



BOARD OF ADMINISTRATION

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

Thursday, October 17, 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: 984 0194 8639

Passcode: 613813

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

John Flynn, CEO, Office of Retirement Services

Present: 7 - Anurag Chandra, Mark Linder, Prachi Avasthy, Spencer Horowitz, Debbie Abbott, Matthew Faulkner and Julie Jennings

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, October 17, 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 8:33 a.m. followed by roll call.

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

Trustee Mark Linder arrived at 8:57 a.m.

City Council Liaison Dev Davis arrived at 9:44 a.m.

Retirement Staff Present: John Flynn, Prabhu Palani, Barbara Hayman, Sherrell Aledo, Edith Aldama, Gabriela Romero-Castrejon, Cynthia Ayala, Chris Ha, Jay Kwon, Dhinesh Ganapathiappan, Ron Kumar, Harrison Pierce, Arun Nallasivan, and David Aung.

Retirement Staff Present via Zoom: Linda Alexander, Shilpi Dwivedi, Benjie Chua-Foy, Sandra Castellano, Nam Cao, Ellen Lee, and Julie He.

Also Present: Dev Davis, City Council Liaison; Maytak Chin, General and Fiduciary Counsel; Nathan Nakagawa, PRNS; and Bill Hallmark and Steve Hastings, Cheiron.

Also Present via Zoom: Kevin Baload, Journalist-WithIntelligence; Laura Wirick, Ian Schirato, and Colin Kowalski, Meketa Investment Group; Jacqui King, Cheiron; and Jay Castellano, Public Member.

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.

**** 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 at this meeting via teleconference due to an "Emergency Circumstance."

NONE

- ii. Call for Trustee(s) requesting the Board approve their attendance at 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.

Closed Session was heard immediately after the Consent Calendar.

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

I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

- 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.

There was no reportable action for this item from Closed Session.

- B. **CLOSED SESSION:** PURSUANT TO GOVERNMENT CODE SECTION 54956.81, TO CONSIDER PURCHASE OR SALE OF PARTICULAR, SPECIFIC PENSION FUND INVESTMENTS (TWO INVESTMENTS).

There was no reportable action for this item from Closed Session.

The Board came out of Closed Session at 9:34 a.m.

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

Open Session re-convened at 9:40 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.

Orders of the Day:

- Chair Horowitz announced that Item 5e was would be taken out of order and heard after Item 5b.

WAIVE SUNSHINE (amended/attachments POSTED late):

- Late attachment for Closed Session Item B.

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

Approved. (M.S.C. Abbott/Chandra 7-0-0).

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

1. CONSENT CALENDAR

This item was heard after Public/Retiree/General Comments and before Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Chandra/Faulkner 7-0-0).

1.1 Approval of Service Retirements

- Brian J. Boardman**, Wastewater Operations Foreperson II, Environmental Services Department, effective November 9, 2024; 15.32* years of service.
- Saeed Shams**, Senior Engineering Technician, Environmental Services Department, effective October 12, 2024; 20.19* years of service.
- Theresa Stichler**, Analyst II, Office of Retirement Services, effective November 9, 2024; 8.96* years of service.
- Louis D. Velasco Jr.**, Wastewater Operations Foreperson I, Environmental Services Department, effective October 13, 2024; 13.05* years of service.

1.2 Approval of Deferred Vested

- Bianca Adams**, Analyst II, Library Department, effective October 19, 2024; 10.87* years of service.

- b. **Rajesh Adoni**, Senior Analyst, Fire Department, effective October 16, 2024; 5.17* years of service.
- c. **Eric D. Critchfield**, Associate Landscape Architect, Public Works Department, effective October 31, 2024; 12.86* years of service. (*With Reciprocity - 1.99 CSJ + 10.87 PERS = 12.86 YOS*)
- d. **James M. Guernsey Jr.**, Equipment Mechanic Assistant II, Public Works Department, effective November 2, 2024; 17.93* years of service. (*With Reciprocity - 4.23 CSJ + 13.70 PERS = 17.93 YOS*)
- e. **Alo R. Kauravlla**, Environmental Laboratory Manager, Environmental Services Department, effective October 20, 2024; 30.19* years of service. (*With Reciprocity - 18.19 CSJ + 12.00 PERS = 30.19 YOS*)
- f. **Tony C. Sehgal**, Video/Multimedia Producer, City Manager's Office, effective November 21, 2024; 5.61* years of service.
- g. **Hannah A. Truong**, Chemist, Environmental Services Department, effective October 26, 2024; 21.36* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of September 19, 2024.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary

1.5 Acceptance of Communication/Information Report

- a. Report of the Monthly Board Expenses for June 2024. Receive and file.
- b. Q4 FY 2023-2024 Budget to Actual Quarterly Budget Report.

1.6 Approval of Travel Attendance & Reimbursements

- a. Reimbursement

- Public Funds Forum, Montage Laguna Beach Hotel, Laguna Beach, CA, September 3 - 5, 2024 - by Mark Linder.

1.7 Change of Retirement Application-Middle Initial Correction

- a. Approval for a middle initial correction for **Anthony Palladino**, from J to S, retirement date of July 20, 2024, for a Service Retirement approved at the June 20, 2024 Board meeting.

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

Item 2 was heard after the Board returned from Closed Session to Open Session.

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

- a. Notification of the death of **Henryetta Fong**, Principal Account Clerk, retired June 25, 1989, died August 24, 2024. No survivorship benefits.
- b. Notification of the death of **Daniel Hurtado**, Grounds Worker, retired April 10, 2004, died August 6, 2024. No survivorship benefits.
- c. Notification of the death of **Ann M. Rebello**, Senior Account Clerk, retired August 29, 1992, died August 21, 2024. No survivorship benefits.
- d. Notification of the death of **Philip A. Starr**, Senior Engineering Technician, retired June 3, 1995, died September 2, 2024. Survivor benefits to Grace L. Starr, spouse.

3. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

CIO Palani noted to the Board that the Investment Fee Report for Calendar Year 2023 will be brought before City Council on November 5, 2024.

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

- For FYTD as of October 15, 2024, the Pension Plan was up 3.94%.
- For FYTD as of October 15, 2024, the Health Care Trust was up 4.84%.

- b. Presentation of Investment Fee report for Calendar year 2023 by Investment Staff.

CIO Palani introduced the item. Dhinesh Ganapathiappan, Senior Investment Officer, presented the item and answered questions from the Board. Harrison Pearce, Investment Analyst, also spoke to the item and answered questions from the Board. CIO Palani assisted in the answering questions from the Board. Trustee Chandra thanked the staff for their work.

Chair Horowitz made a few comments.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

5. NEW BUSINESS

- a. Oral update by CEO, John Flynn.

CEO Flynn updated the Board on the following topics:

- ORS recruitment activities
- Open Enrollment and Health Fair
- ORS Office Lease
- City Auditors Update to Council
- ORS Policy meeting with interim Finance Director
- ORS's annual business continuity mock event and city-wide COOP tabletop exercise
- The Retirement Connection newsletter
- Annual Fee Report to the City Council
- Request for Proposal activities
- Upcoming ORS holidays
- CEO Transition

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

City Council Liaison Dev Davis updated the Board on pending matters before the Council.

- c. Actuarial educational presentation by Cheiron.

This item was heard after item 5e.

Bill Hallmark and Steven Hastings from Cheiron Inc. provided an educational session on the actuarial funding background. Mr. Hallmark and Mr. Hastings answered questions from the Board.

- d. Discussion and action on Pension economic assumptions for the June 30, 2024 Actuarial Valuation to presented by Cheiron.

Bill Hallmark and Steven Hastings from Cheiron Inc. presented the pension economic assumptions for the June 30, 2024 actuarial valuation and answered questions from the Board and Councilmember Davis. Chair Horowitz and Trustee Chandra made a few comments.

A motion was made to maintain the Price Inflation assumption 2.50%.
Approved. (M.S.C. Linder/Chandra 7-0-0).

A motion was made to accept the Wage Inflation assumption at 3.00%.
Approved. (M.S.C. Jennings/Linder 7-0-0).

A motion was made to approve the Amortization assumption at 2.75%.
Approved. (M.S.C. Chandra/Abbott 7-0-0).

A motion was made to approve the Discount Rate assumption at 6.625%.
Approved. (M.S.C. Abbott/Avashty 7-0-0).

- e. Discussion and action on creating a Joint Ad hoc Committee with the Police and Fire Board for procuring legal services for the Office of Retirement Services (ORS) and the System/Plan within the proposed timeline.

This item was heard after Item 5b.

Chair Horowitz introduced the item. CEO Flynn presented the item and answered questions from the Board. Counsel Chin answered questions regarding the Brown Act's treatment of ad hoc committees, and Barbara Hayman, Deputy Director, assisted in answering questions from the Board.

After a lengthy discussion, motions were made for the following:

A motion was made to approve the formation of two board members from the Federated Board to serve on the Joint Ad Hoc Committee (JAC) with the Police and Fire Board for procuring legal services for the Office of Retirement Services (ORS) and the Boards, and the Joint Ad Hoc Committee will exist until the signed contracts for such services.
Approved. (M.S.C. Linder/Abbott 7-0-0).

Trustee Abbot volunteered to serve on the Joint Ad Hoc Committee. Chair Horowitz nominated Trustee Chandra, and Trustee Chandra nominated Chair Horowitz to serve on the Joint Ad Hoc Committee.

Following the nominations, a motion was made to have Trustees Abbott and Chandra serve on as board members of the Joint Ad Hoc Committee (JAC) from the Federated Board.
(M.S.C. Linder/Jennings).

However, after further discussion, a substitute motion was made to have Chair Horowitz and Trustee Chandra serve on the Joint Ad Hoc Committee from the Federated Board, and was voted on first over the original motion.

Failed. (M.S.C. Faulkner/Avasthy 3-3-1).

Ayes: Prachi Avasthy, Matthew Faulkner, and Spencer Horowitz

Nays: Deborah Abbott, Julie Jennings, and Mark Linder

Abstain: Anurag Chandra

The Board then voted on the original motion as set forth above.

Failed. (M.S.C. Linder/Jennings 2-2-3).

Ayes: Julie Jennings and Mark Linder

Nays: Prachi Avasthy and Matthew Faulkner

Abstain: Deborah Abbott, Anurag Chandra, and Spencer Horowitz

Following the vote on the two aforementioned motions, a third motion was made to have Trustees Abbott and Chair Horowitz serve on the Joint Ad Hoc Committee from the Federated Board.

Failed. (M.S.C. Avasthy/Linder 2-2-3).

Ayes: Mark Linder and Prachi Avasthy

Nays: Matthew Faulkner and Chair Horowitz

Abstain: Julie Jennings, Anurag Chandra, and Deborah Abbott

After the three aforementioned motions failed, a fourth motion was made to have Trustees Chandra and Abbott serve on the Joint Ad Hoc Committee from the Federated Board. Approved. (M.S.C. Faulkner/Jennings 7-0-0).

After another lengthy discussion, a motion was then made to delegate to the Joint Ad Hoc Committee the determination of the timeline and ownership of the RFP process for the procurement of said legal services. Approved. (M.S.C. Linder/Jennings 7-0-0).

After another discussion on RFP services, a motion was made to separate out the General Counsel and Fiduciary Counsel services in the RFP as separate services for procurement. Approved. (M.S.C. Chandra/Jennings 7-0-0).

- f. Discussion and action to authorize Chair to amend agreement between Board and Roberto Peña to include reimbursement of housing rental costs incidental to new CEO transition with a total not to exceed amount of \$5,003.92 for a term of one month.

Chair Horowitz presented the item. CEO Flynn also spoke to the item and answered questions from the Board. Trustee Abbott made a few comments.

A motion was made authorize Chair to amend agreement between Board and Roberto Peña to include reimbursement of housing rental costs incidental to new CEO transition with a total not to exceed amount of \$5,003.92 for a term of one month.

Approved. (M.S.C. Linder/Jennings 7-0-0).

- g. Discussion and action on merit and executive days for fiscal year ending June 30, 2025 for the CIO position.

Chair Horowitz introduced the item. Counsel Chin answered questions from the Board.

A motion was made to approve a 2.5% merit increase and five executive days for fiscal year ending June 30, 2025 for the CIO position.

Approved. (M.S.C. Jennings/Chandra 7-0-0).

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: August 20, 2024 Next Meeting: December 17, 2024

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

There was no update.

6.2 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: August 15, 2024 Next Meeting: October 31, 2024

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

There was no update. Trustee Abbott asked to confirm the meeting date.

6.3 Governance Committee (Linder, Abbott, Avasthy)

Last Meeting: June 18, 2024 Next Meeting: December 19, 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: September 9, 2024 Next Meeting: November 20, 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: January 21, 2025

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

There was no update.

7. EDUCATION & TRAINING

The Education & Training was received and filed.

- a. The Cortex Report - November 2024 Conferences, Seminars and Educational Programs.
- b. CALAPRS 2024 Program Calendar.

- c. SACRS Annual Fall Conference 2024, Hyatt Regency Hotel and Spa, Monterey, CA, November 12 - 15, 2024.
- d. CALAPRS General Assembly 2025, Silverado Resort, Napa, CA, March 2 - 5, 2025.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 12:08 p.m.

- **Next FCERS Board Meeting: November 21, 2024**

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

JOHN FLYNN, CEO
OFFICE OF RETIREMENT SERVICES