



BOARD OF PENSIONS

Tuesday, May 12, 2020
11:00 a.m.

TELECONFERENCE MEETING ONLY

In compliance with California's statewide stay at home order and Santa Clara County's shelter in place order and pursuant to California Governor Gavin Newsom's Executive Order N-29-20, the Board of Pensions will convene a teleconference meeting only.

The meeting will be live streamed through Zoom -
<https://us02web.zoom.us/j/95853318694>

Technology limitations may limit the ability to receive verbal public comments during the meeting. We request the public to submit their comments by 12:00 p.m. on May 11, 2020 to board.secretary@vta.org. Instructions for participating in the teleconference will be posted on VTA's website: <https://bit.ly/vta-bop-agendas>.

AGENDA

- 1) **CALL TO ORDER/ROLL CALL**
- 2) **ORDERS OF THE DAY**
- 3) **PUBLIC PRESENTATIONS** This portion of the agenda is reserved for persons desiring to address the Board on any matter not on the agenda. Speakers are limited to 2 minutes. All statements that require a response will be referred to staff for reply in writing.

CONSENT AGENDA

- 4) **Approve** Minutes of March 10, 2020.
- 5) **Approve** Requests for Service Pension:

April 2020

- a) Audrey M. Boutin #2474 – Terminated Vested
- b) Dimitri Z. Fridman #3217 – Option F-2
- c) John R. Harris #2057 – Option F-2
- d) Diana Jimenez #3005 – Option A

May 2020

- a) Mary Alice Melzow #9321 – Terminated Vested
- b) Nirmal S. Soora #9797 – Option G-2

REGULAR AGENDA

- 6) **Receive** Changes of ATU Representatives on the Board of Pensions.
- 7) **Approve** Annual Valuation as of January 1, 2020. (Schmidt/Alsberghe)
 - a) Employer and Employee Contribution Rates Effective July 1, 2020
- 8) **Receive** Cheiron’s ATU Mortality Experience Study Letter. (Ragni)
- 9) **Discuss** Letter to the Bargaining Parties Regarding Changes to the Actuarial Equivalent Assumptions for Optional Forms of Benefits. (Richeda)
- 10) **Approve** Understanding of Section 15.11 of Agreement Between ATU Local 265 and SCVTA September 9, 2019 through September 8, 2022. (Rosenquist)
- 11) **Approve** Requests from Board Members and Staff to Attend Educational Programs. (Chavez)
 - a) SACRS Public Pension Investment Management Program, July 26 - 29, University of California Berkeley, Berkeley, CA.
 - b) CALAPRS Principles of Pension Governance for Trustees, August 25 - 28, Pepperdine University, Malibu, CA.
- 12) **Discuss** NEPC Presentation Report for Quarter Ending March 31, 2020.
- 13) **Receive and File** Report on VTA – ATU, Local 265 Pension Plan Investments for Month of March 2020. (Bill)
- 14) **Receive and File** Spousal Medical Fund and Retiree Vision/Dental Fund Reports for Quarter Ending March 31, 2020 (Ragni)
- 15) **Receive** Quarterly Budget Review for Period July 1, 2019 Through March 31, 2020. (Chavez)
- 16) **Receive** Update on Pending Final Benefit Payments. (Chavez)
- 17) **Receive** Update on Separated Employees’ Distribution of Contributions. (Chavez)
- 18) **Receive** Investment Committee Chairperson’s Report. (Ragni)

- 19) **Receive** Pension Plan Policies Sub-Committee Chairperson's Report. (Fadal)
- 20) **Review** Board of Pensions' Work Plan.
- 21) **Consider** Requests for Future Agenda Items.
- 22) **Receive** Chairperson's Report. (McKeon)
- 23) **Announcements and Communications**
- 24) **Adjourn**

NOTE BOARD MEMBERS: In order to establish whether or not a quorum exists for this meeting, members are asked to call Maria Chavez in the Human Resources Department at (408) 321-5548 before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the Board of Pensions less than 72 hours before the meeting will be available for public inspection at 3331 North First Street, San Jose, CA at the same time that the public records are distributed or made available to the Board of Pensions.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify Maria Chavez in the Human Resources Department 48 hours prior to the meeting at (408) 321-5548.



**BOARD OF PENSIONS
 SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 AMALGAMATED TRANSIT UNION, LOCAL 265 PENSION PLAN**

**3331 North First Street
 San Jose, CA 95134**

March 10, 2020

SUMMARY MINUTES

1. CALL TO ORDER at 11:01 a.m.

ROLL CALL: **Members Present:** Courtney, Fadal, Howard (Alternate),
 Kraynick (Alternate), McKeon, Ragni and Srinath

Members Absent: Hammell, Rosenquist and Smith
 (Alternate)

A Quorum was present.

2. ORDERS OF THE DAY

Vice-Chairperson Ragni requested Agenda Item #15 be moved after Agenda Item #11.

Russ Richeda, Saltzman & Johnson Law Corporation, commented that the Board may want to add to the agenda a possible action item in the event that the Board cannot meet next month due to the coronavirus. If there is an imposed quarantine, the Board delegates someone to approve uncontested service retirements that may not be otherwise approved; and perhaps those retirees are in need of the funds. Under the Brown Act, this is an emergency matter that can be added to the agenda upon the vote of the Board. If you agree, you will then want to delegate that ability to someone.

Vice-Chairperson Ragni asked if under the Brown Act, could they have a meeting via teleconference, if necessary?

Mr. Richeda stated there are requirements under the Brown Act. If the requirements are met, you can hold a meeting via conference call. There are posting requirements; individuals would have to have their doors unlocked so the public can come in; roll call votes and a few other things.

He suggested that if they decide to delegate the approval of the service retirements to an individual or individuals, at the next meeting which the Board members attend, they ratify the actions taken by the individuals so that there is the subsequent full Board action.

Chairperson McKeon stated that it would make sense to delegate the approval action to the Chairperson or Vice-Chairperson.

Mr. Richeda recommended that more than one person be approved in the event one individual is not able to take the action.

M/S/C (Srinath/Fadal) to authorize, as part of the emergency provision of the Brown Act, the Chairperson and Vice-Chairperson to jointly approve service retirements if the Board cannot convene due to the coronavirus. If one is unable to take an action, the other is able to. If both the Chairperson and Vice-Chairperson are unable to take action, the approval is delegated to Member Srinath and Member Courtney jointly. If one is unable to take an action, the other is able to. If both are unable to take action, then it is delegated to Member Fadal and Alternate Member Howard jointly. If one is unable to take an action, the other is able to.

Chairperson McKeon also commented that Graham Schmidt from Cheiron could not attend the meeting in person but is available via conference call if the Board would like him to speak to the cost study. It seems like a prudent thing to do.

Member Srinath replied that when they review the legal opinion from Mr. Richeda if the Board wants Mr. Schmidt on the telephone, they can call him.

There were no other Orders of the Day.

Alternate Member Smith took his seat at 11:03 a.m.

3. PUBLIC PRESENTATIONS

There were no Public Presentations.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, MOTION PASSES UNANIMOUSLY.

CONSENT AGENDA

4. **Minutes of February 11, 2020**

5. **Requests for Service Pension:**

- a) Sammie Davis #10987 – Option G-1
- b) Mario J. Johnson #3088 – Option H
- c) Regidor H. Nicolas #12387 – Option B
- d) Eugene S. Owens #8032 – Option F-2

M/S/C (Srinath/Courtney) to approve the Consent Agenda.

6. **CLOSED SESSION**

7. **Conference with Legal Counsel-Anticipated Litigation (significant exposure to litigation pursuant to Government Code section 54956.9(d)(2)): 1 case.**

8. **Matters pertaining to Personnel: Disability Medical Records**

- a) Luis Osorio Hernandez Employee #: 11580
- b) Robert Snowgrass Employee #: 5823/Retiree #: 14795

Adjourned to Closed Session at 11:13 a.m.

Reconvened from Closed Session at 11:28 a.m.

REGULAR AGENDA

9. **CLOSED SESSION REPORT**

There was no Closed Session Report.

10. **Request For Disability Retirement: Luis Osorio Hernandez Employee #: 11580**

M/S/C (Kraynick/Courtney) to approve the Occupational Disability Request For Luis Osorio Hernandez Employee #: 11580 effective March 1, 2019 with no annual medical reevaluation required.

11. **Termination of Required Annual Medical Reevaluation For Robert Snowgrass Employee #: 5823/Retiree #: 14795**

M/S/C (Kraynick/Fadal) to approve the Termination of Required Annual Medical Reevaluation For Robert Snowgrass Employee #: 5823/Retiree #: 14795.

The Agenda was taken out of order.

15. **Legal Counsel Memo Regarding Section 15.11 of Agreement Between ATU Local 265 and SCVTA September 9, 2019 through September 8, 2022**

Mr. Richeda provided a brief summary of the memo. He highlighted that the Board can get more authoritative guidance by contacting a local legislator to seek an opinion from the California Attorney General's Office; or where there are disputes on matters when there are two parties in dispute, you can file for a declaratory relief action in the Santa Clara County Superior Court.

Member Srinath sought clarification of the first two paragraphs in the section titled Legal Opinion on page 1. His understanding is that current retirees would not be eligible for the COLA and anyone who retires after the effective date of the CBA would be eligible for a COLA for years of service after the effective date of the agreement. He asked if this was correct.

Mr. Richeda responded yes.

Member Srinath stated that he had two things he wanted to share regarding the Cheiron study. The valuation was as of December 31, 2019. The agreement the parties reached has a valuation date of June 30 of a given fiscal year. They all know that June 30, 2019 would not have a funded status of 78% based on market value. The next valuation date would be June 30, 2020. The analysis was as of December 31, 2019. Further in the report, the actuary stated that because of the significant gains of the plan in calendar year 2019, the asset values went up. I do not know to what extent his projections based on that valuation were weighted on that. I could not find that information. However, the markets within the last week have changed. If this trend continues, I do not know what the market value will be on June 30, 2020. I wonder how that would color his analysis; and how that would color your opinion. That is a serious concern to me. You are making an opinion which has serious consequences on a lot of existing retirees; and I do not know what weight Graham has given to that and what weight you have given to his analysis. To base it on a date that is not really relevant, to me, does not sound reasonable.

I strongly urge that we do an actuarial analysis and valuation as of June 30, 2020 based on the market value once we have the audited financial statements because the CBA states based on the audited financial statements, especially with what has happened within the last week. His whole analysis may be turned on its head. I am not sure how much his analysis went into your opinion saying that it is an enhancement. Graham said based on the projections, earnings from the stock market, asset allocation, all those things can change, he has projected that 68% of the times, COLA would be payable; based on those assumptions. That can change significantly assuming the current trend continues. Let's say we hire

another actuary and that actuary says based on what has happened in the recent fiscal year, we believe, for discussion purposes only, only 20% of times, COLA will be applicable; because there are two triggers. I am not sure what impact that will have on your opinion, if any.

Mr. Richeda referred the Board to the 7522.44 language to discuss the definition of enhancement and his analysis of the government code section on pages 4 and 5 of his memo. He added that he believed that another actuary's conclusion that only 20% of the time a COLA would be paid instead of 68% of the time, a retiree would still think getting a COLA even only 20% of the time as opposed to zero percent of the time is an enhancement.

Chairperson McKeon commented that it appears he is defining a periodic thing is an enhancement as opposed to his definition of an enhancement, the enhancement is we go from zero to 100%. The other thing is by chance. The other question he has is how do we get this negotiated so it can be done. The parties agree that there is a need. He does not understand why the law would preclude us from addressing a need.

Alternate Member Howard asked how subsection d does not apply?

Mr. Richeda stated he believes subsection d is extremely important. He added that he started this analysis trying to salvage this section and kept getting derailed. He stated Public Utilities Code sets forth your collective bargaining rights. That is at the same statutory significance as PEPPRA. It needs to be harmonized with this. But he ran into PEPPRA's notwithstanding language and that argument was blown out of the water. Then he looked at subsection d to see if that would help us.

Alternate Member Howard read "For purposes of this section, an increase to a retiree's annual cost-of-living adjustment within existing statutory limits shall not be considered to be an enhancement to a retirement benefit."

Mr. Richeda stated it is a safe harbor. It says the annual COLA that's paid pursuant to a COLA that is already in place isn't prohibited by this section. That means if that wasn't there then the annual COLA pursuant to an existing COLA would be prohibited. Notice how broad the legislature thought 7522.44 was and that required a subsection d to just say the existing COLA and the annual COLAs; but ours is not like that. We do not have an existing statutory structure. We do not have a COLA. I also thought that was unfair. Do they mean that all those people who already have COLAs just luck out and continue to get the benefit of them? But other systems, granted there are not that many, who weren't able, prior to PEPPRA, to put in a COLA, they cannot have a COLA? That struck me as outrageous; but then I look at subsection d and I hit a statutory stonewall. Then I thought about a constitutional argument, equal protection, but equal protection

analysis doesn't work. I couldn't think of a suspect class immediately affected. I could not get any mileage out of that argument. I think subsection d is the nail on the coffin. It makes it impossible because it is so close to us. It could only be read as slamming the door against people who are not lucky enough to have a COLA as part of their retirement plan.

Member Courtney asked if Classic retirees are still subject to this PEPRA provision.

Mr. Richeda replied that it applies to everyone.

Member Courtney stated he does not understand how a Classic employee who was hired prior to 2016 would be affected.

Mr. Richeda responded that some PEPRA provisions apply to everyone and other PEPRA provisions only apply to new hires. For example, the felony forfeiture provisions apply to all employees. This provision applies to all employees.

He added that if they recall the situation with law enforcement's 3% at 50 provision, raising the retirement formula from whatever they were to 3% at 50. There was jubilation because it applied to all years of service including all those years that money had not gone in to pay for that level of benefit because that level of benefit had not existed. They applied it to all years of service thereby immediately and dramatically increasing the unfunded status of lots of plans. It was a disaster. This section is aimed to stop that. I do not think it is possible to limit this section to just big, big disasters, like the 3% at 50 provision. Instead, I think it is language, in light of subsection d, that captures our kind of COLA too.

Member Srinath commented that if you look at the intent of PEPRA, especially as it comes to pension enhancements or prohibition of pension enhancements that is to protect state, government, or special districts, from stressing the financial condition. In other words, you should not put an undue burden; that was the intent of PEPRA putting the prohibition. That is very relevant. Yes, if suddenly the Plan changes to 3% at 50 that would be extremely burdensome on the Plan. That would certainly be an enhancement. Subsection d, as you say it is more of a safe harbor for folks who are already entitled to a COLA. I have a slightly different take on that because to me existing employees are already protected by the vested right statute or the principles of vested rights so I do not believe that subsection d's sole purpose was to provide a safe harbor for individuals who already had a COLA. Because CalPERS does provide COLAs to Classic and PEPRA employees. We were trying to somewhat model this after that. Last, but not least, even the enhancement, there was a reason why the market value trigger was instituted, so as not to stress the Pension Plan. If the funded ratio becomes 60%, there is no COLA. There was a well thought out reason why there was a market value trigger and the market value trigger was a lot higher than that at the

time it was negotiated, by design it was higher so as not to trigger any of these issues with PEPPRA such as an enhancement. There again, my question, which I asked earlier, based on what is happening in the markets on June 30, if the actuary comes up with a 20% probability, would that have colored your opinion in any way?

Mr. Richeda responded no; because for me, this somewhat goes to Chairperson McKeon's point, an enhancement, in his mind, does not have to be something that is fixed and guaranteed; having a COLA, even a COLA of the limited nature like this one is, it is more limited than most COLAs in the state or perhaps every other COLA in the state because of the funded ratio limitation, it is still much better than not having one. First, the bargaining parties thought it was a good thing, maybe we could use the word enhancement, because they bargained for it. Second, I bet if you took a poll of your retirees, even if they thought they were only going to get one every five years that would be good. They would like that. They would think their benefit is enhanced. I also tried to play around with, isn't a COLA just maintaining the purchasing power I had when I retired and so it is not an enhancement. It is only a maintenance. I played around with that idea; but everyone knows there is inflation and if you have a tool that limits the ravages of inflation, even if only in part, that is a good thing and a good thing, in my mind, equates to an enhancement. I did not see a way around it. This is a good thing for retirees. It is a good thing you did. How can we say it is not an enhancement? It is bad only to the degree it applies to years of service before the enhancement. I played around with that idea. I tried to say that the retirement benefit is like a thing and all we are doing is increasing this thing by a percentage. It is just not persuasive because the thing, retirement benefit, is a function of years of service under the formula.

Alternate Member Howard stated he was not trying to undermine his argument, but he is trying to understand how he gets from A to B. How did you infer from an increase to a retiree's COLA as an existing COLA? The explanation you gave, those who have an existing COLA are exempt from this statute provision. To me, the language by itself is not clear how an increase to a retiree's COLA is referencing existing and not just a COLA in general.

Mr. Richeda responded just look at the next four words "within existing statutory limits". In 2013 when this was enacted, here at VTA there were no existing statutory limits. There was no COLA.

Member Srinath replied that VTA had previously given COLAs.

Mr. Richeda responded, ad hoc COLAs. It is in the Plan. The last one was in 2003 if I remember right.

Member Srinath asked if that could not be construed as existing?

Mr. Richeda stated it has to be within statutory limits. There is no limit. Whether other things can be thought of, I do not know if we want to raise this now. Whether there are other ways to address this issue.

Chairperson McKeon commented if there is a periodic remedy that we already have in the Plan then the parties, it seems to me, would be able to negotiate what they negotiated and they bring it to the Board and we determine by actuarial analysis that they met that negotiated thing, we periodically give it to them.

Mr. Richeda replied what they have done before is just, at most, ad hoc. Every so often, they came up with something. What you have here is something that is mandatory. It is not optional to pay it. When the conditions are met, you have to pay it. The bargaining parties delegate it to the Board of Pensions so they are implementing it via policy. But it is automatic.

Chairperson McKeon responded so the remedy is for the negotiating parties to renegotiate it and make it ad hoc, in the language.

Mr. Richeda stated that he had thought about that, you could direct staff to try to come back with solutions. In the past the ad hoc COLAs which are in Section 13 of the Plan have always been fixed amounts except for the last three. To the degree they are fixed amounts, so if you have a small benefit you get the same as if you have a big benefit, they get the same flat amount, that might not be something that is applied to years of service. I did not really want to get into that today because I was not sure if you were going to accept my opinion. I didn't want to say here are some solutions, assuming we could come up with some. You certainly could still go to VTA's General Counsel or ATU's counsel to look at this or say it is an AG issue. I was not sure where we were going to go today. It may be possible but I would want to give it more thought to avoid 7522.44 in a way that provides something but it is not going to be as good as what you have in Section 15.11 of the collective bargaining agreement.

Member Srinath stated, in his opinion, what legal counsel has laid out here is extremely conservative. To him, this is the worst-case scenario which means it would only apply to retirees prospectively. What he proposes is first to get a second opinion of the actuarial analysis based on the market value as of June 30 by Rael & Letson. We need to give them all of the comprehensive information including the ad hoc COLAs that have been given in the past. We will also have the investment returns as of this year. Once we have the analysis, we can go back to Mr. Richeda or go to another legal counsel which we mutually agree to and decide where they want to go. Even if the Board accepts, which he is not in favor of accepting this legal opinion, it is still not bad. Yes, it does not achieve the intent of the CBA, but it does not negate COLA for everyone. It does provide a COLA for some of the members going forward. That is the good news, but I do

want us to do a good job because this was all negotiated in good faith to the extent possible. We should not rely on one data point which the actuary used. We should use June 30th information. Have the actuary come back with the probability of the COLA going forward. At that point, we can decide if we will present the revised information to Mr. Richeda or another counsel that the Board chooses.

Ms. Chavez commented that they asked Cheiron to conduct the study based on the January 1, 2019 data because that was the data they had at that time and they did not specify to make the analysis as of June 30th.

Member Srinath stated that Cheiron took the liberty of assuming the returns from 2019 which they did not ask them to do. The last actuarial valuation that the Board accepted included data as of December 31, 2018. They made some reasonable assumptions, but they did not ask for them to use 2019 returns.

Member Fadal added that if they are bringing in Rael & Letson to do the study and they are using the June 30, 2020 numbers, are they going to allow Cheiron to go back and use the same numbers? If they are using different data points from 2019 and 2020, they are going to get different results.

