



BOARD OF ADMINISTRATION

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

Thursday, November 3, 2022

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: 941 0503 6748

Pass Code: 395324

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: 8 - Eswar Menon, Andrew Gardanier, David Kwan, Howard Lee, 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, November 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.

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, Linda Alexander, Khadijah Onyeije and Michelle San Miguel.

Also Present via Teleconference: Harvey Leiderman, Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Jared Pratt, Meketa Investment Group; Joe Ebisa, Journalist; Pam Foley, City Council Liaison; Gary Johnson, Public Attendee; Ray Storms, Public Attendee; Gary Lee, Public Attendee; Bill Hallmark, Anne Harper, Cheiron, Inc.

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.
- 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.

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

None.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Santos/Wilson 9-0-0) The motion passed unanimously by roll call vote.

1.1 Denial of Request for a Change in Status to Service Connected Disability

- a. **Michelle Zannotto**, Police Officer, Police Department, Request for Change of Status to Service-Connected Disability Retirement, effective September 3, 2020; 21.75* years of service.
(Disability Committee Recommendation: Denial)

1.2 Approval Of Minutes

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

1.3 Approval Of Travel for Conferences and Due Diligence

- a. Prabhu Palani, CIO
 - Due Diligence - Tokyo, Japan December 12, 2022 - December 16, 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 September 2022. Receive and file.
- c. Report of the Budget vs. Actual Expenses for 1st Quarter FY 22-23. Receive and file.
- d. Fiscal Health of California Cities website.

1.6 Report out of Closed Session

- a. Report out of Closed Session from the August 4, 2022 Board Meeting.

1.7 Education and Training

- a. The Cortex Report - November 2022, Conferences, Seminars and Educational Programs.
- b. SACRS Fall Conference 2022, Hyatt Regency, Long Beach, CA November 8, 2022 - November 11, 2022.

2. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following:

- For FYTD through November 1, 2022 the Pension Plan was down 1.0%.

- For FYTD through November 1, 2022 the Health Care Trust was down 2.5%. These estimates do not include updated private markets performance.
- The Investment Fee Report for Calendar Year 2021 will be presented to the City Council with Trustee Ganapati's assistance on November 8th.

3. OLD BUSINESS CONTINUED-DEFERRED ITEMS

- a. Preliminary results and discussion and action on economic assumptions for the June 30, 2022 Actuarial Valuation to be presented by Cheiron. *(Continued from the October 6, 2022 Board Meeting)*

Bill Hallmark and Anne Harper, Cheiron Inc., introduced and spoke to the attached presentation of the preliminary results and economic assumptions of the June 30, 2022 Actuarial Valuation. Mr. Hallmark stated that the preliminary valuation results did not include the Board's decisions on economic assumptions and were not final numbers. Mr. Hallmark and Ms. Harper answered questions from the Board. Counsel Chin recommended deferring approval of the preliminary pension valuation results and to focus on taking action on the assumptions that were deferred from the October Board meeting.

A motion was made to approve the recommendations from Cheiron, Inc. as listed in Slide 16 of the attached presentation and keeping Wage Inflation at 3.0%.

Approved. (M.S.C. Lanza/Santos 9-0-0) The motion passed unanimously by roll call vote.

- b. Educational presentation on Ralph M. Brown Act's opening meeting laws. *(Deferred from the October 6, 2022 Board meeting.)*

Harvey Leiderman and Maytak Chin, General and Fiduciary Counsel presented the attached slides and answered questions from the Board.

4. NEW BUSINESS

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

This item was heard after item 4c.

CEO Peña updated the Board on the following:

- The annual ORS Retiree Health Fair was held on November 2nd at the Leninger Center. The event was well attended.
- Retiree Open Enrollment is the entire month of November. Informational webinars will be held throughout the month for retirees wishing to learn more about the offerings.
- ORS Staffing update: The benefits group welcomes new Health Staff Specialist Donna Hepp. ORS is hiring for a Senior Supervisor position and will be making a decision soon. Marti Zarate, Staff Specialist for the Administrative group retired on October 28th. ORS wishes her a long and healthy retirement and thanks her for her service. The administrative team welcomes a temporary employee, Khdiyah Onyeije to the group.
- The POA was presented Open Enrollment changes in person this year; the Federated retiree presentation was virtual.
- Trustee terms update: Trustees are able to continue to serve on the Board until they are

reappointed or replaced. The Retiree Fire Seat will likely be occupied by Trustee Santos again, as there were no other applicants for the Seat; the reappointment will be heard before the City Council in the future.

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

Council Liaison Foley updated the Board on pending matters before the Council and the impact of the upcoming elections.

- c. Discussion and action on OPEB Assumptions and OPEB Amortization methods as of June 30, 2022 presented by Cheiron.

This item was heard after item 3a.

Bill Hallmark, Cheiron inc., introduced and spoke to the attached presentation on OPEB Assumptions and OPEB Amortization methods as of June 30, 2022 and answered questions from the Board.

A motion was made to approve the recommendations from Cheiron Inc. as listed in Slide 23 of the attached presentation.

Approved. (M.S.C. Santos/Ganapati 9-0-0) The motion passed unanimously by roll call vote.

- d. Discussion and action on the 2023 Scheduled Board and Standing Committee Meetings.

This item was heard after item 4b.

CEO Peña spoke to the attached proposed Board and Committee schedule for calendar year 2023 and answered questions from the Board.

A motion was made to approve the 2023 Board and Standing Committee Meetings Schedule.

Approved. (M.S.C. Santos/Gardanier 9-0-0) The motion passed unanimously by roll call vote.

- e. Nominations for the positions of Board Chair and Vice-Chair for calendar year 2023.

Vice-Chair Gardanier nominated Drew Lanza for another term as Chair and Franco Vado as Vice-Chair for the 2023 Calendar year. Trustee Santos concurred with the nominations for the positions of Chair/Vice-Chair for the 2023 Calendar year.

- 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 and authorize the Board to continue meeting virtually for the next 30 days.

Approved. (M.S.C. Santos/Gardanier 9-0-0) 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 9-0-0) The motion passed unanimously by roll call vote. Trustee Santos, Wilson and Gardanier said a few kind words.

- a. **Steven Biakanja**, Fire Captain, Fire Department, effective November 11, 2022; 25.23* years of service. *(With Reciprocity)*
- b. **Rick Eli Cardenas II**, Police Officer, Police Department, effective November 26, 2022; 25.70* years of service.
- c. **John H. Cary**, Police Sergeant, Police Department, effective November 29, 2022; 29.96* years of service.
- d. **Daniel Paul Guerra**, Police Officer, Police Department, effective November 26, 2022; 31.65* years of service.
- e. **Patrick Guire**, Police Sergeant, Police Department, effective November 12, 2022; 27.48* years of service. *(With Reciprocity - 24.46 CSJ YOS + 3.02 PERS YOS)*
- f. **Alex Pons**, Fire Engineer, Fire Department, effective November 12, 2022; 22.78* years of service.
- g. **Honorio M. Silveira**, Police Officer, Police Department, effective November 11, 2022; 25.87* years of service.

6. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Chair Lanza read the Death Notification into the record and asked for a moment of silence for those who have served and passed away. Trustee Santos and Trustee Vado said a few kind words.

- a. Notification of the death of **Fred M. Abram**, Assistant Police Chief, retired January 2, 1992, died September 19, 2022. Survivorship benefits to Connie Abram, Spouse.
- b. Notification of the death of **Ronald E. Mozley**, Police Officer, retired February 5, 1998, died July 9, 2022. Survivorship benefits to Stephanie Mozley, Spouse.

7. COMMITTEE MINUTES, REPORTS and RECOMMENDATIONS

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

Last Meeting: October 25, 2022 (Regular) Next Meeting: November 3, 2022 (Special)

- a. Oral update from the Chair of the Investment Committee.
Chair Menon briefly spoke to the contents of the last Investment Committee meeting.
- b. Minutes of the August 23, 2022 Police & Fire Investment Committee meeting. Receive and file.
This Committees/Reports/Recommendations was received and filed.
- c. Minutes of the Special Police & Fire Investment Committee meeting from September 1, 2022. Receive and file.
This Committees/Reports/Recommendations was received and filed.

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

Last Meeting: October 20, 2022 (Regular) Next Meeting: November 3, 2022 (Special)

- a. Oral update from the Chair of the Audit/Risk Committee.
Chair Ganapati reported on the last Joint Audit Committee meeting. Ms. Ganapati praised the results of the Member Contribution Rates Internal audit and stated that the results show great accuracy. Mr. Peña also briefly spoke to the last meeting and the results of the Annual Grant Thornton audit and the Annual Comprehensive Financial Report (ACFR) that are on the agenda for approval.
- b. Minutes of the August 18, 2022 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 September 1, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- d. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.

CEO Peña explained the current status of the recommendations.

- e. Report of the Member Contribution Rates Audit by Internal Auditor, Houman Boussina. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- f. Discussion and action on the Committees' recommendation to the Board of Administration of the City of San Jose Police and Fire Department Retirement from Grant Thornton, LLP (GT) the Plan's external auditor on:
 - a. Independent auditor's report on the internal control over financial reporting and on compliance and other matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards and Management comments and recommendations.
 - b. Required communications.

This Committees/Reports/Recommendations was approved.

A motion was made to approve the independent auditor's report on the internal control over financial reporting and on compliance and other matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards and Management comments and recommendations and the required communications.

Approved. (M.S.C. Lee/Ganapati 9-0-0) The motion passed unanimously by roll call vote.

- g. Discussion and action on the Committees' recommendation to approve the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2021-2022.

A motion was made to approve the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports (ACFR) for the Fiscal Year 2021-2022.

Approved. (M.S.C. Ganapati/Lanza 9-0-0) The motion passed unanimously by roll call vote.

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

Last Meeting: October 6, 2022 (Special) Next Meeting: November 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 September 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: October 11, 2022 (Regular) Next Meeting: November 3, 2022 (Special),
November 7, 2022 (Regular)**

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

Chair Santos reported that the next Police & Fire Disability Committee meeting would take place on Monday, November 7, 2022 at 10:00 a.m.

- b. Minutes of the Special Disability Committee meeting from September 1, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes from the September 6, 2022 Police & 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: October 10, 2022 (Regular) Next Meeting: TBD

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

Trustee Gardanier spoke to the last JPC meeting contents and provided a brief update on the work the JPC is undertaking.

- b. Minutes from the September 9, 2022 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- c. Minutes from the September 15, 2022 Special Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 12:34 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