



# 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

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Thursday, April 18, 2019

8:30 AM

City Hall, Wing Rooms 118-120

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### CALL TO ORDER AND ROLL CALL

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, April 18, 2019 at 8:30 a.m. in regular session at City Hall, 200 E. Santa Clara Street, Wing rooms 118-120, San Jose, California 95113. Vice Chair Castellano called the Pension Plan and Health Care Trust meeting to order at 8:30 a.m.

**Present:** 4 - Anurag Chandra, Jay Castellano, Qianyu Sun and Elaine Orr

**Absent:** 1 - Matt Loesch

**Vacant:** 2

City Council Liaison to the Board Dev Davis arrived at 8:37 a.m.

**Retirement Staff Present:** Roberto L. Peña, Prabhu Palani, Jay Kwon, Christina Wang, Dhinesh Ganapathiappan, Peter Pham, Marti Zarate, Michelle San Miguel, Linda Alexander.

**Also Present:** Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Chris Theodor, Meketa Investment Group; Cheryl Parkman, OER.

### AGENDA

#### OPEN SESSION

### ORDERS OF THE DAY

The following changes were made to the Orders of the Day:

Item 3c will be deferred: Discussion and action regarding repayment of the workers compensation offset for Danny Horning.

Item 3d will be deferred: Discussion and action on FED Board committee assignments.

Wave sunshine(attachments received late).

-Item 4b(1) Draft IPS.

-Item 4b(4) Governance manager selection procedures appendices.

-Item 4b(5) IPS rewrite memo – by Meketa Investment Group.

-Item 4c(1) Immunized Net Cash Flow Allocation Presentation.

-Item 4c(2) Insight Immunized Net Cash Flow memo- by Meketa Investment Group.

A motion was made to approve the Orders of the Day.

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Approved. (M.S.C. Chandra/Orr 4-0-0.) The motion passed unanimously.

**1. CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Chandra/Sun 4-0-0). The motion passed unanimously.

**1.1 Application for a Non-Service-Connected Disability**

- a. **Julian Ross Braver**, Assistant to City Manager, City Manager's Office, effective February 2, 2019; 17.91\* years of service. (*Disability Committee Recommendation: Approval*)

**1.2 Approval of Service Retirements**

- a. **Kenneth A. Brager**, Maintenance Supervisor, Department of Transportation, effective May 4, 2019; 30.01\* years of service.
- b. **Leslie Donahue**, Legal Administrative Assistant II, City Attorney's Office, effective May 18, 2019; 6.80\* years of service.
- c. **Melanie Kirmse**, Senior Analyst, Office of Retirement Services, effective March 30, 2019; 30.33\* years of service.

**CEO Peña pulled this item. He recognized Ms. Kirmse for her 30 years of service and her hard work at the ORS. He wished her a long and healthy retirement. Vice Chair Castellano acknowledged and wished her a happy retirement.**

**A motion was made to approve the retirement of Ms. Kirmse.**

**Approved. (M.S.C. Chandra/Sun 4-0-0). The motion passed unanimously.**

- d. **David Johnsen Mitchell**, Park Manager, Parks, Recreation and Neighborhood Services Department, effective April 20, 2019; 19.94\* years of service.
- e. **Maithi T. Nguyen**, Systems Applications Programmer, Environmental Services Department, effective March 23, 2019; 16.77\* years of service.
- f. **Hoang Vu**, Analyst, Parks, Recreation and Neighborhood Services Department, effective March 30, 2019; 28.39\* years of service.

**1.3 Approval of Deferred Vested**

- a. **Debra Aguilar**, Senior Public Safety Dispatcher, Police Department, effective May 1, 2019; 23.07\* years of service.

- b. **Laurence J. Wagner**, Parking and Traffic Control Officer, Department of Transportation, effective April 21, 2019; 12.18\* years of service.
- c. **Margaret Zamora**, Supervising Application Analyst, Police Department, effective May 7, 2019; 15.95\* years of service.

#### **1.4 Approval of Board Minutes**

- a. Approval of the Board Minutes of March 21, 2019.

#### **1.5 Approval of Return of Contributions**

- a. Voluntary | Involuntary.

#### **1.6 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 February 2019. Receive and file.
- c. **Educational Travel Reports:**
  - CALAPRS Advanced Principles of Pension Management for Trustees, UCLA Luskin Conference Center, Los Angeles, CA - March 27-29, 2019 - by Qianyu Sun.

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

- a. Elaine Orr, Trustee
  - 12th Annual Women's Private Equity Summit, Monarch Beach Resort, Dana Point, CA - March 12-15, 2019 - CANCELLED.
- b. Kurt Billick, Trustee
  - Pension Bridge Annual 2019, Westin St. Francis Hotel, San Francisco, CA - April 9-10, 2019 - CANCELLED.

#### **1.8 Approval of Change in Retirement Type and Date**

- a. Approval for a change in retirement for **Frank Gaska** from a Deferred Vested Retirement

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effective February 9, 2019, approved at the March 21, 2019 Board meeting, to Service Retirement effective February 4, 2019.

### **1.9 Notice of Alternate Payee Benefit Election**

- a. Approval of Alternate Payee Benefit election of Separate Account Monthly Payment Option to be paid to Linda Lindsay, ex-spouse of Senior Maintenance Worker, **Duane Lindsay** to be effective March 28, 2019 under Chapter 3.28, Part 23 of the San Jose Municipal Code.

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

**Vice Chair Castellano asked for a moment of silence for those who served and have passed away.**

- a. Notification of the death of **Basil Brunner**, Building Construction Inspector Supervisor, retired March 31, 1991, died January 12, 2019. No survivorship benefits.
- b. Notification of the death of **Jeanne Cavallini**, Senior Librarian, retired June 25, 1988, died January 8, 2019. Survivorship benefits to Edward Cavallini, Spouse.
- c. Notification of the death of **Frank E. Howsmon**, Police Property Specialist, retired February 27, 2004, died March 13, 2019. Survivorship benefits to Eva G. Embry Howsmon, Spouse.
- d. Notification of the death of **Maria Knight**, Office Specialist II, retired September 3, 2011, died March 21, 2019. No survivorship benefits.
- e. Notification of the death of **Donna L. Mills**, Senior Engineering Technician, Deferred Vested, died September 3, 2012. Survivorship benefits to Michael Mills, Spouse.
- f. Notification of the death of **Willa Stangel**, Administrative Assistant, retired March 19, 2011, died January 29, 2019. No survivorship benefits.
- g. Notification of the death of **Paul Underwood**, Assistant Library Director, retired January 28, 2006, died February 9, 2019. No survivorship benefits.

### **3. NEW BUSINESS**

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

**CEO Peña updated the Board on the following:**

- The May Board meeting will have an agenda item regarding the Municipal Code changes affecting Trustee eligibility and the election process.
- CEO Peña presented the results of the Actuarial Valuation results to the Mayor and City

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Council on Tuesday, April 16, 2019.

- The Joint meeting with the Mayor and City Council will be held on April 30, 2019. It is scheduled to begin at 2:15 p.m. An agenda will follow. Topics of discussion will be with City staff and their budget and general funds, there will be a presentation by Cheiron regarding the differences of the plan, and a presentation by the CIO and both Chairs of the Boards.
- The RFP for medical advisor is outstanding; inquiries have been recieved but no bids as of yet.
- 2019-2020 Fiduciary insurance is due. Trustees should pay the waiver of recourse premium of \$75.
- A new staff specialist will start in the Investments group in May and a new Sr. Auditor will start on May 20th.

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

Council Liaison Dev Davis updated the Board on the following:

The City Council Rules Committee approved the agenda for the April 30th meeting. She stated that it could be a special meeting if action is needed or, it could be a study session.

After discussion, the sense of the Board was to keep the meeting as a study session.

- c. Discussion and action regarding the repayment of the worker's compensation offset for Danny Horning.

This Item was deferred to the Federated City Employees' Retirement System and Health Care Trust meeting in May.

- d. Discussion and action on Federated Board Committee Assignments.

This Item was deferred to the Federated City Employees' Retirement System and Health Care Trust due back on 5/16/2019.

#### **4. INVESTMENTS**

- a. Oral update from the CIO of Retirement Services, Prabhu Palani.

CIO Palani shared a comparison of pension plan universe returns and a passive 60/40 benchmark. The index blend is gross of fees. CIO Palani indicated that this would be a good educational tool for the Board. Meketa Investment Group developed this chart and will look into the questions raised by the Trustees.

- b. Discussion and action regarding the revised Investment Policy Statement and approval of Resolution No. 8942.

CIO Palani presented the proposed revised IPS. After discussion, a motion was made to approve the IPS and Resolution No. 8942 with changes as discussed today and bring back to the Investment Committee and the CIO for review and approval.

Approved. (M.S.C. Castellano/Chandra 4-0-0). The motion passed unanimously.

- c. Discussion and action on Immunized Net Cash Flow recommendation by Staff.  
  
**After discussion, a motion was made to accept staff recommendation to hire Insight as a solutions provider to help with the Immunized Cash Flow portfolio.  
Approved. (M.S.C. Chandra/Sun 4-0-0). The motion passed unanimously.**
- d. Presentation of 3rd Quarter Calendar 2018 Private Markets Report by Meketa Investment Group.  
  
**Laura Wirik presented the 3rd Quarter Calendar 2018 Private Markets Report and answered questions from the Board.**
- e. Presentation of 3rd Quarter Calendar 2018 Private Equity Report by Neuberger Berman.  
  
**Kaci Boyer and Paul Daggett from Neuberger Berman presented the 3rd Quarter Calendar 2018 Private Equity Report via telephone and answered questions from the Board.**
- f. Presentation of 4th Quarter Calendar 2018 Performance Report for the Pension Plan by Meketa Investment Group.  
  
**Chris Theodor presented the 4th Quarter Calendar 2018 Performance Report for the Pension Plan and answered questions from the Board.**
- g. Presentation of 4th Quarter Calendar 2018 Performance Report for the Health Care Trust by Meketa Investment Group.  
  
**Chris Theodor presented the 4th Quarter Calendar 2018 Performance Report for Health Care Trust and answered questions from the Board.**

## **5. COMMITTEES/REPORTS/RECOMMENDATIONS**

### **5.1 Investment Committee (Vacant, Loesch, Chandra)**

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

- a. Oral update from the Chair of the Investment Committee.  
  
**Trustee Chandra stated that CIO Palani arranged a group of speakers at the Investment Committee regarding Venture Capital. They had educational topics of discussion with Morgan Stanley, and ESG (Environmental Social Governance) with Goldman Sachs.**
- b. Minutes of the December 18, 2019 Federated Investment Committee meeting. Receive and file.  
  
**This Committees/Reports/Recommendations was received and filed.**
- c. Minutes of the December 18, 2018 Joint Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed.

**5.2 Governance Committee (Vacant, Orr, Sun)**

**Last Meeting: November 26, 2018      Next Meeting: June 6, 2019**

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

There is no Chair and the Governance Committee has not met in a while.

**5.3 Audit Committee (Vacant, Orr, Castellano)**

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

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

The next Audit Committee will be held on May 16, 2019.

**5.4 Joint Personnel Committee (Vacant, Loesch, Chandra)**

**Last Meeting: February 20, 2019      Next Meeting: TBD**

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

CEO Peña stated that there needs to be a meeting as soon as possible to start discussion of what measures will be used for the CEO/CIO performance appraisals.

**6. EDUCATION & TRAINING**

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

This Education & Training was received and filed

**FUTURE AGENDA ITEMS**

A request from Trustee Sun regarding Tier 2 employees. She wants the Board to think about how to manage the asset benefit structure and asset classes. This will be an item for discussion at the Board Retreat in September.

**PUBLIC/RETIREE COMMENTS**

Trustee Sun made a request for staff to review a member's claim of an error in her benefit calculation. The CEO agreed staff would be in touch with the member to resolve.

**ADJOURNMENT**

The meeting adjourned at 10:56 a.m.

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

\_\_\_\_\_/S/\_\_\_\_\_  
MATT LOESCH, P.E., CHAIR

BOARD OF ADMINISTRATION

ATTEST:

\_\_\_\_\_/S/\_\_\_\_\_  
ROBERTO L. PEÑA

CEO, OFFICE OF RETIREMENT SERVICES