



BOARD OF ADMINISTRATION

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

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

Thursday, May 16, 2019

8:30 AM

City Hall, Wing Rooms 118-120

CALL TO ORDER AND ROLL CALL

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, May 16, 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 8:30 a.m.

Present: 5 - Matt Loesch, Anurag Chandra, Jay Castellano, Qianyu Sun and Elaine Orr

Vacant: Two positions

City Council Liaison to the Board, Dev Davis, arrived at 8:49 a.m.

Retirement Staff Present: Roberto L. Peña, Barbara Hayman, Jay Kwon, Peter Pham, Marti Zarate, Michelle San Miguel, Linda Alexander.

Also Present: Harvey Leiderman, General and Fiduciary Counsel; Cheryl Parkman, OER; Matt Mason, IFPTE local 21; Mary Blanco, OE3.

AGENDA

OPEN SESSION

ORDERS OF THE DAY

There were no changes to the Orders of the Day.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Castellano/Chandra 5-0-0). The motion passed unanimously.

1.1 Approval of Service Retirements

- a. **Manuel Arenas**, Wastewater Operator II, Environmental Services Department, effective June 15, 2019; 30.00* years of service.
- b. **Kathryn A. Capaldo**, Senior Analyst, Police Department, effective May 21, 2019; 30.01* years of service.

- c. **George Cruz**, Maintenance Worker II, Department of Transportation, effective June 1, 2019; 30.03* years of service.
- d. **Jesse Encinias**, Associate Construction Inspector, Department of Transportation, effective June 15, 2019; 30.03* years of service.
- e. **Jerry Alan Maas**, Assistant Communication Manager, Police Department, effective June 15, 2019; 28.80* years of service.
- f. **Margaret McCahan**, Budget Director, City Manager's Office, effective June 15, 2019; 30.05* years of service.
- g. **Rosario Mendoza**, Maintenance Worker, Airport Department, effective May 18, 2019; 20.56* years of service.
- h. **Michael H. Moore**, Supply Clerk, Police Department, effective June 15, 2019; 30.02* years of service.
- i. **Julie A. Olow**, Senior Office Specialist, Environmental Services Department, effective June 15, 2019; 20.92* years of service.
- j. **Yen-Chi Huu Nguyen**, Administrative Assistant, Department of Transportation, effective June 1, 2019; 12.78* years of service.
- k. **Frank V. Ramos, Sr.**, Maintenance Supervisor, Airport Department, effective June 15, 2019; 30.03* years of service.
- l. **Jose Salcido**, Council Assistant, Mayor's Office, effective May 4, 2019; 9.42* years of service.

1.2 Approval of Deferred Vested

- a. **Benjamin R. Corrales**, Planner II, Planning Building and Code Enforcement Department, effective April 29, 2019; 9.90* years of service.
- b. **Cristin Alexis Cooke**, Staff Technician, Office of Retirement Services, effective June 23, 2019; 8.27* years of service.
- c. **Todd Lewis**, Engineer Technician II, Environmental Services Department, effective June 6, 2019; 30.51* years of service. (*With Reciprocity - CSJ YOS 23.71 + 6.80 PERS YOS*)

- d. **Genaro S. Moran III**, Custodian, Airport Department, effective April 9, 2019; 11.63* years of service.
- e. **Kevin Smith**, Senior Engineering Technician, Department of Transportation, effective June 5, 2019; 20.63* years of service.
- f. **Lay-Ting Tan**, Accountant, Finance Department, effective May 1, 2019; 7.30* years of service. *(With Reciprocity - CSJ YOS 0.75 + 6.54 SAN MATEO YOS)*
- g. **Sylvia E. Vega**, Senior Word/Micro Processing Operator, Office of Economic Development, effective June 1, 2019; 26.59* years of service. *(With Reciprocity - CSJ YOS 8.59 + PERS YOS 18.00)*

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of April 18, 2019.

1.4 Approval of Return of Contributions

- a. Voluntary/Involuntary.

1.5 Acceptance of Communication/Information Reports

- a. Matrix of the City Auditor's Recommendations from the 2017 Audit. Receive and file.
- b. Report of the Plan Expenses for March 2019. Receive and file.
- c. Report of the Budget vs. Actual Expenses for 3rd Quarter FY 18-19. Receive and file.
- d. Revised 2019 Scheduled Board and Standing Committee Meetings.
- e. Notification of CIO Prabhu Palani being invited to speak at the Annual Pension Bridge Conference.
- f. Presentation of 6-30-18 Actuarial Valuations to City Council.

g. Educational Travel Reports:

- Pension Bridge Annual Conference, Westin St. Francis, San Francisco, CA - April 9-10, 2019 - by Elaine Orr.

1.6 Approval of Travel / Conference Attendance

- a.** Anurag Chandra, Trustee
- RAISE 4 in the Presidio 2019, The Golden Gate Club, San Francisco, CA - May 9, 2019.
- b.** Roberto Peña, CEO
- CALAPRS Administrators' Round Table, Double Tree, San Jose, CA - June 21, 2019

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a.** Notification of the death of **Lillian Carson**, Police Communications Dispatch, retired November 28, 1980, died March 5, 2019. Survivorship benefits to Arthur Carson, Spouse.
- b.** Notification of the death of **Edward Diep**, Accountant II, retired August 24, 2007, died March 22, 2019. Survivorship benefits to Lan Diep, Spouse.
- c.** Notification of the death of **Kenneth Dunkle**, Senior Engineer Technician, retired April 11, 1981, died April 8, 2019. No survivorship benefits.
- d.** Notification of the death of **Peter Fenerin**, Building Inspector, active employee, died March 16, 2019. Survivorship benefits to Irene Cortinaz, Spouse.
- e.** Notification of the death of **John Forrester**, Information Systems Analyst, retired August 29, 1992, died March 13, 2019. No survivorship benefits.
- f.** Notification of the death of **Teresa Guerrero-Daley**, Independent Police Auditor, retired September 14, 2006, died April 7, 2019. Survivorship benefits to Frank Daley, Spouse.
- g.** Notification of the death of **Andres Guting**, Heavy Diesel Equipment Operator, retired June 23, 2000, died March 26, 2019. Survivorship benefits to Teresita Guting, Spouse.
- h.** Notification of the death of **Bobby G. Hulsey**, Senior Systems Application Programmer, retired July 6, 2000, died March 14, 2019. Survivorship benefits to Josefina Hulsey, Spouse.

- i. Notification of the death of **Edwin Louis**, Principal Civil Engineer, retired October 4, 1987, died March 18, 2019. Survivorship benefits to Maryann Louis, Spouse.
- j. Notification of the death of **Normand Murillo**, Principle Engineering Technician, retired July 26, 1980, died March 19, 2019. No survivorship benefits.
- k. Notification of the death of **Raul Rivero**, Senior Construction Inspector, retired January 22, 2011, died March 26, 2019. No survivorship benefits.
- l. Notification of the death of **Effie Walls**, School Crossing Guard Coordinator, retired January 10, 1987, died April 9, 2019. No Survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion on April 30, 2019 Joint Meeting with the Retirement Boards and City Council.

The Board felt that the meeting was well received and were pleased with the engagement by all participants.

4. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- CEO Peña introduced and congratulated Ms. Barbara Hayman on her new position of Deputy Director. She is currently filling 2 positions, IT Manager and Deputy Director. She will begin the search for an IT Manager soon.
- South Korean delegation of public employees came to ORS on Friday April 24, 2019 for a presentation on the City of San Jose's retirement system, including the role of the Boards and staff in issuing benefits to retirees.
- RFP issued for the medical panel closed on May 1, 2019. No bids were received. CEO Peña will work with the City on next steps.
- The August 15th Board meeting will take place at the ORS offices on N. First Street, San Jose, CA.
- The Auditors here for 2 weeks starting on 5/20/19.
- LRS will be here Monday and Tuesday, 5/20 & 5/21 for testing and training.
- CEO Peña made a presentation to City Council on the budget last Friday 5/10/19.
- CEO Peña and Trustee Castellano made a presentation to the San Jose Retiree Employee Association (SJREA) on 5/9/19.
- New Staff Specialist in Investments started on 5/13.
- Sr. Auditor will start on 5/20, Investments staff will search for Financial Analyst and Operations staff will search for an IT Manager, and Accountant I.

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

4b. was heard after 4c and 4d. Ms. Davis arrived at 8:49 a.m.

Dev Davis, City Council Liaison to the Board, stated that the Mayors' June budget message will be heard May 31st. City Council will vote on the Budget on June 18th. She gave input regarding the Joint meeting with the Boards and City Council and stated that it went well and she was pleased that Councilmembers were engaged in the conversation.

- c. Discussion and action regarding Resolution No. 8943 Federated Tier 1 Contribution Rates/Amounts for FY 19-20.

Item 4c and 4d were heard together.

CEO Peña led the discussion and defined the classifications to the Board.
A motion was made to approve resolution number 8943 Federated Tier 1 Contribution Rates/Amounts for FY 19-20.
Approved. (M.S.C. Chandra/Castellano 5-0-0). The motion passed unanimously.

- d. Discussion and action regarding Resolution No. 8944 Federated Tier 2 Contribution Rates/Amounts for FY 19-20.

A motion was made to approve resolution number 8944 Federated Tier 2 Contribution Rates/Amounts for FY 19-20.
Approved. (M.S.C. Chandra/Castellano 5-0-0). The motion passed unanimously.

- e. Discussion on the process to attract potential qualified candidates for the public member seat for the Board of Administration.

4e was heard after 4b.

The Chair introduced the item. CEO Peña stated that it has been challenging to get good candidates. He is looking for candidates with a diverse background in management, banking or actuarial science. Matt Mason from IFPTE local 21, spoke to the item. He thanked CEO Peña for meeting with the unions earlier in the week. He would like to keep the 50-mile radius in order to attract people in San Jose. He made a suggestion to outreach to academic departments such as San Jose State University, UC Berkeley or Stanford for recruitment and larger Healthcare management agencies. Harvey Leiderman, General and Fiduciary Counsel stated that the 50 mile radius reaches millions of people of all groups and staff can come up with a target list rather than a passive outreach from the City Clerk's website.

After discussion, the Board directed CEO Peña to expedite the following:

- Reach out to staff, OER and bargaining units to coordinate with groups and get the information out about the openings. If the Police and Fire Board has additional ideas, send it out again in June.
- Reach out to a Consultant recruiting agency.
- When available, email a copy of the City Clerk's notice to the Board to handout to peers and contacts.
- Update the Board in June.

5. INVESTMENTS

- a. Oral update from Jay Kwon, Investment Officer.

Mr. Kwon, Investment Officer, updated the Board on behalf of CIO Palani. He stated that Meketa Investment Group is updating the Capital Market Assumptions. The new recommendations that come out of the new strategic allocation will go to the Investment Committee and then to the full Board.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Loesch, Chandra, Vacant)

Last Meeting: March 26, 2019 Next Meeting: May 28, 2019

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

There was no report from the Investment Committee. Next meeting is in two weeks.

6.2 Governance Committee (Orr, Sun, Vacant)

Last Meeting: November 26, 2019 Next Meeting: June 6, 2019

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

There is no report from the Governance Committee.

6.3 Audit Committee (Castellano, Orr, Vacant)

Last Meeting: February 21, 2019 Next Meeting: May 16, 2019

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

There will be an Audit Committee meeting after the Board meeting today.

6.4 Joint Personnel Committee (Loesch, Chandra, Vacant)

Last Meeting: February 20, 2019 Next Meeting: TBD

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

The next Joint Personnel Committee will be held in June. Staff will reach out to the Committee for their availability.

7. EDUCATION & TRAINING

- a. The Cortex Report May 2019 - Conferences, Seminars, and Educational Programs.
- b. CALAPRS 2019 Program Calendar.

FUTURE AGENDA ITEMS

The Chair requested that the topics for the Board retreat in September be added to the June agenda for discussion. He stated that he would like to see an item regarding what is next for Tier 2. The Chair also asked Trustee Castellano to help with the planning of the retreat and Trustee Sun to assist with the agenda. Fiduciary Counsel Leiderman suggested holding a session on data security for the Board retreat.

PUBLIC/RETIREE COMMENTS

None.

ADJOURNMENT

The meeting was adjourned at 9:17 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

MATT LOESCH, P.E., CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA
CEO, OFFICE OF RETIREMENT SERVICES