



# BOARD OF ADMINISTRATION

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

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Thursday, August 6, 2020

8:30 AM

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**MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION**

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

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

**Meeting ID: 990 5714 1594**

**Password: 244463**

*Andrew Gardanier, Chair, Fire Active Rep (Term Expires 11/30/23)*  
*Drew Lanza, Vice-Chair, Public Member (Term Expires 4/30/23)*  
*Sunita Ganapati, Trustee, Public Member (Term Expires 11/30/22)*  
*Howard Lee, Trustee, Public Member (Term Expires 11/30/22)*  
*Eswar Menon, Trustee, Public Member (Term Expires 11/30/22)*  
*Nick Muyo, Trustee, Police Retiree Rep (Term Expires 11/30/20)*  
*Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)*  
*Vincent Sunzeri, Trustee, Public Member (Term Expires 11/30/20)*  
*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*

### **AGENDA**

#### **CALL TO ORDER AND ROLL CALL**

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met telephonically on Thursday, August 6, 2020 at 8:30 a.m. Chair Gardanier called the Pension Plan and Health Care Trust meeting to order at 8:33 a.m. followed by roll call. Chair Gardanier welcomed new Trustee Sunita Ganapati to the Board.

**Present:** 9 - Nick Muyo, Eswar Menon, Andrew Gardanier, Franco Vado, Howard Lee, Andrew Lanza, Vincent Sunzeri, Richard Santos and Sunita Ganapati

Trustee Lanza departed the meeting at 11:18 a.m.

Council Member Pam Foley joined the meeting at 10:23 a.m. at the start of open session and departed the meeting at 12:45 p.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Katheryn Schaefer, Jay Kwon, Brian Starr, Dhinesh Ganapathiappan, Christina Wang, David Aung, Ron Kumar, Stacey Fischer, Linda Alexander, Marti Zarate, and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Dr. Susan Tierman, Board Medical Advisor; Russ Richeda, Disability Counsel; Chris Theodor, Meketa Investment Group; Stephen McCourt, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Tom Boyle, Attorney; King Hassan, Retiree; Sandra Dennis, Police Department; Gina Tibaldi, Police Department; Luther Yost, Public attendee.

### **CLOSED SESSION**

The Board entered Closed Session at 8:38 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

#### **II. CLOSED SESSION INVESTMENTS**

- A. CLOSED SESSION:** PURSUANT TO GOVERNMENT CODE SECTION 54956.81, TO CONSIDER PURCHASE OR SALE OF PARTICULAR, SPECIFIC PENSION FUND INVESTMENTS (ONE INVESTMENT)

The Board came out of Closed Session at 10:31 a.m.

### **OPEN SESSION - will reconvene following Closed Session, estimated to be 10:00 a.m.**

The Board reconvened into Open Session at 10:32 a.m. There was no reportable action out of Closed Session.

#### **ORDERS OF THE DAY**

Chair Gardanier read the following ground rules into the record for Orders of the Day.

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For matters where we must have debate, I will call the roll and you will each have a turn.

- The public will have an opportunity to speak on any item and make general comment on any matter within our subject matter jurisdiction.
- Do not interrupt a presenter. Take notes and ask later

## **1. Re-Evaluation of Service-Connected Disability Retirement**

- a. **King Adewunmi Hassan**, Police Officer, Police Department, Re-Evaluation of Service-Connected Disability Retirement, effective June 4, 2015; 7.45\* years of service. (*Disability Committee Recommendation: No Recommendation*) (TIME CERTAIN: 10:30 A.M.)

Chair Gardanier conducted the deliberations regarding the review of the Service Connected Disability Retirement allowance for King Adewunmi Hassan. Mr. Hassan was present with his Attorney, Tom Boyle. Stacey Fischer, Benefits Staff, summarized the file for the record. Dr. Tierman summarized the medical file into the record and spoke to her report. Disability Counsel, Russ Richeda spoke to his memo and clarified the Committee's position. The Committee found that Mr. Hassan remains disabled, per Dr. Tierman's report on his IME findings. Attorney Boyle had no witnesses to present but spoke to Mr. Hassan's case. The floor was open for deliberation. Trustee Lanza discussed the process and the issues presented for the Board's consideration. Counsel Leiderman clarified for the Board the authority granted to them by the Municipal Code; the Board may review the status of a disability retirement by using recent medical evaluations and make a decision based on that information. Counsel Leiderman stated that no motion is needed if the Board decides to allow the disability retirement to remain intact. No member of the board offered a motion.

Chair Gardanier stated that as there was no motion from the Board, Mr. Hassan's status remains unchanged. Attorney Boyle and Mr. Hassan thanked the Board for their time.

## **2. 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 Lanza departed before this item.

### **2.1 Approval Of Minutes**

- a. Approval of the Board Minutes of June 4, 2020.

### **2.2 Approval Of Travel for Conferences and Due Diligence**

- a. Roberto L. Peña, CEO
- CalAPRS Administrator's Roundtable, Virtual Conference - Friday, June 26, 2020.
  - CalAPRS Virtual Program: Administrators' Institute 2020 - September 24 - 25, 2020.
- b. Prabhu Palani, CIO

- PPI 2020 Summer Roundtable, Virtual Conference - July 14 - 16, 2020.
- 2020 Pension Bridge Annual Conference, Virtual Program - August 24 - 28, 2020.
  
- c. Sunita Ganapati, Trustee
  - CalAPRS Virtual Program: Principles for Trustees - August 18, 25, & 26, 2020.
  
- d. Howard Lee, Trustee
  - CalAPRS Virtual Program: Principles for Trustees - August 18, 25, & 26, 2020.
  - 2020 Pension Bridge Annual Conference - Virtual Program - August 24 - 28, 2020.
  
- e. Eswar Menon, Trustee
  - CalAPRS Virtual Program: Principles for Trustees - August 18, 25, & 26, 2020.
  - 2020 Pension Bridge Annual Conference - Virtual Program - August 24 - 28, 2020.

## **2.3 Return of Contributions**

- a. Voluntary / Involuntary.

## **2.4 Communication/Information**

- a. Police and Fire Retirement System Dashboard.
  
- b. Report of the Plan Expenses for May 2020. Receive and file.
  
- c. ORS's Quarterly Newsletter - The Retirement Connection.
  
- d. **Proposed** 2021 Scheduled Board and Standing Committee Meetings.
  
- e. Article: Metric Spotlights Ability of Public Plan to Endure Pandemic, by Bill Hallmark, NCPERS PERSist, Spring 2020.
  
- f. Notification of Private Markets Commitment to Lime Rock New Energy I by Investment Staff.
  
- g. TIDE Ten featuring Prabhu Palani, CIO - LinkedIn Interview:  
<https://www.youtube.com/watch?v=zydkNEfowhc#action=share>  
<<https://www.youtube.com/watch?v=zydkNEfowhc>>

- h. Board response to the Civil Grand Jury Recommendation regarding Performance measures for the CEO and CIO.
- i. Retirement related San Jose Spotlight Article.

## **2.5 Notice of Alternate Payee Benefit Election**

- a. Approval of Alternate Payee Benefit election of Unreduced Lifetime Monthly Payment Option to be paid to Risa Kasuya, ex-spouse of Police Sergeant, **Lyle Jackson** to be effective August 12, 2020 under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

## **2.6 Report out of Closed Session**

- a. Report out of Closed Session from the April 2, 2020 and June 4, 2020 Police and Fire Board meetings.

## **2.7 Education and Training**

- a. The Cortex Report - July 2020 - Conferences, Seminars, and Educational Programs.
- b. CalAPRS Virtual Program: Principles for Trustees - August 18, 25 & 26, 2020.
- c. CalAPRS Virtual Program: Administrators' Institute 2020 - September 24-25, 2020.
- d. SACRS Fall 2020 Conference, Renaissance Indian Wells Resort & Spa, Indian Wells, CA - November 10 - 13, 2020.

## **3. INVESTMENTS**

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

CIO Palani provided a brief market update and answered questions from the Board. He stated that fiscal year-to-date, the Plan has returned 3.1%; for July 2020, the Plan returned 3.45%. CIO Palani stated that the markets have bounced back from the 2nd Quarter. CIO Palani briefly spoke to some relative peer comparison, which he pointed out is difficult as the Plan has few "peers" with similar investment goals and allocations. Stephen McCourt, Meketa Investment Group, spoke to the markets and their performance.

- b. Presentation of Calendar 4th Quarter 2019 Private Markets Report by Meketa Investment Group.

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CIO Palani introduced Chris Theodor, Meketa Investment Group, who presented the 4th Quarter 2019 Private Markets report and answered questions from the Board. Mr. Theodor also briefly spoke to early 2020 figures.

- c. Discussion and approval for the Secretary to negotiate and execute a three-year extension of the agreement with JP Morgan for Emerging Market Debt benchmarking data for \$10,000 per year shared 50/50 with Federated System.

Item 3c and 3d were heard together.

CIO Palani introduced Ron Kumar who spoke to the proposed contract renewals and answered questions from the Board. Mr. Kumar explained that the Plan is contracted with JP Morgan and Barra, LLC for investment related data services. JP Morgan provides access to the indices used for benchmarking the Emerging Market Debt strategies while Barra, LLC provides data services related to the risk analytics of the plans' portfolios. The data is used in conjunction with Verus's risk analytics. The annual fee for the proposed contract renewals will be shared between the two plans.

A motion was made to authorize the Secretary to negotiate and execute a three-year extension of the agreement with JP Morgan for Emerging Market Debt benchmarking data for \$10,000 per year shared 50/50 with Federated System.

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

- d. Discussion and approval for the Secretary to negotiate and execute a two-year extension of the agreement with Barra, LLC for risk system data for \$157,500 per year shared 50/50 with Federated System.

A motion was made to authorize the Secretary to negotiate and execute a two-year extension of the agreement with Barra, LLC for risk system data for \$157,500 per year shared 50/50 with Federated System.

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

**4. OLD BUSINESS CONTINUED-DEFERRED ITEMS - None**

**5. NEW BUSINESS**

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

CEO Peña updated the Board on the following:

- We have added language to all agendas going forward due to COVID-19. The City has also included the language into their agenda's as well.
- Staff continues to work remotely. We are completing our core duties. Mr. Peña stated there is a good chance staff may not be back at the office until 2021. Staff is now able to check-out equipment to help with working from home.
- 'No-Known Conflict of Interest' form will be due soon. Staff will reach out to Trustees with

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more information and guidance on how to complete and submit the form.

- CEO Peña thanked Cheryl Parkman, OER, for her work on getting the Investment group into the PERS defined benefit plan. It is now in place as of July 26, 2020.

- San Jose Spotlight Article - CEO Peña emailed the article to the Trustees as it was too late to post to the agenda for this month.

This item was revisited after 5b.

Counsel Leiderman provided an update to the Board on the California Supreme Court decision in the Alameda vested rights litigation.

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

City Council Liaison Foley updated the Board on the following:

- City Budget passed in June, however we may require more belt tightening in August and September. We will likely be in this position for at least another 6 months.

- City Council voted to put two Charter Amendments on the ballot. The first proposed Charter Amendment is related to Card room expansion and to increase taxes collected from card rooms. The second charter amendment is census related extension and increasing authority for Internal Police Auditor.

- 'Strong Mayor' ballot initiative nixed for now per the Mayor. Recommendations will be made on how to redistribute authority amongst mayor and City staff.

**c.** Discussion and action on the topics for the Joint Meeting of the Boards and City Council.

CEO Peña introduced the topic for discussion and explained that the Joint Meeting of the Boards and City Council stemmed from a recommendation that came from the 2017 audit of the Office of Retirement Services. The meeting has taken place annually for the last two years. CEO Peña suggested that the City Council may want to hear from the Board about the impact to the Plans due to COVID-19 and the implications to the investment allocation and discount rate going forward. In addition, the Boards may want to hear from the City regarding the Budget for the next couple years since it will be impacted by COVID-19. Trustee Santos suggested the City Council and City Attorney may want to comment on the recent decisions made in California regarding pension reform. Trustee Sunzeri stated that the City Council may benefit from an educational session on the S&P 500 and why the Plans are not invested there. He also suggested that the Boards speak with the City about potential impacts to the amortization schedule in the event that the discount rate is lowered. The Chair provided direction to staff to share the topics with the Federated Board and the City.

**d.** Discussion and action on Committee Assignments.

Chair Gardanier spoke to the item and stated that he would like to give Trustee Ganapati an opportunity to acquaint herself with the Board before assigning her to a full time Committee position. Chair Gardanier therefore proposed that Trustee Ganapati take over the Alternate position on the Governance Committee, replacing Franco Vado who is the current Alternate. The Board indicated its general agreement with the change.

## **6. RETIREMENTS**

## **6.1 Service Retirements**

6.1a-j and 6.2a-b were heard together.

A motion was made to approve the Service Retirements.

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

Chair Gardanier and Trustee Muyo wished the retirees well.

- a. **Karen K. Aten**, Police Sergeant, Police Department, effective August 8, 2020; 27.03\* years of service.
- b. **Robert W. Brown**, Battalion Chief, Fire Department, effective August 8, 2020; 26.18\* years of service.
- c. **Christopher J.G Crowley**, Fire Captain, Fire Department, effective July 11, 2020; 31.26\* years of service. (*With Reciprocity*)
- d. **William Foster**, Police Officer, Police Department, effective August 22, 2020; 27.13\* years of service. (*With Reciprocity CSJ YOS 22.27 + PERS YOS 4.86*)
- e. **Enrique Garcia Jr.**, Police Sergeant, Police Department, effective August 8, 2020; 28.11\* years of service.
- f. **Keith A. Kirmse**, Fire Engineer, Fire Department, effective August 22, 20; 30.52\* years of service.
- g. **Tim H. Pedemonte**, Fire Captain, Fire Department, effective August 22, 2020; 25.71\* years of service. (*With Reciprocity - 19.27 CSJ + 6.43 PERS YOS*)
- h. **Jeffrey B. Profio**, Police Lieutenant, Police Department, effective August 22, 2020; 23.15\* years of service.
- i. **Michael Van Elgort**, Deputy Fire Chief, Fire Department, effective August 8, 2020; 25.30\* years of service.
- j. **John A. Ward**, Police Officer, Police Department, effective August 8, 2020; 26.30\* years of service. (*With Reciprocity - 24.82 CSJ + 1.47 PERS YOS*)

## **6.2 Deferred Vested**



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A motion was made to approve the Deferred Vested Retirements.

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

Chair Gardanier and Trustee Muyo wished the retirees well.

- a. **Paul F. Farina**, Police Officer, Police Department, effective August 1, 2020; 10.61\* years of service. (*With Reciprocity - 5.84 CSJ + 4.77 PERS YOS*)
- b. **Dianne C. Winn**, Police Officer, Police Department, effective June 9, 2020; 20.26\* years of service.

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

The Chair read the Death Notifications into the record and asked for a moment of silence for those who served and passed away. Trustee Santos said a few kind words.

- a. Notification of the death of **Philip Croyle**, Battalion Chief, retired January 24, 2009, died May 30, 2020. Survivorship benefits to Cheryl Croyle, Spouse.
- b. Notification of the death of **Ronald T. Daly**, Police Officer, retired December 26, 2009, died July 15, 2020. Survivorship benefits to Diane Daly, Spouse.
- c. Notification of the death of **Thomas K. Shigemasa**, Assistant Chief of Police, retired January 15, 1998, died June 18, 2020. Survivorship benefits to Sue E. Shigemasa, Spouse.
- d. Notification of the death of **Phyllis Trussler**, Police Officer, retired October 1, 1992, died May 1, 2020. No survivorship benefits.

## **8. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS**

### **8.1 Investment Committee (Menon - CH/Gardanier/Lanza/Sunzeri)**

**Last Meeting: May 26, 2020      Next Meeting: August 25, 2020**

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

There was nothing to report.

### **8.2 Audit/Risk Committee (Vado - CH/Lee/Muyo)**

**Last Meeting: May 21, 2020      Next Meeting: August 20, 2020**

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

There was nothing to report.

**8.3 Governance Committee (Muyo - CH/ Santos/ Lee – Alt: Vado)**

**Last Meeting: March 5, 2020 (PF GC meeting cancelled for June 18, 2020)      Next Meeting: September 3, 2020**

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

There was nothing to report.

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

**Last Meeting: March 9, 2020      Next Meeting: August 10, 2020 (June meeting cancelled)**

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

There was nothing to report.

**8.5 Joint Personnel Committee (Sunzeri - CH/Gardanier/Menon)**

**Last Meeting: May 13, 2020      Next Meeting: August 11, 2020**

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

There was nothing to report.

• **PROPOSED AGENDA ITEMS**

None.

• **PUBLIC COMMENTS**

None.

• **ADJOURNMENT**

**Next Meeting: September 3, 2020**

The meeting adjourned at 12:59 p.m.

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

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ANDREW GARDANIER, CHAIR  
BOARD OF ADMINISTRATION

ATTEST:

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ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES