



**JOINT MEETING MINUTES OF THE CITY COUNCIL, THE
FEDERATED CITY EMPLOYEES' RETIREMENT BOARD,
AND THE POLICE & FIRE DEPARTMENT RETIREMENT BOARD**

SAN JOSE, CALIFORNIA

FRIDAY, OCTOBER 16, 2020

Consistent with the California Governor's Executive Order No. N-29-20, Resolution No. 79450 from the City of San José and the Santa Clara County Health Officer's March 16, 2020 Shelter in Place Order, the Joint City Council meeting was not physically open to the public. Public comments were accepted via eComment, email, by phone and webinar.

The Special Joint Session convened at 9:00 a.m. and was teleconferenced from remote locations.

Present: Council Members - Esparza, Khamis Davis, Arenas, Peralez, Jones, Carrasco, Foley; Liccardo, Diep, Jimenez; Liccardo.

Absent: Council Members - Arenas (Excused).

Staff: City Manager David Sykes; City Attorney Nora Frimann; Jim Shannon, Budget Director; Julia H. Cooper, Director of Finance; City Clerk Toni Taber and Deputy City Clerk Ruth Krantz.

INTRODUCTION

This joint meeting was established to allow the City Council, the Federated City Employees' Retirement System Board, and the Police and Fire Department Retirement Board to hold a discussion about plan demographics and maturity level, asset allocations, and risk tolerance.

Mayor Sam Liccardo introduced Chairs of the two Boards. Federated City Employees' Retirement System Chair Jay Castellano and Police and Fire Department Retirement Plan Chair Andrew Gardanier called roll for their respective Boards, and a quorum was indicated. Each provided an introduction and extended thanks to Board Liaison, Councilmember Dev Davis for her work with the Boards.

Mayor Sam Liccardo and City Manager, David Sykes gave an introduction, thanked all involved, and the Mayor noted the need to reduce our large unfunded actuarial liability with an arbitrage strategy in a very low interest rate environment. He further indicated that the next meeting of the Rules and Open Government Committee would be discussing direction to staff to begin work analysis on pension obligation bonds and 'next steps'.

**Joint Council, Federated City Employees' Retirement Board
& Police & Fire Department Retirement Board Meeting
October 16, 2020 (Cont'd.)**

Jim Shannon, Budget Director; Julia H. Cooper, Director of Finance; and Nikolai J. Sklaroff, Deputy Director, Debt & Treasury Management provided a presentation on Implications of COVID-19 to the City's Budget. Julia Cooper indicated that there would be 'heavy lifting' on the analysis side to follow.

Federated City Employees' Retirement System Board and Police and Fire Department Retirement Board Trustees, Councilmembers and staff offered input to the information provided, and staff responded to questions.

Director of Retirement Services Roberto Peña introduced the topic, and Prabhu Palani, Chief Investment Officer, Retirement Services, continued with a presentation offered by Meketa Investment Group and continued with details on the asset allocation shifts and market impacts of the global pandemic as well as diversity and inclusion efforts.

Federated City Employees Retirement Board Trustees and Police and Fire Department Retirement Board Trustees provided further insight into responses due to COVID.

Bill Hallmark, representing Cheiron, covered Implications of COVID-19 on Pension Plan Funding Ratios and Potential Future Contributions and provided a workforce analysis.

Mayor Sam Liccardo opened the floor for public comment.

Public Comments: (1) Blair Beekman spoke to the POA contract and the need for an open process; he thanked staff for the economic forecast provided and the need for developing ideas on funding practices at the state level. (2) Speaker "5140" spoke on his perceived unworthiness of the City receiving money from 'the Feds'; (3) William Huston, representing Bay Street Capital Holdings addressed diverse management and spoke to the high returns realized at Bay Street Capital.

Creating a Culture of Inclusion was further discussed, and Mayor Sam Liccardo indicated future discussion would take place to initiate the process for possible issuance of pension bond obligation to fund unfunded actuarial liability of the Federated and Police and Fire Retirement Plans.

ADJOURNMENT

Mayor Sam Liccardo adjourned the Study Session at 11:30 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Toni J. Taber, CMC
City Clerk