Member Srinath stated they are going to get different results because the COLA is effective based on results of the end of the fiscal year. They have the results from June 30, 2019 during which the COLA was not applicable, so the next data point is June 30, 2020.

Member Fadal clarified that if they are going to compare apples to apples both actuaries should use the same data point of June 30, 2020. Should they explore that?

Member Srinath responded sure. They need to give the correct and relevant data as of June 30, 2020 to an actuary. His recommendation is to give it to Rael & Letson because Cheiron has already done their study. They want to make sure that with the current data, the methodology they use is consistent.

Ms. Chavez asked if they would be asking Rael & Letson to assume that all retirees would be receiving the COLA?

Member Srinath stated yes. That was the intent of the CBA language.

Member Fadal asked Mr. Richeda what was the process if they explored the AG option. Does he know how long that would take?

Mr. Richeda responded once it has landed on their lap, it might take at least six months. They can't request it; they would need to get a local legislator to request it.

Member Fadal asked that regardless of the AG's opinion that would not override CalPERS's position, would it?

Mr. Richeda responded sure it would. An opinion from the AG is a pretty big deal and courts would have to give it great weight. This would be interpreting a provision of PEPPRA that would also apply to CalPERS and other public retirement systems.

Member Srinath recommended that Rael & Letson do an actuarial analysis based on the market value as of June 30, 2020 and that result be provided to Mr. Richeda or another legal counsel to seek an opinion and then go from there.

Ms. Chavez sought clarification that she would be providing Rael & Letson the data as of January 1, 2020.

Member Srinath responded no, the data provided should be as of June 30, 2020. They will not have the market value data until after June 30, 2020. They will not know the funded ratio until after June 30, 2020; that is when they will provide the data.

Ms. Chavez clarified that they are not going to provide Rael & Letson any information now.

Member Srinath stated on June 30, 2019, the funded ratio was 71% so there would have been no COLA. There is not time urgency or time sensitivity.

Member Fadal stated it is a delayed action.

Member Srinath stated that the trigger date is June 30 for a fiscal year. We know the market value as of June 30, 2019 and that the funded ratio did not reach 78% and besides the COLA provision was not agreed to until after that date. The next date would be June 30, 2020. Whatever information we have after that date, we will provide to Rael & Letson and ask them to do the analysis.

Ms. Chavez stated that Cheiron is supposed to provide the actuarial valuation report at the April meeting. They need direction on whether they will be including the COLA provision in the annual valuation.

Member Srinath asked for what purpose? If they are deferring all of this until after June 30, 2020, what is the value of doing that with Cheiron now? I am not sure what we are trying to accomplish?

Vice-Chairperson Ragni responded that the annual actuarial valuation report is the basis they use to determine the employer contribution that must be made for the following year.

Member Srinath stated that the COLA provision is not applicable for the January 1, 2020 valuation because the triggers and thresholds have not been met. They should do the valuation without the COLA provision. When they go to Rael & Letson and receive the results, at that point they can decide.

Ms. Chavez sought clarification that in Cheiron's actuarial valuation report, they should not include the COLA provision.

Member Srinath stated that in their valuation report, they should not assume a COLA. To clarify, there is a COLA that has been agreed to but in their valuation report, they should not assume a COLA.

Alternate Member Kraynick requested that they look at Section 13 which lists all the ad hoc COLAs and Section 12.5.

No action was taken.

17. Cost Study for Actuarial Impact Related to Section 15.11 of Agreement Between ATU Local 265 and SCVTA September 9, 2019 through September 8, 2022

- a) Cost Study for Actuarial Impact of the Provision
- b) Santa Clara Valley Transportation Authority (SCVTA) staff to execute a contract for the cost study

M/S/C (Srinath/Fadal) to approve Rael & Letson to Perform a Cost Study for Actuarial Impact of the Provision with the financial information as well as employee and retiree information as of June 30, 2020; approve the cost of the study; and approve staff to execute a contract for the cost study.

Member Srinath left his seat at 12:21 p.m.

Alternate Member Howard left his seat at 12:22 p.m.
Alternate Member Howard took his seat at 12:24 p.m.

12. Wellington Management

Sean Bill, Investment Program Manager, introduced Akin Greville, Managing Director who introduced Cara Hubbard, Investment Director, attending via

teleconference both from Wellington Management. They provided an overview of the Late Stage Growth Market.

Member Courtney left his seat at 12:39 p.m.

Member Fadal left his seat at 12:39 p.m.

Member Fadal took his seat at 12:40 p.m.

13. Trust Agreement For Spousal Medical Fund

Vice-Chairperson Ragni recommended that they authorize Ice Miller to perform an assessment of the need to establish a trust agreement for the Spousal Medical Fund with a contract amount not to exceed \$27,500. The proposal includes that ancillary expenses will be waived so long as travel to VTA is not required.

M/S/C (Ragni/Kraynick) to approve an assessment by Ice Miller to determine the need for a Trust Agreement for the Spousal Medical Fund.

14. Legal Counsel Letter Pertaining to the Trust Status of the Pension Plan

M/S/C (Ragni/Kraynick) to approve Legal Counsel Letter Pertaining to the Trust Status of the Pension Plan.

16. Understanding of Section 15.11 of Agreement Between ATU Local 265 and SCVTA September 9, 2019 through September 8, 2022

The item was deferred to the next meeting.

18. Report on VTA – ATU, Local 265 Pension Plan Investments for Month of January 2020

Mr. Bill reported that the Q4 GDP was 2.1%. Headline CPI was 2.5% year over year as of January. Core CPI was 2.3% year over year as of January.

The S&P 500 returned -0.04% for the month of January. Large cap stocks returned 0.10% and small cap stocks returned -3.21%.

The Barclays Aggregate returned 1.92% for the month of January.

The ATU Pension Plan Fund returned -1.19% for January versus its benchmark which returned -0.85%.

The ATU Spousal Medical Fund returned 0.60% for January versus its benchmark which returned 0.74%.

Further discussion regarding fixed income, Federal interest rates and mortgage rates followed.

19. Quarterly Budget Review for Period July 1, 2019 Through December 31, 2019

The Quarterly Budget Review for Period July 1, 2019 Through December 31, 2019 was received.

20. Update on Pending Final Benefit Payments

The Update on Pending Final Benefit Payments was received.

21. Update on Separated Employees' Distribution of Contributions Report

The Update on Separated Employees' Distribution of Contributions Report was received.

22. Investment Committee Chairperson's Report

There was no Investment Committee Chairperson's Report.

23. Pension Plan Policies Sub-Committee Chairperson's Report

Member Fadal requested direction from the Board whether the sub-committee should restate the Pension Plan document to include the IRS tax compliance amendments and the employee contribution amendments and pick-up resolution that the VTA Board approved in 2010 and 2016, respectively. The sub-committee would provide a draft of the document to the Board for approval before it was finalized.

He also stated that he wanted direction from the Board on how to treat employees who move from one retirement system to the other before and after January 2016. Should they be considered Classic or PEPRA employees under the Pension Plan?

Alternate Member Kraynick sought clarification regarding the restatement request; and requested that the sub-committee incorporate the amendments into the Plan document and provide a draft to the Board for approval.

Chairperson McKeon requested that they add the inquiry related to the treatment of employees as Classic or PEPRA as an action item for the next meeting or at minimum raise the issue earlier in the next meeting.

Mr. Richeda stated that they do not need an action item. They should simply request direction from the Board since it will be included in the policy that the sub-committee will ask the Board to approve.

24. Board of Pensions' Work Plan

There were no changes to the Board of Pensions' Work Plan.

25. Requests for Future Agenda Items

Alternate Member Kraynick stated he will not attend The Pension Bridge conference.

Ms. Chavez stated she received an email from The Pension Bridge this morning that they do not anticipate cancelling the conference but if the situation changes, they will notify her. She will notify the attendees if she receives additional/different information.

She has not heard back from NEPC regarding their annual investment conference in Boston.

There were no other Requests for Future Agenda Items.

26. Chairperson's Report

There was no Chairperson's Report.

27. Announcements and Communications

There were no Announcements and Communications.

28. Adjourn

On order of Chairperson McKeon, there being no objection, the meeting was adjourned at 1:09 p.m.

Respectfully Submitted,

Lito Sonico
Human Resources Assistant
Human Resources Department