



BOARD OF ADMINISTRATION

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

Thursday, October 1, 2020

8:30 AM

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

zoom.us

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

Meeting ID: 983 1681 0226

Password: 755126

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

Present: 8 - Nick Muyo, Eswar Menon, Franco Vado, Howard Lee, Andrew Lanza,
Vincent Sunzeri, Richard Santos and Sunita Ganapati

Absent: 1 - Andrew Gardanier

AGENDA

CALL TO ORDER AND ROLL CALL

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, October 1, 2020 at 8:30 a.m. Chair Andrew Gardanier asked Vice Chair Lanza to preside at the meeting in anticipation of the Chair's unavailability due to fire emergencies. Vice-Chair Lanza called the Pension Plan and Health Care Trust meeting to order at 8:33 a.m. followed by roll call.

City Council Liaison Foley arrived at 9:13 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Kathryn Schaefer, Jay Kwon, Brian Starr, Dhinesh Ganapathiappan, Ron Kumar, Christina Wang, Arun Nallasivan, Ellen Lee, Linda Alexander, Marti Zarate, and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Chris Theodor, Meketa Investment Group; Cheryl Parkman, OER.

CLOSED SESSION

The Board entered Closed Session at 8:36 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: 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 8:54 a.m.

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

The Board reconvened into Open Session at 8:55 a.m. There was no reportable action out of Closed Session.

• ORDERS OF THE DAY

Vice-Chair Lanza 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.

Vice-Chair Lanza noted that the following attachment was received too late for posting:

- 2c – Discussion and approval for the Secretary to negotiate and execute a two-year extension of the agreement with Bloomberg Finance, LP for \$150,000 per year shared 50/50 with Federated System.

A motion was made to approve the Orders of the Day and Waive Sunshine on the attachment for 2c.

Approved. (M.S.C. Santos/Sunzeri 7-0-0). The motion passed unanimously by roll call vote.
Trustee Muyo's vote was not recorded due to technical difficulties.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Lee 7-0-0). The motion passed unanimously by roll call vote.
Trustee Muyo's vote was not recorded due to technical difficulties.

1.1 Approval for a Non-Service-Connected Disability retirement

- a. **Robert Pasquale**, Police Officer, Police Department, Request for a Non-Service-Connected Disability Retirement, effective October 1, 2020; 21.05* years of service. (*Disability Committee Recommendation: Approval*)
- b. **Elliott Sagan**, Police Officer, Police Department, Request for a Non-Service-Connected Disability Retirement, effective October 1, 2020; 13.34* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval for a Service-Connected Disability retirement

- a. **Adam Plares**, Police Officer, Police Department, Request for a Service-Connected Disability Retirement, effective October 1, 2020; 13.13* years of service. (*Disability Recommendation: Approval*)

1.3 Approval Of Minutes

- a. Approval of the Board Minutes of September 3, 2020.

1.4 Return of Contributions

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

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Memorandum for the Rules and Open Government Committee regarding the Joint Meeting of the Boards and City Council.

1.6 Report out of Closed Session

- a. Report out of Closed Session from the June 4, 2020 and August 6, 2020 Police and Fire Board meetings.

1.7 Education and Training

- a. The Cortex Report - September 2020, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Program: Trustees Roundtable - October 23, 2020.
- c. SACRS Virtual Fall 2020 Conference- November 10 - 13, 2020.

2. INVESTMENTS

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

CIO Palani updated the Board on the following:

- In August the Plan returned 3.1% versus its benchmark of 2.83%. As of September 29th, Meketa has estimated that the Plan is down 1.68% for the quarter.
- CIO Palani will be presenting on COVID-19 and its implications to the Plan's portfolio on October 13th for the Retirement Stakeholder Solutions Working Group as well as the Joint Meeting of the Boards and the City Council on October 16th.
- CIO Palani will present the annual Investment fee report at the October 20th City Council meeting.

- b. Presentation of Investment Fee Report for Calendar Year 2019 by Investment Staff.

Mr. Ganapathiappan and Mr. Aung introduced the item and presented the 2019 Fee report and answered questions from the Board. Mr. Ganapathiappan stated that the report provides a view of all the fees and expenses paid to investment managers as well as the cost to run the investment program. Mr. Aung presented the following to the Board:

- For calendar year 2019, management and incentive fees for the pension plan totaled \$40.1 million with a fee ratio of 1.04% as compared to \$39.1 million and 1.07% for 2018 and \$43.4 million and 1.27% for 2017.
- Management fees have been reduced from 91 basis points to 59 basis points, or a savings of \$5.7 million over the last 4 years.
- The lower management fees are partly driven by higher allocations to passive strategies. Active management fees were also driven lower by reducing allocation to hedged strategies and lowering the management fee ratio.

- C. Discussion and approval for the Secretary to negotiate and execute a two-year extension of the agreement with Bloomberg Finance, LP for \$150,000 per year shared 50/50 with Federated System.

CIO Palani introduced Ron Kumar who spoke to the item and answered questions from the Board. Mr. Kumar noted that the request to extend the agreement with Bloomberg has been factored into the budget. Bloomberg is used for information and is the standard for the business; in addition, some data provided by Bloomberg is not available with other vendors. There was a general discussion regarding single-sourcing this service and whether other competitive services were available. Mr. Kumar noted that the retirement systems get a discount since the City also uses the Bloomberg terminals and service.

A motion was made to authorize the Secretary to negotiate and execute a two-year extension of the agreement with Bloomberg Finance, LP for \$150,000 per year shared 50/50 with Federated System.

Approved. (M.S.C. Santos/Ganapati 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS - None

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Retirement Stakeholders Solution Working Group meeting will be on October 13th.
- The annual Joint meeting of the Boards and the City Council will be Friday October 16th.
- The annual Investment fee report will be presented at the October 20th City Council meeting.
- The Police Retiree board seat application period has closed. The seat is presently occupied by Trustee Muyo, who is not reapplying. There are no new applicants. Staff will work with the City Clerk on the vacancy.
- The open Public Member board seat application period is still open. The seat is presently occupied by Trustee Sunzeri. There are no applicants at this time.
- Retiree Open Enrollment is the entire month of November. The annual Health Fair will be virtual this year. More information will be available in the next Quarterly newsletter and on the ORS website.
- Open Enrollment packets should be mailed by October 10th. Educational videos and zoom meetings with the health care vendors and staff will be available for retirees to aid them with Open Enrollment.
- Staff continues to work remotely, completing the core duties of the ORS. Board meetings will continue to be held via Zoom for the foreseeable future. ORS recently introduced check-out forms so staff can take office equipment home.
- A Virtual CalAPRS Trustee Roundtable will be held on October 23rd.

CEO Peña introduced Cheryl Parkman, OER, who spoke to the finalized agenda topics for the upcoming Joint Meeting of the Boards and City Council:

1. What are the implications of COVID to the City's budget for the next couple of years?
2. What is the funding for the Plan?

3. Diversity of consultants used by ORS.

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

City Council Liaison Foley updated the Board on the following:

- **City Council Liaison Foley is looking forward to the Joint Meeting with Council and Boards. Council Liaison Foley is especially looking forward to the diversity discussion as it is an important subject that the Council would like to be focused on in general.**
- **At the last City Council meeting Police reforms were big topics of discussion. The Independent Police Auditor and Internal Affairs presented reports to the City Council. The current Chief of Police is retiring at the end of the year, the City is in the process of recruiting for the vacant position. They are considering hiring a consultant to look at 'use of force' within the Police Department.**
- **The City is focused on re-imagining public safety. Extensive outreach will occur to gather data on the areas that would benefit from the presence of social workers and/or community service officers as opposed to sworn Officers. The City Council does not support defunding the Police Department.**

- c.** Discussion and action on CEO's compensation.

Vice-Chair Lanza spoke to the item and briefly reviewed the process with the Board. He stated that in Closed Session, the Board discussed the performance of the CEO and CIO. The Board currently uses the City's performance evaluation forms while the Joint Personnel Committee finalizes new evaluation procedures. Overall, it was an excellent review. The Board expressed their appreciation for CEO Peña's hard work during the last year, especially with regards to handling the COVID-19 pandemic response.

A motion was made to approve increasing the CEO's compensation by 5%.

Approved. (M.S.C. Lanza/Sunzeri 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

- d.** Discussion and action on CIO's compensation.

Trustee Menon spoke to the CIO's compensation and CIO Palani's performance. The Board gave an excellent review of CIO Palani's performance last year, especially during the COVID-19 crisis.

A motion was made to approve increasing the CIO's compensation by 5%.

Approved. (M.S.C. Menon/Sunzeri 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

- e.** Nominations for the position of Board Chair for calendar year 2021.

The Board nominated Vice-Chair Lanza for the Position of Board Chair for calendar year 2021.

- f.** "Fiduciary Duties and Conflicts of Interest," annual Board educational training session, presented

by Fiduciary and General Counsel Harvey L. Leiderman.

Harvey Leiderman, General and Fiduciary Counsel presented his "Fiduciary Duties and Conflicts of Interest", spoke to the Trustees' fundamental fiduciary duties as prescribed by law and answered questions from the Board.

5. RETIREMENTS

Items 5.1a and 5.2a-b were heard together.

Vice-Chair Lanza read the Retirements into the record.

5.1 Early Retirement

A motion was made to approve the Early Service Retirement.

Approved. (M.S.C. Santos/Lanza 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

- a. **Peter Christian**, Police Officer, Police Department, effective October 4, 2020; 22.55* years of service.

5.2 Service Retirements

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Lanza 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

- a. **William R. Miller**, Police Officer, Police Department, effective October 31, 2020; 30.01* years of service. (*With reciprocity*)
- b. **Christopher Perilli**, Police Officer, Police Department, effective October 17, 2020; 25.07* years of service.

5.3 Deferred Vested

A motion was made to approve the Deferred Vested Retirement.

Approved. (M.S.C. Santos/Lanza 7-0-0) The motion passed unanimously by roll call vote. Trustee Muyo's vote was not recorded due to technical difficulties.

- a. **Jason A. Bollendorf**, Police Officer, Police Department, effective October 3, 2020; 25.00* years of service. (*With Reciprocity - 18.95 CSJ YOS + 6.05 PERS YOS*)

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence) - None

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: August 25, 2020 **Next Meeting: October 27, 2020**

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

Trustee Menon noted that the Committee had not met since the last update. The next meeting will be October 27, 2020.

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

Last Meeting: August 20, 2020 (cancelled for lack of quorum) **Next Meeting: October 15, 2020**

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

Trustee Vado noted that the next Audit Committee meeting would be October 15, 2020.

7.3 Governance Committee (Muyo - CH/ Santos/ Lee – Alt: Ganapati)

Last Meeting: March 3, 2020 (September 3, 2020 Meeting Cancelled) **Next Meeting: December 17, 2020**

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

There was no update.

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

Last Meeting: September 8, 2020 **Next Meeting: October 5, 2020**

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

Trustee Santos spoke to the Disability Committee and stated that the Committee may look into meeting more frequently to help ease the case backlog.

- b. Minutes from the August 10, 2020 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Sunzeri - CH/Gardanier/Menon)

Last Meeting: September 8, 2020

Next Meeting: October 20, 2020

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

Trustee Sunzeri updated the Board on the progress made at the last Joint Personnel Committee meeting. He noted that the Committee had named an ad hoc committee to focus on evaluating the CEO's benefit package and to bring recommendations back to the full Committee. The ad hoc committee was comprised of Trustees Sunzeri and Gardanier from Police and Fire, and Trustee Castellano from Federated.

- b. Minutes of the August 11, 2020 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

• PROPOSED AGENDA ITEMS

None.

• PUBLIC COMMENTS

None.

• ADJOURNMENT

Next Meeting: November 5, 2020

The meeting adjourned at 11:54 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

ANDREW GARDANIER, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES