



BOARD OF ADMINISTRATION

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

Thursday, December 2, 2021

8:30 AM

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

zoom.us

Dial In: +1 669 219 2599 US (San Jose)

Meeting ID: 988 0188 4818

Password: 255562

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Andrew Gardanier, Vice-Chair, Fire Active Rep (Term Expires 11/30/23)
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)
Richard Santos, Trustee, Fire Retiree Rep (Term Expires 11/30/22)
Franco Vado, Trustee, Police Retiree Rep (Term Expires 11/30/24)
Dave Wilson, Trustee, Acting Police Active Rep (Term Expires 11/30/21)
Vacant, Trustee, Public Member (Term Expires 11/30/24)

Pam Foley, City Council Liaison to the Board

Harvey Leiderman, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

Present: 8 - Eswar Menon, Andrew Gardanier, Howard Lee, Andrew Lanza, Richard Santos, Sunita Ganapati, Dave Wilson and Franco Vado

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, December 2, 2021 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

Trustee Vado and Trustee Ganapati arrived at 8:32 a.m.

Trustee Lee arrived at 8:39 a.m.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan, David Aung, Christina Wang, Arun Nallasivan, Ellen Lee, Houman Boussina; Linda Alexander, Marti Zarate, and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Kaci Boyer, Neuberger Berman; Anne Harper, Cheiron, Inc; Bill Hallmark, Cheiron, Inc.; Michael Schionning, Cheiron, Inc.; Kevin Balaod, Journalist; Michael Burger, Finance Department; Suzanne Hutchins, CAO; Sandra Williams, Public Attendee; Jill Borders, Public Attendee.

OPEN SESSION

• ORDERS OF THE DAY

Chair Lanza read the following Orders of the Day into the record:

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- We run great, open meetings. But we need a different etiquette. Do not interrupt a presenter. Take notes and ask later during the comment period.
- Board Members please stay on this zoom meeting call after the regular meeting ends – the public Special meetings for each committee to address California Assembly Bill No. 361 will take place using the same zoom meeting ID and password.

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 by roll call vote. Trustee Vado and Trustee Lee were not present and did not vote.

1.1 Approval Of Minutes

- a. Approval of the Board Minutes of November 4, 2021.

1.2 Return of Contributions

- a. Voluntary/Involuntary.

1.3 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. 2022 Scheduled Board and Standing Committee Meetings. Receive and file.
- c. Report of the Plan Expenses for October 2021. Receive and file.

1.4 Education and Training

- a. The Cortex Report - November 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Advanced Courses in Retirement Plan Administration, December 8 - 10, 2021.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following:

- The Annual Investment fee report was presented to the City Council on November 9th.
- For Fiscal Year-To-Date the Pension Plan was up 2.43%. Month To-Date as of 11/30/21 the Plan was down 1.47%
- For Fiscal Year-To-Date the Health Care Trust was down 12 basis points. Month To-Date as of 11/30/21 the HCT was down 1.92%

- b. Presentation of Calendar 2nd Quarter 2021 Private Equity Report by Neuberger Berman.

CIO Palani introduced Kaci Boyer, Neuberger Berman, who presented the calendar 2nd Quarter 2021 Private Equity report and answered questions from the Board.

- c. Presentation of Calendar 2nd Quarter 2021 Private Markets Report by Meketa Investment Group.

CIO Palani introduced Laura Wirick, Meketa Investment Group, who presented the calendar 2nd Quarter 2021 Private Markets report and answered questions from the Board.

- d. Presentation of Calendar 3rd Quarter 2021 Performance Report for Pension Plan by Meketa Investment Group.

Laura Wirick and Jared Pratt, Meketa Investment Group, presented the Calendar 3rd Quarter Performance reports for the Pension Plan and answered questions from the Board. Mr. Pratt

reported that the value of the City of San Jose Police & Fire Department Retirement Plan's assets was \$4.9 billion on September 30, 2021, an increase of approximately \$194 million from the end of the prior quarter. The Plan had net cash inflows of \$138 million and investment gains of \$56 million during the quarter.

- e. Presentation of Calendar 3rd Quarter 2021 Performance Report for Health Care Trust by Meketa Investment Group.

Laura Wirick and Jared Pratt, Meketa Investment Group, presented the Calendar 3rd Quarter Performance reports for the Pension Plan and answered questions from the Board. Mr. Pratt reported that the value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$275 million on September 30, 2021, an increase of \$26.3 million from the end of the prior quarter. The Trust had net cash inflows of \$29.1 million and an investment loss of \$2.8 million in the 3-month period.

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:

- Open Enrollment for retirees was the month of November. Staff received over 700 benefit change forms. Open Enrollment went better than last year, as the City did not change vendors this year.
- ORS Benefits group welcomes new Staff Specialist, Gretel Calderon.
- Staff continues to work on filling the vacant positions in the office. There are 2 vacancies in the Benefits group and 2 vacancies in the IT group that need to be filled.
- As part of the City's mandatory vaccination program, vendors that work with the City need to be vaccinated. ORS Staff is working on gathering that information.
- The City's annual holiday closure/furlough is approaching. The Office will be closed on December 23, 24, 30 and 31 for the Christmas and New Year Holiday. A skeleton crew will be in the office working during the closure on December 27 - 29.
- Staff continues to work with the City Clerk to fill the vacant Public Member seat. Trustee Dave Wilson has reapplied for his Active Police seat, and will continue to serve the Board until he is reconfirmed or replaced.
- ORS has started it's hybrid approach to in-person work. Staff will come in to the office 1 day a week, and then 2 days a week starting in January. Senior staff is monitoring the COVID variant situation and will respond accordingly.
- ORS office remains closed to the public, however members are able to make in-person appointments and will be let into the office for their scheduled appointments.

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

Councilwoman Foley updated the Board on pending matters before the Council.

- c. Discussion and possible action on preliminary Pension Valuation results and economic assumptions as of June 30, 2021 presented by Cheiron.

Anne Harper and Bill Hallmark, Cheiron Inc., spoke to the Preliminary Pension Valuation results as of June 30, 2021 and answered questions from the Board. Mr. Hallmark stated that the Board is ahead of schedule and will be deferring action for this item until January when the Final Pension Valuation Report is ready. Ms. Harper presented the membership trends for Tier 1, Tier 2, Deferred Vested and current members and answered questions from the Board. Mr. Hallmark also spoke to Slide 15, 5-year Contribution Projections and answered questions from the Board.

- d. Discussion and action on OPEB methods and assumptions presented by Cheiron.

Bill Hallmark and Michael Schionning, Cheiron Inc., led the discussion regarding the Other Post Employment Benefits (OPEB) methods and assumptions. Cheiron asked the Board to adopt the assumptions and next month they will come back with a full report. Cheiron recommended the following:

- Discount rate - Consider 6.25%, 6.0% or lower.
- Healthcare trends - Update Short term trends.
- Dependent Coverage Elections - recommend no change.
- Health Dental Plan Election - minor change to include new health plan.
- In-Lieu Elections - Increase proportion of Medicare eligible members assumed to qualify for retiree plus spouse coverage credit.
- Administrative Expenses - Decrease per person administrative expenses
- Claims cost - No changes in assumptions used to develop claims costs.

After discussion, a motion was made to adopt a discount rate of 6.00% and approve the OPEB methods and assumptions as presented.

Approved. (M.S.C. Vado/Menon 8-0-0) The motion passed unanimously by roll call vote.

- e. Election for the positions of Board Chair and Vice-Chair for calendar year 2022.

Andrew Lanza was previously nominated at the November 4, 2021 Board meeting to serve as Board Chair for CY 2022. By unanimous roll call vote, the Board elected Andrew Lanza to serve as Board Chair for CY 2022.

Andrew Gardanier was previously nominated at the November 4, 2021 Board meeting to serve as Board Vice-Chair for CY 2022. By unanimous roll call vote, the Board elected Andrew Gardanier to serve as Board Vice-Chair for CY 2022.

- f. Discussion and action on factual findings for use of California Assembly Bill 361's abbreviated teleconferencing procedures.

Counsel Chin introduced and spoke to the item. Ms. Chin explained the contents of the memo submitted to the Board regarding evidentiary support for the Board's consideration of factual findings necessary for election to adopt AB 361's abbreviated teleconferencing procedures, which included:

- (1) Governor's proclamation on the continued state of emergency due to the ongoing COVID 19 pandemic; and
- (2) the City Council's recent resolution that continued to impose and recommend social distancing in City facilities.

A motion was made to adopt these as the Board's factual findings under AB361 to allow the Board to continue meeting virtually for the next 30 days.

Approved. (M.S.C. Santos/Vado 8-0-0) The motion passed unanimously by roll call vote.

5. RETIREMENTS

5.1 Service Retirements

Chair Lanza read the Service Retirements into the record.

A motion was made to approve the Service Retirements.

Approved. (M.S.C. Santos/Gardanier 8-0-0) The motion passed unanimously by roll call vote

- a. **Adolfo S. Acosta**, Police Officer, Police Department, effective December 25, 2021; 27.34* years of service.
- b. **David R. Barnett**, Battalion Chief, Fire Department, effective December 9, 2021; 25.41* years of service.
- c. **John Boren**, Police Sergeant, Police Department, effective December 11, 2021; 26.95* years of service.
- d. **Richard R. Bravo**, Police Sergeant, Police Department, effective December 25, 2021; 25.30* years of service.
- e. **Soren M. Coats**, Fire Captain, Fire Department, effective December 11, 2021; 25.39* years of service.
- f. **Scott Diehl**, Fire Captain, Fire Department, effective December 25, 2021; 25.42* years of service.
- g. **Hien Doan**, Fire Engineer, Fire Department, effective November 13, 2021; 27.18* years of service.
- h. **Sergio L. Farias**, Police Officer, Police Department, effective January 8, 2022; 26.26* years of service.
- i. **Jason P. Herr**, Police Lieutenant, Police Department, effective January 8, 2022; 27.03* years of service.

- j. **Kenneth B. Hoggard**, Police Officer, Police Department, effective January 8, 2022; 25.80* years of service.
- k. **Paul Kelly**, Police Sergeant, Police Department, effective December 11, 2021; 27.40* years of service.
- l. **Christina Lacap**, Police Lieutenant, Police Department, effective December 24, 2021; 29.03* years of service.
- m. **Gerry B. Laird**, Battalion Chief, Fire Department, effective December 25, 2021; 25.89* years of service.
- n. **Lee G. Lawrence**, Police Officer, Police Department, effective December 25, 2021; 30.73* years of service. (*With Reciprocity CSJ YOS 15.03 + PERS YOS 15.69*)
- o. **Todd M. Lonac**, Police Lieutenant, Police Department, effective December 25, 2021; 30.23* years of service.
- p. **David Malandrino**, Fire Fighter, Fire Department, effective January 8, 2022; 25.46* years of service.
- q. **Robert Ragsac, Jr.**, Firefighter, Fire Department, effective January 8, 2022; 29.53* years of service.
- r. **Marc L. Taylor**, Police Officer, Police Department, effective December 25, 2021; 27.30* years of service.
- s. **Jim M. Vela**, Police Officer, Police Department, effective January 8, 2022; 25.34* years of service.
- t. **Michael Waara**, Police Officer, Police Department, effective January 8, 2022; 25.20* years of service. (*With Reciprocity CSJ YOS 24.73 + PERS YOS 0.47*)
- u. **Keith Woeste**, Fire Captain, Fire Department, effective January 8, 2022; 23.65* years of service.

5.2 **Deferred Vested**

Chair Lanza read the Deferred Vested Retirement into the record.

A motion was made to approve the Deferred Vested Retirement.

Approved. (M.S.C. Santos/Vado 8-0-0) The motion passed unanimously by roll call vote

- a. **Kelli Knight Janda**, Police Officer, Police Department, effective December 31, 2021; 22.64* years of service. *(With Reciprocity CSJ YOS 16.20 + PERS YOS 6.44)*

6. 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 Wilson, Trustee Santos and Vice-Chair Gardanier said a few kind words.

- a. Notification of the death of **Richard Bibby**, Firefighter, retired December 1, 1971, died October 4, 2021. No survivorship benefits.
- b. Notification of the death of **Bobby Burdine**, Fire Captain, retired October 3, 1996, died October 20, 2021. No survivorship benefits.
- c. Notification of the death of **Robert W. Carabal**, Firefighter, retired July 30, 2005, died September 29, 2021. Survivorship benefits to Margot Carabal, Spouse.
- d. Notification of the death of **Charles Farrow**, Firefighter, retired February 22, 1998, died March 16, 2021. No survivorship benefits.
- e. Notification of the death of **Glenn Terry**, Police Sergeant, retired January 4, 1983, died August 8, 2021. No survivorship benefits.
- f. Notification of the death of **Lawrence E. Weir**, Police Sergeant, retired September 15, 2001, died September 20, 2021. Survivorship benefits to Dorothy Weir, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: November 4, 2021 (Special Meeting) Next Meeting: December 2, 2021 (Special Meeting) and December 21, 2021 (Regular meeting)

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

There was no update.

- b. Minutes of the Special Investment Committee meeting from October 7, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.2 Audit/Risk Committee (Ganapati-CH/Lee/Wilson)

Last Meeting: November 4, 2021 (Special Meeting) Next Meeting: December 2, 2021 (Special Meeting)

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

There was no update.

- b. Minutes of the Special Audit/Risk Committee meeting from October 7, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.3 Governance Committee (Vado - CH/ Ganapati/Santos)

Last Meeting: November 4, 2021 (Special Meeting) Next Meeting: December 2, 2021 (Special Meeting) and December 16, 2021 (Regular meeting)

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

There was no update.

- b. Minutes of the Special Governance Committee meeting from October 7, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.4 Disability Committee (Santos - CH/Lanza - Alts: Menon/Vado)

Last Meeting: November 4, 2021 (Special Meeting) Next Meeting: December 2, 2021 (Special Meeting) and December 6, 2021 (Regular meeting)

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

There was no update. The next regular meeting is on December 6th at 10:00 a.m.

- b. Minutes of the Special Disability Committee meeting from October 7, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: April 30, 2021 Next Meeting: December 7, 2021

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

CEO Peña stated that the next JPC meeting would be held on December 7, 2021 at 1:00 p.m. via zoom.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

Public Attendee, Jill Borders thanked the Police and Fire members for their hard work, dedication and for saving her life. Trustees Vado, Wilson, Gardanier and Santos thanked her for her comments.

CEO Peña thanked the Board and ORS staff for their hard work during the year and wished everyone a wonderful holiday.

- **ADJOURNMENT**

Next Meeting: January 6, 2022

The meeting adjourned at 11:23 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES