



# BOARD OF ADMINISTRATION

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

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Thursday, June 16, 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: 986 3449 9602**

**Password: 940814**

### **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, June 16, 2022 at 8:30 a.m. Vice-Chair Jennings called the meeting to order at 8:32 a.m. followed by roll call.

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

**Absent:** 1 - Spencer Horowitz

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, Sachin Sadana, Julie He, Sandra Castellano, Houman Boussina, Tracy Tanner, Linda Alexander, Michelle San Miguel and Marti Zarate.

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Meketa; Kaci Boyer, Neuberger Berman; Brad Imamura, Retiree Member; Reed W., Public Member; Lori, Public Member; and Joe Ebisa, Journalist-With Intelligence.

Trustee Keleher arrived at 8:47 a.m.

Trustee Chandra arrived at 9:07 a.m.

### **CLOSED SESSION**

The Board went into Closed Session at 8:36 a.m.

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

#### **I. CLOSED SESSION OLD BUSINESS**

- A. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a). SHAHRIVAR v. CITY OF SAN JOSE, ET AL, SANTA CLARA COUNTY SUPERIOR COURT NO. 20CV366329

The Board came out of Closed Session at 9:08 a.m.

There was no reportable action out of Closed Session.

### **OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.**

Open Session re-convened at 9:09 a.m.

#### **ORDERS OF THE DAY**

Vice-Chair Jennings read the following guidelines 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.
- There will be a break at five minute break at 9:55 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 Orders of the Day.

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

A motion was made to Waive Sunshine on the attachment to Item 1.3a., received late.

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

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

A Retiree Member commented during this item.

**1. CONSENT CALENDAR**

Item 1 was heard after Item 2.

A motion was made to approve the Consent Calendar.

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

**1.1 Approval of Service Retirements**

- a. **James D. Arant**, Building Inspector Combo, Planning, Building and Code Enforcement Department, effective July 1, 2022; 6.69\* years of service.
- b. **Martin Baron**, Security Supervisor, Department of Transportation, effective July 9, 2022; 21.77\* years of service.
- c. **Carmie Couture**, Employee Health Service Supervisor, Human Resources Department, effective June 25, 2022; 13.59\* years of service.
- d. **Kiem Duong**, Maintenance Worker I, Department of Transportation, effective June 25, 2022; 15.91\* years of service.
- e. **Karen Y. Evans**, Analyst II, Environmental Services Department, effective July 23, 2022; 31.15\* years of service.
- f. **Dwight French**, Radio Communications Supervisor, Public Works Department, effective July 23, 2022; 10.61\* years of service.

- g. **Edwin B. Garcia**, Associate Engineer, Public Works Department, effective May 28, 2022; 22.24\* years of service.
- h. **Amanda Lei**, Associate Engineer, Public Works Department, effective July 23, 2022; 30.02\* years of service.
- i. **Lori Ann Moniz**, Planner IV, Planning, Building and Code Enforcement Department, effective July 9, 2022; 28.76\* years of service.
- j. **Michael R. Mori**, Building Inspector Combo, Planning, Building and Code Enforcement, effective July 9, 2022; 18.63\* years of service.
- k. **Rachel Ramirez**, Senior Analyst, City Clerk's Office, effective June 25, 2022; 21.59\* years of service.
- l. **Gary M. Ryan**, Grounds Worker, Parks, Recreation and Neighborhood Services Department, effective July 30, 2022; 8.68\* years of service.
- m. **Julie St. Gregory**, Senior Public Information Representative, Public Works Department, effective August 6, 2022; 21.32\* years of service.

## **1.2 Approval of Deferred Vested**

- a. **Margarito M. Contreras**, Gardener, Parks, Recreation and Neighborhood Services, effective July 1, 2022; 23.25\* years of service. *(With Reciprocity CSJ YOS 21.96 + PERS YOS 1.29)*
- b. **William J. Coolidge**, Librarian II, Library Department, effective June 1, 2022; 23.92\* years of service. *(With Reciprocity CSJ YOS 2.92 + PERS YOS 21)*
- c. **Marie R. Eyerly**, Environmental Sustainability Manager, Environmental Services Department, effective July 31, 2022; 5.69\* years of service.
- d. **Elim Marianetti**, Senior Account Clerk, Finance Department, effective July 20, 2022; 5.94\* years of service.
- e. **Mahtab Panahinia**, Office Special II, Police Department, effective July 29, 2022; 7.06\* years of service.
- f. **Martha R. Schroder**, Office Specialist II, Police Department, effective July 26, 2022; 10.49\* years of service.

## **1.3 Approval of Board Minutes**

- a. Approval of the Board Minutes of May 19, 2022.

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

- a. Voluntary/Involuntary.

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

- a. CALAPRS Virtual Trustees' Roundtable, April 29, 2022 - by Mark Linder.
- b. Resolution No. 9105 - I. Liceralde - Denial of Change of Status from Non-Service Connected Disability Retirement to Service Connected Disability Retirement.
- c. Mayor's June Budget Message for Fiscal Year 2022-2023.

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

- a. Anurag Chandra, Trustee
  - 2022 Pension Bridge Private Equity Exclusive, Loew's Hotel, Chicago, IL - July 25-26, 2022.
- b. Prabhu Palani, CIO
  - Lightspeed 2022 Annual Meeting, Estate Yountville, Yountville, CA - June 7-8, 2022.

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

**Item 2 was heard before Item 1.**

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

- a. Notification of the death of **Joseph Brady**, Senior Custodian, retired June 27, 2010, died April 6, 2022. Survivorship benefits to Leslie Brady, Spouse.
- b. Notification of the death of **John Civelli**, Air Conditioning Mechanic, retired October 18, 1986, died March 27, 2022. Survivorship benefits to Rosel Civelli, Spouse.
- c. Notification of the death of **John Gibbs**, Division Manager, retired April 9, 2005, died April 4, 2022. Survivor benefits to Susan Gibbs, Spouse.
- d. Notification of the death of **Julia A. Green**, Office Specialist II, retired June 12, 1997, died May 18, 2022. No survivorship benefits.

- e. Notification of the death of **James Norman**, Deputy Director, retired February 9, 2003, died March 22, 2022. No survivorship benefits.
- f. Notification of the death of **Shirley Ramos**, Custodian, retired March 7, 2009, died April 13, 2022. No survivorship benefits.
- g. Notification of the death of **Sandra K. Stang**, Police Records Clerk II, retired May 4, 2007, died May 12, 2022. Survivorship benefits to Joseph Maffei, Spouse.
- h. Notification of the death of **Leona Stewart**, School Safety Coordinator, retired November 1, 1997, died April 24, 2022. Survivorship benefits to Michael Stewart, Spouse.

### **3. INVESTMENTS**

- a Oral update by CIO, Prabhu Palani.

**CIO Palani updated the Board on the following unaudited estimates from Meketa:**

- For Fiscal Year-To-Date as of June 14, 2022 the Pension Plan was down 5.8%.
- For Fiscal Year-To-Date as of June 14, 2022 the Health Care Trust was down 11%.

- b. Presentation of Calendar 4th Quarter 2021 private equity report by Neuberger Berman.

**Kaci Boyer, Neuberger Berman, presented Calendar 4th Quarter Private Equity report and answered questions from the Board.**

- c. Presentation of Calendar 4th Quarter 2021 private markets report by Meketa Investment Group.

**Laura Wirick, Meketa, presented Calendar 4th Quarter 2021 Private Markets Report and answered questions from the Board. On behalf of Chair Horowitz, Vice-Chair Jennings thanked Meketa for adding the Chair's requested data points.**

- d. Presentation of Calendar 1st Quarter 2022 performance report for Pension Plan by Meketa Investment Group.

**Ms. Wirick presented the Calendar 1st Quarter 2022 performance report for the Pension Plan and answered questions from the Board. The value of the San Jose Federated City Employees' Retirement System assets was \$2.9 billion on March 31, 2022, compared to \$3.1 billion as of the end of the prior quarter. The System had net cash outflows of \$50 million and \$93 million of investment losses during the quarter.**

- e. Presentation of Calendar 1st Quarter 2022 performance report for Health Care Trust by Meketa Investment Group.

**Ms. Wirick presented the Calendar 1st Quarter 2022 performance report for the Health Care Trust and answered questions from the Board. The value of the San Jose Federated Retiree Health Care Trust's assets was \$386.2 million on March 31, 2022, compared to \$403.6 million at**

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the end of the prior quarter. The Trust had \$4.3 million of net cash outflows for the quarter, and \$13.1 million of investment losses during the three-month period.

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

**5. NEW BUSINESS**

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

CEO Peña updated the Board on the following:

- ORS's summer picnic was held on June 10th in person and was well attended. Director's awards were presented
- Staff is interviewing for the vacant account clerk position next week
- Health Analyst Bessie Olano is leaving City service
- Recruitment for 2 Benefit Analyst positions & a Senior Supervisor position will begin
- Hybrid in-office work continues. Masks are required when visiting the office; the office is open from 9-4 and appointments are strongly encouraged
- ORS will be closed for Juneteenth on June 20th and July 4th
- The City approved the budget at their last Council meeting
- A reminder to please reach out to staff if you are planning to travel on behalf of the Board so that staff can make the arrangements

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

Councilwoman Davis was not present to give an update.

- c. Discussion and action on authorizing the CEO to negotiate and execute a Fourth Amendment to the agreement with MedLink, an independent medical examiner (IME) for applicant examinations, to amend the rate schedule to amend the rates from \$500 per hour to a maximum of \$850 per hour.

Barbara Hayman, Deputy Director spoke to the item and answered questions from the Board. CEO Peña provided background on the disability process. Staff recommends authorizing the CEO to negotiate and execute a fourth amendment to the contract between the Board and MedLink for IME services.

A motion was made to authorize the CEO to negotiate and execute a Fourth Amendment to the agreement with MedLink, an independent medical examiner (IME) for applicant examinations, to amend the rate schedule to amend the rates from \$500 per hour to a maximum of \$850 per hour.

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

- d. Discussion and action on authorizing the CEO to negotiate and execute a Second Amendment to the agreement with ExamWorks, an independent medical examiner (IME) for disability retirement applicant examinations, to amend the rates from a maximum of \$700 per hour to a maximum of

\$850 per hour.

Ms. Hayman spoke to the item. Staff recommends authorizing the CEO to negotiate and execute a second amendment to the contract between the Board and ExamWorks for IME services.

A motion was made to authorize the CEO to negotiate and execute a Second Amendment to the agreement with ExamWorks, an independent medical examiner (IME) for disability retirement applicant examinations, to amend the rates from a maximum of \$700 per hour to a maximum of \$850 per hour.

Approved. (M.S.C. Linder/Avasthy 6-0-0) The motion passed unanimously by roll call vote. Chair Horowitz was absent.

- e. Discussion and action to authorize the expenditure of funds for Work Health Solutions (WHS) after June 30, 2022, within the approved budget.

Ms. Hayman spoke to the item and answered questions from the Board. Per the terms of the contract, ORS will be continuing the agreement on a month-to-month basis to allow time for staff to fully evaluate WHS performance and determine appropriate next steps for the term of contract. Currently, no additional compensation beyond the initial amount of \$100,000 is necessary for the agreement. The Board was not exercising the one-year optional extension provided for in the current contract.

A motion was made to authorize the expenditure of funds for Work Health Solutions (WHS) after June 30, 2022, within the approved budget.

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

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

Counsel Chin 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 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/Orr 6-0-0) The motion passed unanimously by roll call vote. Chair Horowitz was absent.

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

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



**Last Meeting: May 19, 2022  
(Special)**

**Next Meeting: June 13, 2022  
(Special)**

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

Trustee Chandra notified the Board on the Special meeting that will be held next week to discuss the state of the market.

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

**Last Meeting: May 19, 2022  
(Special)**

**Next Meeting: June 16, 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 April 11, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the Special Governance Committee meeting from April 21, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

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

**Last Meeting: June 2, 2022  
(Regular)**

**Next Meeting: June 16, 2022  
(Special)**

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

Trustee Keleher noted the Grant Thornton review is ongoing.

- b. Minutes of the Special Audit Committee meeting from April 14, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the Special Audit Committee meeting from April 21, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- d. Minutes of the Special Audit Committee meeting from May 19, 2022. Receive and file.

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

- e. Minutes of the February 17, 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**

- f. 1/1/22 - 3/31/22 Quarterly Travel and attendance for Federated. Receive and File.

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

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

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

- h. Discussion and action on FY 21-22 Office of Retirement Services Plans Audit Plan by Grant Thornton.

**CEO Peña spoke to the item.**

**A motion was made to accept the FY 21-22 Office of Retirement Services Plans Audit Plan by Grant Thornton.**

**Approved. (M.S.C. Keleher/Avasthy 6-0-0) The motion passed unanimously by roll call vote. Chair Horowitz was absent.**

- i. Presentation of the Reconciliation of Contributions Audit by Internal Auditor, Houman Boussina. Receive and file.

**This Committees/Reports/Recommendations was presented**

#### **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.

**Trustee Orr updated the Board on what will be discussed at the next meeting when scheduled.**

#### **7. EDUCATION & TRAINING**

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

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 10:41 a.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