



BOARD OF ADMINISTRATION

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

Thursday, May 16, 2024

8:30 AM

City Hall, Wing Rooms 118 - 120
200 E. Santa Clara St. San Jose, CA 95113

HYBRID MEETING

PHYSICAL LOCATION:

City Hall, Wing Rooms 118-120, 200 E. Santa Clara St. San Jose, Ca 95113

ZOOM INFORMATION:

zoom.us

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

Meeting ID: 969 4873 5202

Passcode: 896583

BOARD MEMBERS

Spencer Horowitz, Chair (Term Expires 11/30/24)
Julie Jennings, Vice-Chair (Term Expires 11/30/27)
Deborah Abbott, Trustee (Term Expires 11/30/26)
Prachi Avasthy, Trustee (Term Expires 11/30/25)
Anurag Chandra, Trustee (Term Expires 11/30/26)
Matthew Faulkner, Trustee (Term Expires 11/30/27)
Mark Linder, Trustee (Term Expires 11/30/24)

CITY COUNCIL LIAISON TO THE BOARD

Dev Davis

COUNSEL

Maytak Chin, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

Present: 5 - Anurag Chandra, Spencer Horowitz, Debbie Abbott, Matthew Faulkner and Julie Jennings

Absent: 2 - Mark Linder and Prachi Avasthy

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, May 16, 2024 at City Hall, Wing Rooms 118-120, 200 E. Santa Clara St., San Jose, CA 95113 and via Zoom at 8:30 a.m. Chair Horowitz called the meeting to order at 8:36 a.m. followed by roll call.

Board Members Present: Spencer Horowitz, Julie Jennings, Deborah Abbott, Anurag Chandra, and Matthew Faulkner.

Trustee Matthew Faulkner arrived at 9:10 a.m.

Trustees Prachi Avasthy and Mark Linder were absent.

City Council Liaison Dev Davis arrived at 10:16 a.m.

Retirement Staff Present: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Sherrell Aledo, Edith Aldama, David Torres, Cynthia Ayala, Shilpi Dwivedi, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, Eric Tsang, Harrison Pierce, Arun Nallasivan, and David Aung.

Retirement Staff Present via Zoom: Linda Alexander, Julie He, Ellen Lee, Ron Kumar, and Chris J. Reyes.

Also Present: Dev Davis, City Council Liaison; and Maytak Chin and Mariah Fairley, General and Fiduciary Counsel.

Also Present via Zoom: Cyril Español, Journalist; Laura Wirick, Meketa Investment Group; and Elsa Cordova, Assistant to the City Manager.

ADA ALERT

In accordance with the requirements of AB 2449, the Board of Administration (“Board”) will generally, upon request, provide appropriate aids and services leading to effective communication for individuals with disabilities so they can participate equally in the Board’s meetings, including qualified sign language interpreters, documents in Braille, and other ways of making information and communications accessible to people who have speech, hearing, vision or other disabilities.

Anyone who requires an auxiliary aid or service for effective communication to participate in a Board meeting should contact the designated contact in Office of Retirement Services as far in advance of the scheduled meeting as possible. The Board strongly encourages individuals with disabilities to endeavor to submit requests for reasonable accommodation no later than five (5) business days before the scheduled meeting, as the Board may not be able to grant requests for reasonable accommodations without sufficient advance notice. The Board strongly encourages individuals with disabilities to submit their written requests via email or regular mail to facilitate tracking and response; however, if the submission of a written request constitutes a hardship, individuals may call the Office of Retirement Services to submit an oral request.

The designated contact in the Office of Retirement Services will endeavor to respond to each request within three (3) business days of receipt of the request. Depending on the request, the designated contact in the Office of Retirement Services may ask to schedule a time to discuss the request (which may occur virtually) to determine the most appropriate auxiliary aid or service, before the request is resolved.

ADA Designated Contact Information

Attention: Deputy Director/Chief Operations Officer, Office of Retirement Services
Address: 1737 N First St #600, San Jose, CA 95112
Email: #Retire_Admin@sanjoseca.gov
Phone: 408-794-1000 (ORS Main Line)

THE LEVINE ACT

Senate Bill 1439 (“Levine Act”) amended Government Code Section 84308 and requires disclosure and recusal by a local elected official and some members of boards and commissions if they receive campaign contributions over \$250 from a party, a participant with a financial interest in a proceeding, or their respective agents. The Levine Act was an anti-corruption law intended to curb “pay-to-play” and enhance public trust so that decision-makers can maintain their independence from the influence of donations for political campaigns. SB 1439 expanded the scope from state agency appointees or appointed local officials to include local elected officials. Please visit <https://www.sanjoseca.gov/your-government/appointees/city-clerk/levine-act> for updated forms and information.

I. AB 2449 REMOTE APPEARANCE(S)

a. Just Cause Circumstance(s) (Gov’t Code § 54953)

- i. The following Trustee(s) have notified the Board of a “Just Cause” to attend this meeting via teleconference.

NONE

- ii. Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference.

b. Emergency Circumstance(s) (Gov't Code § 54953)

- i. The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."

NONE

- ii. Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an "Emergency Circumstance."
- iii. Take action on request(s) for remote appearance.

CLOSED SESSION

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

The Board entered into Closed Session at 8:38 a.m.

II. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

- A. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Consideration of initiation of litigation pursuant to Government Code section 54956.9(d)(4): One Case.
There was no reportable action for this item from Closed Session.**
- B. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Section 54956.9(d)(2): One Case.
There was no reportable action for this item from Closed Session.**
- C. CLOSED SESSION: CONFERENCE PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER PURCHASE OR SALE OF PARTICULAR PENSION FUND INVESTMENTS (ONE INVESTMENT).
There was no reportable action for this item from Closed Session.**

The Board came out of Closed Session at 10:04 a.m. and took a break until 10:07 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:45 a.m.

Open Session re-convened at 10:07 a.m.

• ORDERS OF THE DAY

This item was heard immediately after roll call attendance.

Chair Horowitz read the following into the record:

A FEW GROUND RULES FOR THIS MEETING

- We are holding this meeting as a hybrid meeting, and so those who are attending virtually, please mute yourself unless you are speaking and if you wish to speak, please raise your hand and staff will alert the Chair.
- The public will have an opportunity to speak on each item after trustees.

Orders of the Day

- None

WAIVE SUNSHINE (amended/attachments POSTED late):

- Late attachment: New Business item 5c.

A motion was made to waive sunshine on the attachment reference above.

Approved. (M.S.C. Jennings/Chandra 4-0-0).

Trustees Avasthy, Faulkner, and Linder were absent.

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

None.

1. CONSENT CALENDAR

This item was heard after Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Faulkner/Chandra 5-0-0).

Trustees Avasthy and Linder were absent.

1.1 Approval of Service Retirements

- a. **Veronica M. Andrade**, Division Manager, Police Department, effective June 15, 2024; 30.12* years of service.

1.2 Approval of Deferred Vested

- a. **Sharon L. Landers**, Assistant City Manager, City Manager's Office, effective February 3, 2024; 23.38* years of service. (*With Reciprocity - 4.32 CSJ + 19.06 PERS = 23.38 YOS*)
- b. **Barbara Liberty**, Supervisor Public Safety Dispatcher, Police Department, effective June 15, 2024; 24.81* years of service. (*With Reciprocity - 19.86 CSJ + 4.95 PERS = 24.81 YOS*)

- c. **Lena M. Ramos-Gonzales**, Senior Custodian, Airport Department, effective May 24, 2024; 15.19* years of service.
- d. **David C. Schaff**, Instrument and Control Technician I, Environmental Services Department, effective May 18, 2024; 19.62* years of service. (*With Reciprocity - 6.32 CSJ + 13.30 PERS = 19.62 YOS*)

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of April 18, 2024.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary

1.5 Acceptance of Communication/Information Reports

- a. Report of the Monthly Board Expenses for March 2024. Receive and file.
- b. Q3 FY 2023-2024 Budget to Actual Quarterly Budget Reports.
- c. **Educational Travel Reports:**
 - Pension Bridge The Annual 2024, Ritz-Carlton, Half Moon Bay, CA, April 15 - 17, 2024 - by Matthew Faulkner.
 - Pension Bridge The Annual 2024, Ritz-Carlton, Half Moon Bay, CA, April 15 - 17, 2024 - by Spencer Horowitz.

1.6 Report out of Closed Session

- a. Report out of Closed Session from April 18, 2024 Federated Board Meeting regarding Public Employee Performance Evaluation Pursuant to Government Code Section 54957(b)(1): CEO.
- b. Report out of Closed Session from April 18, 2024 Federated Board Meeting regarding Conference with Legal Counsel-Anticipated Litigation: Consideration of Initiation of Litigation pursuant to 54956.9(d)(4): One Case.

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Chair Horowitz asked for a moment of silence for those who served and passed away.

- a. Notification of the death of **Richard H. Moore**, Communications Engineer, retired November 1, 1986, died March 21, 2024. No survivorship benefits.
- b. Notification of the death of **Eugene R. Toschi**, Principal Civil Engineer, retired November 6, 1988, died April 11, 2024. No survivorship benefits.
- c. Notification of the death of **Mary Vreeland**, Principal Account Clerk, retired January 9, 1999, died March 30, 2024. No survivorship benefits.

3. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following unaudited estimated performance by Meketa Investment Group:

- For the fiscal year to date (FYTD) as of May 14, 2024, the Pension Plan was up 8.01%.
- For the fiscal year to date (FYTD) as of May 14, 2024, the Health Care Trust was up 8.59%.

CIO Palani added that on April 18th, he presented in front of the student body of the Finance Management Association at San Jose State University. He thanked Trustee Faulkner for the invitation.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on authorizing the secretary to negotiate and execute the second amendment to the agreement with Cortex Consulting for governance consulting services to increase the compensation payable under the agreement by \$25,000 to a not to exceed amount of \$75,000.

CEO Peña addressed the item and requested before the Board an increase in funds for Cortex Consulting for governance consulting services under the current amendment. CEO Peña also responded to questions from the Board.

A motion was made to approve amendment to the agreement with Cortex Consulting for governance consulting services to increase the compensation payable under the agreement by \$25,000 to a not to exceed amount of \$75,000.

Approved. (M.S.C. Chandra/Abbott 5-0-0).

Trustees Avasthy and Linder were absent.

5. NEW BUSINESS

- a. Oral update by CEO, Roberto L. Peña.

CEO Peña updated the Board on the following:

- The recruitment processes for the Senior Internal Auditor and the Senior Benefits Analyst are underway.
- CEO Peña attended both the May 5th City Council Meeting and the May 15th City Budget Meeting.
- CEO Peña has been invited to attend the Federated Association Meeting in June. He will be accompanied by Jay Kwon, Senior Investment Officer, who will be presenting and answering questions from the audience.
- The Office of Retirement Services will be closed on May 27, 2024, in observance of Memorial Day.

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

This item was heard after 5c.

City Council Liaison Dev Davis provided the Board with updates on pending matters before the Council and responded to questions. Councilmember Davis commented on the City's budget process and noted that a meeting with the retirement boards' Chairs and Vice-Chairs occurred with the City on certain issues.

- c. Discussion and action on renewal of contract agreement with Levi, Ray & Shoup (LRS), with amendment for continued use of pension administration system (Pension Gold V3) and to add hosting services for term of June 30, 2030 and with an increase in NTE amount by \$2,004,000.

This item was heard after 5a.

Barbara Hayman, Deputy Director, addressed the item and answered questions from the Board. Vice-Chair Jennings added comments on city's procurement policies and RFP processes. Trustees Abbott and Chair Horowitz made a few comments.

A motion was made to approve to renew the contract agreement with Levi, Ray & Shoup (LRS), with amendment for continued use of pension administration system (Pension Gold V3) and to add hosting services for term of June 30, 2030 and with an increase in NTE amount by \$2,004,000.

Approved. (M.S.C. Jennings/Abbott 5-0-0).

Trustees Avasthy and Linder were absent.

- d. Discussion and action on City Policies adopted by City Council after October 27, 2023, which includes City Policies No. 3.1.7 (Revolving Door), 4.2.7 (Paid Parental Leave), 4.2.17 (Reproductive Loss Leave), and 6.1.4 (Open Government Policy).

This item was heard after 5b.

CEO Peña addressed the item and answered questions from the Board.

A motion was made to adopt the City Policies adopted by City Council after October 27, 2023,

which includes City Policies No. 3.1.7 (Revolving Door), 4.2.7 (Paid Parental Leave), 4.2.17 (Reproductive Loss Leave), and 6.1.4 (Open Government Policy).

Approved. (M.S.C. Jennings/Chandra 5-0-0).

Trustee Avashty and Linder were absent.

- e. Discussion and action on Amended City Policy No. 2.1.3 (Disciplinary Policy) for ORS Operations, adopted by City Council on April 9, 2024.

CEO Peña addressed the item and responded to questions from the Board, while Counsel Chin added comments and assisted with answering additional questions.

A motion was made to adopt the Amended City Policy No. 2.1.3 (Disciplinary Policy) for ORS Operations, adopted by City Council on April 9, 2024.

Approved. (M.S.C. Chandra/Abbott 5-0-0).

Trustees Avashty and Linder were absent.

- f. Discussion and action on City Policy No. 1.8.2 for City Employee Travel.

CEO Peña addressed the item and responded to questions from the Board. Counsel Chin added comments and assisted with answering questions. Additionally, Councilmember Davis and Barbara Hayman, Deputy Director, also contributed to answering questions from the Board.

A motion was made to adopt the City Policy No. 1.8.2 for City Employee Travel for ORS staff travel.

Approved. (M.S.C. Abbott/Chandra 5-0-0).

Trustees Avashty and Linder were absent.

- g. Discussion and action on non-preapproved travel for Trustee Linder to attend the Publics Fund Forum from September 3-5, 2024.

Chair Horowitz introduced the item. CEO Peña answered questions from the Board. Counsel Chin assisted in answering question from the Board.

A motion was made to authorize the travel for Trustee Linder to attend the Publics Fund Forum from September 3-5, 2024.

Approved. (M.S.C. Jennings/Faulkner 5-0-0).

Trustees Avashty and Linder were absent.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: April 10, 2024 Next Meeting: August 20, 2024

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

There was no update.

- b. Minutes of the Federated Investment Committee meeting from February 20, 2024. Receive and file.

The Minutes were received and filed.

6.2 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: May 16, 2024 Next Meeting: August 15, 2024

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

There was no update.

6.3 Governance Committee (Linder, Abbott, Avasthy)

Last Meeting: March 7, 2024 Next Meeting: June 20, 2024

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

There was no update.

6.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: April 2, 2024 Next Meeting: June 5, 2024

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

There was no update.

6.5 Joint Personnel Committee (Chandra, Horowitz, Linder)

Last Meeting: April 25, 2024 Next Meeting: TBD

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

Vice-Chair Chandra updated the Board that the committee continues with the new CEO search process.
- b. Minutes of the Joint Personnel Committee meeting from March 19, 2024. Receive and file.

The Minutes were received and filed.
- c. Minutes of the Joint Personnel Committee meeting from April 5, 2024. Receive and file.

The Minutes were received and filed.

7. EDUCATION & TRAINING

The Education & Training was received and filed.

- a. The Cortex Report - May 2024, Conferences, Seminars and Educational Programs.
- b. CALAPRS, Principles of Pension Governance for Trustees, The Lodge at Tiburon, Tiburon, CA, August 26 - 29, 2024.

• **PROPOSED AGENDA ITEMS**

None.

• **ADJOURNMENT**

The meeting was adjourned at 10:36 a.m.

• **Next FCERS Board Meeting: June 20, 2024**

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES