



# BOARD OF ADMINISTRATION

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

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Thursday, March 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: +1 669 219 2599 US (San Jose)**

**Meeting ID: 936 9219 8246**

**Password: 938327**

**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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The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, February 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, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Arun Nallasivan, Ron Kumar, Ellen Lee, Eric Tsang, Houman Boussina, Sandra Castellano, Sachin Sadana, Julie He, Benjie Chua-Foy, Deborah Sattler, Linda Alexander and Marti Zarate.**

**Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Bill Hallmark, Cheiron; Stephen McCourt, Meketa; Jared Pratt, Meketa; Laura Wirick, Meketa; Kaci Boyer, Neuberger Berman; Eileen Neill, Verus; Danny Sullivan, Verus; Jay Castellano, Retired Member; Brad Imamura, Retired Member; Mariah Fairley, Reed-Smith; Jill Borders, Public Member and Cheryl Parkman, Office of Employee Relations.**

## **AGENDA**

### **CALL TO ORDER AND ROLL CALL**

### **OPEN SESSION**

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call Marti Zarate (408) 794-1112 as soon as possible, but at least three business days before the meeting.

#### **• 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 Center TV'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
- Welcome to new Trustee Prachi Avasthy

A motion was made to Waive Sunshine on the attachment for item 4c.

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

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

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

## 1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

### 1.1 Approval of Service Retirements

- a. **Martin Aguirre**, Senior Maintenance Worker, Environmental Services Department, effective March 26, 2022; 32.70\* years of service.
- b. **Dorothy W. Barney**, Program Manager, Public Works Department, effective March 19, 2022; 21.64\* years of service.
- c. **Colleen D. Brennan**, Senior Executive Analyst, Office of Economic Development, effective March 19, 2022; 26.24\* years of service.
- d. **Charmaine T. Caward**, Librarian, Library Department, effective March 20, 2022; 27.96\* years of service. (*With Reciprocity CSJ YOS 15.32 + PERS YOS 12.64*)
- e. **Benson Cho**, Wastewater Mechanic II, Environmental Service Department, effective March 19, 2022; 15.24\* years of service.
- f. **Dean A. Depasquale**, Investor Collector II, Finance Department, effective March 29, 2022; 20.57\* years of service.
- g. **Heidi K. Geiger**, Division Manager, Fire Department, effective March 31, 2022; 27.95\* years of service.
- h. **Barbara Gregory**, Analyst II C, City Clerk's Office, effective March 19, 2022; 21.01\* years of service.
- i. **Samuel F. Grimaldo**, Maintenance Worker II, Department of Transportation, effective March 19, 2022; 24.10\* years of service. (*With Reciprocity CSJ YOS 23.62 + PERS YOS 0.48*)
- j. **David C. Johnson**, Senior Permit Specialist, Fire Department, effective March 19, 2022; 8.52\* years of service.
- k. **Paula M. Jones**, Airport Operations Supervisor, Airport Department, effective March 31, 2022; 32.22\* years of service.

- l.** **Dede K. Kelez**, Public Safety Communications Specialist, Police Department, effective March 5, 2022; 18.73\* years of service.
- m.** **Veronica P. Kortright**, Associate Engineer, Department of Transportation, effective March 19, 2022; 23.64\* years of service.
- n.** **Donald G. Lindsey**, Building Inspector Supervisor Certified II, Planning, Building and Code Enforcement Department, effective March 19, 2022; 21.05\* years of service.
- o.** **Robert K. Lockhart**, Deputy Director, Airport Department, effective March 19, 2022; 27.12\* years of service.
- p.** **Cong D. Mai**, Senior Engineer, Public Works Department, effective March 19, 2022; 7.19\* years of service.
- q.** **Huong N. Nguyen**, Senior Account Clerk, Finance Department, effective May 14, 2022; 17.25\* years of service.
- r.** **Rocky J. Padilla**, Wastewater Maintenance Superintendent, Environmental Services Department, effective March 31, 2022, 17.31\* years of service.
- s.** **Victor M. Perez**, Maintenance Supervisor, Airport Department, effective March 31, 2022; 15.08\* years of service.
- t.** **Rodney E. Rapson**, Division Manager, Public Works Department, effective March 19, 2022; 25.32\* years of service.
- u.** **Krishna Sastry**, Enterprise Principal Technician Analyst, Information Technology Department, effective March 31, 2022; 19.49\* years of service.
- v.** **Carolina Sgambati**, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective March 19, 2022; 30.01\* years of service
- w.** **Albert J. Smith**, Associate Landscape Architect, Public Works Department, effective March 19, 2022; 21.15\* years of service.
- x.** **Vera Todorov**, Senior Deputy City Attorney, City Attorney's Office, effective March 31, 2022; 33.93\* years of service. (*With Reciprocity CSJ YOS 19.54 + PERS YOS 14.39*)
- y.** **Kevin R. Wright**, Wastewater Mechanic II, Environmental Services Department, effective March 5, 2022; 25.86\* years of service.

## **1.2 Approval of Deferred Vested**

- a. **Scott A. Alao**, Associate Civil Engineer, Public Works Department, effective February 23, 2022; 11.50\* years of service.
- b. **Diane Lai**, Senior Librarian, Library Department, effective March 31, 2022; 26.23\* years of service. *(With Reciprocity CJS YOS 15.77 + PERS YOS 10.45)*
- c. **Kelly A. Trevillian**, Animal Shelter Coordinator, Public Works Department, effective February 16, 2022; 10.73\* years of service.
- d. **Mary Jo Zientek**, Deputy Director, Environmental Service Department, effective March 31, 2022; 26.86\* years of service. *(With Reciprocity CSJ YOS 22.19 + PERS YOS 4.66)*

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

- a. Approval of the Board Minutes of January 20, 2022.

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

- a. Voluntary | Involuntary.

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

- a. Julie Jennings, Trustee
  - Cancelled by Trustee - Harvard Kennedy School, Virtual, Mobilizing Your Non-Profit Board, March 7 - May 6, 2022.
- b. Elaine Orr, Trustee
  - Re-Scheduled by Facilitator - Women's Venture Capital Summit 2022, Ritz-Carlton, Half Moon Bay, CA - February 3-4, 2022.
  - Women's Venture Capital Summit 2022, Ritz-Carlton, Half Moon Bay, CA - May 5-6, 2022.

### **1.6 Approval of Change in Retirement Date**

- a. Approval for a change in effective date for **Glenn Schwarzbach**, from February 17, 2022 to February 19, 2022 for a Service Retirement approved at the February 17, 2022 Board meeting.

### **1.7 Report out of Closed Session**

- a. Report out of Closed Session from the December 16, 2021 Board Meeting.

## 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 **Robert Black**, Emergency Preparedness Specialist, retired July 11, 1987, died January 18, 2022. No survivorship benefits.
- b. Notification of the death of **David Gallegos**, Senior Office Specialist, retired March 31, 2015, died January 28, 2022. Survivorship benefits to Cathie Hamilton, Spouse.
- c. Notification of the death of **Rodney Lucero**, Maintenance Worker I, active employee, died December 15, 2021. Survivorship benefits to Stephanie Lucero, Spouse.
- d. Notification of the death of **Lois Powell**, Gerontology Specialist, retired March 12, 2014, died June 17, 2021. No survivorship benefits.
- e. Notification of death of **Gerald Salac**, Parking Control Officer, retired April 14, 2001, died January 6, 2022. Survivorship benefits to Gloria Salac, Spouse.
- f. Notification of the death of **Ronald C. Seymour**, Principal Engineering Technician, retired April 22, 2000, died December 15, 2021. Survivorship benefits to Jeanne L. Seymour, Spouse.
- g. Notification of the death of **Anita Squeglio**, Stenographer Clerk II, retired November 12, 1988, died January 27, 2022. No survivorship benefits.
- h. Notification of the death of **Irving Tosk**, Senior Property Manager, retired May 18, 2019, died January 2, 2022. Survivorship benefits to Regina Tosk Spouse.

## 3. INVESTMENTS

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

CIO Palani introduced **Stephen McCourt**, Meketa Investment Group who spoke on the Russian invasion of Ukraine and federal government sanctions, and their impact on global markets and answered questions from the Board. CIO Palani updated the Board on the following un-audited numbers as of March 15, 2022:

- FYTD the Pension Plan was down 2.04%.
- FYTD the Health Care Trust was down 4.89%.

- b. Presentation of Calendar 3rd Quarter 2021 private equity report by Neuberger Berman.

Kaci Boyer, Neuberger Berman spoke to the Calendar 3rd Quarter 2021 private equity report and answered questions from the Board and the public.

- c. Presentation of Calendar 3rd Quarter 2021 private markets report by Meketa Investment Group.

Jared Pratt, Meketa Investment Group spoke to the Calendar 3rd Quarter 2021 private markets report and answered questions from the public.

- d. Presentation of Calendar 4th Quarter 2021 performance report for Pension Plan by Meketa Investment Group.

Laura Wirick, Meketa Investment Group spoke to the Calendar 4th Quarter 2021 performance report for Pension Plan and answered questions from the Board and the public. The value of the San Jose Federated City Employees' Retirement System assets was \$3.09 billion on December 31, 2021, an increase of approximately \$92 million from the end of the prior quarter. The System had net cash outflows of \$48 million during the quarter, and \$140 million of investment gains during the quarter.

- e. Presentation of Calendar 4th Quarter 2021 performance report for Health Care Trust by Meketa Investment Group

Ms. Wirick spoke to the Calendar 4th Quarter 2021 performance report for Health Care Trust and answered questions from the Board and the public. The value of the San Jose Federated Retiree Health Care Trust's assets was \$403.6 million on December 31, 2021, an increase of \$9.2 million from the end of the prior quarter. The Trust had \$4.9 million of net cash outflows for the quarter, and \$14.2 million of investment gains during the three-month period.

- f. Discussion and action on asset allocation by Meketa Investment Group.

This item was heard after item 5b.

Ms. Wirick, Mr. Pratt and Eileen Neill, Verus spoke to the item and answered questions from the Board and the public. The current System allocation, adopted in early 2020 and confirmed in early 2021, remains reasonable. If a new asset allocation mix is selected for the Retirement System, Meketa recommends the Board also consider an updated asset allocation for the Health Care Trust, to make sure that the overall strategy of the two plans remains aligned

A motion was made to continue with the current Asset Allocation mix for the upcoming year.

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

- g. Discussion and action on the City's prefunding option for fiscal year 2022 - 2023.

Jay Kwon, Senior Investment Officer spoke to the City's prefunding option for fiscal year 2022 - 2023. CIO Palani answered questions from Counsel.

A motion was made to adopt the modified methodology for determining the prefunding discount rate and providing the City with a 15% reduction from the full earnings rate.

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

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

- a. Discussion and action on Cheiron's response to Segal's Actuarial Audit Report of the Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 prepared by Cheiron.

**Bill Hallmark, Cheiron spoke to the item.**

**A motion was made to adopt Segal's actuarial audit of the Pension Valuation Report as of June 30, 2021 and Cheiron's response.**

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

- b. Discussion and action on the revised Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 prepared by Cheiron.

**Mr. Hallmark spoke to the revised OPEB Valuation Report as of June 30, 2021.**

**A motion was made to accept the revised OPEB Valuation Report as of June 30, 2021.**

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

- c. Discussion of legal issues raised by Pension Valuation Audit, presented by Fiduciary and General Counsel, Reed Smith LLP.

**Maytak Chin, General Counsel spoke to the legal issues raised by Pension Valuation Audit, Counsel Leiderman and Mr. Hallmark answered questions from the Board and the public. Cheryl Parkman, OER also spoke to the item and answered questions.**

**5. NEW BUSINESS**

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

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

**-He welcomed new Trustee Prachi Avasthy.**

**-Federated retirees will receive COLA in the April paycheck.**

**-ORS office will be closed on March 31st for the Cesar Chavez Holiday.**

**-A new Network Technician was hired and begins on March 21st.**

**-Return to in person work began on Monday. Staff will be in the office 1-2 days per week. A hybrid approach is expected for the foreseeable future.**

**-The 2nd round of interviews for an I.T. Manager are being scheduled as well as interviews for Staff Specialist.**

**-CEO Peña and CIO Palani attended the CALAPRS General Assembly Conference.**

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

**This item was heard after item 3e.**



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

- c.** Discussion and action regarding approval to increase the FY21-22 administrative budget for professional services by \$200,000 to a total of \$1,015,000.

**This item was heard after item 5a.**

**CEO Peña spoke to the item and answered questions from the Board. The estimated \$200,000 deficit is mainly due to higher than anticipated legal services costs for fiduciary counsel. Due to several new cases arising during this year, additional hours have been incurred that are outside the budgeted amount.**

**A motion was made to approve increasing the FY21-22 administrative budget for professional services by \$200,000 to a total of \$1,015,000.**

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

- d.** Discussion and action on the Office of Retirement Services proposed administrative budget for FY 2022 - 2023.

**CEO Peña and Sandra Castellano, Benefits Manager spoke to the item and answered questions from the Board.**

**A motion was made to accept the proposed administrative budget for FY 2022 - 2023.**

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

- e.** Discussion and action regarding the use of the Board Medical Advisor, Work Health Solutions, for pending disability applications.

**CEO Peña spoke to the item and answered questions from the Board. He summarized the Federated disability applications in various stages of processing and reviewed the options for utilizing WHS as the BMA for these applications.**

**A motion was made to accept recommendations 1-3 in the attached memo.**

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

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

**Counsel Chin 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. Linder/Chandra 6-0-0). The motion passed unanimously by roll call vote. Trustee Orr was absent.

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

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

**Last Meeting: February 22, 2022  
(Regular)**

**Next Meeting: April 26, 2022  
(Regular)**

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

Trustee Chandra updated the Board on the contents of the last meeting. Asset Allocation was presented today.

- b. Minutes of the August 24, 2021 Federated Investment Committee meeting. Receive and file.

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

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

**Last Meeting: February 17, 2022  
(Special)**

**Next Meeting: March 17, 2022  
(Special)**

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

There was no update.

- b. Minutes of the Special Governance Committee meeting from January 20, 2022. Receive and file.

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

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

**Last Meeting: February 17, 2022  
(Regular)**

**Next Meeting: March 17, 2022  
(Special)**

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

There was 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**
  
- c. Minutes of the Special Federated Audit Committee meeting from January 20, 2022. Receive and file.  
**This Committees/Reports/Recommendations was received and filed**
  
- d. 10/1/21 - 12/31/21 Quarterly Travel and attendance for Federated. Receive and file.  
**This Committees/Reports/Recommendations was received and filed**
  
- e. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.  
**This Committees/Reports/Recommendations was received and filed**
  
- f. Benefits Audit: Pay Codes by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.  
**This Committees/Reports/Recommendations was received and filed**
  
- g. Status of Audit Recommendations by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.  
**This Committees/Reports/Recommendations was received and filed**
  
- h. 2021 Internal ORS staff survey by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.  
**CEO Peña spoke to the item noting the survey results were positive and are used to help develop the Audit Plan.**

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

**Last Meeting: March 4, 2022      Next Meeting: TBD  
(Regular)**

- a. Oral update from the Chair of the Joint Personnel Committee.  
**CEO Peña updated the Board.**

- b. Minutes of the February 4, 2022 JPC meeting. Receive and file.

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

- c. Discussion on the CIO performance process for feedback and potential revisions to the Policy and Procedures.

**CEO Peña spoke to the item indicating when revisions to the Policy and Procedures are finalized by the Committee they will be brought forth to the Board.**

- d. Discussion and action on potential revisions to the performance evaluation for the CIO.

**Chair Horowitz spoke to the item.**

**A motion was made to approve the amended Policy and Procedures with changes indicated in attachments 6.4c(3) and 6.4c(5).**

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

## **7. EDUCATION & TRAINING**

- a. The Cortex Report - March 2022, Conferences, Seminars and Educational Programs.
- b. CALAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles - March 30 - April 1, 2022.

### **• PROPOSED AGENDA ITEMS**

**A suggestion was made to add an item to an upcoming agenda regarding creating a Disability Committee which includes Board Trustees.**

### **• PUBLIC/RETIREE COMMENTS**

**Comments were made by retiree, Brad Imamura.**

### **• ADJOURNMENT**

**The meeting adjourned at 2:06 p.m.**

\*Estimated

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Minutes Recorded, Prepared and Respectfully Submitted by,

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

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