



# BOARD OF ADMINISTRATION

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

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Thursday, December 16, 2021

8:30 AM

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

**zoom.us**

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

**Meeting ID: 976 5236 8015**

**Password: 713275**

**BOARD MEMBERS**

*Spencer Horowitz, Chair  
Julie Jennings, Vice-Chair  
Anurag Chandra, Trustee  
Mark Keleher, Trustee  
Elaine Orr, Trustee  
Vacant, Trustee  
Vacant, Trustee*

**CITY COUNCIL LIAISON TO THE BOARD**

*Dev Davis*

**COUNSEL**

*Harvey Leiderman, 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, December 16, 2021 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:31 a.m. followed by roll call.

**Present:** 4 - Spencer Horowitz, Mark Keleher, Julie Jennings and Elaine Orr

**Absent:** 1 - Anurag Chandra

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Arun Nallasivan, Ellen Lee, Sachin Sadana, Eric Tsang, Linda Alexander, Michelle San Miguel and Marti Zarate.

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Jay Castellano, Retiree; Bill Hallmark, Cheiron; Steven Hastings, Cheiron; Jacqui King, Cheiron; Mike Schionning, Cheiron; Jared Pratt, Meketa; Laura Wirick, Meketa; Kaci Boyer, Neuberger Berman; Mark Linder, Retiree; Oscar Sheehan, Journalist-With.Intelligence; Ismael Liceralde, Retiree and Cyril Espanol, Journalist-Pageant Media.

Council Liaison Dev Davis arrived at 9:42 a.m. and departed at 11:15 a.m.

Trustee Elaine Orr departed at 12:34 p.m.

### **CLOSED SESSION**

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

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

#### **I. CLOSED SESSION INVESTMENTS**

- A. **CLOSED SESSION:** CONFERENCE WITH INVESTMENT CONSULTANT PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE OR SALE OF PARTICULAR PENSION FUND INVESTMENTS (TWO INVESTMENTS).

The Board came out of Closed Session at 9:37 a.m.

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

The Board reconvened into Open Session at 9:39 a.m. There was no reportable action out of Closed Session.

#### **• ORDERS OF THE DAY**

Chair Horowitz read the following ground rules into the record:

- We are continuing to meet virtually at this meeting and are doing so pursuant to AB 361.
- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For discussion items, each trustee will have a turn to speak in roll call order, more than once if desired.
- The public will have an opportunity to speak on each item after trustees.
- The public will also have an opportunity to speak again at the end of the meeting on any other item not on the agenda that is within the subject.

**Orders of the Day:**

- There will be a break at 10:00 a.m.
- There will be a recess from 1:00 p.m.-1:05 p.m. to accommodate Civic CenterTV's broadcasting process.
- Board Members please stay on this Zoom meeting call after the regular meeting ends - The public special meetings for each Committee to address California Assembly Bill No. 361 will take place using the same Zoom meeting ID and password.

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

Approved. (M.S.C. Orr/Jennings 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

**1. CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Keleher/Jennings 4-0-0). The motion passed unanimously by roll call vote. Trustee Chandra was absent.

**1.1 Approval of Service Retirements**

- a. **Robert Boucher**, Training Specialist, Fire Department, effective January 8, 2022; 21.04\* years of service.
- b. **Randy Christopher**, Senior Public Safety Dispatcher, Fire Department, effective January 8, 2022; 15.01\* years of service.
- c. **Joyce Morrish**, Animal Care Attendance, Public Works Department, effective December 25, 2021; 13.73\* years of service.
- d. **Gregory A. Peacock**, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective January 8, 2022, 27.27\* years of service.
- e. **Khiem D. Tran**, Building Inspector Combination, Planning, Building and Code Enforcement Department, effective January 8, 2022; 24.92\* years of service.
- f. **Heidi York**, Administrative Officer, Police Department, effective January 8, 2022; 30.03\* years of service.

**1.2 Approval of Deferred Vested**

- a. **Robert E. Harris**, Heavy Equipment Operator, Department of Transportation, effective January 13, 2022; 18.00\* years of service.
- b. **Andrew C. Turner**, Principal Engineering Technician, Public Works Department, effective

December 30, 2021; 15.50\* years of service.

- c. **Thomas A. Walizer**, Equipment Mechanic Assistant I, effective December 20, 2021; 30.42\* years of service. (With Reciprocity CSJ YOS 6.46 + PERS YOS 23.96).

### **1.3 Approval of Board Minutes**

- a. Approval of the Board Minutes of November 18, 2021.

### **1.4 Approval of Return of Contributions**

- a. Voluntary | Involuntary.

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

- a. Report of the Plan Expenses for October 2021. Receive and file.

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

- a. Elaine Orr, Trustee
  - Womens Venture Capital Summit 2022, Ritz-Carlton, Half Moon Bay, CA - February 3-4, 2022.
- b. Prabu Palani, CIO
  - Innovation Endeavors Annual Summit, Rosewood Sand Hill, Palo Alto, CA - January 19, 2022.

### **1.7 Alternate Beneficiary Designation**

- a. Approval of Alternate Payee Benefit election of Separate Account Monthly Payment Option to be paid to Victoria Clayton, ex-spouse of Account Clerk II, **Timothy Roberts** to be effective November 4, 2021 under Chapter 3.28, Part 23 of the San Jose Municipal Code

## **2. 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 **Carlos Azcona**, Building Rehabilitation Supervisor, retired March 31, 2018, died August 17, 2021. Survivorship benefits to Paula Azcona, Spouse.

- b. Notification of the death of **Barbara Balangue**, Office Specialist II, retired January 23, 1999, died October 3, 2021. Survivorship benefits to Mariano Balangue, Spouse.
- c. Notification of the Death of **Kenneth Fiddler**, Carpenter, retired April 12, 2003, died September 27, 2021. Survivorship benefits to Linda Fiddler, Spouse.
- d. Notification of the death of **Esther Haraguchi**, Senior Stenography Clerk, retired April 30, 1983; died September 29, 2021. Survivorship benefits to Sam Haraguchi, Spouse.
- e. Notification of the death of **Ofelia Martinez**, Custodian, retired July 17, 2010, died October 27, 2021. No survivorship benefits.
- f. Notification of the death of **Patricia Norton**, Account Clerk II, retired March 20, 2010, died November 16, 2021. No survivorship benefits.
- g. Notification of the death of **Eusibio Platiro**, Gardener, retired January 20, 1991, died November 6, 2021. No survivorship benefits.
- h. Notification of the death of **Ygnacio Roa**, Grounds Worker, retired June 25, 2011, died October 4, 2021. Survivorship benefits to Erlinda Roa, Spouse.
- i. Notification of the death of **Ruth Spirakis**, Senior Construction Inspector, retired December 5, 1990, died August 12, 2021. No survivorship benefits.
- j. Notification of the death of **Leonard Tanaka**, Accountant II, retired January 1, 2000, died October 30, 2021. Survivorship benefits to Akiko Tanaka, Spouse.
- k. Notification of the death of **Francisco Valle**, Maintenance Worker, retired September 9, 2019, died October 20, 2021. Survivorship benefits to Blanca Reynoso, Spouse.

### **3. INVESTMENTS**

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

**CIO Palani updated the Board on the following estimates:**

**-Calendar Year- to- Date the Pension Plan is up 13.36%. Fiscal Year-to-Date - 2.83%**

**-Calendar Year- to- Date the Health Care Trust is up 8.81%. Fiscal Year-to-Date - 0.48%**

- b. Presentation of Calendar 2nd Quarter 2021 Private Equity Report by Neuberger Berman.  
  
**Kaci Boyer from Neuberger Berman presented the Calendar 2nd Quarter 2021 Private Equity Report and answered questions from the Board.**
- c. Presentation of Calendar 2nd Quarter 2021 Private Markets Report by Meketa Investment

Group.

Item 3c was heard after Item 5a.

Laura Wirick from Meketa Investment Group presented the Calendar 2nd Quarter 2021 Private Markets Report.

- d. Presentation of Calendar 3rd Quarter 2021 Performance Report for Pension Plan by Meketa Investment Group.

Jared Pratt from Meketa Investment Group presented the Calendar 3rd Quarter 2021 Performance Report for Pension Plan. The value of the San Jose Federated City Employees' Retirement System assets was \$2.99 billion on September 30, 2021, an increase of approximately \$162 million from the end of the prior quarter. The System had net cash inflows of \$134 million during the quarter, and \$28 million of investment gains during the quarter. During the quarter, the System added two new investments: Kotak India Midcap (Emerging Markets Equity) and TL Platform SJFED LP (Venture Capital). Additionally, the System realized the final distribution of one investment: Octagon CLO Opp Fund III (Private Debt).

- e. Presentation of Calendar 3rd Quarter 2021 Performance Report for Health Care Trust by Meketa Investment Group.

Mr. Pratt presented the Calendar 3rd Quarter 2021 Performance Report for Health Care Trust. The value of the San Jose Federated Retiree Health Care Trust's assets was \$394.4 million on September 30, 2021, an increase of \$11.8 million from the end of the prior quarter. The Trust had \$15.7 million of net cash inflows for the quarter, and \$3.9 million of investment losses during the three-month period. The Health Care didn't have any manager changes during the quarter.

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

- a. Discussion and action on Final Pension Valuation Results as of June 30, 2021 to be presented by Cheiron.

Item 4a was heard after Item 5d.

Bill Hallmark, Steven Hastings and Jacqui King, Cheiron, spoke to the Final Pension Valuation results as of June 30, 2021 and answered questions from the Board and Fiduciary Counsel.

A motion was made to accept the Final Pension Valuation results.

Approved. (M.S.C. Keleher/Jennings 4-0-0). The motion passed unanimously by roll call vote. Trustee Chandra was absent.

#### **5. NEW BUSINESS**

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

Item 5a was heard after Item 6.4d

CEO Peña updated the Board on the following:

- Open enrollment has ended. He stated that over 700 forms were received.
- ORS will be closed for the holidays on 12/23-12/24 and 12/30-12/31. Minimal staff will be working other days.
- There are 4 vacancies – 2 Benefits Staff Tech positions and 2 IT positions. Staff hopes to fill the vacancies by the 1st quarter of 2022.
- In-person work has begun with staff in the office 1 day a week. Staff is scheduling in-person/virtual appointments. Starting in January staff will begin 2 days a week in the office. The office remains closed to the public. Staff will make changes as needed per State and County guidelines.
- Communication was sent by staff requesting vaccination status from vendors/trustees to migrate to in-person meetings.

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

Item 5b was heard after Item 3b.

Council Liaison Davis updated the Board on pending matters before the City Council.

- c. Discussion and possible action on preliminary Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2021 presented by Cheiron.

Item 5c was heard after Item 4a.

Mr. Hallmark, Ms. King and Michael Schionning from Cheiron spoke to the preliminary OPEB Valuation results as of June 30, 2021 and answered questions from the Board. There was no action taken. This item will come back to the Board in January with the final numbers.

- d. Election of the Board Chair/Vice-Chair for calendar year 2022.

Item 5d was heard after Item 5f.

The Board elected Trustee Jennings to another term as Vice-Chair and Trustee Horowitz to another term as Chair for calendar year 2022. The roll call votes were unanimous for both elections. Trustee Chandra was absent.

- e. Discussion and action on Retiree Member Vacancy pursuant to Municipal Code section 2.08.1070E, including interview with candidate recommended by the City of San José Retired Employees Association to fill the current Trustee vacancy.

- Mark Linder

Item 5e was heard after Item 5b.

CEO Peña led the discussion on the Retiree Member vacancy and introduced the candidate recommended by the City of San José Retired Employees Association. Mark Linder was present and answered questions from the Board. He spoke to his past experience with the City and various Boards.

A motion was made to recommend to the City Council Mr. Mark Linder to be appointed to the vacant Retiree Seat.

Approved. (M.S.C. Jennings/Orr 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

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

Maytak Chin, General and Fiduciary Counsel, introduced and spoke to the item. Ms. Chin explained the contents of the memo submitted to the Board regarding evidentiary support for the Board's consideration of factual findings necessary for election to adopt AB 361's abbreviated teleconferencing procedures, which included:

- (1) Governor's proclamation on the continued state of emergency due to the ongoing COVID 19 pandemic; and
- (2) the City Council's recent resolution that continued to impose and recommend social distancing in City facilities.

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. Jennings/Keleher 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

## **6. COMMITTEES/REPORTS/RECOMMENDATIONS**

### **6.1 Investment Committee (Chandra, Orr, Keleher)**

Last Meeting: November 18, 2021  
(Special Meeting)

Next Meeting: December 16, 2021  
(Special Meeting) and  
December 17, 2021  
(Regular Meeting)

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

No update.

- b. Minutes of the Special Investment Committee meeting from October 21, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed

### **6.2 Governance Committee (Horowitz, Jennings, Vacant)**

Last Meeting: November 18, 2021  
(Special Meeting)

Next Meeting: December 16, 2021  
(Regular Meeting)



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

No update.

- b. Minutes of the Special Governance Committee meeting from October 21, 2021. Receive and file.

This Committees/Reports/Recommendations was received and filed

### **6.3 Audit Committee (Keleher, Jennings, Vacant)**

**Last Meeting: November 18, 2021  
(Special Meeting)**

**Next Meeting: December 16, 2021  
(Special Meeting)**

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

No update.

- b. Minutes of the October 21, 2021 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

### **6.4 Joint Personnel Committee (Orr, Chandra, Horowitz)**

**Last Meeting: December 7, 2021**

**Next Meeting: January 6, 2022**

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

This item was deferred.

- b. Minutes April 30, 2021 JPC meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Discussion on the results of the Mock performance evaluations for feedback and potential revisions for the CEO.

This item was deferred.

- d. Discussion and action on CEO/CIO compensation study.

Item 6.4d was heard after Item 5c.

Trustee Orr updated the Board on the contents of the last meeting and spoke to the recommendation from the JPC to conduct a new compensation study for the CEO/CIO and ORS Investment professionals. CIO Palani was given direction to reach out to consultants for the cost to complete a compensation study for the CEO/CIO and to review an incentive compensation plan for the Investment staff. CIO Palani reported the estimate he received was for \$150,000. CEO Peña and CIO Palani answered questions from the Board.

A motion was made by Trustee Jennings to approve a compensation study and stay within the current budget. The motion died for lack of second.

A motion was made to approve a budget of \$150,000 for a compensation study as recommended by the JPC.

Approved. (M.S.C. Orr/Keleher 3-0-1) The motion passed by roll call vote. Trustee Jennings abstained. Trustee Chandra was absent.

Trustee Orr departed the meeting at 12:34 p.m. The Board lost its quorum at that time.

- e. Discussion on incentives compensation

This item was deferred.

- f. Nomination and Election of Chair for the JPC Committee.

CEO Peña reported that Trustee Orr was elected as Chair for the JPC.

## **7. EDUCATION & TRAINING**

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

The Board would like to continue receiving the Cortex Report.

- **PROPOSED AGENDA ITEMS**

None.

- **PUBLIC/RETIREE COMMENTS**

None.

- **ADJOURNMENT**

The meeting adjourned at 1:18 p.m.

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

\_\_\_\_\_/S/\_\_\_\_\_  
SPENCER HOROWITZ, CHAIR  
BOARD OF ADMINISTRATION  
ATTEST:

\_\_\_\_\_/S/\_\_\_\_\_  
ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES