



# 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, October 17, 2019

8:30 AM

City Hall, Wing Rooms 118-120

---

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, October 17, 2019 at 8:30 a.m. at City Hall Wing Rooms 118-120, 200 East Santa Clara Street, San Jose, California 95113. Chair Loesch called the Pension and Health Care Trust meeting to order at 8:33 a.m.

#### AGENDA

#### OPEN SESSION

#### CALL TO ORDER AND ROLL CALL

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call Marti Zarate (408) 794-1112 as soon as possible, but at least three business days before the meeting.

#### ORDERS OF THE DAY

#### 1. CONSENT CALENDAR

##### 1.1 Approval for a Non-Service-Connected Disability

- a. **Andres Ramos**, Warehouse Worker II, Library Department, Request for a Non Service-Connected Disability Retirement, effective March 8, 2019; 20.62\* years of service. (*Disability Committee Recommendation: Approval*)

##### 1.2 Approval for a Change in Status to Service-Connected Disability

- a. **Christine Meyers**, Groundswoker, Parks, Recreation and Neighborhood Services Department, effective April 17, 2012; 21.16\* years of service. (*Disability Committee Recommendation: Approval*)

##### 1.3 Approval of Service Retirements

- a. **Joanne Bartholdy**, Staff Specialist, City Manager's Office, effective September 7, 2019; 28.82\* years of service.
- b. **Michael K. Calderon**, Electrician, Department of Transportation, effective August 31, 2019; 17.67\* years of service.

- c. **Jesse Carbajal, Jr.**, Maintenance Assistant, Parks, Recreation and Neighborhood Services Department, effective September 26, 2019; 11.99\* years of service.
- d. **Sharon M. Clute**, Environmental Inspector II, Planning, Building and Code Enforcement Department, effective September 21, 2019; 22.27\* years of service.
- e. **Edwin Cortez**, Recreation Program Specialist, Parks, Recreation and Neighborhood Services Department, effective October 5, 2019; 23.24\* years of service.
- f. **Mitchell E. Daugherty**, Enterprise Information Technology Engineer I, Information Technology Department, effective September 20, 2019; 18.19\* years of service.
- g. **John Del Ponte**, Senior Maintenance Worker, Department of Transportation, effective November 16, 2019; 29.27\* years of service.
- h. **Susan Gardner**, Program Manager, Fire Department, effective November 16, 2019; 7.15\* years of service.
- i. **Demetrius Johnson**, Heavy Equipment Operator, Parks, Recreation and Neighborhood Services Department, effective September 21, 2019; 30.03\* years of service.
- j. **Matt Newton**, Principal Construction Inspector, Public Works Department, effective October 19, 2019; 30.00\* years of service.
- k. **Arlyn Villanueva**, Associate Engineer, Public Works Department, effective October 12, 2019; 22.15\* years of service.
- l. **Claude Alan Wiley**, Information Systems Analyst, Fire Department, effective October 19, 2019; 30.00\* years of service.

#### **1.4 Approval of Deferred Vested**

- a. **Lew Cary Bauman**, Senior Sanitary Engineer, Environmental Services Department, effective September 14, 2019; 29.57\* years of service. *(With Reciprocity - CSJ YOS 7.07 + 22.5 PERS YOS)*
- b. **Daniel R. Earl**, Public Safety Radio Dispatcher, Police Department, effective November 18, 2019; 28.26\* years of service.
- c. **Julie Edmonds-Mares**, Deputy City Manager, City Manager's Office, effective September 30, 2019, 11.81\* years of service. *(With Reciprocity CSJ YOS 10.56 + 1.25 PERS YOS)*
- d. **Randolph Hom**, Senior Deputy City Attorney, City Attorney's Office, effective August 30, 2019; 23.15\* years of service. *(With Reciprocity CSJ YOS 2.05 + 19.03 PERS YOS + 2.07 LACERS YOS)*
- e. **Ronald M. Homen**, Maintenance Worker II, Department of Transportation, effective October 12, 2019, 18.36\* years of service.
- f. **Rebecca Muñoz**, Maintenance Assistant, Parks, Recreation and Neighborhood Services Department,

effective October 28, 2019; 10.62\* years of service.

- g. George Mark Schriefer**, Building Inspector Supervisor, Planning, Building and Code Enforcement Department, effective November 1, 2019; 10.42\* years of service. *(With Reciprocity CSJ YOS 3.54 + 6.87 PERS YOS)*
- h. Francisco V. Valle**, Maintenance Worker, Environmental Services Department, effective September 9, 2019; 11.82\* years of service.
- i. Todd Waltrip**, Code Enforcement Supervisor, Planning, Building and Code Enforcement Department, effective October 22, 2019; 19.72\* years of service.

### **1.5 Approval of Board Minutes**

- a.** Approval of the Board Minutes of August 15, 2019.

**Attachments:**      [1.5a - 8-15-2019 FED Minutes - FINAL](#)

- b.** Approval of the Board Retreat Minutes of September 19, 2019.

**Attachments:**      [1.5b - 9-19-2019 FED BOARD RETREAT MINUTES - FINAL](#)

### **1.6 Approval of Return of Contributions**

- a.** Voluntary | Involuntary.

**Attachments:**      [1.6a - Return of Contribution](#)

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

- a.** Report of the Plan Expenses for June and July 2019. Receive and file.

**Attachments:**      [1.7a\(1\) - Fed June 2019 Monthly Board Expense](#)  
                              [1.7a\(2\) - Fed July 2019 Monthly Board Expense](#)

- b.** Report of the Budget vs. Actual Expenses for 4th Quarter FY 18-19. Receive and file.

**Attachments:**      [1.7b - FED Q4 FY18-19 Budget Report](#)

- c. Educational Travel Reports:**

- CALAPRS Principles of Pension Governance, Pepperdine University, Malibu, CA - August 26-29, 2019 - by Jay Castellano
- CALAPRS Principles of Pension Governance, Pepperdine University, Malibu, CA - August 26-29, 2019 - by Qianyu Sun
- 2019 Women's Leadership Unbound Summit, Ritz Carlton, Half Moon Bay, CA - September 11-13, 2019 - by Elaine Orr

**Attachments:**      [1.7c - Travel Content Reports - All](#)

- d. Government Finance Officers Association (GFOA) Certificate and Award of Financial Reporting Achievement on the Comprehensive Annual Financial (CAFR) for the Fiscal Year ended June 2018.

**Attachments:**      [1.7d - FED GFOA](#)

- e. Matrix of the City Auditor's Recommendations from the 2017 Audit.

**Attachments:**      [1.7e - City Auditor Recommendations 17-06 Retirement 7.12.19](#)

- f. Communication to retirees regarding the launch of the new Member Direct Portal.

**Attachments:**      [1.7f - Sample Enrollment Pin Letter De-personalized](#)

- g. **REVISED** 2020 Scheduled Board and Standing Committee Meetings.

**Attachments:**      [1.7g - REVISED 2020 Schedule Meetings Memo](#)

- h. Notification of Private Market Commitments by Investment Staff.

**Attachments:**      [1.7h - New Private Markets Commitments - 20190905 \(item# 1 Communications](#)

- i. The City's and Board's responses to the Grand Jury report.

**Attachments:**      [1.7i\(1\) - Grand Jury Response from the City](#)

[1.7i\(2\) - GRAND JURY RESPONSE FROM THE BOARD- Final](#)

## **1.8 Report out of Closed Session**

- a. Report out of Closed Session from the December 20, 2018 Federated Board meeting.

**Attachments:**      [1.8a - Fed Report out of Closed Session - 20191017](#)

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

- a. Notification of the death of **Carlos Agustin**, Painter, retired July 3, 1993; died August 28, 2019. Survivorship benefits to Beverly Agustin, Spouse.
- b. Notification of the death of **Amelita Aranda**, Office Specialist II, retired January 14, 2006, died September 4, 2019. Survivorship benefits to Jose Aranda, Spouse.
- c. Notification of the death of **Thomas Brown**, Maintenance Worker I, retired March 5, 2011, died September 20, 2019. Survivorship benefits to Elizabeth Bailey, Spouse.
- d. Notification of the death of **Felix Guido**, Custodian, retired July 12, 2004, died August 11, 2019. Survivorship benefits to Gail Guido, Spouse.
- e. Notification of the death of **Bobby Heikkila**, Assistant Fire Master Mechanic, retired May 30, 1987,

died August 3, 2019. Survivorship benefits to Heide Heikkila, Spouse.

- f. Notification of the death of **Carol Lazetera**, Senior Account Clerk, retired December 7, 2002, died June 21, 2019. No survivorship benefits.
- g. Notification of the death of **Art. T. Mendoza**, Principal Civil Engineer, retired October 4, 1987, died June 24, 2019. No survivorship benefits.
- h. Notification of the death of **Richard Molano**, Groundsworker, retired November 8, 2001, died August 17, 2019. No survivorship benefits.
- i. Notification of the death of **Alberto Oxonian**, Senior Civil Engineer, retired April 7, 2000, died September 7, 2019. Survivorship benefits to Alegria Oxonian, Spouse.
- j. Notification of the death of **Roberta Roggeveen**, Senior Typist Clerk, retired January 30, 1988, died May 5, 2019. No survivorship benefits.
- k. Notification of the death of **Sydney P. Soucy**, Police Data Systems Specialist Supervisor, retired May 20, 1973, died August 21, 2019. No survivorship benefits.
- l. Notification of the death of **Joseph Sturak**, Electrician, retired October 3, 1987, died August 28, 2019. No survivorship benefits.
- m. Notification of the death of **Lori Wallace-Pushinaitis**, Associate Environmental Services Specialist, Deferred Vested, died October 21, 2018. Survivorship benefits to Mark Pushinatis, Spouse.

### **3. INVESTMENTS**

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.
- b. Discussion and approval to renew a 1 year agreement with Albourne America, LLC for \$20,000 per month on a month-to-month basis and for the Secretary to negotiate and execute the agreement for a not-to-exceed amount of \$260,000.

**Attachments:**      [3b - Albourne America contract renewal 100719](#)

- c. Discussion and approval to renew the agreement with Meketa Investment Group for \$28,333 per month through February 2020 and for the Secretary to negotiate and execute the agreement for a not-to-exceed amount of \$240,000.

**Attachments:**      [3c - Meketa Investment contract renewal 100719](#)

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

**Attachments:**      [3d -191017 Asset Allocation San Jose Fed ERS \(item 6\)](#)  
[3d\(2\) - SanJose Federated Risk Allocation \(Verus\) - October 2019 - Distrubuted](#)

- e. Presentation of Calendar 1st Quarter 2019 Private Equity Report by Neuberger Berman.

**Attachments:**      [3e - 03312019 FOIA Investment Report for San Jose Federated NB \(item 2\)](#)

- f. Presentation of Calendar 1st Quarter 2019 Private Markets Report by Meketa Investment Group.

Attachments:      [3f - Q1 19 PM Interim Report\\_San Jose\\_Public Meketa \(item# 3\)](#)

- g. Presentation of Calendar 2nd Quarter 2019 Performance Report for the Pension Plan by Meketa Investment Group.

Attachments:      [3g - 190827\\_2Q19 Performance Review\\_San Jose Fed ERS \(item 4\)](#)

- h. Presentation of Calendar 2nd Quarter 2019 Performance Report for the Health Care Trust by Meketa Investment Group.

Attachments:      [3h - 190827\\_2Q19 Performance Review\\_San Jose Fed RHC \(item 5\)](#)

#### **4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS**

NONE.

#### **5. NEW BUSINESS**

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.
- b. Oral update from the City Council Liaison to the Board.
- c. Discussion and action on review of economic assumptions for June 2019 actuarial valuations presented by Cheiron:
- Price inflation (Pension and OPEB valuations)
  - Wage inflation (Pension and OPEB valuations)
  - Discount rate (Pension valuation only)

Attachments:      [5c - 2019 Economic Assumptions Review - Cheiron](#)

- d. Interviews for Public Member Trustee for Board of Administration for the Federated City Employees Retirement System. **(TIME CERTAIN: 10:00 A.M.)**

- Mark Keleher
- John Klobe

Attachments:      [5d\(1\) - Mark Keleher](#)

[5d\(2\) - John Klobe](#)

- e. Discussion and action regarding Committee assignments.

Attachments:      [5e - BOARDS-COMMITTEES-Members-Participants-FED - Updated 8-28-19](#)

- f. Discussion on City's Resolution endorsing the declaration of a Climate Emergency by the City Council.

Attachments:      [5f\(1\) - Climate Emergency Resolution](#)

[5f\(2\) - Federated Retirement Item 5f Climate Emergency re Investments](#)

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

### **6.1 Investment Committee (Loesch, Chandra)**

**Last Meeting: August 27, 2019**

**Next Meeting: October 22, 2019**

- a. Oral update from the Chair of the Investment Committee
- b. Minutes of the May 28, 2019 Federated Investment Committee Meeting. Receive and file.

**Attachments:**      [6.1b - 05.28.19 FED IC meeting minutes signed](#)

- c. Minutes of the May 28, 2019 Joint Investment Committee Meeting. Receive and file.

**Attachments:**      [6.1c - 05.28.2019 Joint IC minutes - Signed](#)

### **6.2 Governance Committee (Orr, Sun)**

**Last Meeting: November 26, 2018**

**Next Meeting: December 5, 2019**

**(September 5, 2019 Meeting Cancelled)**

- a. Oral update from the Chair of the Governance Committee.
- b. Approval of the Minutes of the November 26, 2018 Joint Governance Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan.

**Attachments:**      [6.2b - Joint Governance Committee Minutes - 11.26.18 - Final](#)

- c. Discussion and action on approval of Forward Calendar for the Joint Governance Committee.

**Attachments:**      [6.2c - JGC Forward Calendar](#)

- d. Discussion and action on amendments to the charters of the CEO and CIO:
  - a. To confirm the relationship between the two positions for the benefit of JPC, which is developing the performance evaluation policies for each position
  - b. To reflect recent changes to IPS
  - c. To eliminate any unnecessary inconsistencies between the Boards

**Attachments:**      [6.2d\(1\) - Cortex Cover Memo](#)  
[6.2d\(2\) - FED CEO Charter CLEAN](#)  
[6.2d\(3\) - FED CEO Charter REVISED](#)  
[6.2d\(4\) - FED CIO Charter CLEAN](#)  
[6.2d\(5\) - FED CIO Charter REVISED](#)

- e. Discussion and action on minor revisions to governance policies and charters to achieve full consistency across the two Boards:

- a. Board Communications Policy
- b. Board Education Policy
- c. Policy on Vendor Selection (to reflect recent changes to IPS)

**Attachments:**      [6.2e\(1\) - Cortex Cover Memo](#)  
[6.2e\(2\) - FED Board Communications Policy CLEAN](#)  
[6.2e\(3\) - FED Board Communications Policy REVISED](#)  
[6.2e\(4\) - FED Board Education Policy CLEAN](#)  
[6.2e\(5\) - FED Board Education Policy REVISED](#)  
[6.2e\(6\) - FED Vendor Selection Policy CLEAN](#)  
[6.2e\(7\) - FED Vendor Selection Policy REVISED](#)

### **6.3 Audit Committee (Orr, Castellano)**

**Last Meeting: August 15, 2019**

**Next Meeting: October 17, 2019**

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

### **6.4 Joint Personnel Committee (Loesch, Chandra)**

**Last Meeting: September 9, 2019**

**Next Meeting: October 28, 2019**

- a. Oral update from the Chair of the Joint Personnel Committee.
- b. Minutes of the August 6, 2019 Joint Personnel Committee meeting. Receive and file.

**Attachments:**      [6.4b - 8-6-19 JPC Minutes - Signed](#)

## **7. EDUCATION & TRAINING**

- a. The Cortex Report - November 2019 - Conferences, Seminars, and Educational Programs.

**Attachments:**      [7a -San Jose Cortex Report - Nov 2019](#)

- b. CALAPRS 2019 Program Calendar.

**Attachments:**      [7b - 2019 CalAPRS Calendar](#)

- c. 2019 Pension Bridge Alternatives Conference, The Beverly Wilshire, Beverly Hills, CA - October 28 - 29, 2019.

**Attachments:**      [7c -2019-Pension Bridge Alternatives](#)

## **FUTURE AGENDA ITEMS**

## **PUBLIC/RETIREE COMMENTS**



**ADJOURNMENT**

\*Estimated