



# BOARD OF ADMINISTRATION

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

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Thursday, November 17, 2022

8:30 AM

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**MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION**

**zoom.us**

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

**Meeting ID: 993 7773 2538**

**Pass Code: 906756**

**BOARD MEMBERS**

*Spencer Horowitz, Chair (Term Expires 11/30/24)*  
*Julie Jennings, Vice-Chair (Term Expires 11/30/23)*  
*Anurag Chandra, Trustee (Term Expires 11/30/22)*  
*Mark Keleher, Trustee (Term Expires 11/30/23)*  
*Elaine Orr, Trustee (Term Expires 11/30/22)*  
*Mark Linder, Trustee (Term Expires 11/30/24)*  
*Prachi Avasthy, Trustee (Term Expires 11/30/25)*

**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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**AGENDA**

**CALL TO ORDER AND ROLL CALL**

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, November 17, 2022 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:31 a.m. followed by roll call.

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

**Absent:** 1 - Elaine Orr

**Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Sandra Castellano, Stacey Fischer, Christina Wang, Jay Kwon, David Aung, Arun Nallasivan, Dhinesh Ganapathiappan, Ron Kumar, Ellen Lee, Eric Tsang, Sachin Sandana, Arun Nallasivan, Houman Boussina, Linda Alexander, and Michelle San Miguel.**

**Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Russ Richeda, Disability Counsel; Dr. Raj Das; Bill Hallmark, Cheiron; Jacque King, Cherion, Micheal Schionning, Cherion; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Emily Briggs, applicant; Kevin Briggs, Terri Williams, applicant; Sarah Steele, OER; Carolyn Landon-Ramierz, public member; B. Beekman, public member.**

### **CEREMONIAL ITEM**

- I. Presentation of a commendation to Elaine Orr for her service as Trustee to the Federated City Employees' Retirement Systems Board of Administration.

The Chair read the commendation into the record for Elaine Orr for her service as Trustee to the Federated City Employees' Retirement Systems Board of Administration.  
The Board and staff wished her well.

### **CLOSED SESSION**

#### **I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS**

The Briggs case will be heard time certain at 9:00. There was an email request from Ms. Briggs to be heard in open session, item 1.1a.

A motion was made to hear this Closed Session item in open session item 1.1a time certain 9:00a.m.

Approved. (M.S.C. Linder/Chandra 6-0). Approved unanimously by roll call vote. Trustee Orr was absent.

- A. **CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Title: (Senior Analyst, Department of Transportation).

Discussion and action on service-connected disability retirement application of member Emily Briggs (Staff Disability Committee Recommendation: Denial). Closed Session at member's request.

**OPEN SESSION - will reconvene following Closed Session, estimated to be 9:45 a.m.**

• **ORDERS OF THE DAY**

The Chair read the following changes to the Orders of the Day:

- Item 6e - Discussion and action regarding member Terri Williams' appeal of ORS' denial to include a 5 percent non-pensionable compensation increase in her disability retirement allowance offset calculations; will be heard Time Certain at 10:00 a.m.
- The Board will hear agenda item 1.1.a - Emily Briggs, Senior Analyst, Department of Transportation, Request for a Service-Connected Disability Retirement, effective January 19, 2006, 19.58\* years of service in Closed Session at the member's request.
- Waive Sunshine on item 6d - Discussion and action on OPEB Assumptions as of June 30, 2022, presented by Cheiron; attachment received late.

A motion was made to approve the orders of the Day and Waive Sunshine on item 6d, attachment received late.

Approved. (M.S.C. Linder/Chandra 6-0-0). Approved unanimously by roll call vote. Trustee Orr was absent.

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

None.

**1.1 Request for a Service-Connected Disability Retirement**

- a. **Emily Briggs**, Senior Analyst, Department of Transportation, Request for a Service-Connected Disability Retirement, effective January 19, 2006, 19.58\* years of service. (*Staff Disability Committee Recommendation: Denial*)

1.1a was heard after 6a at 9:00 time certain.

Harvey Leiderman, General and Fiduciary Counsel, asked Emily Briggs to withdraw request to change from closed session to open session for the record. Ms. Briggs requested to meet in open session. Ms. Briggs was present via zoom with her husband. Chair Horowitz read the script for the meeting. Harvey Leiderman, presented a summary of issues and committee findings for clarity.

Stacey Fischer read the file into the record. Russ Richeda, Disability Attorney, spoke to his findings. Dr. Das spoke to the item with his opinion. The department had nothing to add. Sarah Steele from OER had nothing to add. Ms. Briggs spoke to the item. Her husband spoke on her behalf as well.

After a lengthy discussion, a motion was made to deny a Service-Connected Disability Retirement based on the evidence presented.

Approved. (M.S.C. Jennings/Keleher 6-0-0) The motion passed unanimously by roll call vote. Trustee Orr was absent.

The meeting temporarily adjourned after this item at 11:51 a.m.

The meeting reconvened at 12:00 p.m.

## 2. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

### 2.1 Approval of Service Retirements

- a. **Elliott C. Prest**, Instrument Control Technician IV, Environmental Services Department, effective December 16, 2022; 7.24\* years of service. **(Tier 2B)**
- b. **Gary M. Ryan**, Groundswoker, Parks, Recreation and Neighbor Services Department, effective November 29, 2022; 9.01\* years of service. **(Tier 2)**
- c. **James F. Trotter**, Parking & Traffic Control Supervisor, Department of Transportation, effective November 26, 2022; 30.46\* years of service.

### 2.2 Approval of Deferred Vested

- a. **Erik Glen Larsen**, Community Coordinator, City Manager's Office, effective October 19, 2022; 8.47\* years of service.
- b. **Maria E. Rodriguez**, Associate Engineer, Public Works Department, effective December 10, 2022; 32.25\* years of service. *(With Reciprocity CSJ YOS 8.55 + PERS YOS 24.00)*
- c. **Kimberly Turner**, Senior Public Safety Dispatcher, Police Department, effective November 12, 2022; 21.25\* years of service. *(With Reciprocity CSJ YOS 10.85 + SBCERA YOS 10.40)*
- d. **Hilda Wong**, Staff Technician, Human Resources Department, effective December 9, 2022; 11.39\* years of service.

### 2.3 Approval of Board Minutes

- a. Approval of the Board Minutes of October 14, 2022.
- b. Approval of the Board Minutes of October 20, 2022.

### 2.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

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

- a. Report of the Plan Expenses for September 2022. Receive and file.
- b. Report of the Budget vs. Actual Expenses for 1st Quarter FY 22-23. Receive and file.
- c. Fiscal Health of California Cities website.
- d. Updated Board and Committee Assignments. Receive and file.
- e. ORS's Quarterly Newsletter - The Retirement Connection: October 2022 Edition.

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

- a. Prabhu Palani, CIO
  - Due Diligence, Tokyo, Japan - December 12, 2022 - December 16, 2022.
  - Transpose Fintech/Innovation Day Summit, Shangri La Hotel, Tokyo, Japan -December 15, 2022.
  - 9th Annual California Institutional Forum, Napa Valley Marriott Hotel, Napa, CA - December 7th, 2022.

## **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 **Lorraine Ostrowski**, Supervising Public Health Nurse, retired September 7, 1981, died October 5, 2022. No survivorship benefits.
- b. Notification of the death of **Fredrick G. Ulrich**, Facility Repair Worker, retired March 25, 2006, died August 21, 2022. Survivorship benefits to **Ursula Ulrich**, Spouse.

## **4. INVESTMENTS**

- a. Oral update by CIO, Prabhu Palani.

Senior Investment Officer Jay Kwon updated the Board on behalf of CIO Prabhu Palani. Mr. Kwon read a Thank you note to Trustee Orr written by Mr. Palani. Mr. Kwon reported the following:

- FYTD through 11/15/22, Pension was up 1.9% and Healthcare Trust up 1.83%
- December Board meeting will have their Q3 performance report.

**5. OLD BUSINESS-DEFERRED/CONTINUED ITEMS - None**

**6. NEW BUSINESS**

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

CEO Roberto Pena updated the Board on the following:

- The annual Health care open enrollment or retirees is during the month of November. This is the first time it was held in person. It was well attended and staff received 350 open enrollment applications.
- Marivic Co-Garcia was promoted to Senior supervisor. Patricia Olaugue will back fill Marivic's position as Staff Specialist.
- Marti Zarate has retired. Staff is working with HR to post her position.
- We had our Quarterly All Staff meeting this month.
- We may go back to having meetings in person in April.
- Staff is still working on a Hybrid approach twice a week.
- The Office will be closed from November 24-25.
- Staff is working with the Clerk's office on the open public member seat.

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

City Council Liaison, Dev Davis was absent from the meeting.

- c. Discussion on preliminary results for the June 30, 2022, Actuarial Valuation to be presented by Cheiron.

Item 6c was heard after 1.1a

Bill Hallmark from Cherion presented the preliminary results for the June 30, 2022, Actuarial Valuation and answered questions from the Board.

- d. Discussion and action on OPEB Assumptions as of June 30, 2022, presented by Cheiron.

Michael Schionning from Cherion led the discussion regarding OPEB Assumptions as of June 30, 2022 and answered questions from the Board.

A motion was made to approve the OPEB Assumptions as of June 30, 2022.

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

- e. Discussion and action regarding member Terri Williams' appeal of ORS' denial to include a 5% non-pensionable compensation increase in her disability retirement allowance offset calculations.  
(Time Certain: 10:00 a.m.)

6e was heard after 1.1a Time certain 10:00.

Maytak Chin, General and Fiduciary Counsel, presented the Board's case. Terri Williams was present via zoom and read her rebuttal to the Board.

After extensive discussion, a motion was made to affirm the denial of the claim based primarily on the plain language of the City municipal code.

Approved. (M.S.C. Jennings/Keleher 6-0-0). The motion passed unanimously by roll call vote. Trustee Orr was absent.

The Board returned to item 1.1a at 10:49 a.m. after this item.

- f. Discussion and action on the Tier 2 Survivorship Clarification Ordinance.

6f. was heard after 6d.

Cheryl Parkman from OER presented the Tier 2 Survivorship Clarification Ordinance and answered questions from the Board. The proposed ordinance was received and filed.

- g. Discussion and action on authorizing the CEO to execute the 3rd Amendment to the Agreement with Cortex Consulting, Inc. for an additional \$30,000 for calendar year 2023, for a total NTE amount of \$130,000.

CEO Pena led the discussion regarding authorizing the CEO to execute the 3rd Amendment to the Agreement with Cortex Consulting, Inc. for an additional \$30,000 for calendar year 2023, for a total NTE amount of \$130,000.

A motion was made to approve authorizing the CEO to execute the 3rd Amendment to the Agreement with Cortex Consulting, Inc. for an additional \$30,000 for calendar year 2023, for a total NTE amount of \$130,000.

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

Trustee Chandra departed after this item.

- h. Discussion and action on the 2023 Scheduled Board and Standing Committee Meetings.

Mr. Pena led the discussion and answered questions from the Board.

A motion was made to approve the 2023 Scheduled Board and Standing Committee Meetings. Approved. (M.S.C, Jennings/Linder 5-0-0). The motion passed unanimously by roll call vote. Trustees Chandra and Orr were absent.

- i. Nominations for the positions of Board Chair and Vice-Chair for calendar year 2023.

Trustee Keleher nominated Trustee Horowitz to continue as Chair of the Board and trustee Jennings to continue as Vice Chair of the Board. The nominations were closed.

No Action is required for this item until next month.

- j. Discussion and action on Committee Assignments.

Chair Horowitz recommended adding trustee Keleher to the Investment Committee to fill the vacancy left by trustee Orr.

A motion was made to add Trustee Keleher to the Investment Committee.

Approved. (M.S.C. Jennings/Linder 5-0-0). The motion passed unanimously by roll call vote. Trustees Orr and Chandra were absent.

- k. Discussion and action on factual findings for use of California Assembly Bill 361's abbreviated teleconferencing procedures.

Counsel Chin led the discussion on factual findings for use of California Assembly Bill 361's abbreviated teleconferencing procedures.

A motion was made to adopt these as the Board's factual findings under AB361 to allow the Board to continue meeting virtually for the next 30 days.

Approved. (M.S.C. Keleher/Linder 5-0-0). The motion passed unanimously by roll call vote. Trustees Chandra and Orr were absent.

## **7. COMMITTEES/REPORTS/RECOMMENDATIONS**

### **7.1 Investment Committee (Chandra, Horowitz, Orr)**

Last Meeting: October 25, 2022 (Regular)  
(Special)

Next Meeting: November 17, 2022

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

There was no report out of the Investment Committee.

- b. Minutes of the Special Investment Committee meeting from September 15, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

### **7.2 Governance Committee (Jennings, Keleher, Linder)**

Last Meeting: October 20, 2022 (Special)  
(Special)

Next Meeting: November 17, 2022

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

There was no report from the Governance Committee.

- b. Minutes of the Special Governance Committee meeting from September 15, 2022. Receive and file.

**This Committees/Reports/Recommendations was received and filed**

### **7.3 Audit Committee (Keleher, Jennings, Avasthy)**

**Last Meeting: October 20, 2022 (Regular)  
(Special)**

**Next Meeting: November 17, 2022**

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

**CEO Peña spoke to contents of the last Joint Audit Committee meeting and provided an update on the City Auditor Recommendations. CEO Peña noted that the Audit results from Grant Thornton and the Annual Comprehensive Financial Report (ACFR) were on the agenda for acceptance/approval by the Board.**

- b. Minutes of the August 18, 2022 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

**This Committees/Reports/Recommendations was received and filed**

- c. Minutes of the Special Federated Audit Committee meeting from September 15, 2022. Receive and file.

**This Committees/Reports/Recommendations was received and filed**

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

**This Committees/Reports/Recommendations was received and filed**

- e. Report of the Member Contribution Rates Audit by Internal Auditor, Houman Boussina. Receive and file.

**This Committees/Reports/Recommendations was received and filed**

- f. Discussion and action on the Committees' recommendation to the Board of Administration of the City of San Jose Federated City Employees' Retirement system from Grant Thornton, LLP (GT) the Plan's external auditor on:

- a. Independent auditor's report on the internal control over financial reporting and on compliance and other matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards and Management comments and recommendations.

- b. Required communications.

7.3 f & 7.3 g were heard together.

- g. Discussion and action on the approval of the Federated City Employees' Retirement System's Annual Comprehensive Financial Reports for the Fiscal Year 2021-2022.

A motion was made to approve 7.3f and 7.3g.

Approved. (M.S.C. Keleher/Jennings 5-0-0)The motion passed unanimously by roll call vote. Trustee Chandra and Orr were absent.

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

**Last Meeting: November 10, 2022    Next Meeting: December 8, 2022**

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

Chair Horowitz updated the Board. He stated that they will elect a new Chair and Vice Chair of the Committee at their next meeting.

#### **8. EDUCATION & TRAINING**

- a. The Cortex Report - November 2022, Conferences, Seminars and Educational Programs.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

**Next Meeting: December 15, 2022**

The meeting was adjourned at 12:50 p.m.

\*Estimated