



BOARD OF ADMINISTRATION

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

Thursday, February 3, 2022

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: 940 2020 6661

Password: 137986

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 & Maytak Chin, 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, February 3, 2022 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:32 a.m. followed by roll call.

Trustee Ganapati arrived at 8:34 a.m.

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

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Jared Pratt, Meketa Investment Group; Bill Hallmark, Cheiron, Inc.; Michael Schionning, Cheiron, Inc.; Andy Yeung, Segal; Paul Angelo, Segal; Sam Tsang, Segal; Joe Ebisa, Journalist; Suzanne Hutchins, CAO.

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.

I. CLOSED SESSION INVESTMENTS

The Board entered into Closed Session at 8:33 a.m. Chair Lanza recused himself and left Closed Session at 8:39 a.m. prior to the discussion in closed session.

- 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 9:09 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

The Board reconvened into Open Session at 9:10 a.m. There was no reportable action out of Closed 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 8-0-0) The motion passed unanimously by roll call vote.

1.1 Approval for a Change in Status to Service-Connected Disability Retirement

- a. **Daniel Addiego**, Fire Captain, Fire Department, Request for a Change of Status to Service-Connected Disability Retirement, effective October 23, 2011; 25.06* years of service.
(Disability Committee Recommendation: Approval)
- b. **Angelika Castanon**, Police Officer, Police Department, Request for a Change of Status to a Service-Connected Disability Retirement, effective September 3, 2020; 22.98* years of service.
(Disability Committee Recommendation: Approval)
- c. **Matthew Hayward**, Police Officer, Police Department, Request for a Change of Status to Service-Connected Disability Retirement, effective November 1, 2018; 20.06* years of service.
(Disability Committee Recommendation: Approval)

1.2 Approval Of Minutes

- a. Approval of the Board Minutes of January 6, 2022.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Roberto Peña, CEO
 - CalAPRS Virtual Administrators' Round Table, February 10, 2022.

1.4 Return of Contributions

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

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.
- b. Report of the Plan Expenses for December 2021. Receive and file.
- c. Report of the Budget vs. Actual Expenses for 2nd Quarter FY 21-22. Receive and file.
- d. Notification of commencement of validation action regarding the issuance of Pension Obligation Bonds (POBs) by the City of San Jose.

1.6 Recission Of Retirement Application

- a. Approval of request to rescind the Service Retirement application of **Bryan J. Wong**, approved at the January 6, 2022 Board meeting for the effective date of January 22, 2022.

1.7 Change of Retirement Application

- a. Approval for a change in effective date for **Kelvin Pham** from January 22, 2022 to January 29, 2022 for a Service Retirement, approved at the January 6, 2022 Board meeting.
- b. Approval for a change in effective date for **Kevin Baughn** from January 22, 2022 to April 30, 2022 for a Deferred Vested Retirement, approved at the January 6, 2022 Board meeting.
- c. Approval for a change in effective date for **Jose Martinez** from January 22, 2022 to May 14, 2022 for a Service Retirement, approved at the January 6, 2022 Board meeting.

1.8 Education and Training

- a. The Cortex Report - January 2022, Conferences, Seminars and Educational Programs.
- b. CalAPRS General Assembly, San Diego Mission Bay Resort, San Diego, CA - March 5-8, 2021.
- c. CalAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles, CA - March 30 - April 1, 2022.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani introduced Jay Kwon, Sr. Investment Officer, who updated the Board on the following:

- For Fiscal Year-To-Date as of February 1, 2022 the Pension Plan was up approximately 2.6%.
- For Fiscal Year-To-Date as of February 1, 2022 the Health Care Trust was down 1 basis point.
- Meketa Investment Group and Verus Investments are updating their Capital Market Assumptions; staff will collect the updates, analyze the data and make recommendations on potential changes to the Strategic Asset Allocation at the next Investment Committee meeting on February 22, 2022 and at the full Board meeting on March 3, 2022.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2021 presented by Cheiron, Inc.

Bill Hallmark and Michael Schionning, Cheiron Inc., introduced and spoke to the Final Other Post-Employment Benefits (OPEB) Valuation results as of June 30, 2021 and answered questions from the Board.

A motion was made to approve the Final Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021.

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

4. NEW BUSINESS

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

This item was heard after 4d.

CEO Peña updated the Board on the following:

- Staff continues to work with the City Clerk to fill the vacant Public Member Trustee position. Trustee Dave Wilson position as the Active Police Trustee will be confirmed by Resolution at a future City Council meeting.
- Medicare Part-B forms are being sent out to eligible Retirees. The completed forms are due back by April 1, 2022.
- The Quarter Newsletter will be mailed out this week; A soft copy has already been emailed to retirees and available on our website.
- 1099-R's have been mailed out.
- P&F retirees will see their COLA increase this month; in addition Guaranteed Purchasing Power (GPP) will also be calculated and applied to applicable retirees.
- The week of March 14th will see ORS staff return to on-site work 2 days a week.
- Mandatory Booster Shot Vaccination documentation or exemptions are due by February 11th.
- CEO Peña reminded the Board that travel must be approved by the Board before taken and to submit travel requests to ORS staff.

CEO Peña thanked ORS staff for their hard work, dedication and engagement during the pandemic.

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

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

- c. Discussion on Cheiron's 5-Year City Contribution Projections for the Police & Fire Board.

This item was heard after 3a.

Bill Hallmark, Cheiron Inc., introduced and spoke to the item and answered questions from the Board.

- d. Discussion and potential action on Segal presentation of actuarial audit for the Pension Valuation as of June 30, 2021 prepared by Cheiron, Inc.

CEO Peña introduced the item and provided a brief background on the 5 year audit cycle. Paul Angelo and Andy Yeung, Segal, Inc., presented their findings and answered questions from the Board. Bill Hallmark, Cheiron, Inc., also spoke to the item and answered questions from the Board.

Counsel Chin recommended the Board defer action to allow for Cheiron's response to the audit findings and recommendations to be received and reviewed.

The Board deferred action on this item.

- e. Discussion and action on authorizing the CEO to execute the 2nd Amendment to the Agreement with Cortex Applied Research, Inc. for an additional \$30,000 for calendar year 2022, for a total NTE amount of \$100,000.

This item was heard after 4b.

CEO Peña spoke to the item and explained the need for continued work with Cortex Applied Research, Inc., as there is still work to be completed for the Joint Personnel Committee. He notified the Board they will be working with Valter Viola and Jenny Tam of Cortex now that Tom Iannucci has departed the firm.

A motion was made to authorize the CEO to execute the 2nd Amendment to the Agreement with Cortex Applied Research, Inc. for an additional \$30,000 for calendar year 2022, for a total NTE amount of \$100,000.

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

- 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/Gardnier 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/Wilson 8-0-0) The motion passed unanimously by roll call vote.

- a. **Adolph Carranza**, Fire Captain, Fire Department, effective January 24, 2022; 26.72* years of service.
- b. **Saul Flores**, Firefighter, Fire Department, effective January 28, 2022; 21.98* years of service.
- c. **James T. Le**, Police Officer, Police Department, effective January 22, 2022; 26.30* years of service.
- d. **Norene Marinelli**, Police Officer, Police Department, effective January 22, 2022; 22.69* years of service.
- e. **Paul Marshall**, Fire Engineer, Fire Department, effective January 22, 2022; 25.50* years of service.
- f. **Tak M. Odama**, Police Officer, Police Department, effective December 11, 2021; 27.26* years of service.
- g. **Jason A. Suarez**, Fire Captain, Fire Department, effective January 26, 2022; 27.59* 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/Gardanier 8-0-0) The motion passed unanimously by roll call vote.

- a. **Gregory S. Wilkes**, Police Officer, Police Department, effective February 13, 2022; 10.76* years of service.

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 Vado, Trustee Wilson and Trustee Santos said a few kind words.

- a. Notification of the death of **Richard R. Davis**, Police Officer, retired March 22, 1998, died

December 8, 2021. No survivorship benefits.

- b. Notification of the death of **Roy Jueal**, Police Officer, retired April 19, 1997, died December 21, 2021. No survivorship benefits.
- c. Notification of the death of **Patrick A. Mc Guire**, Lietenant, retired April 6, 2000, died October 18, 2021. No survivorship benefits.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: January 6, 2022 (Special Meeting) Next Meeting: February 3, 2022 (Special Meeting) February 22, 2022 (Regular meeting)

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

Chair Menon reported that the AB361 findings were adopted by the Committee at the last Special Meeting.
- b. Minutes of the Special Investment Committee meeting from December 2, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: January 6, 2022 (Special Meeting) Next Meeting: February 3, 2022 (Special Meeting) February 17, 2022 (Regular Meeting)

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

Chair Ganapati reported that the AB361 findings were adopted by the Committee at the last Special Meeting.
- b. Minutes of the Special Audit/Risk Committee meeting from December 2, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.
- c. Minutes of the Special Audit/Risk Committee meeting from December 17, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

**Last Meeting: January 6, 2022 (Special Meeting)
2022 (Special Meeting)**

Next Meeting: February 3,

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

Chair Vado reported that the AB361 findings were adopted by the Committee at the last Special Meeting.

- b. Minutes of the Special Governance Committee meeting from December 2, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Governance Committee meeting from December 17, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

**Last Meeting: January 10, 2022 (Regular Meeting)
2022 (Special Meeting) February 7, 2022 (Regular Meeting)**

Next Meeting: February 3,

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

Chair Santos stated the next regular meeting would be Monday, February 7th at 10:00 a.m.

- b. Minutes of the Special Disability Committee meeting from December 2, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes from the December 6, 2021 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- d. Minutes of the Special Disability Committee meeting from December 17, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: January 6, 2022

Next Meeting: TBD

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

Trustee Menon spoke to the contents of the last meeting briefly and reported the next JPC meeting would be held via Zoom on Friday, February 4th at 10:00 a.m.

- b. Minutes of the December 7, 2021 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Discussion on incentive compensation.

This item was not discussed.

- d. Discussion on JPC action on compensation data gathering.

It was reported that Koff & Associates and Mc Lagen have been hired and are working on the compensation studies.

- e. Discussion on the results of the Mock performance evaluations for feedback and potential revisions for the CEO.

CEO Peña stated that the item is still being discussed at the Committee level.

- f. Nomination and Election of Vice Chair.

The Board was advised of the election of Trustee Eswar Menon to the position of Vice-Chair of the JPC.

• **PROPOSED AGENDA ITEMS**

None.

• **PUBLIC COMMENTS**

None.

• **ADJOURNMENT**

Next Meeting: March 3, 2022

The meeting adjourned at 11:04 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