



BOARD OF ADMINISTRATION

City Hall
Wing Rooms 118-120
200 East Santa Clara
Street,
San Jose, CA 95113

Meeting Agenda - Final-revised Federated City Employees' Retirement System and Federated City Employees' Health Care Trust

Thursday, September 20, 2018

8:30 AM

City Hall Wing Rooms 118-120
San Jose, CA 95113

BOARD MEMBERS

Matt Loesch, Chair
Michael Armstrong, Vice-Chair
Anurag Chandra, Trustee
Marty Dirks, Trustee
Jay Castellano, Trustee
Kurt Billick, Trustee
Qianyu Sun, Trustee

NON-VOTING BOARD MEMBER

Dev Davis

COUNSEL

Jeffrey Rieger, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

OPEN SESSION

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ORDERS OF THE DAY

1. CONSENT CALENDAR

1.1 Application for a Non-Service-Connected Disability

- a. **Laura McEwen**, Supervising Environmental Services Specialist, Environmental Services Department, Request for a Change in Status to a Non Service-Connected Disability Retirement, effective January 13, 2018; 8.08* years of service. (*Disability Committee Recommendation: Approval*)

1.2 Approval of Service Retirements

- a. **Arleen Arimura**, Public Outreach Representative II, Environmental Services Department, effective September 22, 2018; 28.38* years of service.

- b. **Sharon Fischer**, Supervising Public Safety Dispatcher, Police Department, effective October 6, 2018; 33.34* years of service. (*With Reciprocity - CSJ YOS 28.24 + PERS YOS 5.10*)
- c. **Natalie Grey**, Police Data Specialist II, Police Department, effective September 22, 2018; 30.05* years of service.
- d. **Mark Mas Konatsu**, Police Property Supervisor, Police Department, effective October 20, 2018; 30.04* years of service.
- e. **Edgar O'Hara**, Plant Operator III, Environmental Services Department, effective October 20, 2018; 29.41* years of service.
- f. **Jean Polo**, Senior Account Clerk, Office of Economic Development, effective September 1, 2018; 10.00* years of service.
- g. **Teresa Giao Tran**, Senior Systems Applications Programmer, Information Technology Department, effective October 6, 2018; 30.01* years of service.
- h. **Norman S. Satake**, Analyst II, Parks Recreation, Neighborhood Services Department, effective October 20, 2018; 15.23* years of service.

1.3 Approval of Deferred Vested

- a. **Maureen Dyette**, Emergency Communications Dispatcher, Fire Department, effective September 26, 2018; 16.12* years of service.
- b. **Kingsley Okereke**, Principal Accountant, Finance Department, effective September 28, 2018; 32.26* years of service. (*With Reciprocity - CSJ YOS 3.26 + PERS YOS 29*)
- c. **Matthew Young**, Associate Civil Engineer, Public Works Department, effective August 21, 2018; 9.33* years of service.

1.4 Approval of Board Minutes

- a. Approval of the Board Minutes of August 16, 2018.

Attachments: [1.4a - 8-16-2018 Final Minutes - FED](#)

1.5 Approval of Return of Contributions

- a. Voluntary | Involuntary.

Attachments: [1.5a - Return of Contributions](#)

1.6 Acceptance of Communication/Information Reports

- a. Report of the Plan Expenses for June 2018. Receive and file.

Attachments: [1.6a - Fed June Expenses - updated](#)

- b. Review of 4/1/18-6/30/18 Quarterly Travel and attendance analysis for Federated. Receive and file.

Attachments: [1.6b - Trustee Travel Analysis FED 4-1-2018-6-30-2018.REVISED](#)

- c. Communication regarding construction taking place in City Hall Wing Rooms during December.

Attachments: [1.6c - Communication RE Construction in CH Wing Rooms](#)

- d. Office of Retirement Services and Investment Team Organization Charts.

Attachments: [1.6d\(1\) - ORS Org Chart as of 9.10.18](#)
 [1.6d\(2\) - Investments Team Organizational Structure and Bios](#)

- e. Report of the Budget vs. Actual Expenses for 4th Quarter FY 17-18. Receive and file.

Attachments: [1.6e - FED Q4 Budget Report](#)

- f. Correspondence from Member regarding Pensionable Pay Correction.

Attachments: [1.6f - Coats, Barbara submission](#)

1.7 Approval of Travel / Conference Attendance

- a. Marty Dirks, Trustee

- CalAPRS Trustees Round Table, Hilton Los Angeles North/Glendale, Glendale, CA - October 25 - 26, 2018

- b. Jay Castellano, Trustee

- CalAPRS Trustees Round Table, Hilton Los Angeles North/Glendale, Glendale, CA - October 26, 2018

- c. Prabhu Palani, CIO

- Fiduciary Investors Symposium, Stanford University, Palo Alto, CA - October 1 - 2, 2018
- Due Diligence: October 22 - 24, 2018, Atlanta, Georgia

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

- a. Notification of the death of **Henry G. Amarillas**, Maintenance Worker, retired November 5, 2005, died August 14, 2018. No survivorship benefits.
- b. Notification of the death of **Barbara L. Edwards**, Secretary, retired May 26, 1999, died May 15, 2018. No survivorship benefits.
- c. Notification of the death of **Nancy J. Jeremias**, Typist Clerk III, retired January 11, 1980, died August 27, 2018. No survivorship benefits.
- d. Notification of the death of **Dennis R. McKiernan**, Gardener, retired February 7, 2004, died July 26, 2018. Survivorship benefits to Mary McKiernan, Spouse.

- e. Notification of the death of **Raymond Mendez**, Custodian, retired March 13, 2006, died July 10, 2018. No survivorship benefits.
- f. Notification of the death of **David Parsons**, Senior Construction Inspector, retired August 26, 1996, died November 5, 2017. No survivorship benefits.
- g. Notification of the death of **Max Rodriguez**, Senior Maintenance Worker, retired March 25, 2017, died August 25, 2018. Survivorship benefits to Maria Rodriguez, Spouse.
- h. Notification of the death of **Vivian B. Taggart**, Executive Secretary, retired August 16, 1980, died August 1, 2018. No survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on the proposed ordinance clarifying the process for the payment of the amortization costs associated with transitioning rehired Tier 1 employees in Tier 2 back into Tier 1.

Attachments: [3a\(1\) - Memo re Reclassified Tier 1 UAL](#)
[3a\(2\) - Memo re Tier 1 Rehire Amortization Costs 7.23.18](#)
[3a\(3\) - Supplemental Memorandum FINAL](#)

- b. Discussion and action regarding Pensionable Pay Correction Interest Rate to be charged to the Plan Sponsor (The City) for the overpaid group.

Attachments: [3b - Pensionable Pay Correction Update - Overpaid](#)

- c. Discussion and action on Committee structure and assignments.

Attachments: [3c - BOARDS-COMMITTEES-Members-Participants-FED - Updated 8-16-18](#)

- d. Discussion and action on update on the City Auditor' Recommendations to the Office of Retirement Services. (From the August 16, 2018 Joint Audit Committee Agenda)

Attachments: [3d - City Auditor Recommendations 17-06 Retirement 9.14.18](#)

4. NEW BUSINESS

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.
- b. Discussion and action on Authorizing the Secretary to negotiate and execute the Fourth Amendment to the Agreement with L.R. Wechsler, Ltd. for Consulting Services adding \$400,000 to total compensation for an amount not to exceed \$2,050,000 (this cost split 50/50 between Police and Fire Department Retirement Plan and FCERS). Additional compensation is to cover the cost of the following:
 - a) Oversee implementation of Measure F
 - b) Provide additional support in preparation for parallel, during parallel, and during the first month of go-live.

Attachments: [4b - 4th Amendment to LRWL Agreement](#)

- c. Discussion and action to authorize the Secretary to negotiate and execute a 2nd amendment to the LRS Maintenance and Support Agreement for the purpose of updating the payment terms from Annual to Monthly for the Maintenance fee, no additional funds required.

Attachments: [4c - 2nd Amendment to LRS Agreement](#)

- d. Adoption of Resolution #8786 denying the application of **Mike Richardson** for a Change in Status to Service-Connected Disability Retirement.

Attachments: [4d - Resolution No. 8786 - M. Richardson](#)

5. INVESTMENTS

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.
- b. Introduction by Prabhu Palani, CIO of Dr. Ashby Monk, adviser to the CIO on venture capital allocation.

Attachments: [5b - Dr. A. Monk Bio](#)

- c. Discussion and action on Asset Allocation implementation by Investment Staff.

Attachments: [5c\(1\) - Fed Asset Allocation Implementation Memo 08.28.2018](#)
[5c\(2\) - Fed Asset Allocation Implementation 2018.08 - final](#)
[5c\(3\) - Fed Asset Allocation Implementation -- new passive vehicles \(002\)](#)
[5c\(4\) - Fed Emerging Markets Investable Market Index Fund - Non Lending](#)
[5c\(5\) - Fed Short-Term Government Bond Index Fund - Non Lending - Tier J](#)
[5c\(6\) - 180910 SJ Federated PM Pacing Plan](#)
[5c\(7\) - 2018 08 - SJFED PE](#)

- d. Discussion and action on Health Care Trust asset allocation by Meketa Investment Group.

Attachments: [5d\(1\) - Fed Health Care Trust Asset Allocation 2018.08](#)
[5d\(2\) - Fed HCT AA Implementation 2018-09-20](#)

- e. Presentation of 2nd Quarter 2018 Performance Report for the Pension Plan by Meketa Investment Group.

Attachments: [5e - Fed 2Q18 Review \(replacement\)](#)

- f. Presentation of 2nd Quarter 2018 Performance Report for the Health Care Trust by Meketa Investment Group.

Attachments: [5f - Fed 2Q18 Health Care 115 Trust](#)

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Loesch, Billick, Chandra)

Last Meeting: August 28, 2018

Next Meeting: September 25, 2018

- a. Oral update from the Chair of the Investment Committee.
- b. Minutes of the May 30, 2018 Federated Investment Committee meeting. Receive and file.

Attachments: [6.1b - 5-30-2018 FED IC MeetingMinutes - signed](#)

6.2 Governance Committee (Dirks, Armstrong, Sun)

Last Meeting: May 24, 2018

**Next Meeting: September 20, 2018 (Joint)
(June 21, 2018 Meeting Cancelled)**

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

6.3 Audit Committee (Armstrong, Dirks, Castellano)

Last Meeting: August 16, 2018

Next Meeting: October 18, 2018

- a. Oral update from the Chair of the Audit Committee.
- b. Minutes of the May 17, 2018 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

Attachments: [6.3b - 5-17-18 - Joint AC Minutes - \(Signed\)](#)

- c. Update on the City Auditor's Recommendations to the Office of Retirement Services.

Attachments: [6.3c - Update on City Auditor Recommendations](#)

- d. Oral update on the Financial Audit.
- e. Update on the Pension Administration System.

Attachments: [6.3e\(1\) - Update on Pension Administration Project](#)
 [6.3e\(2\) - Audit Committee Aug 16 2018 Final](#)

- f. Update on the Pensionable Earnings Corrections.

Attachments: [6.3f\(1\) - Joint AC - Pensionable Pay Correction Update August 2018](#)
 [6.3f\(2\) - FED PPC Overpaid Group August 2018](#)
 [6.3f\(3\) - FED PPC Update for Underpaid Group August 2018](#)

6.4 Joint Personnel Committee (Dirks, Loesch, Chandra)

Last Meeting: August 23, 2018 Next Meeting: TBD

- a. Oral update from the Chair of the Joint Personnel Committee.
- b. Minutes of the June 7, 2018 Joint Personnel Committee meeting. Receive and file.

Attachments: [6.4b - JPC MINUTES- 6.7.18 - Signed](#)

- c. Discussion and action on the amended cost proposal for Koff & Associates compensation study as a result of the CEO and other Investment professional positions at the Office Retirement Services (ORS).

Attachments: [6.4c - San Jose Ret. Svcs Phase III Total Comp COST Proposal 07 19 18](#)

7. EDUCATION & TRAINING

- a. The Cortex Report September 2018 - Conferences, Seminars, and Educational Programs..

Attachments: [7a - San Jose - Cortex Report - September 2018](#)

- b. CalAPRS 2018 Program Calendar.

Attachments: [7b - CalAPRS - 2018 Program Calendar](#)

CLOSED SESSION

8. CLOSED SESSION

- a. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) - DECIDING WHETHER TO INITIATE LITIGATION. (ONE CASE)
- b. **CLOSED SESSION:** CONFERENCE WITH INVESTMENT CONSULTANT PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE OR SALE OF PARTICULAR PENSION FUND INVESTMENT. (ONE INVESTMENT)

FUTURE AGENDA ITEMS

PUBLIC/RETIREE COMMENTS

ADJOURNMENT

*Estimated

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 legislative body will be available for public inspection at the Office of Retirement Services, 1737 N. First Street, Suite 600, San José CA 95112 at the same time that the public records are distributed or made available to the legislative body.

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