



# BOARD OF ADMINISTRATION

## Action Minutes

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

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Thursday, April 18, 2024

8:30 AM

City Hall, Wing Rooms 118 - 120  
200 E. Santa Clara St. San Jose, CA 95113

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#### HYBRID MEETING

#### PHYSICAL LOCATION:

City Hall, Wing Rooms 118-120, 200 E. Santa Clara St. San Jose, Ca 95113

#### ZOOM INFORMATION:

zoom.us

Dial In: +1 669-219-2599 US (San Jose)

Meeting ID: 919 0491 0446

Passcode: 867537

#### **BOARD MEMBERS**

*Spencer Horowitz, Chair (Term Expires 11/30/24)*  
*Julie Jennings, Vice-Chair (Term Expires 11/30/27) -- 855 E. Hilton Dr., Boulder Creek, CA 95006*  
*Deborah Abbott, Trustee (Term Expires 11/30/26)*  
*Prachi Avasthy, Trustee (Term Expires 11/30/25)*  
*Anurag Chandra, Trustee (Term Expires 11/30/26)*  
*Matthew Faulkner, Trustee (Term Expires 11/30/27)*  
*Mark Linder, Trustee (Term Expires 11/30/24)*

#### **CITY COUNCIL LIAISON TO THE BOARD**

*Dev Davis*

#### **COUNSEL**

*Maytak Chin, General and Fiduciary Counsel*

*Roberto L. Peña, CEO, Office of Retirement Services*

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The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, April 18, 2024 at City Hall, Wing Rooms 118-120, 200 E. Santa Clara St., San Jose, CA 95113 and via Zoom at 8:30 a.m. Chair Horowitz called the meeting to order at 8:34 a.m. followed by roll call.

Board Members Present: Spencer Horowitz, Deborah Abbott, Anurag Chandra, Matthew Faulkner and Mark Linder.

Trustee Prachi Avasthy arrived at 8:36 a.m.

Board Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Julie Jennings. Counsel Chin questioned Trustee Jennings on whether she met the qualifications to teleconference under the Brown Act, and Trustee Jennings responded in the affirmative.

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Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Sherrell Aledo, Edith Aldama, David Torres, Cynthia Ayala, Chris Ha, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, Ron Kumar, Eric Tsang, and Harrison Pierce.

Retirement Staff Present via Zoom: Sandra Castellano, Veronica Solorio, Arun Nallasivan, David Aung, Julie He, Ellen Lee, Chris J. Reyes and Deborah Sattler.

Also Present: Dev Davis, City Council Liaison; Maytak Chin and Mariah Fairley, General and Fiduciary Counsel; Cheryl Parkman, Office of Employment Relations; Marcelo Peredo, Khaled Tawfik and Albert Gehami, Information Technology Department; and Joseph Rois, City Auditor.

Also Present via Zoom: Russ Richeda, Disability Counsel; Rebecca Alperin, Tax Counsel; Mark Gesell and Eileen Neil, Verus; Laura Wirick, Meketa Investment Group; and Cyril Español, Journalist.

**ADA ALERT**

In accordance with the requirements of AB 2449, the Board of Administration ("Board") will generally, upon request, provide appropriate aids and services leading to effective communication for individuals with disabilities so they can participate equally in the Board's meetings, including qualified sign language interpreters, documents in Braille, and other ways of making information and communications accessible to people who have speech, hearing, vision or other disabilities.

Anyone who requires an auxiliary aid or service for effective communication to participate in a Board meeting should contact the designated contact in Office of Retirement Services as far in advance of the scheduled meeting as possible. The Board strongly encourages individuals with disabilities to endeavor to submit requests for reasonable accommodation no later than five (5) business days before the scheduled meeting, as the Board may not be able to grant requests for reasonable accommodations without sufficient advance notice. The Board strongly encourages individuals with disabilities to submit their written requests via email or regular mail to facilitate tracking and response; however, if the submission of a written request constitutes a hardship, individuals may call the Office of Retirement Services to submit an oral request.

The designated contact in the Office of Retirement Services will endeavor to respond to each request within three (3) business days of receipt of the request. Depending on the request, the designated contact in the Office of Retirement Services may ask to schedule a time to discuss the request (which may occur virtually) to determine the most appropriate auxiliary aid or service, before the request is resolved.

#### ADA Designated Contact Information

Attention: Deputy Director/Chief Operations Officer, Office of Retirement Services  
Address: 1737 N First St #600, San Jose, CA 95112  
Email: #Retire\_Admin@sanjoseca.gov  
Phone: 408-794-1000 (ORS Main Line)

#### **I. AB 2449 REMOTE APPEARANCE(S)**

##### **a. Just Cause Circumstance(s) (Gov't Code § 54953)**

- i. The following Trustee(s) have notified the Board of a "Just Cause" to attend this meeting via teleconference.

NONE

- ii. Call for Trustee(s) who wish to notify the Board of a "Just Cause" to attend this meeting via teleconference.

##### **b. Emergency Circumstance(s) (Gov't Code § 54953)**

- i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."

NONE

- ii. Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance".
- iii. Take action on request(s) for remote appearance.

### **CLOSED SESSION**

The Board entered into Closed Session at 8:37 a.m. after hearing the Consent Calendar.

**CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.**

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

- A. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: Consideration of initiation of litigation pursuant to Government Code section 54956.9(d)(4): Two Cases.  
**There was no reportable action for this item from Closed Session.**
- B. **CLOSED SESSION:** THREAT TO PUBLIC SERVICES OR FACILITIES  
Consultation with: City's Chief Information Security Officer pursuant to Government Code section 54957(a).  
**There was no reportable action for this item from Closed Session.**  
**The Board came out of Closed Session at 10:36 a.m.**

**OPEN SESSION - will reconvene following Closed Session, estimated to be 10:00 a.m.**

Open Session re-convened at 10:44 a.m.

## **• ORDERS OF THE DAY**

This item was heard immediately after roll call attendance.

Chair Horowitz read the following into the record:

### **A FEW GROUND RULES FOR THIS MEETING**

- All votes will be roll call votes.
- We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.
- The public will have an opportunity to speak on each item after trustees.

Orders of the Day

- None

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**WAIVE SUNSHINE (amended/attachments POSTED late):**

• Late attachments: Investment items 4d, 4e, 4f and New Business items 6c and 6d.

A motion was made to waive sunshine on the attachments reference above.

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

Trustee Avasthy was absent.

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

None.

**1. Application for a Service-Connected Disability**

This item was heard after Closed Session.

A motion was made to deny the applicant's request for a Change of Status to Service-Connected Disability Retirement.

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

- a. **Eunice Wilson**, Analyst II, Office of Economic Development, Request for Change of Status to Service-Connected Disability Retirement, effective October 7, 2017; 27.71\* years of Service. (*Staff Disability Committee Recommendation: Denial*)

**2. CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Abbott/Linder 7-0-0) The motion passed by roll call vote.

**2.1 Approval of Service Retirements**

- a. **Lisa M. Perez**, Division Manager, Police Department, effective May 10, 2024; 33.98\* years of service. (*With Reciprocity - 17.77 CSJ + 16.25 PERS = 34.03 YOS*)
- b. **Laurence J. Wagner**, Parking & Traffic Control Officer, Department of Transportation, effective April 13, 2024; 15.61\* years of service.

**2.2 Approval of Deferred Vested**

- a. **Russell Hansen**, Arborist, Department of Transportation, effective April 10, 2024; 21.55\* years of service.

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- b. **Cecilia Horlick**, Senior Office Specialist, Planning, Building and Code Enforcement, effective April 26, 2024; 21.74\* years of service.
- c. **Patrick J. Keating**, Video/Multimedia Producer, City Manager's Office, effective March 25, 2024; 5.87\* years of service.
- d. **Scott J. Riddle**, Senior Property Manager I, Airport Department, effective May 15, 2024; 21.15\* years of service.

### **2.3 Approval of Board Minutes**

- a. Approval of the Board Minutes of March 21, 2024.

### **2.4 Approval of Return of Contributions**

- a. Voluntary | Involuntary

### **2.5 Approval of Administrative Matters**

- a. Fiduciary Insurance and Waiver of Resource Fees for Policy Year March 2024-2025.

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

- a. **Educational Travel Reports:**
- CALAPRS, General Assembly 2024, Rancho Mirage, CA, March 2 - 5, 2024 - by Mark Linder.
  - CALAPRS Advanced Principles for Trustees, UCLA Luskin Conference Center, Los Angeles, CA, March 27 - 29, 2024 - by Mark Linder.
- b. ORS's Quarterly Newsletter - The Retirement Connection: April 2024 Edition.

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

- a. Prabhu Palani, CIO
- Antler's European Founder Conference, London, UK, June 20, 2024.

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

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

- a. Notification of the death of **Mollie Dent**, Senior Deputy City Attorney, retired

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March 31, 2012, died February 6, 2024. No survivorship benefits.

- b. Notification of the death of **Gary Eaton**, Senior Inspector, retired February 14, 2004, died March 12, 2024. Survivorship benefits to Kathleen Eaton, spouse.
- c. Notification of the death of **William Ernest**, Plant Operator, retired September 9, 1999, died January 8, 2024. No survivorship benefits.
- d. Notification of the death of **Martha C. Gibson**, Office Automation Specialist, retired April 11, 2002, died February 19, 2024. No survivorship benefits.
- e. Notification of the death of **John A. Lo Franco**, Code Compliance Inspector, retired November 11, 2004, died February 11, 2024. Survivorship benefits to Marilyn Lo Franco, spouse.
- f. Notification of the death of **Donald Pabst**, Principal Engineer Technician, retired March 2, 1985, died February 27, 2024. No survivorship benefits.
- g. Notification of the death of **Peggy Rudd**, Park Facility Supervisor, retired March 28, 2015, died March 6, 2024. No survivorship benefits.
- h. Notification of the death of **Elizabeth C. Zavala**, Administrative Assistant, retired February 7, 2004, died March 6, 2024. No survivorship benefits.

#### **4. INVESTMENTS**

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.  
  
**CIO Palani updated the Board.**
- b. Discussion and action on the Plan's Strategic Asset Allocation by Meketa Investment Group.  
  
**This item was presented.**  
  
**A motion was made to approve the Plan's Strategic Asset Allocation by Meketa Investment Group.**  
  
**Approved. (M.S.C. Abbott/Avasthy 5-2-0) The motion passed by roll call vote.**  
  
**Ayes: Abbott, Avasthy, Jennings, Faulkner, and Horowitz**  
**Abstained: Linder and Chandra**
- c. Discussion and action on fiscal year 2024-2025 private markets pacing plan by Dhinesh Ganapathiappan, Senior Investment Officer.  
  
**This item was presented.**

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A motion was made to approve the fiscal year 2024-2025 private markets pacing plan.

Approved. (M.S.C. Faulkner/Abbott 7-0-0) The motion passed by roll call vote.

- d. Discussion and action to hire Meketa Investment Group for general investment consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$700,400/year (shared 50/50 with P&F Plan).

This item was heard together with item 4e and 4f.

A motion was made to approve to hire Meketa Investment Group for general investment consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$700,400/year (shared 50/50 with P&F Plan).

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

- e. Discussion and action to hire Verus Advisory, Inc. for risk consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$200,000/year (shared 50/50 with P&F Plan).

This item was presented.

A motion was made to approve to hire Verus Advisory, Inc. for risk consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$200,000/year (shared 50/50 with P&F Plan).

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

- f. Discussion and action to hire Albourne America, LLC for alternative investments consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$258,000/year (shared 50/50 with P&F Plan).

This item was presented.

A motion was made to approve to hire Albourne America, LLC for alternative investments consulting services and authorizing the Secretary to negotiate and execute a five-year contract not-to-exceed \$258,000/year (shared 50/50 with P&F Plan).

Approved. (M.S.C. Abbott/Faulkner 7-0-0) The motion passed by roll call vote.

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

- a. Discussion and action on the proposed administrative budget for fiscal year 2024-2025.

This item was presented.

A motion was made to approve the revised administrative budget for fiscal



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year 2024-2025.

**Approved. (M.S.C. Linder/Avasthy 7-0-0) The motion passed by roll call vote.**

- b.** Discussion and action on proposed City Ordinance to amend San Jose Municipal Code Part 4.12 and Sections 3.28.155 and amendments to Section 7 of the City's Sunshine Resolution.

**This item was presented.**

**A motion was made to direct fiduciary counsel and tax counsel to work with the City Attorney regarding the proposed amendments.**

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

## **6. NEW BUSINESS**

- a.** Oral update by CEO, Roberto L. Peña.

**CEO Peña updated the Board.**

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

**City Council Liaison Dev Davis updated the Board on pending matters before the Council and answered questions from the Board.**

- c.** Discussion and action regarding Resolution No. 9117 Federated Tier 1 and Resolution No. 9118 Federated Tier 2 Contribution Rates / Amounts for FY 2024-2025.

**This item was presented.**

**A motion was made to approve the Resolution No. 9117 Federated Tier 1 and Resolution No. 9118 Federated Tier 2 Contribution Rates / Amounts for FY 2024-2025.**

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

- d.** Discussion and action on authorizing the secretary to negotiate and execute the second amendment to the agreement with Cortex Consulting for governance consulting services to increase the compensation payable under the agreement by \$25,000 to a not to exceed amount of \$75,000.

**This item was deferred to the May 16, 2024 Federated Board meeting.**

- e.** Discussion and action on authorizing the CEO to negotiate and execute a fifth amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2025.

**This item was presented.**

A motion was made to approve the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2025.

Approved. (M.S.C. Abbott/Linder 7-0-0) The motion passed by roll call vote.

**7. COMMITTEES/REPORTS/RECOMMENDATIONS**

**7.1 Investment Committee (Chandra, Horowitz, Faulkner)**

**Last Meeting: April 10, 2024    Next Meeting: August 20, 2024**

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

**Chair Chandra updated the Board.**

**7.2 Audit Committee (Avasthy, Jennings, Abbott)**

**Last Meeting: April 11, 2024    Next Meeting: May 16, 2024**

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

**Chair Avasthy updated the Board.**

- b. Approval of the Minutes of the March 1, 2024 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Department Retirement Plan. Receive and file.

**The Minutes were received and filed.**

- c. Presentation and discussion by City Auditor, Joseph Rios, regarding Retirement Services: The Office Has Not Consistently Followed City Procurement Policies and Practices.

**This item was discussed.**

- d. Discussion and action on revised Internal Auditor Charter to reflect changes discussed on March 1, 2024 Joint Audit Committee Meeting.

**This item was discussed.**

**A motion was made to approve the proposed direction for the Annual Audit Plan and for the removing of the word flexible from the Internal Auditor Charter.**

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

- e. Update on status of request to custodian bank (Bank of New York Mellon) to correct fiscal years  
2016-2023 Pension Plans' returns based on the results of the Agreed Upon Procedures work  
completed by Macias Gini & O'Connell LLP audit firm.  
**This item was discussed.**
- f. Discussion and action for process for hiring a new Internal Auditor for Office of Retirement Services.  
**This item was discussed.**  
  
**A motion was made to approve the creation of ad hoc committee comprising Trustee Wilson from the Police and Fire Board and Trustee Abbott from the Federated Board to serve in an advisory role to the CEO and to assist in the evaluation of the finalist candidates for the Internal Auditor position until the position is filled, at which point the ad hoc committee would dissolve.**  
  
**Approved. (M.S.C. Chnadra/Abbott 7-0-0) The motion passed by roll call vote.**

### **7.3 Governance Committee (Linder, Abbott, Avasthy)**

**Last Meeting: March 7, 2024    Next Meeting: June 20, 2024**

- a. Oral update from the Chair of the Governance Committee.  
**Chair Linder updated the Board.**

### **7.4 FCERS Disability Committee (Linder, Jennings, Faulkner)**

**Last Meeting: April 2, 2024    Next Meeting: June 5, 2024**

- a. Oral update from the Chair of the Disability Committee.  
**Chair Linder updated the Board.**
- b. Approval of the Minutes of the Federated Disability Committee meeting from March 5, 2024. Receive and file.  
**The Minutes were received and filed.**

### **7.5 Joint Personnel Committee (Chandra, Horowitz, Linder)**

**Last Meeting: April 5, 2024    Next Meeting: April 25, 2024**

- a. Oral update from the Chair of the Joint Personnel Committee.  
**Vice-Chair Chandra updated the Board.**
- b. Minutes of the Joint Personnel Committee meeting from March 19, 2024. Receive and file.  
**The Minutes were received and filed.**

**8. EDUCATION & TRAINING**

**The Education & Training was received and filed.**

- a. The Cortex Report - May 2024, Conferences, Seminars and Educational Programs.
- b. CALAPRS, 2024 Management/Leadership Academy, The Westin Hotel, Pasadena, CA, April 22 - 23, June 10 - 12, and July 22 - 24, 2024.
- c. SACRS Spring Conference 2024, Hilton Santa Barbara Beachfront Resort, Santa Barbara, CA, May 7 - 10, 2024.

**• PROPOSED AGENDA ITEMS**

**None.**

**• ADJOURNMENT**

**The meeting was adjourned at 12:39 p.m.**

**• Next FCERS Board Meeting: May 16, 2024**

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

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SPENCER HOROWITZ, CHAIR

BOARD OF ADMINISTRATION  
ATTEST:

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ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES