than with their peers and it is helpful to understand how the plan is different than others. The third conference call will be held tomorrow, Friday, April 5, 2019. CEO Peña stated that the retreat will be held at the Hayes Mansion at 9:00am. He extended the invitation to the Grand Jury, City Council Liaison, Pam Foley and Cheryl Parkman of OER. Staff will extend an invitation to the unions and retirees. Chair Sunzeri stated that he invited Verus to attend to address risk.

- b. Discussion and action on revised Administrative Budget-Medical Service for FY 2019-20.

CEO Peña led the discussion regarding the medical advisory board and answered questions from the Board.

After discussion, a motion was made to approve the revised Administrative Budget-Medical Service for FY 2019-20.

Approved. (M.S.C. Griarte/Oswal 6-0-0). The motion passed unanimously.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Acknowledged Board Chairs and City Council for approving the Defined Benefit plan for Investment professionals.

- The RFP for Medical advisor is out and closes on May 1st.

- Form 700 was due on April 2, 2019.

- CEO Peña and CIO Palani are going to present the Actuarial Valuation to City Council on April 16, 2019.

- The Joint meeting with the City Council is moving forward for April 30, 2019. The City will work the agenda and 3 topics for discussion.

- The Board retreat will be held on April 15, 2019 at Hayes Mansion.

- PAS issued a more detailed paystub to members. There will be one more update to the paystub.

- CEO Peña is working with HR on the next steps regarding the Deputy Director recruitment. A decision has been made but it is not ready to go public. The new person will on-board this month. The Chair acknowledged Cheryl Parkman, OER for her work on getting the process pushed through.

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

Council Liaison Pam Foley updated the Board and stated that the Mayor's budget passed unanimously. She addressed items for the Joint meeting of the Boards. Cheryl Parkman, OER, spoke on to how the rules committee works regarding topics for the agenda/joint meeting. Cheryl will contact Council Liaisons Davis and Foley for their input and advice.

5. RETIREMENTS

5.1 Service Retirements

The Chair read the retirements into the record.

A motion was made to approve Service Retirements.
Approved. (M.S.C. Santos/Gardanier 6-0-0).

- a. **Lawrence T. Day**, Police Sergeant, Police Department, effective March 23, 2019; 27.49* years of service.
- b. **Christopher M. Parente**, Police Officer, Police Department, effective May 18, 2019; 25.19* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

The chair read the death notifications followed by a moment of silence.

- a. Notification of the death of **Jerry L. Albericci**, Police Sergeant, retired January 2, 1997, died February 5, 2019. Survivorship benefits to Roberta Albericci, Spouse.
- b. Notification of the death of **Peter Guerin**, Police Officer, retired January 28, 1995, died February 22, 2019. Survivorship benefits to Yolanda Guerin, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: March 26, 2019

Next Meeting: April 23, 2019

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

Trustee Griarte updated the Board. She stated that Meketa Investment Group presented their private markets report. They also had educational topics of discussion with Morgan Stanley and ESG w/Goldman Sachs. In addition, flash reports were added to the IC.

- b. Minutes of the February 26, 2019 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: February 21, 2019 **Next Meeting: May 16, 2019**

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

Trustee Lanza was absent. The next meeting will be held on May 16, 2019.

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

Last Meeting: November 26, 2018 **Next Meeting: June 6, 2019**

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

Trustee Vado was absent. CEO Peña stated that they have not met and hope to meet in a few months.

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

Last Meeting: February 11, 2019 **Next Meeting: April 8, 2019**

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

Trustee Santos stated that there is no meeting this month. The next meeting will be held on May 6, 2019.

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

Last Meeting: February 20, 2019 **Next Meeting: TBD**

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

Trustee Sunzeri stated that staff is in the process of scheduling the next meeting. It has been a challenge to get members together.

• PROPOSED AGENDA ITEMS

Trustee Santos would like to see a more detail item regarding the State Travel band.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

Next Meeting: May 2, 2019

The meeting adjourned at 11:32 a.m.

*Estimated