



BOARD OF ADMINISTRATION

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

Thursday, March 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: 957 7540 9699

Password: 052498

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

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, March 3, 2022 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.

Vice-Chair Gardanier arrived at 8:53 a.m.
Trustee Santos arrived at 11:52 a.m.
Trustee Menon departed at 2:00 p.m.
Trustee Wilson departed at 2:00 p.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, Sandra Castellano, Sachin Sadana, Marti Zarate, Linda Alexander, Benjie Chua- Foy, and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Bill Hallmark, Cheiron, Inc.; Stephen McCourt, Meketa Investment Group.; Anne Harper, Cheiron, Inc.; Andy Yeung, Segal; Paul Angelo, Segal; Eileen Neill, Verus; Kaci Boyer, Nueberger Berman; Gregg Adam, Public Attendee; Gary Johnson, Retiree; Cheryl Parkamn, OER; Ray Storms, Retiree Association; Julia Cooper, Finance Dept.; Danny Sullivan, Verus Investments.

AGENDA

CALL TO ORDER AND ROLL CALL

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.

WAIVE SUNSHINE (amended/attachments received late):

- 1.7a – Approval for a change in effective date for Scott Diehl, Fire Captain, from March 5, 2022 to July 10, 2022 for a Service Retirement, approved at the January 6, 2022 Board meeting.
- 2f - Discussion and action on asset allocation by Meketa Investment Group.
- 2g - Discussion and action on the City's prefunding option for fiscal year 2022 - 2023.
- 4e - Discussion and action regarding the use of the Board Medical Advisor, Work Health Solutions, for pending disability applications.
- 4g - Discussion and action on the Office of Retirement Services proposed administrative

budget for FY 2022 - 2023.

A motion was made to waive Sunshine on the attachments for 1.7a, 2f, 2g, 4e and 4g.

Approved. (M.S.C. Lee/Ganapati 6-0-0) The motion passed unanimously by roll call vote. Vice-Chair Gardanier and Trustee Santos were absent.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Wilson/Ganapati 6-0-0) The motion passed unanimously by roll call vote. Vice-Chair Gardanier and Trustee Santos were absent.

1.1 Approval for a Service-Connected Disability Retirement

- a. **Jennifer Clear**, Police Officer, Police Department, Request for Service-Connection Disability Retirement, effective January 11, 2022; 18.48* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval Of Minutes

- a. Approval of the Board Minutes of February 3, 2022.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Roberto Pena, CEO
 - CalAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5-8, 2022.
- b. Prabhu Palani, CIO
 - CalAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5 - 8, 2022.
 - GroqDay 2022, Virtual Conference - March 31, 2022.
 - Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022.
- c. Drew Lanza, Dave Wilson, Franco Vado, Trustees
 - CalAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5 - 8, 2022.
- d. Eswar Menon, Trustee
 - Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022.

1.4 Return of Contributions

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

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.

1.6 Recission Of Retirement Application

- a. Approval of request to rescind the Deferred Vested Retirement application of **Kelli Knight Janda**, Police Officer, approved at the December 2, 2021 Board meeting for the effective date of December 31, 2021.

1.7 Change of Retirement Application

- a. Approval for a change in effective date for **Scott Diehl**, Fire Captain, from March 5, 2022 to July 10, 2022 for a Service Retirement, approved at the January 6, 2022 Board meeting.

1.8 Education and Training

- a. The Cortex Report - March 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 **Stephen McCourt, Meketa Investment Group**, who provided an update on the invasion of the Ukraine by Russia and what that means from an investment standpoint. CIO Palani and Mr. McCourt spoke briefly to Plans' exposure to the developing situation. CIO Palani provided the following unaudited preliminary numbers:

- For Fiscal Year-To-Date as of March 1, 2022 the Pension Plan was up approximately 98 basis points.
- For Fiscal Year-To-Date as of March 1, 2022 the Health Care Trust was down 1.6%.

- b. Presentation of Calendar 3rd Quarter 2021 private equity report by Neuberger Berman.

CIO Palani introduced **Kaci Boyer, Neuberger Berman**, who presented the calendar 3rd

Quarter 2021 Private Equity report and answered questions from the Board.

- c.** Presentation of Calendar 3rd Quarter 2021 private markets report by Meketa Investment Group.

CIO Palani introduced Jared Pratt, Meketa Investment Group, who presented the calendar 3rd Quarter 2021 Private Markets report and answered questions from the Board.

- d.** Presentation of Calendar 4th Quarter 2021 performance report for Pension Plan by Meketa Investment Group.

Laura Wirick and Jared Pratt, Meketa Investment Group, presented the Calendar 4th Quarter Performance reports for the Pension Plan and answered questions from the Board. The value of the City of San Jose Police & Fire Department Retirement Plan's assets was \$5 billion on December 31, 2021, an increase of approximately \$142 million from the end of the prior quarter. The Plan had net cash outflows of \$55 million and investment gains of \$197 million during the quarter.

- e.** Presentation of Calendar 4th Quarter 2021 performance report for Health Care Trust by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the Calendar 4th Quarter Performance reports for the Pension Plan and answered questions from the Board. The value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$283.4 million on December 31, 2021, an increase of \$8.4 million from the end of the prior quarter. The Trust had net cash outflows of \$2 million and an investment gain of \$10.4 million in the 3-month period.

- f.** Discussion and action on asset allocation by Meketa Investment Group.

Trustee Menon spoke to the item and explained the work that the IC had undertaken to prepare to make recommendations. CIO Palani and Laura Wirick, Meketa Investment Group, also spoke to the item and answered questions from the Board. After discussion a motion was put forward.

A motion was made to approve Mix 'C' for the strategic asset allocation.

Approved. (M.S.C. Menon/Ganapati 7-0-0) the motion passed unanimously by roll call vote. Trustee Santos was absent.

- g.** Discussion and action on the City's prefunding option for fiscal year 2022 - 2023.

CIO Palani introduced the item for discussion and provided a brief history of the item. He spoke to the discussions that have taken place at the IC regarding the issue. Jay Kwon, Senior Investment Officer, spoke to staff's recommendation and answered questions from the Board.

A motion was made to adopt the modified methodology for determining the prefunding discount rate and providing the City with a 15% reduction to the full discount rate.

Approved. (M.S.C. Lanza/Gardanier 7-0-0) The motion passed unanimously by roll call vote.

Trustee Santos was absent.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on Segal presentation of actuarial audit of the Pension Valuation Report as of June 30, 2021 prepared by Cheiron; and Cheiron's response.

This item was heard after 4c.

Bill Hallmark, Cheiron, Inc., spoke to the item and the went through Segal's recommendations as well as Cheiron's response to the recommendations.

A motion was made to accept Segal's actuarial audit of the Pension Valuation Report as of June 30, 2021 and Cheiron's response to the audit.

Approved. (M.S.C. Lanza/Gardanier 7-0-0) The motion passed unanimously by roll call vote. Trustee Santos was absent.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Return to on-site work commences the week of 3/14. Staff will return to the office 2 days a week at that time.
- Medicare Part-B reimbursements were sent out last month and reimbursements are now being issued as completed forms are being returned. Completed forms for the reimbursement are due by April 1, 2022, per the Municipal Code.
- Retirees impacted by IRS 415(b) limits will see an adjustment in their paychecks this month.
- New IT Network Technician will begin at ORS on March 21. The vacancies for the IT Manager position as well as 2 open Benefits positions remain vacant.
- The Spring Edition of the Quarterly Newsletter will go out next month.
- The Office will be closed on March 31st in observation of Cesar Chavez Day.
- The City Council approved a Municipal Code change that will allow for Trustee Dave Wilson to be reappointed by the April 7th Board meeting.

CEO Peña provided a friendly reminder to the Board that all travel undertaken by the Trustees as representatives of the Board needs to be reported to our office for processing in accordance with the Travel Policy.

- 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 action on amendment to MOU between Board and City for use of actuary to review City bond disclosure documents.

This item was heard after 2g.

CEO Peña introduced the item for discussion and explained that the Federated Board had already approved the request. Julia Cooper, Finance Director, also spoke briefly to the request.

A motion was made to approve the amendment to the MOU between Board and City for use of actuary to review City bond disclosure documents

Approved. (M.S.C. Lanza/Vado 7-0-0) The motion passed unanimously by roll call vote. Trustee Santos was absent.

- d. Discussion and action the Governance Committee's recommendation to approve a Policy for Procedures for Cancellation and Termination of Retirement Allowances pursuant to SJMC § 3.36.830 and SJMC § 3.36.1150.

This item was heard after 4f.

Chair Lanza introduced and spoke to the item, providing a brief background on the item. The proposed policy was reviewed at the last Governance Committee meeting. Counsel Leiderman spoke to the item and stated that the City Attorney had reached out to request that a decision on the policy be deferred to the April meeting, to allow for more time for the bargaining units and Retiree associations to review the policy and provide feedback. Counsel Leiderman suggested bringing this item back next month alongside a discussion item on factors the Board might consider when making a forfeiture determination.

- e. Discussion and action regarding the use of the Board Medical Advisor, Work Health Solutions, for pending disability applications.

This item was heard after 4b.

CEO Peña introduced and spoke to the item, providing a brief background on the disability process. CEO Peña spoke to staff's recommendation on how best to utilize the new Board Medical Advisor, Work Health Solutions (WHS), and answered questions from the Board.

A motion was made to approve Staff's recommendation of all three options on how to utilize WHS as stated in the attached memo.

Approved. (M.S.C. Menon/Gardanier 7-0-0) The motion passed unanimously by roll call vote. Trustee Santos was absent.

- f. Discussion and action regarding approval to increase the FY21-22 administrative budget for professional services by \$150,000 to a total of \$1,017,000.

CEO Peña spoke to the item and explained the request to the Board. Counsel Leiderman also spoke to the item and explained that this past year presented unexpected legal issues that necessitated more work than originally anticipated.

A motion was made to approve the increase to the FY21-22 administrative budget for professional services by \$150,000 to a total of \$1,017,000.

Approved. (M.S.C. Lee/Vado 7-0-0) The motion passed unanimously by roll call vote. Trustee Santos was absent.

- g.** Discussion and action on the Office of Retirement Services proposed administrative budget for FY 2022 - 2023.

This item was heard after 4d.

CEO Peña introduced and spoke to the proposed administrative budget for FY 2022 - 2023. He presented the attached slides with details on the proposed budget and answered questions from the Board.

A motion was made to approve the proposed administrative budget for FY 2022 - 2023.

Approved. (M.S.C. Santos/Wilson 7-0-0) The motion passed unanimously by roll call vote. Trustee Menon was absent.

- h.** Update on Strategic Communications Plan presented by Deputy Director, Barbara Hayman.

Barbara Hayman, Deputy Director, presented the bi-annual update to the Strategic Communication Plan and answered questions from the Board.

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

Chair Lanza stated for the record:

Based on the information presented by counsel and provided with our Board back-up materials, it appears that the following factual findings justify the continuation of virtual meetings under AB 361:

1) The Governor's proclamation of the State of Emergency continues due to the ongoing COVID19 pandemic; AND

2) San Jose City Council's recent Resolution continues to impose or recommend measures to promote 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/Gardanier 6-0-0) The motion passed unanimously by roll call vote. Trustee Menon and Trustee Wilson were absent.

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/Vado 6-0-0) The motion passed unanimously by roll call vote. Trustee Menon and Trustee Wilson were absent.

