



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, January 9, 2020

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, January 9, 2020 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 Gardanier called the Pension Plan and Health Care Trust meeting to order at 8:57 a.m. followed by roll call.

Present: 5 - Richard Santos, Drew Lanza, Vincent Sunzeri, Eswar Menon and Andrew Gardanier

Absent: 3 - Nick Muyo, Vikas Oswal and Franco Vado

1- Trustee, vacant

Pam Foley, City Council Liaison to the Board arrived at 8:59 a.m.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Peter Pham, Michelle San Miguel, Linda Alexander.

Also Present: Jeff Rieger, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Bill Hallmark, Cheiron; Michael Schionning, Cheiron; Cheryl Parkman, OER.

AGENDA

OPEN SESSION

• ORDERS OF THE DAY

The following changes were made to the Orders of the Day:

- Item 5.1I – Withdrawal of Retirement Application – Jose L. Vargas
- Item 3a will be heard with items 7.3d-f.

WAIVE SUNSHINE (attachments received late):

- None

A motion was made to approve the Orders of the Day.

Approved. (M.S.C. Santos/Sunzeri 5-0-0). The motion passed unanimously.

1. CONSENT CALENDAR

Item 1.3a was pulled by Trustee Sunzeri and item 1.5e was pulled by CEO Peña.

A motion was made to approve the balance of the Consent Calendar Approved. (Santos/Sunzeri 5-0-0). The motion passed unanimously.

1.1 Approval for a Service Connected Disability

- a. **Manuel Sarmento**, Police Officer, Police Department, Request for a Service-Connected Disability Retirement, effective January 9, 2019; 23.73* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval for a Non-Service Connected Disability

- a. **Dennis Wheeler**, Fire Engineer, Fire Department, Request for a Non Service-Connected Disability Retirement, effective January 9, 2020; 19.58* years of service. (*Disability Committee Recommendation: Approval*)

1.3 Approval Of Minutes

- a. Approval of the Board Minutes of December 5, 2019.
- Trustee Sunzeri noted that under new business committee assignments, it does not note that Trustee Oswal was removed from Governance and added to the JPC.
- Motion to approve the minutes with corrections.
Approved. (M.S.C. Santos/Sunzeri 5-0-0). The motion passed unanimously.

1.4 Return of Contributions

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

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Matrix of City Auditor's Recommendations from the 2017 Audit. Receive and file.
- c. **Revised** 2020 Scheduled Board and Standing Committee Meetings.

- d. Committee Assignments for calendar year 2020.
- e. ORS's first Quarterly Newsletter - The Retirement Connection.
- f. Report of the Plan Expenses for November 2019. Receive and file.
- g. **Educational Travel Reports:**
 - Pension Bridge Alternatives, Beverly Wilshire, Beverly Hills, CA - October 28 - 29, 2019 - by Eswar Menon.

1.6 Notice of Alternate Payee Benefit Election

- a. Approval of Alternate Payee Benefit election of Reduced Lifetime Monthly Payment Option to be paid to Lisa Biakanja, ex-spouse of Fire Captain, **Steven Biakanja** to be effective November 12, 2019 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

1.7 Education and Training

- a. The Cortex Report - January 2020 - Conferences, Seminars, and Educational Programs.
- b. CalAPRS 2020 Program Calendar.

2. INVESTMENTS

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

CIO Palani updated the Board and answered questions from the Board. He also made a presentation on Investment fees which will be made at the Retirement Solutions Working Group on January 13, 2020.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on suggested revisions to the Policy on Roles in Vendor Selection. *(Continued from the October 3, 2019 P&F Board meeting)*

Item 3a will be heard together with item 7.3d as noted in the Orders of the Day.

4. NEW BUSINESS

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.
- CEO Pena updated the Board on the following:
- There is a public member seat open on the Police and Fire side. The application process for public member closed on Sunday, January 5th. One applicant applied.
 - The Retirement Connection Newsletter is posted to the agenda under communications and on the website and will be posted to Citywide Payroll flyers. The newsletter will be mailed to members this week. In the spring, CEO Peña will bring the Communications Consultant to both Boards to discuss a communications/social media plan. The website upgrade will take place in 2020.
 - CEO Peña is working with staff to prepare for the Budget process.
 - CAFR's have been distributed.
 - Retirement Solutions Working Group next meeting is January 13th from 4-6pm CIO Palani and Cheiron will make a presentation.
 - ORS Lease Agreement is up in Spring 2020. Staff will remain in the current building.
 - Staff is working with HR to repost Sr. Benefit Analyst and recruit 2 new Benefit Analysts.
 - Blue Shield was replaced with Anthem Blue Cross as the new healthcare for retirees. The Anthem Blue Cross Medicare transition was fine. However, non-Medicare enrollments had issues and some members did not receive their health care cards and were not able to seek services for prescriptions. Anthem Blue Cross had system issues which impacted the release of the health care cards. The ORS was notified and members should receive their cards no later than January 17, 2020. Roberto stated to the Trustees that if they are approached by retirees regarding this issue, direct the retirees to contact the ORS and staff will make sure they are taken care of.
- b. Oral update from the City Council Liaison to the Board.
- City Council Liaison Pam Foley updated the Board. She stated that they are getting ready for Budget sessions and she is looking forward to the Retirement Solutions Working Group on Monday, January 13th.
- c. Discussion and action on Final Pension Valuation Results of June 30, 2019 to be presented by Cheiron.
- Bill Hallmark from Cheiron led the discussion and answered questions from the Board. He stated that at the December meeting the Board approved the different options and this report memorializes the adoptions from last month.
- A motion was made to approve the Final Pension Valuation Results of June 30, 2019.
- Approved. (M.S.C. Santos/Menon 5-0-0). The motion passed unanimously.

- d. Discussion and action on OPEB methods and assumptions to be presented by Cheiron.
- Bill Hallmark from Cheiron led the discussion regarding the OPEB methods and assumptions. He asked the Board to adopt the assumptions and next month he will come back with a full report. Michael Schoinning from Cheiron presented the changes in Explicit Subsidy & Healthcare trend rates and answered questions from the Board.**
- A motion was made to approve the OPEB methods and assumptions. Approved. (M.S.C. Gardanier/Sunzeri 5-0-0). The motion passed unanimously.**

- e. Election of Board Vice-Chair for calendar year 2020.
- Jeff Rieger, General and Fiduciary Counsel, led the discussion. He stated that the policy states that six Board members to approve a vote only if there are 2 candidates. The Board has 1 candidate for nomination which was approved by the full Board last month. This is a policy and the Board may change it if necessary. Currently, there is not a Vice Chair and this item may move today. Chair Gardanier stated that based on what Counsel said, Trustee Lanza was nominated last month, and he would like to move forward with the vote.**
- A motion was made to approve Trustee Lanza to the position of Vice Chair. Approved. (M.S.C. Gardanier/Santos 5-0-0). The motion passed unanimously.**

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/Sunzer 5-0-0). The motion passed unanimously.**

- a. **Kevin B. Fittreau**, Police Officer, Police Department, effective January 25, 2020; 27.55* years of service.
- b. **George King**, Fire Engineer, Fire Department, effective January 25, 2020; 24.54* years of service.
- c. **Kevin Kyono**, Police Officer, Police Department, effective January 11, 2020; 26.46* years of service.
- d. **Barbara J. Melloch**, Police Officer, Police Department, effective January 25, 2020; 25.13* years of service.

- e. **Charles T. Miller, Jr.**, Fire Captain, Fire Department, effective January 25, 2020; 27.89* years of service. *(With Reciprocity - 24.96 CSJ YOS + 2.93 PERS YOS)*
- f. **Christopher L. Murphy**, Fire Captain, Fire Department, effective January 31, 2020; 24.57* years of service.
- g. **Eduardo M. Pedreira**, Police Lieutenant, Police Department, effective January 24, 2020; 25.51* years of service. *(With Reciprocity)*
- h. **Mark A. Pineda**, Police Officer, Police Department, effective January 25, 2020; 27.99* years of service.
- i. **Victor Polverino**, Fire Captain, Fire Department, effective January 25, 2020; 25.05* years of service.
- j. **Gerardo M. Trias**, Police Officer, Police Department, effective January 25, 2020; 20.11* years of service.
- k. **Jeffrey A. Una Dia**, Fire Engineer, Fire Department, effective January 31, 2020; 29.90* years of service. *(With Reciprocity)*
- l. **Jose Luis Vargas**, Police Officer, Police Department, effective January 25, 2020; 25.21* years of service. *(With Reciprocity - 22.73 CSJ YOS + 2.48 PERS YOS)*

5.2 Deferred Vested

The Chair read the Deferred Vested Retirements into the record.

A motion was made to approve the Deferred Vested Retirements.

Approved. (M.S.C. Santos/Sunzeri 5-0-0). The motion passed unanimously.

- a. **Brian Misener**, Police Sergeant, Police Department, effective December 18, 2019; 25.22* years of service. *(With Reciprocity - 20.86 CSJ YOS + 4.36 SAMCERA YOS)*
- b. **Alex T. Nguyen**, Police Lieutenant, Police Department, effective January 30, 2020; 25.91* 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 **Melvin Carriere**, Fire Engineer, retired June 1, 1995, died November 7, 2019. Survivorship benefits to Paulette Carriere, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

7.1 Investment Committee (Oswal - CH/ Gardanier/ Lanza/ Menon)

Last Meeting: December 17, 2019

Next Meeting: January 28, 2020

- a. Oral update from the Chair of the Investment Committee.
- There was no report out of the Investment Committee. CIO Palani covered it in his report.**
- b. Minutes of the October 22, 2019 Police & Fire Investment Committee Meeting. Receive and file.
- This Committees/Reports/Recommendations was received and filed**
- c. Minutes of the October 22, 2019 Joint Investment Committee Meeting. Receive and file.
- This Committees/Reports/Recommendations was received and filed**

7.2 Audit/Risk Committee (Vado - CH/ Menon/ Muyo)

Last Meeting: October 17, 2019

Next Meeting: February 20, 2020

- a. Oral update from the Chair of the Audit/Risk Committee.
- There was no report out of the Audit/Risk Committee.**

7.3 Governance Committee (Muyo/ Santos/ Sunzeri - Alt: Vado)

Last Meeting: December 5, 2019

Next Meeting: March 5, 2020

- a. Oral update from the Chair of the Governance Committee.
- CEO Peña gave a brief recap of the last meeting of the Joint Governance Committee and recommended deferring item 7.3c until all Trustees are present.**

- b. Minutes of the September 5, 2019 Joint Governance 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 received and filed

- c. Discussion and action on the Governance Committee's recommendation to deny purchasing access to Cheiron's educational tools for Trustee use.

This Committees/Reports/Recommendations was deferred to the Police & Fire Department Retirement Plan and Health Care Trust due back on 2/6/2020.

- d. Discussion and action on the review of the Board of Retirement Charter.

Item 7.3d, e and f were heard together.

Tom Iannucci from Cortex joined via telephone. He spoke to the status of the Policies and Charters and the proposed changes to the Board of Administration Charter, Investment Committee Charter, Monitoring and Reporting policy. Tom stated that with the approved changes, the policies will be aligned with the Federated Board. Tom also spoke to item 3a, vendor selection as noted in the Orders of the Day.

A motion was made to approve the changes to the Board of Administration Charter, IC Charter, Monitoring and Reporting Policy, and Vendor Selection Policy.

Approved. (M.S.C. Sunzeri/Santos 5-0-0). The motion passed unanimously.

- e. Discussion and action on the review of the Investment Committee (IC) Charter.

This Committees/Reports/Recommendations was approved

- f. Discussion and action on the review of the Monitoring and Reporting Policy.

This Committees/Reports/Recommendations was approved

- g. Discussion and action on the results of the 2019 P&F Board Self-Evaluation.

Tom Iannucci joined via telephone and led the discussion regarding the 2019 P&F Board Self Evaluation. He reviewed the key findings. Trustee Lanza made a suggestion to have Tom make a list of items that the Board was not in agreement and to facilitate a debate on some of the comments made. Trustee Santos made a suggestion to use the off-site retreat to discuss the suggestions made by the evaluation.

A motion was made to approve the Self Evaluation for 2019.

Approved. (M.S.C. Santos/Sunzeri 5-0-0). The motion passed unanimously.

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

Last Meeting: December 18, 2019

Next Meeting: January 13, 2020

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

Trustee Santos stated that the Disability Committee meeting on January 13th has been cancelled and the next meeting will be held in February.
- b. Minutes of the October 7, 2019 Police & Fire Disability Committee meeting.
Receive and file.

This Committees/Reports/Recommendations was received and filed

7.5 Joint Personnel Committee (Gardanier/ Oswal/ Sunzeri)

Last Meeting: October 28, 2019

Next Meeting: TBD

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

CEO Peña stated that the committee is working on scheduling their next meeting during the last week in January. At this meeting they will need to elect a Chair and Vice Chair.
- **PROPOSED AGENDA ITEMS**

None.
- **PUBLIC COMMENTS**

None.
- **ADJOURNMENT**

Next Meeting: February 6, 2020

The meeting adjourned at 10:42 a.m.

*Estimated