



# BOARD OF ADMINISTRATION

## Meeting Minutes - Final Federated City Employees' Retirement System and Federated City Employees' Health Care Trust

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Thursday, August 15, 2024

8:30 AM

City Hall, Wing Rooms 118 - 120  
200 E. Santa Clara St. San Jose, CA 95113

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### HYBRID MEETING

#### PHYSICAL LOCATION:

City Hall, Wing Rooms 118-120, 200 E. Santa Clara St. San Jose, Ca 95113

#### ZOOM INFORMATION:

zoom.us

Dial In: +1 669-219-2599 US (San Jose)

Meeting ID: 922 6979 0369

Passcode: 226937

#### **BOARD MEMBERS**

*Spencer Horowitz, Chair (Term Expires 11/30/24)*  
*Julie Jennings, Vice-Chair (Term Expires 11/30/27)*  
*Deborah Abbott, Trustee (Term Expires 11/30/26)*  
*Prachi Avasthy, Trustee (Term Expires 11/30/25)*  
*Anurag Chandra, Trustee (Term Expires 11/30/26)*  
*Matthew Faulkner, Trustee (Term Expires 11/30/27)*  
*Mark Linder, Trustee (Term Expires 11/30/24)*

#### **CITY COUNCIL LIAISON TO THE BOARD**

*Dev Davis*

#### **COUNSEL**

*Maytak Chin, General and Fiduciary Counsel*

*Roberto L. Peña, CEO, Office of Retirement Services*

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**Present:** 7 - Anurag Chandra, Mark Linder, Prachi Avasthy, Spencer Horowitz, Debbie Abbott, Matthew Faulkner and Julie Jennings

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, August 15, 2024 at City Hall, Wing Rooms 118-120, 200 E. Santa Clara St., San Jose, CA 95113 and via Zoom at 8:30 a.m. Chair Horowitz called the meeting to order at 8:31 a.m. followed by roll call.

Board Members Present: Spencer Horowitz, Julie Jennings, Deborah Abbott, Prachi Avasthy, Anurag Chandra, Matthew Faulkner, and Mark Linder.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Sandra Castalleno, Sherrell Aledo, Edith Aldama, David Torres, Cynthia Ayala, Chris Ha, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, Harrison Pierce, Arun Nallasivan, David Aung, and Ron Kumar.

Retirement Staff Present via Zoom: Linda Alexander, Ellen Lee, Shilpi Dwivedi, Chris Reyes, and Donna Hepp.

Also Present: Dev Davis, City Council Liaison; Maytak Chin, General and Fiduciary Counsel; Jennifer Scrembri, Deputy City Manager; Bill Gold, OER; and John Flynn, Public Member.

Also Present via Zoom: Laura Wirick and Ian Schirato, Meketa Investment Group; Kevin Baload, Journalist; Nate Nakagawa, PRNS; and Valter Viola, Cortex Consulting.

**ADA ALERT**

In accordance with the requirements of AB 2449, the Board of Administration (“Board”) will generally, upon request, provide appropriate aids and services leading to effective communication for individuals with disabilities so they can participate equally in the Board’s meetings, including qualified sign language interpreters, documents in Braille, and other ways of making information and communications accessible to people who have speech, hearing, vision or other disabilities.

Anyone who requires an auxiliary aid or service for effective communication to participate in a Board meeting should contact the designated contact in Office of Retirement Services as far in advance of the scheduled meeting as possible. The Board strongly encourages individuals with disabilities to endeavor to submit requests for reasonable accommodation no later than five (5) business days before the scheduled meeting, as the Board may not be able to grant requests for reasonable accommodations without sufficient advance notice. The Board strongly encourages individuals with disabilities to submit their written requests via email or regular mail to facilitate tracking and response; however, if the submission of a written request constitutes a hardship, individuals may call the Office of Retirement Services to submit an oral request.

The designated contact in the Office of Retirement Services will endeavor to respond to each request within three (3) business days of receipt of the request. Depending on the request, the designated contact in the Office of Retirement Services may ask to schedule a time to discuss the request (which may occur virtually) to determine the most appropriate auxiliary aid or service, before the request is resolved.

#### ADA Designated Contact Information

Attention: Deputy Director/Chief Operations Officer, Office of Retirement Services  
Address: 1737 N First St #600, San Jose, CA 95112  
Email: #Retire\_Admin@sanjoseca.gov  
Phone: 408-794-1000 (ORS Main Line)

#### THE LEVINE ACT

Senate Bill 1439 (“Levine Act”) amended Government Code Section 84308 and requires disclosure and recusal by a local elected official and some members of boards and commissions if they receive campaign contributions over \$250 from a party, a participant with a financial interest in a proceeding, or their respective agents. The Levine Act was an anti-corruption law intended to curb “pay-to-play” and enhance public trust so that decision-makers can maintain their independence from the influence of donations for political campaigns. SB 1439 expanded the scope from state agency appointees or appointed local officials to include local elected officials. Please visit <https://www.sanjoseca.gov/your-government/appointees/city-clerk/levine-act> for updated forms and information.

#### **\*\* AB 2449 REMOTE APPEARANCE(S)**

##### **a. Just Cause Circumstance(s) (Gov’t Code § 54953)**

- i. The following Trustee(s) have notified the Board of a “Just Cause” to attend this meeting via teleconference.

**NONE**

- ii. Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference.

**b. Emergency Circumstance(s) (Gov't Code § 54953)**

- i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."

**NONE**

- ii. Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."
- iii. Take action on request(s) for remote appearance.

**CLOSED SESSION**

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

The Board entered into Closed Session at 8:32 a.m.

**I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS**

- A. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Investment Officer.  
There was no reportable action for this item from Closed Session.**

- B. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Executive Officer.  
There was no reportable action for this item from Closed Session.**

- C. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a). SHAHRIVAR v. CITY OF SAN JOSE, ET AL, SANTA CLARA COUNTY SUPERIOR COURT NO. 20CV366329.  
There was no reportable action for this item from Closed Session.**

The Board came out of Closed Session at 9:28 a.m.

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

Open Session re-convened at 9:32 a.m.

**• ORDERS OF THE DAY**

This item was heard immediately after roll call attendance.

Chair Horowitz read the following into the record:

**A FEW GROUND RULES FOR THIS MEETING**

• We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.

Orders of the Day:

• None.

Waive Sunshine:

• None.

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

None.

**1. CONSENT CALENDAR**

This item was heard after Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Linder/Jennings 7-0-0).

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

- a. **Angelica Lomeli Franco**, Park Ranger, Parks, Recreation & Neighborhood Services, Request for Change of Status to Service-Connected Disability Retirement, effective March 27, 2019; 25.38\* years of Service. (*Staff Disability Committee Recommendation: Approval*)

**1.2 Approval of Service Retirements**

- a. **Jessica Flores**, Office Specialist II, Independent Police Auditor, effective June 13, 2024; 18.20\* years of service.
- b. **Robert A. Johnson**, Senior Maintenance Worker, Parks, Recreation & Neighborhood Services, effective August 3, 2024; 16.73\* years of service.
- c. **Karal F. Kemp**, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective September 7, 2024; 5.59\* years of service.
- d. **Patrick J. Lydon**, Building Inspector Combination, Planning, Building and Code Enforcement

Department, effective August 17, 2024; 25.72\* years of service. (*With Reciprocity - 24.70 CSJ + 1.02 PERS = 25.72 YOS*)

- e. **Carolyn A. Montonye**, Public Safety Communication Specialist, Police Department, effective August 23, 2024; 20.53\* years of service.
- f. **Kerrie Romanow**, Director, Environmental Services Department, effective August 3, 2024; 17.89\* years of service.
- g. **Judy M. Ross**, Assistant Director, Airport Department, effective August 31, 2024; 9.19\* years of service.
- h. **Neil Rufino**, Assistant Director, Parks, Recreation & Neighborhood Services, effective August 31, 2024; 28.12\* years of service.
- i.. **Deborah Sattler**, Senior Accountant, Office of Retirement Services, effective August 3, 2024; 12.26\* years of service.
- j. **Linden A. Skjeie**, Supervising Environmental Services Specialist, Environmental Services Department, effective July 24, 2024; 25.60\* years of service.
- k. **Robert A. Sotelo**, Associate Construction Inspector, Department of Transportation, effective September 14, 2024; 27.51\* years of service.

### **1.3 Approval of Board Minutes**

- a. Approval of the Board Minutes of June 20, 2024.
- b. Approval of the Joint Board Minutes from July 1, 2024.

### **1.4 Approval of Return of Contributions**

- a. Voluntary | Involuntary

### **1.5 Acceptance of Communication/Information Reports**

- a. Report of the Monthly Board Expenses for May 2024. Receive and file.

b. Educational Travel Reports:

- Public Fund Summit East, Newport Marriott, Newport, RI, July 22 - 24, 2024 - by Anurag Chandra.

**1.6 Approval of Travel Attendance & Reimbursements**

a. Prabhu Palani

- Fiduciary Investors Symposium, Stanford University, Stanford, CA, September 17 - 19, 2024.

b. Reimbursement - Public Fund Summit East, Newport Marriott, Newport, RI, July 22 - 24, 2024 by Anurag Chandra.

**1.7 Approval of Change in Retirement Date**

- a. Approval for a change in effective date for **Theresa Ramos**, Senior Analyst, Housing Department, from June 6, 2024, to July 20, 2024, for a Service Retirement approved at the June 20, 2024 Board meeting.

**1.8 Alternate Beneficiary Designation**

- a. Approval of Alternate Payee Benefit election of Lifetime Monthly Payment Option to be paid to Sharon Palladino, ex-spouse of Wastewater Maintenance Supervisor, **Anthony Palladino** to be effective July 15, 2024, under Chapter 3.28, Part 23 of the San Jose Municipal Code.

**1.9 Report out of Closed Session**

- a. Report out of Closed Sessions from May 16, 2024 and June 20, 2024 Federated Board Meetings Regarding Conference with Legal Counsel - Anticipated Litigation: Significant Exposure to Litigation pursuant to Section 54956.9(d)(2): One Case.
- b. Report out of closed session from the May 16, 2024 Federated Board Meeting - Investments.

**2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)**

Chair Horowitz asked for a moment of silence for those who served and passed away.

- a. Notification of the death of **Jean R. Carrion**, Office Specialist II, retired March 22, 2008, died June 6, 2024. No survivorship benefits.

- b. Notification of the death of **Lisa Fallon**, Police Data Specialist II, retired February 1, 2021, died February 9, 2024. No survivorship benefits.
- c. Notification of the death of **Luis Garcia**, Groundswoker, retired January 26, 2002, died April 23, 2024. No survivorship benefits.
- d. Notification of the death of **Michael Giusti**, Assistant Director Water Pollution Control, retired October 4, 1987, died May 31, 2024. Survivorship benefits to Merita Giusti, spouse.
- e. Notification of the death of **Joanne Gunn**, Library Clerk, retired November 10, 1994, died July 4, 2024. No survivorship benefits.
- f. Notification of the death of **Thomas Hogan**, Senior Account, retired January 26, 2008, died June 20, 2024. No survivorship benefits.
- g. Notification of the death of **Raphael S. Jones**, Analyst II, retired July 19, 2004, died June 13, 2024. No survivorship benefits.
- h. Notification of the death of **Victor Medina**, Equipment Mechanic, retired November 7, 1992, died July 12, 2024. No survivorship benefits.
- i. Notification of the death of **Paul R. Meier**, Principal Civil Engineer, retired January 5, 1980, died February 29, 2024. No survivorship benefits.
- j. Notification of the death of **Carina Orozco**, Analyst I, died May 31, 2024. No survivorship benefits.
- k. Notification of the death of **Alfred Pacheco**, Principal Construction Inspector, retired October 3, 1998, died July 7, 2024. No survivorship benefits.
- l. Notification of the death of **Maria Pavon**, Senior Account Clerk, died September 22, 2023. Survivorship benefits to Roger Pavon, spouse.
- m. Notification of the death of **Maria Ruiz**, Community Coordinator, retired July 29, 2006, died May 3, 2024. Survivorship benefits to Robert Ruiz, spouse.
- n. Notification of the death of **Roland Y. Santo**, Airport Maintenance Worker II, retired September 26, 1992, died July 5, 2024. No survivorship benefits.



- o. Notification of the death of **Mike Simmons**, Plant Operator, retired December 3, 2001, died July 10, 2024. No survivorship benefits.
- p. Notification of the death of **Rachel E. Thrower**, Legislative Secretary, retired October 26, 2002, died May 31, 2024. No survivorship benefits.

### 3. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following unaudited estimated performance by Meketa Investment Group:

- For FYTD as of August 14, 2024, the Pension Plan was up 42 basis points.
- For FYTD as of August 14, 2024, the Health Care Trust was up 47 basis points.
- For FYTD as of June 30, 2024, the Pension Plan was up 9.71%.
- For FYTD as of June 30, 2024, the Health Care Trust was up 9.43%.

CIO Palani answered questions from Chair Horowitz.

### 4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

### 5. NEW BUSINESS

- a. Oral update by CEO, Roberto L. Peña.

CEO Peña updated the Board on the following:

- Tram Huynh was hired as a permanent Benefits Health Analyst.
- The ORS Newsletter has been published.
- Cheryl Parkman, OER, has left the City of San Jose to pursue a career with the City of Los Gatos.
- The new OER Liaison, Bill Gold was introduced.
- The new ORS CEO, John Flynn was introduced.
- The office will be closed on September 2, 2024 in observance of Labor Day.

- b. Oral update from the City Council Liaison to the Board and stated that a MOU was reached between the Board and approved by City Council for the operations of ORS. Trustee Linder commented, and Chair Horowitz thanks Vice-Chair Jennings and Trustee Linder for their work on negotiating the MOU on behalf of the Board.

City Council Liaison Dev Davis updated the Board on pending matters before the Council and stated that a MOU was reached between the Board and approved by City Council for the operations of ORS. Trustee Linder commented, and Chair Horowitz thanks Vice-Chair Jennings and Trustee Linder for their work on negotiating the MOU on behalf of the Board.

- c.** Discussion and action on authorizing the CEO to negotiate and execute a fourth amendment to the agreement with ExamWorks to increase the not to exceed amount by \$135,000, from \$200,000 to \$335,000, through the end of the current term of the agreement on December 31, 2025.

**Sandra Castellano, Benefits Division Manager, spoke to the item and answered questions from the Board. Trustee Abbott made a few comments.**

**A motion was made to approve to authorize the CEO to negotiate and execute a fourth amendment to the agreement with ExamWorks to increase the not to exceed amount by \$135,000, from \$200,000 to \$335,000, through the end of the current term of the agreement on December 31, 2025.**

**Approved. (M.S.C. Linder/Chandra 7-0-0).**

- d.** Discussion and action on adoption of updated City Non-Management Performance Program Policy No. 3.3.3 with Revised Date of June 25, 2024, for ORS Operations, approved by City on June 25, 2024.

**Barbara Hayman, Deputy Director, spoke to the item.**

**A motion was made to adopt the updated City Non-Management Performance Program Policy No. 3.3.3 with Revised Date of June 25, 2024 for ORS Operations.**

**Approved. (M.S.C. Jennings/Abbott 7-0-0).**

- e.** Discussion and action on the 2025 Scheduled Board and Standing Committee Meetings.

**CEO Peña spoke to the item and answered questions from the Board.**

**A motion was made to approve the 2025 Scheduled Board and Standing Committee Meetings.**

**Approved. (M.S.C. Chandra/Abbott 7-0-0).**

- f.** Discussion and action to approve and for the Chair to execute the employment contract negotiated by designated labor negotiators for new CEO.

**Chair Horowitz introduced the item. CEO Peña answered questions from the Board. Trustees Chandra, Abbott, and Linder added a few comments.**

**A motion was made to approve for the Chair to execute the employment contract negotiated by designated labor negotiators for new CEO.**

**Approved. (M.S.C. Abbott/Linder 7-0-0).**

**CEO Peña introduced and welcomed Mr. John Flynn to the Federated Board. Mr. Flynn's official start date is Monday, August 26, 2024.**

- g.** Discussion and action for development of CEO transition plan with Cortex Consulting in lieu of

CEO performance evaluation.

Chair Horowitz introduced the item. Counsel Chin spoke to the item and answered questions from the Board. Valter Viola, Cortex Consulting, assisted in answering questions from the Board.

A motion was made to approve for development of CEO transition plan with Cortex Consulting in lieu of CEO performance evaluation.

Approved. (M.S.C. Chandra/Linder 7-0-0).

- h. Discussion and action for the appointment of an ad-hoc liaison to assist in transition plan for new CEO, along with Cortex.

Chair Horowitz introduced the item. Trustee Chandra nominated Trustee Linder as the ad-hoc liaison, while Trustee Avasthy nominated Trustee Linder to be the lead and Vice-Chair Jennings as the alternate ad-hoc liaisons to assist in the transition plan for the new CEO.

After a lengthy discussion, a motion was made to approve the appointment of Trustee Linder as the lead and Vice-Chair Jennings as the alternate ad-hoc liaison(s) to assist, along with Cortex, in the transition plan for the new CEO.

Approved. (M.S.C. Avasthy/Abbott 7-0-0).

## **6. COMMITTEES/REPORTS/RECOMMENDATIONS**

### **6.1 Investment Committee (Chandra, Horowitz, Faulkner)**

**Last Meeting: April 10, 2024      Next Meeting: August 20, 2024**

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

There was no update.

### **6.2 Audit Committee (Avasthy, Jennings, Abbott)**

**Last Meeting: May 16, 2024      Next Meeting: August 15, 2024**

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

There was no update.

### **6.3 Governance Committee (Linder, Abbott, Avasthy)**

**Last Meeting: June 18, 2024      Next Meeting: September 19, 2024**

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

**Chair Linder updated the Board regarding matters from the last meeting.**

- b. Discussion and action regarding City Finance Department's requested changes to retirement boards' adopted Trustee Educational Travel Policy.

**Counsel Chin spoke to the item and answered questions from the Board.**

**A motion was made to approve the City Finance Department's requested changes to retirement boards' adopted Trustee Educational Travel Policy.**

**Approved. (M.S.C. Chandra/Linder 7-0-0).**

- c. Discussion and action regarding adoption of proposed internal ORS Policy for procurement and contracting for professional and critical plan administrative services/goods for ORS operations.

**Chair Horowitz introduced the item. CEO Peña and Counsel Chin spoke to the item and answered questions from the Board. Valter Viola, Cortex Consulting, assisted in answering questions from the Board. Barbara Hayman, Deputy Director, added a few comments.**

**A motion was made to approve proposed internal ORS Policy for procurement and contracting for professional and critical plan administrative services/goods for ORS operations to send to the City's Finance Director for comment.**

**Approved. (M.S.C. Chandra/Linder 7-0-0).**

#### **6.4 FCERS Disability Committee (Linder, Jennings, Faulkner)**

**Last Meeting: August 6, 2024      Next Meeting: September 3, 2024**

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

**Chair Linder updated the Board on the next meeting date, which has been changed to September 9th.**

- b. Minutes of the Federated Disability Committee meeting from June 5, 2024. Receive and file.

**The Minutes were received and filed.**

- c. Federated Disability Retirement Applications Dashboard.

**No action was taken.**

- d. Overview of the Age of Federated Disability Applications.

No action was taken.

- e. Feedback on Federated Disability Retirement Application Rules and Procedures.

No action was taken.

## **6.5 Joint Personnel Committee (Chandra, Horowitz, Linder)**

**Last Meeting: April 25, 2024      Next Meeting: TBD**

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

There was no update.

## **7. EDUCATION & TRAINING**

The Education & Training was received and filed. Counsel Chin and the Board discussed the ethics training certificate required by the FPPC.

- a. CALAPRS 2024 Program Calendar.
- b. CALAPRS, Principles of Pension Governance for Trustees, The Lodge at Tiburon, Tiburon, CA, August 26 - 29, 2024.
- c. Public Funds Forum, Laguna Beach, CA, September 3 - 5, 2024.
- d. SACRS Annual Fall Conference 2024, Hyatt Regency Hotel and Spa, Monterey, CA, November 12 - 15, 2024.
- e. The Cortex Report - September 2024, Conferences, Seminars and Educational Programs.

- **PROPOSED AGENDA ITEMS**

Valter Viola of Cortex Consulting reminded the Board to complete the Self-Assessment Survey, as the deadline is Friday, August 23, 2024.

- **ADJOURNMENT**

The meeting adjourned at 10:31 a.m.

- **Next FCERS Board Meeting: September 19, 2024**

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

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SPENCER HOROWITZ, CHAIR  
BOARD OF ADMINISTRATION  
ATTEST:

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JOHN FLYNN, CEO  
OFFICE OF RETIREMENT SERVICES