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- a. **Karren M. Augustine**, Firefighter, Fire Department, effective January 31, 2022; 27.29* years of service.
 - b. **Angela Jacobs**, Battalion Chief, Fire Department, effective January 28, 2022; 26.33* years of service.
 - c. **Bryan B. Williams**, Police Officer, Police Department, effective March 8, 2022; 25.00* years of service.
 - d. **Mark T. Womack**, Police Officer, Police Department, effective March 19, 2022; 25.03* 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 and Trustee Santos said a few kind words.

- a. Notification of the death of **Edward Cutter**, Fire Inspector, retired September 3, 1998, died December 11, 2021. Survivorship benefits to Janice Cutter, Spouse.
- b. Notification of the death of **Stanley Jones**, Fire Captain, retired January 5, 2003, died December 14, 2021. Survivorship benefits to Linda Jones, Spouse.
- c. Notification of the death of **William C. Mc Clean, III**, Police Officer, retired May 5, 2001, died January 22, 2022. No survivorship benefits.
- d. Notification of the death of **Kevin Nishita**, Police Officer, retired July 17, 2018, died November 27, 2021. Survivorship benefits to Virginia Nishita, Spouse.
- e. Notification of the death of **Leland Petersen**, Fire Captain, retired October 3, 1996, died January 8, 2022. Survivorship benefits to Sandra Petersen, Spouse.
- f. Notification of the death of **John Porter**, Police Officer, retired May 3, 1997, died December 28, 2021. Survivorship benefits to Gloria Porter, Spouse.
- g. Notification of the death of **Larry Torkelson**, Fire Captain, retired August 5, 1995, died November 28, 2021. Survivorship benefits to Beverly Torkelson, Spouse.
- h. Notification of the death of **David Williams**, Firefighter, retired December 4, 1991, died February 7, 2022. No survivorship benefits.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: February 22, 2022 (Regular) Next Meeting: March 3, 2022 (Special)

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

Chair Lanza spoke briefly and noted that the last IC meeting covered what was presented at the Board meeting.
- b. Minutes of the Special Investment Committee meeting from January 6, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.
- c. Minutes of the December 17, 2021 Police and Fire Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: February 17, 2022 (Regular Joint meeting) Next Meeting: March 4, 2022 (Special)

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

Chair Ganapati spoke to the contents of the February 17 Joint Audit Committee meeting.
- b. Minutes of the October 21, 2021 Joint Audit 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. Minutes of the Special Audit/Risk Committee meeting from January 6, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.
- d. 10/1/21 - 12/31/21 Quarterly Travel and attendance for Police & Fire. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- e. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.
This Committees/Reports/Recommendations was received and filed.

- f. Benefits Audit: Pay Codes by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.
This Committees/Reports/Recommendations was received and filed.

- g. Status of Audit Recommendations by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.
This Committees/Reports/Recommendations was received and filed.

- h. 2021 Internal ORS staff survey by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.
This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: February 3, 2022 (Special) Next Meeting: March 3, 2022 (Special)

- 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 January 6, 2022. Receive and file.
This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: February 7, 2022 (Regular) Next Meeting: March 3, 2022 (Special) March 15, 2022 (Regular)

- a. Oral update from the Chair of the Disability Committee.
Chair Santos reported that the next regular Disability Committee meeting would be held on March 15 at 10:00 a.m.

- b. Minutes of the Special Disability Committee meeting from January 6, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes from the January 10, 2022 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: February 4, 2022 (Regular) Next Meeting: March 4, 2022 (Regular)

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

Vice-Chair Gardanier spoke to the contents of the last JPC meeting.
- b. Minutes from the January 6, 2022 JPC meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.
- c. Discussion and action on the CEO Performance Process regarding JPC approved revisions to the Policy and Procedures.

This Committees/Reports/Recommendations was received and filed.
- d. Discussion and update on potential revisions to the performance evaluations for the CIO Performance Process.

There was no discussion.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC COMMENTS**

None.

- **ADJOURNMENT**

Next Meeting: April 7, 2022

The meeting adjourned at 2:24 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

DREW LANZA, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES