



# BOARD OF ADMINISTRATION

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

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Thursday, June 15, 2023

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](https://zoom.us)

Dial In: +1 669 900 9128 US (San Jose)

Meeting ID: 979 5032 4269

Pass Code: 478765

#### **BOARD MEMBERS**

*Spencer Horowitz, Chair (Term Expires 11/30/24)*  
*Julie Jennings, Vice-Chair (Term Expires 11/30/23) -- 855 E. Hilton Dr., Boulder Creek, CA 95006*  
*Deborah Abbott, Trustee (Term Expires 11/30/26)*  
*Prachi Avasthy, Trustee (Term Expires 11/30/25)*  
*Anurag Chandra, Trustee (Term Expires 11/30/26)*  
*Mark Linder, Trustee (Term Expires 11/30/24)*  
*Vacant, Trustee*

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

*Dev Davis*

#### **COUNSEL**

*Harvey Leiderman and Maytak Chin, General and Fiduciary Counsel*

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

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**Present:** 6 - Anurag Chandra, Mark Linder, Prachi Avasthy, Spencer Horowitz, Julie Jennings and Debbie Abbott

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met in regular session at City Hall Wing Rooms 118-120, 200 East Santa Clara Street, San Jose, California 95113 and via Zoom on Thursday, June 15, 2023, at 8:30 a.m. Chair Horowitz called the meeting to order at 8:30 a.m. followed by roll call.

**Board Members Present: Spencer Horowitz, Deborah Abbott, Mark Linder, Anurag Chandra and Prachi Avasthy.**

**Board Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Julie Jennings.**

**Counsel Chin questioned Trustee Jennings on having satisfied the requirements of the Brown Act teleconference rules at the location from which she is participating and she replied in the affirmative.**

**Retirement Staff Present: Roberto L. Peña, Barbara Hayman, Prabhu Palani, Ron Kumar, Jay Kwon, Dhinesh Ganapathiappan, Eric Tsang, Chris Ha, Arun Nallasivan, Christina Wang, Michelle San Miguel, Sherrell Aledo, Edith Aldama, and Mallory Vidal.**

**Retirement Staff Present via Zoom: Shilpi Dwivedi, Ellen Lee, Chris Reyes and Houman Boussina.**

**Also Present: Dev Davis, Council Liaison; Eric White, Meketa Investment Group; Eileen Neill and Marc Gesell, Verus; Harvey Leiderman and Maytak Chin, General and Fiduciary Counsel.**

**Also Present via Zoom: Kaci Boyer, Neuberger Berman; Joe Ebisa, Journalist; Harrison Pearce; Public Attendee.**

**ADA ALERT**

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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)

**\*\* 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.

No action was taken for this agenda item.

**CLOSED SESSION**

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

**I. CLOSED SESSION NEW BUSINESS**

The Board entered Closed Session after approving the Consent Calendar.

The Board entered into Closed Session at 8:33 a.m.

- A. **CLOSED SESSION**: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Positions: Chief Executive Officer, Chief Investment Officer

The Board came out of Closed Session at 9:34 a.m.

There was no reportable action from Closed Session.

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

Open Session re-convened at 9:38 a.m.

• **ORDERS OF THE DAY**

Chair Horowitz read the following into the record:

A FEW GROUND RULES FOR THIS MEETING

- All votes will be roll call votes.
- 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.

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

None.

**1. CONSENT CALENDAR**

The Consent Calendar was heard before Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Linder/Abbott 6-0-0). The motion passed unanimously by roll call vote.

### 1.1 Approval of Service Retirements

- a. **Tad D. Campbell**, Public Safety Communications Specialist, Police Department, effective July 8, 2023; 31.56\* years of service.
- b. **Gregory L. Dominguez**, Senior Maintenance Worker, Department of Transportation, effective July 8, 2023; 26.28\* years of service.
- c. **Napp Fukuda**, Assistant Director, Environmental Services Department, effective August 5, 2023; 29.73\* years of service.
- d. **Rhonda Hadnot**, Mayor Executive Officer, City Clerk's Office, effective July 8, 2023; 20.33\* years of service. *(With Reciprocity - 15.06 CSJ YOS + 5.26 PERS YOS)*
- e. **Kenneth W. Johnson**, Community Coordinator, Parks, Recreation and Neighborhood Services Department, effective June 24, 2023; 22.44\* years of service.
- f. **Edgar M. Martinez**, Analyst II, Fire Department, effective July 8, 2023; 30.03\* years of service.
- g. **Laura J. Martinez**, Accounting Technician, Library Department, effective July 22, 2023; 22.36\* years of service.
- h. **Jacqueline Morales-Ferrand**, Director, Housing Department, effective July 14, 2023; 15.70\* years of service.
- i. **Jose B. Uribe**, Senior Construction Inspector, Public Works Department, effective July 22, 2023; 20.79\* years of service.
- j. **Paul Whited**, Maintenance Worker I, Department of Transportation, effective August 5, 2023; 24.15\* years of service.

### 1.2 Approval of Deferred Vested

- a. **Christine A. Aragona**, Accountant I, Finance Department, effective August 17, 2023; 5.18\* years of service.
- b. **Patricia A. Cannon**, Division Manager, Public Works Department, effective June 23, 2023; 18.09\* years of service.

- c. **Rafael Gomez**, Landscape Maintenance Manager, Parks, Recreation and Neighborhood Services Department, effective August 6, 2023; 25.41\* years of service.
- d. **Margaret A. Lafferty**, Code Enforcement Supervisor, Planning, Building and Code Enforcement Department, effective June 22, 2023; 14.32\* years of service.
- e. **Maria N. Pineda**, Library Clerk, Library Department, effective May 18, 2023; 18.84\* years of service.
- f. **Sylvia Rios Valentine**, Parking Traffic Control Officer, Department of Transportation, effective May 31, 2023; 12.24\* years of service.

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

- a. Approval of the Board Minutes of May 18, 2023.

### **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 April 2023. Receive and file.
- b. 5-Year and 20-Year Budget Projections for Federated.

### **1.6 Approval of Change in Retirement Date**

- a. Approval for a change in effective date for **Shu-Fen Chen**, Librarian II, Library Department, from June 3, 2023, to June 10, 2023, for a Service Retirement approved at the May 18, 2023 Board meeting.

### **1.7 Approval of Travel / Conference Attendance**

- a. Prabhu Palani, CIO
  - 2nd Annual Southern California Institutional Forum, Maybourne Beverly Hills, Beverly Hills, CA, June 7, 2023.
  - Transpose Platform Ecosystem Day 2023, Julia Morgan Ballroom, 465 California Street,

San Francisco, CA, June 20 - 22, 2023.

- Due Diligence trip to Boston, MA, June 12 - 14, 2023.

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

Item 2 was heard after Closed Session.

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

- a. Notification of the death of **Suzanne F. Cirerol**, Senior Staff Analyst, retired October 4, 1987, died May 18, 2023. No survivorship benefits.
- b. Notification of the death of **Jesse Maldonado**, Senior Recreation Leader, retired February 13, 2016, died March 5, 2018. No survivorship benefits.
- c. Notification of the death of **Richard Marston**, City Attorney, retired May 8, 1988, died April 23, 2023. No survivorship benefits.
- d. Notification of the death of **Jeffrey Nuse**, Senior Maintenance Worker, retired September 25, 2004, died April 4, 2023. No survivorship benefits.
- e. Notification of the death of **Pamela M. Perry**, Recreation Supervisor retired January 4, 2003, died April 1, 2023. No survivorship benefits.
- f. Notification of the death of **Nelso Petroni**, Principal Engineer/Architect, active, died April 10, 2023. Survivorship benefits to Hong Sok Petroni, spouse.
- g. Notification of the death of **Donna O. Staudemaier**, Accountant, retired November 28, 1987, died May 5, 2023. No survivorship benefits.
- h. Notification of the death of **Mamerto Torres**, Development Specialist, retired April 10, 2008, died March 22, 2023. Survivorship benefits to Jacqueline Torres, spouse.
- i. Notification of the death of **Alton Wright**, Building Inspector, retired March 2, 2002, died April 9, 2023. Survivorship benefits to Jessie Wright, spouse.

## **3. INVESTMENTS**

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.

CIO Palani introduced Harrison Pearce joining the investment team as an analyst on June 26, 2023.

CIO Palani updated the Board and on the following unaudited estimated performance and answered questions:

- For FYTD through June 13, 2023, the Pension Plan was up 6.89%.
- For FYTD through June 13, 2023, the Health Care Trust was up 8.62%.

- b. Presentation of Calendar 4th Quarter 2022 Private Equity report by Neuberger Berman.

**Kaci Boyer from Neuberger Berman presented the 4th Quarter 2022 Private Equity Report and answered questions from the Board.**

- c. Presentation of Calendar 4th Quarter 2022 Private Markets report by Meketa Investment Group.

**Eric White from Meketa Investment Group and Dhinesh Ganapathiappan, Senior Investment Officer for ORS, presented the 4th Quarter 2022 Private Markets Report and answered questions from the Board.**

- d. Presentation of Calendar 1st Quarter 2023 Performance report for Pension Plan by Meketa Investment Group.

**Eric White from Meketa Investment Group presented the 1st Quarter 2023 Performance Report for the Pension Plan and answered questions from the Board. Mr. White reported that the value of the San Jose Federated City Employees' Retirement System assets on March 31, 2023 was \$2.8 billion, similar to the end of the prior quarter. The System had net cash outflows of \$51 million and \$105 million of investment gains during the quarter.**

- e. Presentation of Calendar 1st Quarter 2023 Performance report for Health Care Trust by Meketa Investment Group.

**Eric White from Meketa Investment Group presented the 1st Quarter 2023 Performance report for the Health Care Trust and answered questions from the Board. Mr. White reported that the value of the San Jose Federated Retiree Health Care Trust's assets was \$371.5 million on March 31, 2023, compared to \$361.4 million at the end of the prior quarter. The Trust had \$5.2 million of net cash outflows for the quarter, and \$15.3 million of investment gains during the three-month period.**

- f. Discussion and action on risk tolerance, with presentation of Risk Tolerance Survey Results by Verus Consulting.

**Eileen Neill and Marc Gesell from Verus presented the Risk Tolerance Survey Results. Verus recommended that the Board increase the risk limit from 12% to 13%. CIO Palani and Verus answered questions from the Board.**

**A motion was made to increase the risk limit to 13%.**

**Approved. (M.S.C. Jennings/Abbott 4-1-1). The motion passed by roll call vote.**

**Aye: Abbott, Jennings, Horowitz, Avasthy**

**Abstain: Chandra**

**Nay: Linder**

- g.** Discussion and action to add funds for one year of additional services to the following investment related subscription agreements:

- BCA Research (NTE \$14,300)
- Burgis (NTE \$20,000)
- Bloomberg Finance (NTE \$155,000)
- Bloomberg Index Service (NTE \$15,000)
- eVestment (NTE \$27,000)
- JP Morgan Index (NTE \$12,000)
- Pitchbook (NTE \$30,000)

All cost shared 50/50 with the Police and Fire Plan.

**Ron Kumar, Investment Operations Manager, presented the request before the Board to add funds to subscriptions as listed.**

**A motion was made to add funds to the investment related subscription agreements listed.**

**Approved. (M.S.C. Chandra/Avasthy 6-0-0). The motion passed unanimously by roll call vote.**

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

**5. NEW BUSINESS**

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

**CEO Peña updated the Board on the following:**

- CEO Peña and CIO Palani attended the Federated San Jose Retired Employees Association meeting last week where they presented and answered questions.
- ORS staff and operations will continue as a structured remote hybrid environment.
- The ORS annual summer picnic was on June 9, 2023; CEO Peña thanks the committee for their hard work.
- The Quarterly All Staff meeting was on June 14, 2023. The City's Chief Information Security Officer, Marcelo Peredo, presented great cyber security information.
- The office will be closed on June 19, 2023 for the Juneteenth Holiday and on July 4, 2023 for Independence Day.
- ORS welcomes Edith Aldama, Sherrell Aledo and Mallory Vidal to the Admin team.
- The accounting group will be conducting interviews in July for the new Accountant I/II position.

**CEO Peña respectfully reminded Trustees to please respond to Ms. San Miguel's email regarding subscriptions to publications for their continued Trustee education. A friendly reminder was also given to the Trustees to please be sure that Admin staff have their current preferred contact information.**

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

**City Council Liaison, Dev Davis, updated the Board on pending matters before the Council**

and answered questions from the Board.

- c. Discussion and action on Committee Assignments.

Chair Horowitz discussed the new Committee Assignments and explained the rationale behind the proposed assignments. The Board discussed these proposed new Committee Assignments.

A motion was made to approve the proposed Committee Assignments.

Approved. (M.S.C. Jennings/Avasthy 6-0-0). The motion passed unanimously by roll call vote.

- d. Discussion and action on recommended incentive compensation ranges as follows, subject to further terms and conditions as set forth in the final Incentive Compensation Policy:

- A maximum of 50% of base salary for Chief Investment Officer position
- A maximum of 40% of base salary for Senior Investment Officer position
- A maximum of 30% of base salary for the Investment Officer position

Trustee Chandra introduced the item and discussed the recommended incentive compensation ranges. Trustee Chandra stated that the goal is employee retention and to attract future staff. Trustee Jennings also spoke to the item and recapped some of the discussion from the JPC. Chair Horowitz invited Council Liaison Dev Davis to comment. Council Liaison Dev Davis spoke to the item.

A motion was made to approve and take to City Council for approval the maximum incentive award components for the Chief Investment Officer, Senior Investment Officers and Investment Officers as follows, subject to further terms and conditions as set forth in the final Incentive Compensation Policy to be established by the Boards:

- A maximum of 50% of base salary for Chief Investment Officer position.
- A maximum 40% of base salary for Senior Investment Officer position.
- A maximum of 30% of base salary for the Investment Officer position.

Approved. (M.S.C. Linder/Jennings 6-0-0). The motion passed unanimously by roll call vote.

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

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

Last Meeting: April 27, 2023      Next Meeting: August 22, 2023

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

Nothing to update.

### **6.2 Governance Committee (Jennings, Vacant, Linder)**

**Last Meeting: February 16, 2023 (Special)      Next Meeting: September 7, 2023**

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

Nothing to update.

### **6.3 Audit Committee (Vacant, Jennings, Avasthy)**

**Last Meeting: May 18, 2023      Next Meeting: August 17, 2023**

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

Trustee Avasthy reported on the Audit Committee activities that occurred at the last meeting on May 18, 2023. Trustee Avasthy also spoke to the proposed external auditing plan proposed by Macias, Gini & O'Connell (MGO) and stated that the committee recommended that the Board approve the audit plan.

- b. Minutes of the February 16, 2023 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

**The Minutes were received and filed.**

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

**The report was received and filed.**

- d. Discussion and action on the Committees' recommendation to approve the FY 22-23 Office of Retirement Services Plans Audit Plan by Macias Gini & O'Connell LLP (MGO).

**CEO Peña spoke to the item and explained that the Committee is recommending approval of the FY 22-23 Office of Retirement Services Audit Plan by Macias Gini & O'Connell LLP (MGO).**

**A motion to approve the FY 22-23 Office of Retirement Service Plans Audit Plan by Macias Gini & O'Connell LLP (MGO).**

**Approved. (M.S.C. Chandra/Linder 6-0-0). The motion passed unanimously by roll call vote.**

### **6.4 FCERS Disability Committee (Linder, Jennings, Vacant - Alt: Avasthy)**

**Last Meeting: April 20, 2023      Next Meeting: August 23, 2023 (June 21, 2023 MEETING CANCELLED)**

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

Chair Linder spoke to the next Committee meeting date which is August 23, 2023.

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

**Last Meeting: May 11, 2023      Next Meeting: TBD**

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

Vice-Chair Chandra stated that the Board took action on the JPC items earlier in this meeting.

- b. Minutes of the April 3, 2023 Joint Personnel Committee. Receive and file.

The Minutes were received and filed.

#### **7. EDUCATION & TRAINING**

Received and filed.

- a. The Cortex Report - July 2023, Conferences, Seminars and Educational Programs.
- b. CalAPRS 2023 Program Calendar.
- c. CalAPRS Summer 2023 Newsletter.
- d. CalAPRS Principles of Pension Governance for Trustees 2023, Pepperdine University, Malibu, CA, August 28 - 31, 2023.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

**Next FCERS Board Meeting: August 17, 2023**

The meeting adjourned at 11:59 a.m.

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Minutes Recorded, Prepared and Respectfully Submitted by,

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SPENCER HOROWITZ, CHAIR  
BOARD OF ADMINISTRATION  
ATTEST:

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ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES