



BOARD OF ADMINISTRATION

Meeting Minutes - Final

Federated City Employees' Retirement System and Federated City Employees' Health Care Trust

Thursday, August 20, 2020

8:30 AM

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, August 20, 2020 at 8:30 a.m. via Zoom meeting. Chair Castellano called the Pension and Health Care Trust meeting to order at 8:32 a.m.

Present: 7 - Anurag Chandra, Jay Castellano, Qianyu Sun, Elaine Orr, Spencer Horowitz, Mark Keleher and Julie Jennings

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Brian Starr, Christina Wang, Jay Kwon, Arun Nallasivan, Ron Kumar, Dhinesh Ganapathiappan, Ellen Lee, Marti Zarate, Michelle San Miguel, and Linda Alexander.

Also Present via Zoom: Jenni Krengel, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Stephen McCourt, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Chris Theodor, Meketa Investment Group; Tom Iannucci, Cortex Consulting; Lisa Perez, SJPd; Randy Schriefer, SJPd; Dr. Susan Tierman, Board Medical Advisor; Russ Richeda, Disability Counsel; Vito Maletta, Disability Applicant; Elsa Cordova, Return to Work Coordinator.

Trustee Orr joined the meeting at 8:37 a.m.

Council Liaison Dev Davis joined the meeting at 9:32 a.m. and departed at 1:00 p.m.

General and Fiduciary Counsel Jenni Krengel departed at 9:26 a.m.

CLOSED SESSION

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

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 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 Executive Officer
- B. CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Investment Officer

The Board came out of Closed Session at 9:36 a.m.

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

The Board reconvened into Open Session at 9:37 a.m. There was no reportable action out of Closed Session.

ORDERS OF THE DAY

Chair Castellano read the following ground rules into the record for Orders of the Day.

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For matter where we must have debate, I will call the roll and you will each have a turn.
- We run great, open meetings. But we need a different etiquette. Do not interrupt a presenter. Take notes and ask later.

ORDERS OF THE DAY

• TIME CERTAIN: 9:30 A.M. OR IMMEDIATELY FOLLOWING CLOSED SESSION

Vito Maletta, Alarm Technician, Police Department, Request for a Change in Status to a Service-Connected Disability Retirement, effective June 30, 2011; 15.01* years of service.

- This meeting will be adjourned in the memory of Edward Franklin Overton.

Ed was the Director of Retirement Services for approximately 34 years and Trustee of the Federated Board for approximately 10 years. Ed spent over 40 years serving the City of San Jose, the Office of Retirement Services and its members. Our sincere condolences to Ed's family. Ed was a gentle giant and will be missed.

WAIVE SUNSHINE (attachments received late):

- Attachment for Item 6c. Discussion and action to amend existing contract for Medlink.
- Attachment for Item 6d. Discussion and action to pay Medlink invoice.

A motion was made to approve the orders of the day.

Approved. (M.S.C. Horowitz/Keleher 7-0-0) The motion passed unanimously by roll call vote.

1. Change In Status to Service-Connected Disability

- a. **Vito Maletta**, Alarm Technician, Police Department, Request for a Change in Status to a Service-Connected Disability Retirement, effective June 30, 2011; 15.01* years of service.
(TIME CERTAIN: 9:30 A.M. OR IMMEDIATELY FOLLOWING CLOSED SESSION)

The Chair introduced the item and proceeded through the Disability Hearing process. Stacey Fischer read the case into the record. Dr. Tierman spoke to her report and explained her conclusions. Counsel Richeda spoke to the rationale for the Committees' recommendation to the Board to deny the application. The Board heard from Elsa Cordova, the Return-to-Work Coordinator who stated that Mr. Maletta was working full duty in June 2011 at the time of his retirement. There are no records showing Mr. Maletta's position was modified or that he participated in the Interactive Process.

Mr. Maletta spoke to his case stating the City modified his job so that he could keep his position which was eliminated after he retired. He left after 15 years of service due to not being able to continue doing his job because of the work restrictions. He confirmed he did go

through the Interactive Process temporarily working in another position doing filing but there were no other positions available to him. The Board heard from Lisa Perez, a representative from the Police Department, who stated at the time of his retirement in June 2011 he was on full duty. She was unable to find documentation in his file that showed any working restrictions.

The Board questioned the Service-Connected Disability Retirement box that was checked on Mr. Maletta's Application for Retirement and the Memo dated August 2, 2011 from Lt. Alex Nguyen stating Mr. Maletta had been working modified duty in his position since November 17, 2009, prior to his retirement on June 30, 2011. Chair Castellano closed the Hearing for Board deliberation.

A motion was made to deny the Change of Status to Service-Connected Disability Retirement.

Denied. (M.S.C. Jennings/Sun 1-5-1) The motion failed to pass by a 1-5-1 roll call vote.

Aye - Jennings

Nay - Chandra, Horowitz, Keleher, Orr, Castellano

Abstain - Sun

The discussion continued regarding the conflicting information in the case.

A motion was made to approve a Change in Status to a Service Connected Disability.

Approved. (M.S.C. Keleher/Orr 4-2-1) The motion passed by a 4-2-1 roll call vote.

Aye - Chandra, Horowitz, Keleher, Orr

Nay - Jennings, Castellano

Abstain - Sun

2. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Keleher/Horowitz 7-0-0) The motion passed unanimously by roll call vote.

2.1 Approval of Service Retirements

- a. **Teresita L. Arriola**, Account Clerk II, Finance Department, effective August 8, 2020; 21.10* years of service.
- b. **John R. Doyle**, City Attorney, City Attorney's Office, effective August 8, 2020; 31.16* years of service. (*With Reciprocity 26.45 CSJ YOS + 4.71 PERS YOS*)
- c. **Timothy E. Duffy**, Maintenance Superintendent, Airport Department, effective August 8, 2020; 21.28* years of service.
- d. **Joseph A. Garvin**, Recreation Program Specialist, Parks, Recreation, and Neighborhood Services Department, effective September 19, 2020; 20.38* years of service.

- e. **Cynthia Y. Johnson**, Buyer III, Finance Department, effective August 8, 2020; 5.76* years of service.
- f. **Salvatore M. La Rosa, Jr.**, Maintenance Worker II, Department of Transportation, effective August 8, 2020; 30.01* years of service.
- g. **Mark T. Matthiessen**, Enterprise Technology Manager, Information Technology Department, effective July 25, 2020; 29.31* years of service.
- h. **Derrick Mazzola**, Maintenance Worker II, Department of Transportation, effective August 23, 2020; 21.24* years of service.
- i. **Sharon Y. Newton**, Deputy Director, Environmental Services Department, effective September 5, 2020; 29.28* years of service.
- j. **Maria T. Reyes**, Administrative Assistant, City Manager's Office, effective July 25, 2020; 36.23* years of services.

2.2 Approval of Deferred Vested

- a. **Sheryl Busansky**, Training Specialist, Fire Department, effective September 5, 2020; 5.66* years of service.
- b. **Tammy L. Church**, Parking and Traffic Control Officer, Department of Transportation, effective August 13, 2020; 6.87* years of service.
- c. **Gerardo F. De Guzman**, Associate Engineer, Public Works, effective September 23, 2020; 16.98* years of service.
- d. **Daryl Gerstenberger**, Buyer II, Finance Department, effective August 5, 2020; 10.69* years of service.
- e. **Nancy Gonzalez**, Police Data Specialist, Police Department, effective July 5, 2020; 6.11* years of service.
- f. **Stephen K. Lau**, Associate Engineer, Planning, Building and Code Enforcement Department, effective August 2, 2020; 7.92* years of service.
- g. **Bernadette M. Mantler**, Public Safety Dispatcher II, Fire Department, effective August 15, 2020; 6.27* years of service.
- h. **Hector E. Marin**, Associate Engineer, Fire Department, effective July 31, 2020; 12.92* years of service. *(With Reciprocity 1.92 CSJ YOS + 11 PERS YOS)*

- i. **Roberta S. Navarro**, Data Programmer, Information Technology Department, effective August 31, 2020; 8.45* years of service.
- j. **Erik A. Osorio**, Associate Engineer, Planning, Building and Code Enforcement Department, effective July 21, 2020; 9.87* years of service.
- k. **Maria E. Rodriguez**, Senior Office Specialist, Human Resources Department, effective September 20, 2020; 7.99* years of service.
- l. **Joel A. Slavit**, Planner II, Parks, Recreation and Neighborhood Services, effective August 30, 2020; 33.35* years of service. *(With Reciprocity 13.35 CSJ YOS + 20.00 PERS YOS)*
- m. **E. Dan Suriaga**, Senior Analyst, Department of Transportation, effective September 26, 2020; 26.81* years of service. *(With Reciprocity 6.74 PERS YOS + 13.32 CSJ YOS + 6.75 SFCERS YOS)*

2.3 Approval of Board Minutes

- a. Approval of the Board Minutes of June 18, 2020.

2.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

2.5 Acceptance of Communication/Information Reports

- a. Report of the Plan Expenses for May 2020. Receive and file.
- b. **Proposed** 2021 Scheduled Board and Standing Committee Meetings.
- c. ORS's Quarterly Newsletter - The Retirement Connection.
- d. Article: Metric Spotlights Ability of Public Plan to Endure Pandemic, by Bill Hallmark, NCPERS PERSist, Spring 2020.
- e. Notification of Private Markets Commitments to Lime Rock New Energy I and Orion Mine Finance Fund III by Investment Staff.

- f. TIDE Ten featuring Prabhu Palani, CIO
LinkedIn Interview:
<https://www.youtube.com/watch?v=zydkNEfowhc#action=share>
<<https://www.youtube.com/watch?v=zydkNEfowhc>>
- g. Board response to the Civil Grand Jury Recommendation regarding Performance measures for the CEO and CIO.
- h. San Jose Spotlight article: “San Jose pension plans face perilous future in COVID-19 economy”, by Adam F. Hutton, August 4, 2020.
- i. Financial Times - Private Letter: Investments are the Bright Spot in Pension Landscape, July 2, 2020.
<<https://www.ft.com/content/570dfbc7-0099-4099-9522-8157d0c70f66>>

2.6 Approval of Travel / Conference Attendance

- a. Elaine Orr, Trustee
 - 2020 Pension Bridge Annual Conference, Virtual Program - August 24 - 28, 2020.
 - SOCAP Conference, Virtual Program, October 20 - 23, 2020.
- b. Jay Castellano, Trustee
 - TRAVEL CANCELLED BY ORGANIZER - NCPERS Trustee Education Seminar, Las Vegas, NV - May 9 - 10, 2020.
 - SACRS Public Pension Investment Management Program, Virtual Conference - July 28 -August 13, 2020.
 - CALAPRS Trustees Roundtable, Virtual Conference, October 23, 2020.
- c. Spencer Horowitz, Trustee
 - SACRS Public Pension Investment Management Program, Virtual Conference - July 28 -August 13, 2020.
- d. Julie Jennings, Trustee
 - SACRS Public Pension Investment Management Program, Virtual Conference - July 28 -August 13, 2020.
 - SACRS Summer Series Webinar, Virtual Conference - August 18 - 20, 2020.
 - CALAPRS Trustees Round Table, Virtual Conference - October 23, 2020
- e. Roberto L. Pena, CEO

- CALAPRS Administrators' Institute 2020 - Virtual Program, September 24 - 25, 2020.

f. Prabhu Palani, CIO

- 2020 Pension Bridge Annual Conference, Virtual Program - August 24-28, 2020.

2.7 Report out of Closed Session

a. Report out of Closed Session from the June 18, 2020 Federated board meeting.

3. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a. Notification of the death of **Sylvia Berry**, Custodian, retired June 10, 2000; died May 21, 2020. Survivorship benefits to Robert Berry, Spouse.
- b. Notification of the death of **Crispulo Espiritu**, Associate Civil Engineer, retired November 7, 1992, died April 20, 2020. Survivorship benefits.
- c. Notification of the death of **James Fahey**, Senior Maintenance Worker, retired July 7, 2001, died May 21, 2020. Survivorship benefits to Loretta Fahey, Spouse.
- d. Notification of the death of **Jordon Freitas**, Senior Police Property Clerk, retired March 4, 1989, died June 25, 2020. Survivorship benefits to Georgia Freitas, Spouse.
- e. Notification of the death of **Vivian Frelix-Hart**, Housing Policy Plan Administrator, retired March 5, 2011, died June 15, 2020. No survivorship benefits.
- f. Notification of the death of **Mary Green**, Typist Clerk II, retired November 7, 1992, died June 21, 2020. No survivorship benefits.
- g. Notification of the death of **Mark E.D. Johnson**, Senior Custodian, retired January 21, 2013, died May 29, 2020. No survivorship benefits.
- h. Notification of the death of **Franklin Knofler**, Acting City Manager, retired February 1, 1979, died July 1, 2020. No survivorship benefits.
- i. Notification of the death of **George Kobayashi**, Senior Librarian, retired May 22, 1993, died June 20, 2020. No survivorship benefits.
- j. Notification of the death of **Santos Mejia**, Maintenance Worker II, retired November 19, 2007, died June 11, 2020. Survivorship benefits to Isabel Mejia Spouse.

- k. Notification of the death of **Loretta M. Oak**, Network Engineer, retired February 13, 2016, died June 23, 2020. Survivorship benefits to Kenneth A. Oak, Spouse.
- l. Notification of the death of **Kenneth Oliver**, Principal Account Clerk, retired November 8, 2006, died May 11, 2020. No survivorship benefits.
- m. Notification of death of **Lester Page**, Building Inspector Supervisor, retired March 24, 2018, died June 6, 2020. Survivorship benefits to Gloria Meeks, Domestic Partner.
- n. Notification of the death of **Elizabeth J. Rue**, Secretary, retired October 4, 1987, died July 8, 2020. No survivorship benefits.
- o. Notification of the death of **Jimmy R. Torres, Sr.**, Carpenter, retired June 18, 2005, died July 9, 2020. No survivorship benefits.

4. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the preliminary performance numbers ending June 30th. He reported there was a dramatic turn around and gave Kudos to the Board. The Board congratulated the Investment Team. Council Member Davis directed staff to send an email to her with this information so she can share with Council Member Foley and the Council.

- b. Presentation of Calendar 4th Quarter 2019 Private Markets Report by Meketa Investment Group.

Laura Wirick and Chris Theodor, Meketa Investment Group presented the Calendar 4th Quarter 2019 Private Markets Report. They reported they will be presenting at the Investment Committee meetings. There were no questions from the Board.

- c. Discussion and approval for the Secretary to negotiate and execute a three-year extension of the agreement with JP Morgan for Emerging Market Debt benchmarking data for \$10,000 per year shared 50/50 with Police and Fire Department Plan.

Item 4c & Item 4d were heard together.

CIO Palani introduced the item and Ron Kumar, Investments Operation Supervisor. Mr. Kumar spoke on the reason for the renewal. JP Morgan provides access to the indices used for benchmarking the Emerging Market Debt strategies. The rates have not increased from the last renewal.

A motion was made to approve the Secretary to negotiate and execute a three-year extension agreement with JP Morgan for Emerging Market Debt benchmarking data for \$10,000 per year shared 50/50 with Police and Fire Department plan.

Approved. (M.S.C. Orr/Jennings 7-0-0) The motion passed unanimously by roll call vote.

- d. Discussion and approval for the Secretary to negotiate and execute a two-year extension of the agreement with Barra, LLC for risk system data for \$157,500 per year shared 50/50 with Police and Fire Department Plan.

Item 4c & Item 4d were heard together.

Mr. Kumar spoke to the item and answered questions from the Board. Barra, LLC provides data services related to the risk analytics of the plans' portfolios. The data is used in conjunction with Verus's risk analytics. The rates have not increased from the last renewal.

A motion was made to approve the Secretary to negotiate and execute a two-year extension of the agreement with Barra, LLC for risk system data for \$157,500 per year shared 50/50 with Police and Fire Department Plan.

Approved. (M.S.C. Keleher/Sun 7-0-0) The motion passed unanimously by roll call vote.

5. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion of potential topics for the Federated Strategic Planning meeting in September.

CEO Peña introduced the item and Tom Iannucci, Cortex Consulting. Mr. Iannucci shared the background of past Board Retreats. He reviewed the draft agenda and asked for the Board's input on the topics presented. The Board gave their feedback and directed Mr. Iannucci on topics for the Strategic Planning meeting agenda.

6. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- ORS Staff continues to conduct business remotely and can expect to do so through the end of the calendar year.
- Staff is able to checkout equipment from the office while working from home.
- New laptops will be purchased for staff which was included as part of the budget process.
- The Board and Committee agendas will now include COVID -19 language.
- The "No Known Conflict of Interest" forms are due in September. Staff will send a reminder email.
- CEO Peña publicly thanked both Board Chairs and Cheryl Parkman for their work during the process for the CALPERS Defined Benefit Plan for Investment Staff.
- Senior Internal Auditor recruitment is open until September 2, 2020.
- This year the ORS Health Fair will be held virtually. In person flu shots have been cancelled.
- Harvey Leiderman, General Counsel will send an email to Trustees regarding the California Supreme Court decision on retiree vested benefits.

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

Council Liaison Dev Davis updated the Board on the following:

- No budget news. Next update will be in September.
- City Employees will continue working from home through the end of the year.

-Evacuations have been issued in unincorporated areas of SJ due to wild fires. Evacuation centers to possibly open today.

- c. Discussion and action to amend existing contract for Medlink.

Item 6c was heard after Item 6f.

Ms. Schaefer spoke to the item and answered questions from the Board. The current contract expires next year. She will be working on an RFP. There are 74 pending disability applications on the Federated side. Many are on hold due to requests from the applicant or attorney.

A motion was made to authorize the CEO to negotiate and execute a 2nd Amendment to the Agreement between the Board of Administration for the Federated City Employees' Retirement System and Medlink, for Independent Medical Evaluation Services increasing the not to exceed limit by \$100,000 for an amount not to exceed \$400,000.

Approved. (M.S.C. Chandra/Keleher 7-0-0) The motion passed unanimously by roll call vote.

- d. Discussion and action to pay Medlink invoice.

Ms. Schaefer spoke to the item and answered questions from the Board. She requested the Board approve paying the remaining balance on the invoice. The higher rate was due to one specific case with the need to see a specialized neurosurgeon.

A motion was made to pay the Medlink invoice.

Approved. (M.S.C. Keleher/Horowitz 7-0-0) The motion passed unanimously by roll call vote.

- e. Discussion and action on the Strategic Communication Plan Timeline.

Ms. Hayman discussed the Strategic Communication Plan Timeline through June 2022 and answered questions from the Board. The plan was developed to meet the goal of increasing communication and engagement with active and retired members. There was no action.

- f. Discussion and action on the topics for the Joint Meeting of the Boards and City Council.

Item 6f was heard after Item 6b.

CEO Peña notified the Board of the October 17th meeting date and spoke to the 2 attached agendas from previous years. He shared what topics the Police and Fire Board discussed for consideration. It was agreed the implications to the City budget and investments of the Plans, including funding ratio due to COVID-19, should be the topics on the agenda for the Joint Meeting of the Boards and City Council. Council Member Davis suggested holding other Police and Fire Board suggested topics of the amortization schedule, discount rate and S&P 500 until January or February.

Chair Castellano called for a break at 1:01 p.m.

The meeting resumed at 1:08 p.m.

7. COMMITTEES/REPORTS/RECOMMENDATIONS

7.1 Investment Committee (Chandra, Orr, Sun – Alt: Keleher)

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

Trustee Chandra updated the Board on the upcoming IC meeting which will discuss venture capital and other strategies.

Last Meeting: May 26, 2020

Next Meeting: August 25, 2020

7.2 Governance Committee (Horowitz, Castellano, Keleher)

Last Meeting: June 18, 2020

Next Meeting: September 3, 2020

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

Trustee Horowitz updated the Board on the self-evaluation which was discussed at the last meeting and will be presented at the September Board Retreat.

7.3 Audit Committee (Keleher, Jennings, Sun)

Last Meeting: May 21, 2020

Next Meeting: August 20, 2020

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

Trustee Keleher updated the Board that the Grant Thornton audit has begun and the application deadline for the Senior Internal Auditor position is September 2nd.

7.4 Joint Personnel Committee (Orr, Castellano, Chandra)

Last Meeting: August 11, 2020

Next Meeting: TBD

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

Trustee Orr updated the Board briefly on the last meeting. Edits are still needed to the Evaluation Policy and weighting. The next meeting will be in September and hopefully on a monthly basis.

- b. Minutes of the May 13, 2020 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

8. EDUCATION & TRAINING

- a. The Cortex Report - September 2020, Conferences, Seminars and Educational Programs.
- b. CALAPRS Administrators' Institute 2020, Virtual Program - September 24-25, 2020.
- c. CALAPRS Trustees Roundtable, Virtual Program - October 23, 2020
- d. SACRS Fall 2020 Conference, Renaissance Indian Wells Resort & Spa, Indian Wells, CA - November 10-13, 2020.

FUTURE AGENDA ITEMS

None.

PUBLIC/RETIREE COMMENTS

None.

ADJOURNMENT

The meeting adjourned at 1:30 p.m. in the memory of Edward Franklin Overton.

Ed was the Director of Retirement Services for approximately 34 years and Trustee of the Federated Board for approximately 10 years. Ed spent over 40 years serving the City of San Jose, the Office of Retirement Services and its members. Our sincere condolences to Ed's family. Ed was a gentle giant and will be missed.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

JAY CASTELLANO, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES

