



BOARD OF ADMINISTRATION

City Hall
Wing Rooms 118-120
200 East Santa Clara
Street,
San Jose, CA 95113

Meeting Agenda - Final-revised Federated City Employees' Retirement System and Federated City Employees' Health Care Trust

Thursday, December 20, 2018

8:30 AM

NOTE MEETING LOCATION CHANGE:
1737 N. First Street, Ste. 580
5th Floor Board Room,
San Jose, CA 95112

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BOARD MEMBERS

Matt Loesch, Chair
Anurag Chandra, Trustee
Jay Castellano, Trustee
Kurt Billick, Trustee
Marty Dirks, Trustee
Qianyu Sun, Trustee
Elaine Orr, Trustee

NON-VOTING BOARD MEMBER

Dev Davis

COUNSEL

Harvey Leiderman, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 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 INVESTMENT (FOUR INVESTMENTS).

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

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ORDERS OF THE DAY

1. CONSENT CALENDAR

1.1 Approval of Service Retirements

- a. **Tracy J. Bryant**, Senior Office Specialist, Airport Department, effective December 1, 2018; 30.00* years of service.
- b. **David P. Celio**, Equipment Mechanic, Public Works Department, effective January 12, 2019; 30.57* years of service.
- c. **Frank E. Chavez**, Heavy Equipment Operator, Environmental Services Department, effective December 29, 2018; 30.02* years of service.
- d. **Patrick C. Crowley**, Building Manager Admin, Airport Department, effective December 29, 2018; 27.76* years of service.
- e. **Mark Damey**, Construction Manager, Public Works, effective December 1, 2018; 30.02* years of service.
- f. **Ward Christopher Dayley**, Associate Engineer, Public Works Department, effective December 29, 2018; 21.04* years of service.
- g. **Terry Ferrigno**, Analyst, Office of Retirement Services, effective January 12, 2019; 27.02* years of service.
- h. **Griselda Harris**, Senior Library Clerk, Library Department, effective January 26, 2019; 30.09* years of service.
- i. **Terence M. Medina**, Administrative Officer, Office of Economic Development, effective January 13, 2019; 18.59* years of service. (*With Reciprocity - CSJ YOS 12.09 + PERS YOS 6.5*)
- j. **Thomas Murtha**, Senior Deputy City Attorney, City Attorney's Office, effective January 12, 2019; 23.01* years of service.
- k. **Joe G. Quintana**, Groundskeeper, Parks, Recreation and Neighborhood Services Department, effective January 12, 2019; 30.03* years of service.
- l. **Victor Saldivar**, Senior Building Inspector Combo Certified, Planning, Building and Code Enforcement Department, effective January 12, 2019; 11.01* years of service.
- m. **Theresa G. Santos**, Senior Engineering Technician, Public Works Department, effective January 26, 2019; 27.41* years of service.

1.2 Approval of Deferred Vested

- a. **William H. Halleck**, Associate Landscape Architect, Public Works Department, effective November 30, 2018; 16.87* years of service.
- b. **Michael Imada**, Library Clerk, Library Department, effective October 29, 2018; 13.89* years of service.
- c. **Augustine Martinez**, Park Maintenance Repair Worker I, Parks, Recreation and Neighborhood Services Department, effective January 13, 2019; 18.55* years of service.
- d. **Yancie M. Richmond**, Public Safety Communications Specialist, Police Department, effective November 21, 2018; 5.21* years of service.
- e. **Judith A. Roberto**, Entertainment Coordinator, Parks, Recreation and Neighborhood Services Department, effective November 16, 2018; 7.60* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of November 15, 2018.

Attachments: [1.3a - 11-15-2018 FED BOARD MINUTES - FINAL](#)

1.4 Approval of Return of Contributions

- a. Voluntary/Involuntary.

Attachments: [1.4a - Return of Contributions](#)

1.5 Acceptance of Communication/Information Reports

- a. Report of the Plan Expenses for October 2018. Receive and file.

Attachments: [1.5a - Fed October Expenses](#)

- b. Communication regarding January Board meeting being held at the Office of Retirement Services due to construction taking place in the City Hall Wing Rooms being extended into January 2019.

Attachments: [1.5b - Email Jan. 2019 Meetings at the ORS](#)

- c. Matrix of City Auditor's Recommendations from the 2017 Audit. Receive and file.

Attachments: [1.5c - City Auditor Recommendations 17-06 Retirement 10.10.18](#)

- d. Job Announcement: Deputy Director of the Office of Retirement Services.

Attachments: [1.5d - Deputy Director \(COO\) Office of Retirement Svcs FINAL](#)

- e. Educational Travel Reports:

- CalAPRS Trustee Roundtable, Oakland, CA - June 8, 2018 - By Marty Dirks
- CalAPRS Trustee Roundtable, Glendale, CA - October 26, 2018 - By Marty Dirks
- CalAPRS Trustee Roundtable, Glendale, CA - October 26, 2018 - By Jay Castellano

Attachments: [1.5e - Educational Travel Reports](#)

1.6 Approval of Travel / Conference Attendance

- a. Prabhu Palani, CIO
 - The Global Responsible Investing Forum and Due Diligence, New York, NY - December 3 - 4, 2018
 - Due Diligence: Singapore, Singapore - December 10- 14, 2018

1.7 Approval of Administrative Matters

- a. Federated City Employees' Retirement System Plan's Popular Annual Financial Report for the Fiscal Year 2017-2018.

Attachments: [1.7a - 2018 Federated PAFR 11.20.18 V3](#)

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

- a. Notification of the death of **Bonita Hoffman**, Senior Typist Clerk, retired April 23, 1983, died November 2, 2018. No survivorship benefits.

3. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on the proposed ordinance clarifying the process for the payment of the amortization costs associated with transitioning rehired Tier 1 employees in Tier 2 back into Tier 1. (*Deferred from the October 18, 2018 and November 15, 2018 Board meetings.*)

Attachments: [3a\(1\) - Memo re Reclassified Tier 1 UAL](#)
[3a\(2\)- Memo re Tier 1 Rehire Amortization Costs 7.23.18](#)
[3a\(3\) - Supplemental Memorandum FINAL](#)
[3a\(4\) - CofSJ - Chapter 3.28 and 3.36 - Amendment - Transition from T2 to T1 -](#)

4. NEW BUSINESS

- a. Oral update from the CEO of Retirement Services, Roberto L. Peña.
- b. Discussion and action on the request from the City Administration to amend and restate the Memorandum of Understanding between the City and the Federated City Employees' Retirement System and the San Jose Police and Fire Department Retirement Plans (the "Plans) to allow for Plans' actuary, Cheiron, Inc., to work with the City to review bond offerings as they pertain to the Plans with the costs to be paid by the City and no representation to be made as to the approval of the respective Retirement Boards. **(TIME CERTAIN: 9:30 A.M.)**

Attachments: [4b - Retirement Boards - Cheiron MOU Amendment FINAL w Attachments](#)

- c. Discussion and action on proposed Board ordered medical examination of disability retiree, Roseanna

Pizzuti pursuant to SJMC 3.28.1370, et seq.

Attachments: [4c - Memo - Pizzuti Disability](#)

- d. Discussion and action on Final Pension Valuation Results as of June 30, 2018 to be presented by Cheiron.

Attachments: [4d\(1\) - Final Valuation Results 2018](#)
 [4d\(2\) - Final Actuarial Valuation Report 2018](#)

- e. Discussion and action on OPEB methods and assumptions to be presented by Cheiron.

Attachments: [4e - OPEB Assumptions 2018](#)

- f. Discussion and action on potential dates of April 5 or April 25, 2019 for the Joint Meeting between the Retirement Boards and City Council.

- g. Acceptance of nominations to the position of Board Chair.

- h. Acceptance of nominations to the position of Vice Chair.

- i. Election of Board Officers.

- j. Discussion and action on Committee assignments for 2019.

Attachments: [4j - BOARDS-COMMITTEES-Members-Participants-FED - Updated 12-1-18](#)

- k. Adoption of Resolution #8870 denying the application of **Francisco Lopez** for a Change in Status to Service-Connected Disability Retirement.

Attachments: [4k - Resolution No. 8870 - Lopez, Francisco](#)

5. INVESTMENTS

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

- b. Presentation of 2nd Quarter 2018 Private Markets Report by Meketa Investment Group.

Attachments: [5b - Q2 18 PM Interim Report San Jose Public REVISED](#)

- c. Presentation of 2nd Quarter 2018 Private Equity Report by Neuberger Berman.

Attachments: [5c - Private Equity Report MUFG - Federated - 2018Q2 - PUBLIC](#)

- d. Presentation of 3rd Quarter 2018 Performance Report for the Pension Plan by Meketa Investment Group.

Attachments: [5d - 11.27.2018 - 3Q18 SJFED Review](#)

- e. Presentation of 3rd Quarter 2018 Performance Report for the Health Care Trust by Meketa Investment Group.

Attachments: [5e - 11.27.2018 - 3Q18_SJFD_HC](#)

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Loesch, Billick, Chandra)

Last Meeting: November 27, 2018 Next Meeting: December 18, 2018

- a. Oral update from the Chair of the Investment Committee.
- b. Minutes of the September 25, 2018 Federated Investment Committee meeting. Receive and file.

Attachments: [6.1b - 09.25.2018 FED IC Minutes - signed](#)

- c. Minutes of the September 25, 2018 Joint Investment Committee meeting. Receive and file.

Attachments: [6.1c - 09.25.2018 JOINT IC Minutes - signed](#)

6.2 Governance Committee (Dirks, Sun, Vacant)

Last Meeting: November 26, 2018 Next Meeting: March 7, 2018

- a. Oral update from the Chair of the Governance Committee.
- b. Minutes of the March 15, 2018 Federated Governance Committee meeting. Receive and file.

Attachments: [6.2b - FED GC Minutes 3.15.18 - Signed](#)

- c. Minutes of the May 24, 2018 Joint Governance Committee meeting. Receive and file.

Attachments: [6.2c - JointGC Minutes 5.24.18 - Signed](#)

- d. Discussion and action on recommendation to adopt a revised Board Chair Charter, Vice-Chair Charter and Election of Board Officers Policy.

Attachments: [6.2d\(1\) - BoardChairCharter-REDLINED](#)

[6.2d\(2\) - BoardChairCharter-CLEAN](#)

[6.2d\(3\) - Vice-Chair Charter-CLEAN](#)

[6.2d\(4\) - ElectionBoardOfficers-CLEAN](#)

- e. Discussion and action on the City Auditor's Report - Finding #2: Improving Communication Between the Retirement Boards and the Plan Sponsor.
 - i. Recommendation #12 - The Retirement Boards should clarify their expectations of each Council representative, including the type and frequency of reporting that would be most useful to the Board.
 - ii. Recommendation #15 - The Retirement Boards should adopt a formal set of performance measures to be included in the retirement plans' budgets for both plan administration

and the investment program. The Retirement Boards should provide the City Council with the opportunity to review and provide comment on the adopted performance measures.

Attachments: [6.2e\(1\) - Charter - Council Representative Proposed Edits Nov 26](#)
 [6.2e\(2\) - Charter - Council Representative - CLEAN](#)
 [6.2e\(3\) - Memo re Performance Measures](#)
 [6.2e\(4\) - Benefits Performance Measure Survey](#)
 [6.2e\(5\) - ORS Performance Summary](#)
 [6.2e\(6\) - Federated Board Investments Recommendation #15](#)

- f. Discussion and action on results of initial Board Performance Evaluation/Assessment for the Federated Board.

Attachments: [6.2f\(1\) - Cover Memo - Board Evaluation](#)
 [6.2f\(2\) - Board Self-Evaluation Report DR01](#)

- g. Discussion and action on the review of the Travel Policy adopted as Resolution #8225 by the Federated Board.

Attachments: [6.2g - Travel Policy Resolution Amendments Dec 2018](#)

- h. Discussion and action on adopting Rosenberg's Rules of Order for Board Governance in accordance with the City's adoption of the simplified meeting governance rules.

Attachments: [6.2h\(1\) - Cover Memo RE Rosenbergs Rules of Order](#)
 [6.2h\(2\) - RulesOfOrder rosenberg](#)
 [6.2h\(3\) - Rosenbergs Rules of Order Cheat Sheet](#)

6.3 Audit Committee (Vacant, Dirks, Castellano)

Last Meeting: October 18, 2018 Next Meeting: February 21, 2019

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

6.4 Joint Personnel Committee (Dirks, Loesch, Chandra)

Last Meeting: August 23, 2018 Next Meeting: TBD

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

7. EDUCATION & TRAINING

- a. The Cortex Report January 2019 - Conferences, Seminars, and Educational Programs.

Attachments: [7a - The Cortex Report - San Jose - January 2019](#)

FUTURE AGENDA ITEMS

PUBLIC/RETIREE COMMENTS

ADJOURNMENT

*Estimated

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of Retirement Services, 1737 N. First Street, Suite 600, San José CA 95112 at the same time that the public records are distributed or made available to the legislative body.

Access the video or audio, the agenda and related reports for this meeting by visiting the Retirement Services website at <http://sjrs.legistar.com/calendar.aspx>. If you have any questions, please contact the Office of Retirement Services at (408) 794 - 1000.