



# 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

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Thursday, August 1, 2019

8:30 AM

City Hall, Wing Rooms 118-120

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#### 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, August 1, 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, Drew Lanza, Vincent Sunzeri, Ghia Griarte, Eswar Menon and Vikas Oswal

**Absent:** 3 - Nick Muyo, Andrew Gardanier and Franco Vado

Pam Foley, City Council Liaison to the Board arrived at 10:38 a.m. and departed at 12:55 p.m.  
Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Brian Starr, Dhinesh Ganapathiappan, Peter Pham, Marti Zararte, Michelle San Miguel, Linda Alexander.  
Also Present: Jeff Rieger, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Chris Theodor, Meketa Investment Group; Danny Sullivan, Verus; Max Gioletti, Verus; 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 NEW BUSINESS**

- A. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)**  
(1). Position: Chief Executive Officer

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

The Board came out of Closed Session at 10:11 a.m.

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

The Board reconvened into Open Session at 10:12 a.m. There was no reportable action out of Closed Session.

• **ORDERS OF THE DAY**

There were no changes to the Orders of the Day.  
A motion was made to approve the Orders of the Day.  
Approved. (M.S.C. Santos/Oswal 6-0-0). The motion passed unanimously.

**1. CONSENT CALENDAR**

CEO Pena pulled 1.4d, e & F.

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

**1.1 Approval Of Minutes**

- a. Approval of the Board Minutes of June 6, 2019.

**1.2 Approval Of Travel for Conferences and Due Diligence**

- a. Roberto L. Peña, CEO
- CalAPRS Administrators Institute, Quail Lodge, Carmel, CA - September 25 - 27, 2019.
  - SACRS Fall Conference, Hyatt Regency Monterey Hotel & Spa, Monterey, CA - November 12 - 15, 2019.

**1.3 Return of Contributions**

- a. Voluntary / Involuntary.

**1.4 Communication/Information**

- a. Police and Fire Retirement System Dashboard.

- b. Report of the Plan Expenses for May 2019. Receive and file.
- c. Article: “Buffett’s One Choice Buffet”, by Michael A. Mendelson, Charles E.F. Millard and Zach Mees, Chief Investment Quarterly, June 7, 2019.
- d. **Revised 2019 Scheduled Board and Standing Committee Meetings.**  
  
**CEO Pena spoke to the item. He stated that the Committee assignments have been revised and also the Disability Committee meeting scheduled for September 9, 2019, may be rescheduled to the following week.**  
  
**A motion was made to approve item 1.4d.**  
**Approved. (M.S.C. Santos/Oswal 6-0-0). The motion passed unanimously.**
- e. 2020 Scheduled Board and Standing Committee Meetings.  
  
**CEO Pena led the discussion. All Board meetings are held in the first Thursday of the month. The January 2, 2020 meeting will be moved to January 9, 2020.**  
  
**A motion was made to approve item 1.4e.**  
**Approved. (M.S.C. Santos/Oswal 6-0-0). The motion passed unanimously.**
- f. Communication regarding new Retiree Medical Plans for 2020.  
  
**CEO Pena stated that there are changes to retiree health. The change is from Sutter Health to Anthem Blue Shield. It was approved by the City Council in June. Cheryl Parkman from OER spoke to the changes.**  
  
**A motion was made to approve 1.4f.**  
**Approved. (M.S.C. Santos/Oswal 6-0-0). The motion passed unanimously.**
- g. **Educational Travel Reports:**  
  - Pension Bridge Annual Conference 2019, Westin St. Francis Hotel, San Francisco, CA - April 9 - 10, 2019 - by Ghia Griarte and Eswar Menon.

## **1.5 Change of Retirement Application**

- a. Approval for a change in effective date for **Jaime Gonzalez** from July 13, 2019 to July 2, 2019 for a Service Retirement, approved at the June 6, 2019 Board meeting.
- b. Approval for a change in effective date for **Jeannette Sivertsen** from July 1, 2019 to August 17, 2019 for a Service Retirement, approved at the June 6, 2019 Board meeting.

**1.6. Report out of Closed Session**

- a. Report out of Closed Session from the February 26, 2019 Police & Fire Investment Committee meeting and the June 6, 2019 Police & Fire Board meeting.

**1.7 Education and Training**

- a. The Cortex Report - July 2019 - Conferences, Seminars, and Educational Programs.
- b. CalAPRS 2019 Program Calendar.
- c. CalAPRS Principles of Pension Government for Trustees, Pepperdine University, Malibu, CA - August 26 -29, 2019.
- d. 2019 Pension Bridge Alternatives Conference, The Beverley Wilshire, Beverly Hills, CA - October 28 - 29, 2019.

**2. INVESTMENTS**

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.  
  
**CIO Palani updated the Board. He stated that the First half of fiscal year was down 4.9%. In June it was up 8.9% We had the worse 4th quarter and the best 1st quarter. More detailed attributions will follow.**
- b. Discussion and action on asset allocation by Meketa Investment Group and staff.  
  
**This Investments was presented**
- c. Presentation of Calendar 4th Quarter 2018 Private Markets Report by Meketa Investment Group.  
  
**This Investments was presented**

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

- a. Update on Matrix of City Auditor's Recommendations from the 2017 Audit.  
  
**This Item was deferred to the Police & Fire Department Retirement Plan and Health Care Trust due back on 9/5/2019**

**4. NEW BUSINESS**

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.
- CEO Pena updated the Board on the following:
- No Known conflict of interest form is due. He asked the Trustees to fill it out and return it to Staff.
  - 6 positions open at the ORS
  - Letters went out to retirees regarding changes to their pay stub
  - Auditors were in the office in July and financial audit is ongoing
  - ORS rental agreement is up in 2020. Staff is looking at options in the area and will come back to the Board in October with an update.
- b. Oral update from the City Council Liaison to the Board.
- Council Liaison Pam Foley had nothing to report.
- c. Discussion and action on Cortex Consulting services agreement for FY 2019-20 for the amount of \$45,000.
- CEO Pena led the discussion. Attached is a memo from Cortex Consulting Services. The recommendation is to have a new agreement not to exceed \$45,000 from 7/1/19-6/30/20.
- A motion was made to approve the Cortex Consulting Services agreement for FY 2019-2020 for the amount not to exceed \$45,000.
- Approved. (M.S.C. Santos/Griarte 6-0-0). The motion passed unanimously.
- d. Discussion and action on proposed annual member statement for reclassified members from Tier 2 to Tier 1 to be prepared by the Board's actuary.
- Cheryl Parkman from OER spoke to the item. She stated that the memo is for employees who were hired back as Tier 2, may move back to Tier 1. So far 12 members are repaying to move back to Tier 1. She made a request to the Board for the City to work with Cheiron to figure their payback number. CEO Pena stated that the cost would be around \$4,000.00 per plan.
- A motion was made to authorize Cheiron to work with the City on the Tier 2 to Tier 1 payback.
- Approved. (M.S.C. Santos/Oswal 6-0-0). The motion passed unanimously.
- e. Discussion and action on appropriate response to the County of Santa Clara Civil Grand Jury Report.
- This Item was approved
- f. Discussion and action on Committee Assignments.
- This Item was approved

## **5. RETIREMENTS**

### **5.1 Service Retirements**

**This was approved**

- a. **Colin L. Crooker**, Police Officer, Police Department, effective August 10, 2019; 22.56\* years of service. *(With Reciprocity - CSJ YOS - 20.69 + 1.86 PERS YOS)*
- b. **Robert Finnie**, Police Sergeant, Police Department, effective August 24, 2019; 25.03\* years of service.
- c. **Eric J. Hernandez**, Fire Captain, Fire Department, effective August 10, 2019; 25.18\* years of service.
- d. **Christopher D. Proft**, Police Officer, Police Department, effective June 26, 2019; 26.51\* years of service.

### **5.2 Deferred Vested**

**This was approved**

- a. **Parker L. Hathaway, III**, Police Officer, Police Department, effective August 31, 2019; 26.50\* years of service.

## **6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)**

- a. Notification of the death of **Russell Hansen**, Police Officer, retired June 6, 1998, died June 6, 2019. No survivorship benefits.
- b. Notification of the death of **Franklin Jost**, Fire Captain, retired April 29, 1979, died June 10, 2019. Survivorship benefits to Clarice Jost, Spouse.
- c. Notification of the death of **Phillip Norton**, Police Lieutenant, retired March 2, 1982, died April 22, 2019. Survivorship benefits to Joyce Norton, Spouse.
- d. Notification of the death of **Phillip Rice**, Firefighter, retired February 5, 1989, died May 22, 2019. No survivorship benefits.
- e. Notification of the death of **John Taylor**, Fire Captain, retired April 1, 1993, died May 26, 2019. No survivorship benefits.

- f. Notification of the death of **Leland Wilson**, Police Officer, retired January 7, 1999, died April 29, 2019. Survivorship benefits to Teresa Wilson, Spouse.

**7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS**

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

**Last Meeting: June 25, 2019**      **Next Meeting: August 27, 2019**

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

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

**Last Meeting: May 16, 2019**      **Next Meeting: August 15, 2019**

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

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

**Last Meeting: November 26, 2018**      **Next Meeting: September 5, 2019**

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

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

**Last Meeting: May 13, 2019**      **Next Meeting: August 5, 2019**

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

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

**Last Meeting: February 20, 2019**      **Next Meeting: August 6, 2019**

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

**• PROPOSED AGENDA ITEMS**

**• PUBLIC COMMENTS**

- **ADJOURNMENT**  
**The meeting adjourned at 1:05 p.m.**

**Next Meeting: September 5, 2019**

\*Estimated