



BOARD OF ADMINISTRATION

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

Thursday, September 1, 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: 968 3853 5121

Password: 700374

Drew Lanza, Chair, Public Member (Term Expires 4/30/23)
Andrew Gardanier, Vice-Chair, Fire Active Rep (Term Expires 11/30/23)
David Kwan, Trustee, Public Member (Term Expires 11/30/24)
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, Police Active Rep (Term Expires 11/30/25)

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: 7 - Eswar Menon, Andrew Gardanier, Andrew Lanza, Richard Santos, Sunita Ganapati, Dave Wilson and Franco Vado

Absent: 2 - David Kwan and Howard Lee

The Board of Administration of the Police and Fire Department Retirement Plan and Health Care Trust met via zoom on Thursday, September 1, 2022 at 8:30 a.m. Chair Drew Lanza called the Pension Plan and Health Care Trust meeting to order at 8:37 a.m. followed by roll call. Trustee Lee and Trustee Kwan were absent.

Retirement Staff Present via Teleconference: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Jay Kwon, Ron Kumar, Dhinesh Ganapathiappan, Christina Wang, Sachin Sadana, Arun Nallasivan, Ellen Lee, Eric Tsang, David Aung, Julie He, Shilpi Dwivedi, Benjie Chua-Foy, Marti Zarate, Linda Alexander, Sorin Powers and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Kaci Boyer, Neuberger Berman; Joe Ebisa, Journalist; Pam Foley, City Council Liaison.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

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

I. CLOSED SESSION NEW BUSINESS

The Board entered into Closed Session at 8:39 a.m.

A. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Drew Lanza, Board Chair and Eswar Menon, Investment Committee Chair. Unrepresented employees: Chief Executive Officer and Chief Investment Officer.

B. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2): ONE CASE

The Board came out of Closed Session at 9:47 a.m. There was no reportable action out of Closed Session.

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

Open Session reconvened at 9:48 a.m.

• 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.
- If necessary, there will be a hard recess from 1:00pm 1:05pm to accommodate Civic Center TV's broadcasting process.
- 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.
- 1.6a – Deferred Vested Member Lamont J. Cusseaux, Police Sergeant, requesting a NEW

retirement date of October 2, 2022 per request received 8/29/22 after agenda posting.

• **PUBLIC/RETIREE/GENERAL COMMENTS - Not Related to A Specific Agenda Item**

None.

1. CONSENT CALENDAR

Item 1.6a was pulled from the Consent Calendar.

A motion was made to approve the balance of the Consent Calendar.

Approved. (M.S.C. Santos/Gardanier 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

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

- a. **Barbara Melloch**, Police Officer, Police Department, Request for Change of Status to Service-Connected Disability Retirement effective January 25, 2020; 25.13* years of service. *(Disability Committee Recommendation: Approval)*

1.2 Approval Of Minutes

- a. Approval of the Board Minutes for the July 29, 2022 Special Meeting.
- b. Approval of the Board Minutes of August 4, 2022.

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Prabhupalani, CIO
- Transpose Platform Ecosystem Days 2022, Julia Morgan Ballroom, San Francisco, September 27, 2022 - September 29, 2022.
 - Berkeley Skydeck Fund LP Summit 2022, 2150 Shattuck Avenue, Penthouse, Berkeley, October 3, 2022.

1.4 Return of Contributions

- a. Voluntary | Involuntary.

1.5 Communication/Information

- a. Police and Fire Retirement System Dashboard.

- b. Updated Board and Committee Assignments. Receive and file.
- c. Report of the Plan Expenses for July 2022. Receive and file.

1.6 Change of Retirement Application

- a. Approval for a change in effective date for **Lamont J. Cusseaux**, Police Sergeant, from August 12, 2022 to September 10, 2022 for a Deferred Vested Retirement approved at the August 4, 2022 Board meeting.

Chair Lanza spoke to the item and stated that the member requested to change their retirement date from September 10, 2022 (as listed on the agenda) to October 2, 2022.

A motion was made to approve the change in retirement application to October 2, 2022.

Approved. (M.S.C. Santos/Wilson 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

1.7 Education and Training

- a. The Cortex Report - September 2022, Conferences, Seminars and Educational Programs.
- b. NCPERS Public Safety Conference, Sheraton Grand Nashville Downtown, Nashville, Tennessee - October 23 - 26, 2022.
- c. NCPERS Accredited Fiduciary (NAF) Program, Sheraton Grand Nashville Downtown, Nashville, Tennessee - October 22-23, 2022.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following:

- For FYTD the Pension Plan was up 2.1%.
- For FYTD the Health Care Trust was up 2.06%.

CIO Palani reported that for the past three years, the Plan's investment returns were in the top quartile of public funds nationally. Some \$975 million in asset value has been added over applicable benchmark returns. CIO Palani introduced Laura Wirick, Meketa Investment Group, to present briefly on the Plan's returns versus the Plan's peer groups. Ms. Wirick answered questions from the Board.

- b. Discussion and action on the creation of an Ad Hoc Committee regarding Venture Capital investments by Chair Lanza.

Chair Lanza introduced and spoke to the request before the Board, explaining the need for an Ad Hoc Committee that would focus on further developing Venture Capital processes/procedures for the investment program. He spoke to his memo and explained the proposed composition of the committee which would include Chair Drew Lanza, Trustee Eswar Menon, Trustee Howard Lee. The proposed Ad Hoc Committee will sunset on June 30, 2023. There is no budget requested for the Ad Hoc Committee.

A motion was made to approve the request and for Drew Lanza to Chair the Ad Hoc Committee.

Approved. (M.S.C. Ganapati/Santos 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

- c. Presentation of Calendar 1st Quarter 2022 private equity report by Neuberger Berman.

Kaci Boyer, Neuberger Berman, spoke to the Calendar 1st Quarter 2022 private equity report and answered questions from the Board.

- d. Presentation of Calendar 1st Quarter 2022 private markets report by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, introduced and spoke to the Calendar 1st Quarter 2022 private markets report and answered questions from the Board.

- e. Presentation of Calendar 2nd Quarter 2022 performance report for Pension Plan by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, introduced and spoke to the Calendar 2nd Quarter 2022 performance report for Pension Plan and answered questions from the Board. She reported that the value of the City of San Jose Police & Fire Department Retirement Plan's assets was \$4.4 billion on June 30, 2022, compared to \$4.8 billion as of the end of the prior quarter. The Plan had net cash outflows of \$57 million and investment losses of \$353 million during the quarter.

- f. Presentation of Calendar 2nd Quarter 2022 performance report for Health Care Trust by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, introduced and spoke to the Calendar 2nd Quarter 2022 performance report for Health Care Trust and answered questions from the Board. She reported that the value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$244.9 million on June 30, 2022, compared to \$273.5 million the end of the prior quarter. The Trust had net cash outflows of \$3.6 million and an investment loss of \$25.1 million in the 3-month period.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Discussion and action on whether to apply SJMC § 3.36.830 for the cancellation and termination

of member Kenneth E. Williams' retirement allowance due to felony conviction. *(Deferred from the May 5, 2022 and August 4, 2022 Board meeting at the member's request)* **(Time Certain: 11:30 a.m. or soon thereafter)**

This item was deferred to accommodate the member's attorney and will be heard at the October 6, 2022 P&F Board meeting.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- ORS welcomes 2 new Senior Benefit Analysts, they will start on September 6, 2022. Staff congratulates Tara Tran, who was promoted to Health Analyst. Staff also welcomes back Jesselle Holcomb as a Benefit Analyst.
- Open Enrollment is approaching and will be the entire month of November. Open Enrollment packets will be sent to retirees in October. ORS is planning on having the Health Fair in-person this year; vendors continue to offer virtual seminars for retirees wishing to learn more about the offerings.
- The City has extended the mandatory masking mandate to September 9, 2022.
- The Office remains open from 9 a.m. - 4 p.m. though our doors remain closed due to security concerns. Staff advises member to call or knock to gain entry to the office.
- ORS will be closed on Monday, September 5, 2022 in observance of Labor Day.
- There will be 4 open Trustee seats after November 30, 2022. 3 seats are open for Public Members in addition to the Retiree Fire seat. The positions will be open for applicants on September 1, 2022 per the City Clerk.

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

City Council Liaison Pam Foley had to leave the meeting prior to this item. There was no update.

- c. Discussion and action on compensation for the CEO/CIO position.

Chair Lanza introduced the item for discussion. He praised CEO Peña and CIO Palani for their exemplary work throughout the year. Chair Lanza spoke to the need for austerity at this time and proposed the Board set a range for the proposed merit increases to allow the Federated Board to select a final figure from that range. Discussion ensued.

A motion was made to grant Drew Lanza and Eswar Menon the ability to negotiate the CEO and CIO merit salary increases within the 4-5% range, including 5 additional executive leave days. The motion included that if the Federated Board agreed to increases within that range, no further action would be required by this Board.

Approved. (M.S.C. Gardanier/Santos 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

- d. Discussion and action on Committee Assignments.

Chair Lanza introduced and spoke to the item. He proposed new Trustee David Kwan replace Trustee Ganapati on the Governance Committee.

A motion was made to approve David Kwan replacing Sunita Ganapati on the Governance Committee.

Approved. (M.S.C. Lanza/Santos 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

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

Counsel Leiderman introduced and spoke to the item; he also provided a brief update on AB 2449, new legislation that would potentially impact meeting virtually in the future. Mr. Leiderman 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 and authorize the Board to continue meeting virtually for the next 30 days.

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

- a. **Greg C. Connolly**, Police Sergeant, Police Department, effective October 1, 2022; 25.03* years of service.
- b. **Barbara S. Fujii**, Police Officer, Police Department, effective October 1, 2022; 25.57 years of service.
- c. **Elias Juric**, Police Officer, Police Department, effective September 17, 2022; 27.32* years of service. (*With Reciprocity - 24.32 CSJ YOS + 3.0 PERS YOS*)

- d. **Robert E. Lalonde**, Police Sergeant, Police Department, effective August 20, 2022; 25.96* years of service.
- e. **Tj Lewis**, Police Sergeant, Police Department, effective September 17, 2022; 27.73* years of service.
- f. **Ronnie A. Lopez**, Police Sergeant, Police Department, effective September 17, 2022; 26.96* years of service.
- g. **Brian J. Meeker**, Police Officer, Police Department, effective September 16, 2022; 26.49* years of service.
- h. **Kendra L. Nunes**, Police Lieutenant, Police Department, effective September 17, 2022; 30.03* 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/Lanza 7-0-0) The motion passed unanimously by roll call vote. Trustee Lee and Trustee Kwan were absent.

- a. **Jeffrey A. Guy**, Police Officer, Police Department, effective August 18, 2022; 23.29* years of service. *(With Reciprocity - 13.29 CSJ YOS + 10.00 PERS YOS)*

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 **Rudy Cabigas**, Fire Captain, retired January 28, 2006, died June 5, 2022. Survivorship benefits to Belinda Cabigas, Spouse.
- b. Notification of the death of **De'Jon Packer**, Police Officer, Active, died March 13, 2022. No survivorship benefits.
- c. Notification of the death of **Douglas Wright**, Police Officer, retired November 1, 2001, died July 14, 2022. Survivorship benefits to Tracy Ann Wright, Spouse.

7. **COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS**

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

Last Meeting: August 23, 2022 (Regular) Next Meeting: September 1, 2022 (Special)

- a. Oral update from the Chair of the Investment Committee.
Chair Menon spoke to the contents of the last regular IC meeting held on August 23, 2022.
- b. Minutes of the Special Investment Committee meeting from June 2, 2022. Receive and file.
This Committees/Reports/Recommendations was received and filed.
- c. Minutes of the June 21, 2022 Police & Fire Investment Committee meeting. Receive and file.
This Committees/Reports/Recommendations was received and filed.
- d. Minutes of the Special Investment Committee meeting from July 1, 2022. Receive and file.
This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: August 18, 2022 (Regular) Next Meeting: September 1, 2022 (Special)

- a. Oral update from the Chair of the Audit/Risk Committee.
Chair Ganapati shared with the Board the contents of the August 18, 2022 Joint Audit Committee meeting.
- b. Minutes of the June 2, 2022 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police & Fire Department Retirement Plan. Receive and file.
This Committees/Reports/Recommendations was received and filed.
- c. Minutes of the Special Audit/Risk Committee meeting from July 1, 2022. Receive and file.
This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: August 4, 2022 (Special) Next Meeting: September 1, 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 June 2, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Governance Committee meeting from July 1, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

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

**Last Meeting: August 8, 2022 (Regular) Next Meeting: September 1, 2022 (Special),
September 6, 2022 (Regular)**

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

Chair Santos reported that the next regular meeting for the Disability Committee would be on Tuesday, September 6, 2022 at 10:00 a.m.

- b. Minutes from the March 15, 2022 Police and Fire Disability Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes of the Special Disability Committee meeting from June 2, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- d. Minutes of the Special Disability Committee meeting from July 1, 2022. Receive ad file.

This Committees/Reports/Recommendations was received and filed.

7.5 Joint Personnel Committee (Gardanier/Lanza/Menon)

Last Meeting: August 10, 2022 (Special) Next Meeting: September 9, 2022 (Regular)

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

Trustee Gardanier spoke to the last meeting which was held in person to consider adopting

AB 361 to meet virtually. The next meeting will be held via Zoom on September 9, 2022 and will cover compensation studies requested by the JPC at an earlier meeting.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

Next Meeting: October 6, 2022

The meeting adjourned at 11:40 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