



BOARD OF ADMINISTRATION

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

Thursday, February 15, 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: 924 2760 2192

Passcode: 537977

BOARD MEMBERS

Spencer Horowitz, Chair (Term Expires 11/30/24)
Julie Jennings, Vice-Chair (Term Expires 11/30/27) -- 855 E. Hilton Dr., Boulder Creek, CA 95006
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) -- 5017 Lawai Rd., Koloa, HI 96756

CITY COUNCIL LIAISON TO THE BOARD

Dev Davis

COUNSEL

Maytak Chin, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

Present: 6 - Anurag Chandra, Mark Linder, Spencer Horowitz, Debbie Abbott, Matthew Faulkner and Julie Jennings

Absent: 1 - Prachi Avasthy

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, February 15, 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 9:01 a.m. followed by roll call.

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

Trustee Prachi Avasthy was absent.

Board Members Present via Zoom utilizing the Traditional Brown Act teleconferencing rules: Julie Jennings and Mark Linder. Counsel Chin questioned Trustee Jennings on whether she met the qualifications to teleconference under the Brown Act, and Trustee Jennings responded in the affirmative. Counsel Chin also questioned Trustee Linder on whether he met the qualifications to teleconference under the Brown Act, and Trustee Linder responded in the affirmative.

Retirement Staff Present: Barbara Hayman, Jay Kwon, Benjie Chua-Foy, Eric Tsang, Edith Aldama, David Torres, Sherrell Aledo and Chris Ha.

Retirement Staff Present via Zoom: Roberto L. Peña, Linda Alexander, Sandra Castellano, Houman Boussina, Cynthia Ayala, Dhinesh Ganapathiappan, Ron Kumar, Ellen Lee, Arun Nallasivan, Harrison Pierce, Chris J. Reyes, and Shilpi Dwivedi.

Also Present: Maytak Chin, General and Fiduciary Counsel.

Also Present via Zoom: Russ Richeda, Disability Counsel; Sally T. Nguyen, Burke Williams; Laura Wirick, Meketa Investment Group; Bill Hallmark, Cheiron; Brad Imamura, Public Attendee; and Joe Ebisa, Journalist.

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 10:00 A.M.

II. CLOSED SESSION NEW BUSINESS/CONTINUED-DEFERRED ITEMS

The Board entered into Closed Session at 10:05 a.m. after hearing agenda item 5e.

- A. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Chief Executive Officer and counsel.
Counsel Chin of Reed Smith LLP recused herself from item A from Closed Session.**

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

OPEN SESSION - will reconvene following Closed Session, estimated to be 10:30 a.m.

Open Session re-convened at 11:52 a.m.

• ORDERS OF THE DAY

Chair Horowitz read the following into the record:

A FEW GROUND RULES FOR THIS MEETING

- All votes will be roll call votes.
- 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

- Time Certain: 10:00 a.m. for Closed Session Item A.
- The next Joint Personnel Committee meeting is scheduled next month, Tuesday, March 19th.

WAIVE SUNSHINE (amended/attachments POSTED late):

- None

This was heard immediately after roll call attendance. Counsel Chin announced an emergency item had arisen that requires the Board to take immediate action and the need for action came about after the agenda had been posted.

The discussion and action was requested to add a closed session, which involved significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2). Counsel Chin advised that a motion must pass by two-thirds of vote by the members present in the room to add the requested closed session agenda item.

A motion was made to add the requested emergency item to Closed Session agenda.

Approved. (M.S.C. Abbott/Chandra 6-0-0) The motion passed by roll call vote.

Trustee Avasthy was absent.

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

None.

- 1. **CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Chandra/Abbott 6-0-0) The motion passed by roll call vote.

Trustee Avasthy was absent.

- 1.1 **Approval for a Change of Status to Service-Connected Disability Retirement**

- a. **Sammy Aguirre**, Water System Operator I, Environmental Services Department, Request for Change of Status to Service-Connected Disability Retirement, effective January 21, 2023; 28.99* years of service. (*Staff Disability Committee Recommendation: Approval*)
- b. **Kenneth Jones**, Groundswoker, Parks, Recreation & Neighborhood Services, Request for Change of Status to Service-Connected Disability Retirement, effective May 11, 2013; 24.83* years of service. (*Staff Disability Committee Recommendation: Approval*)

- 1.2 **Approval of Service Retirements**

- a. **John M. Aitken**, Director of Aviation, Airport Department, effective March 16, 2024; 31.18* years of service.
- b. **Joan C. Bowlby**, Senior Librarian, Library Department, effective March 16, 2024; 23.73* years of service.

- c. **Bonnie L. Cromartie**, Administrative Officer, Airport Department, effective February 24, 2024; 32.98* years of service. (*With Reciprocity - 21.83 CSJ + 11.15 PERS = 32.98 YOS*)
- d. **Brook Dain**, Program Manager I, Police Department, effective February 24, 2024; 18.71* years of service.
- e. **Ruben F. Gonzalez**, Survey Field Supervisor, Public Works Department, effective February 29, 2024; 22.30* years of service.
- f. **Daniel R. Kelley**, Gardener, Parks, Recreation & Neighborhood Services, effective February 17, 2024; 24.18* years of service.
- g. **Patrick S. Lewis**, Building Inspector, Supervisor Certified II, Planning Building and Code Enforcement, effective March 16, 2024; 25.36 years of service.
- h. **Timothy J. Lewis**, Division Manager, Environmental Services Department, effective February 3, 2024; 21.55 years of service.
- i. **George Osuna**, Principal Construction Inspector, Public Works Department, effective March 2, 2024; 28.73 years of service.
- j. **Paul W. Prange**, Senior Environment Inspector, Environmental Services Department, effective March 2, 2024; 27.87* years of service.
- k. **Lily Lim-Tsao**, Assistant Director, Department of Transportation, effective March 1, 2024; 31.83 years of service.
- l. **Ngoc-Diem T. Vu**, Senior Account Clerk, Department of Transportation, effective March 16, 2024; 26.66* years of service.

1.3 **Approval of Deferred Vested**

- a. **Aurelia Khoshroo Louwers**, Senior Program Performance Auditor, City Auditor, Service, effective March 19, 2024; 12.96* years of service. (*With Reciprocity - 6.36 CSJ + 6.60 PERS = 12.96 YOS*)
- b. **Siu Lam Ng**, Senior Accountant, Airport Department, effective March 6, 2024; 5.13* years of service.

1.4 Approval of Board Minutes

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

1.5 Approval of Return of Contributions

- a. Voluntary | Involuntary

1.6 Acceptance of Communication/Information Reports

- a. Report of the Monthly Board Expenses for December 2023. Receive and file.
- b. Q2 FY 23-24 Budget to Actual Quarterly Budget Reports.
- c. ORS's Quarterly Newsletter - The Retirement Connection: January 2024 Edition.

1.7 Approval of Travel / Conference Attendance

- a. Anurag Chandra, Trustee
 - Pension Bridge Annual 2024, Half Moon Bay, CA, April 15 - 17, 2024
- b. Spencer Horowitz, Trustee
 - CALAPRS, General Assembly 2024, Rancho Mirage, CA, March 2 - 5, 2024
- c. Mark Linder, Trustee
 - CALAPRS, General Assembly 2024, Rancho Mirage, CA, March 2 - 5, 2024
- d. Prabhu Palani, CIO
 - Milken Global Conference, Beverly Hills, California, May 5 - 8, 2024
- e. Roberto L. Peña, CEO
 - CALAPRS Virtual Administrators Round Table online course, February 8, 2024

1.8 Approval of Change in Retirement Date

- a. Approval for a change in effective date for **Laurence G. Brown**, Equipment Mechanic Assistant II, Public Works Department, from January 6, 2024, to March 2, 2024, for a Service Retirement

approved at the December 21, 2023 Board meeting.

1.9 Change of Retirement Application-Name Correction

- a. Approval for a first name correction for **David Leath** from January 6, 2024, for a Service Retirement approved at the December 21, 2023 Board meeting.

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 **Carol Amador**, Associate Architect, retired August 13, 1998, died December 29, 2023. No survivorship benefits.
- b. Notification of the death of **Roger D. Falkowitz**, Code Enforcement Inspector, retired March 14, 2015, died December 28, 2023. No survivorship benefits.
- c. Notification of the death of **Jose Hernandez**, Maintenance Worker II, active, died August 29, 2023. Survivorship benefits to Alejandrina Gonzalez, spouse.
- d. Notification of the death of **Anthony Robinson**, Senior Supervisor, retired April 6, 2017, died December 22, 2023. No survivorship benefits.
- e. Notification of the death of **Carmencita Valerio**, Senior Analyst, retired March 25, 2007, died January 20, 2024. Survivorship benefits to Dennis Flick, spouse.
- f. Notification of the death of **James Webb**, Assistant to the Director, retired January 13, 2018, died December 1, 2023. Survivorship benefits to Siliani Webb, spouse.
- g. Notification of the death of **Robert Wharton**, Chief Communication Technician, retired April 2, 1989, died January 20, 2024. No survivorship benefits.
- h. Notification of the death of **Valerie J. Zeller**, Senior Analyst, retired February 13, 1992, died January 9, 2024. No survivorship benefits.

3. INVESTMENTS

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

Jay Kwon, Senior Investment Officer, updated the Board on upcoming items for the Investment Committee meeting and provided the following unaudited estimated performance by Meketa Investment Group:

- For FYTD as of February 13, 2024, the Pension Plan was up 4.11%.
- For FYTD as of February 13, 2024, the Health Care Trust was up 3.79%.

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:

- The 1099R forms was mailed out last month.
- The Guarantee Purchasing Power (GPP) for 2023 will be paid this month for those qualified members.
- The 3% Cost of Living Adjustment (COLA) increase will be added on the April paycheck.
- For those retirees who are impacted by 415(b) limits, the adjustment will show on their April 2023 payments.
- New ORS staff Veronica Solorio and Melissa Lopez were introduced.
- The ORS was fully staffed for one bi-weekly pay period.
- Senior Benefits Analyst, Han Van, left the ORS as she accepted a position at the Santa Clara Valley Water District.
- The office will be closed on Monday, February 19th in observance of President's Day holiday.

CEO Peña, Barbara Hayman, Deputy Director, and Sandra Castellano, Benefits Division Manager, answered questions from the Board.

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

None.

- c. Discussion and action to authorize the CEO to negotiate and execute the second amendment to the agreement between the Board of Administration for the Federated Employees' Retirement System and Cheiron, Inc for actuarial services to extend the term to June 30, 2025 with an additional \$375,000, of which \$75,000 is for Fiscal year 2023-2024 and \$300,000 is for fiscal year 2024-2025, for a not to exceed contract amount of \$2,075,000.

This item was heard after item 5a.

Benjie Chua-Foy, Accounting Division Manager, spoke to the item and requested before the Board to extend Cheiron, Inc contract for one year. Ms. Chua-Foy and Counsel Chin answered questions from the Board. CEO Peña made a few comments.

A motion was made to approve to extend Cheiron, Inc. contract for one year, for Fiscal Year 2023-2024, for a not to exceed contract amount of \$2,075,000.

Approved. (M.S.C. Chandra/Faulkner 6-0-0) The motion passed by roll call vote.

Trustee Avasthy was absent.

- d. Discussion and action on adoption of Resolution No. 9113 Cost of Living Adjustment rate for 415(b) Qualified Participants under the Grandfather Rule for members retired prior to January 1, 1990.

Barbara Hayman, Deputy Director, spoke to the item and requested before the Board to adopt Resolution No. 9113 Cost of Living Adjustment (COLA) rate for 415(b) qualified members. Ms. Hayman and Sandra Castellano, Benefits Division Manager, answered questions from the Board. Trustee Jennings thanked the staff for their hard work. CEO Peña said a few words.

A motion was made to adopt Resolution No. 9113 Cost of Living Adjustment rate for 415(b) Qualified Participants under the Grandfather Rule for members retired prior to January 1, 1990.

Approved. (M.S.C. Jennings/Faulkner 6-0-0) The motion passed by roll call vote.

Trustee Avasthy was absent.

- e. Discussion and action regarding adoption of City Memorandum regarding "Return to In-Person Public Comments in Public Meetings."

Counsel Chin introduced the item and explained that the City sent a memorandum that mandates public comments be limited to in person public comments and for no remote trustee appearances for public meeting starting February 6, 2024. The City directive is not permanent and they will revisit the policy in July 2024. Counsel Chin answered questions from the Board. CEO Peña made a few comments. Brad Imamura, a retiree, made a few comments.

After lengthy discussion, the Board decided to continue to allow hybrid meetings with remote appearances.

A motion was made to reject the City's Memorandum and Policy regarding "Return to In-Person Public Comments in Public Meetings."

Approved. (M.S.C. Jennings/Linder 5-1-0) The motion passed by roll call vote.

Ayes: Jennings, Linder, Abbott, Faulkner, and Horowitz
Abstained: Chandra

Trustee Avasthy was absent.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: December 13, 2023 Next Meeting: February 20, 2024

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

This item was heard after Closed Session.

Trustee Chandra updated the Board. The Investment Committee anticipates a robust agenda for their next meeting on February 20, 2024.

6.2 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: October 19, 2023 Next Meeting: February 15, 2024

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

There was no update. The February 15, 2024 meeting was cancelled.

6.3 Governance Committee (Linder, Abbott, Avasthy)

Last Meeting: January 29, 2024 Next Meeting: March 7, 2024

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

Trustee Linder updated the Board. The Committee has been working on the travel policy.

- b. Approval of the Minutes of the Governance Committee meeting from November 27, 2023.

The Minutes were received and filed.

- c. Discussion on Board's policy on travel issues for trustees.

Trustee Linder spoke to the item and answered questions from the Board.

- d. Discussion and action on adoption of City Policies.

Trustee Linder introduced the item. Counsel Chin spoke to the item and presented recommendations regarding adoption of City Policies and answered questions from the Board. CEO Peña made a few comments.

A motion was made to adopt the counsel's recommendation provided in the attachment to agenda item 6.3d.

Approved. (M.S.C. Linder/Jennings 6-0-0) The motion passed by roll call vote.

Trustee Avasthy was absent.

6.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: February 6, 2024 Next Meeting: March 5, 2024

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

Trustee Linder updated the Board. There are two applicants for approval for a Change of Status to Service-Connected Disability Retirement and three applicants hearing for the March 5th meeting. He thanked the staff for their enormous work as they have made progress on the disability cases.

- b. Approval of the Minutes of the Federated Disability Committee meeting from January 16, 2024.

The Minutes were received and filed.

- c. Federated Quarterly Disability Retirement applications dashboard.

Trustee Linder spoke to the item and answered questions from the Board. Sandra Castellano, Benefits Division Manager, assisted in answering questions from the Board.

- d. Overview of the Federated Disability Retirement Benefit Calculations.

Sandra Castellano, Benefits Division Manager, spoke to the item and answered questions from the Board.

6.5 Joint Personnel Committee (Chandra, Horowitz, Linder)

Last Meeting: January 31, 2024 Next Meeting: March 19, 2024

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

Chair Horowitz updated the Board. The Committee discussed and recommended changes to the JPC Charter at their last meeting.

- b. Approval of the Minutes from the December 22, 2023 Joint Personnel Committee meeting.

The Minutes were received and filed.

- c. Discussion and action on recommended changes to JPC Charter.

Counsel Chin explained the recommended changes to the JPC Charter and answered questions from the Board.

A motion was made to approve the recommended changes to JPC Charter.

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

Trustee Avasthy was absent.

- d. Presentation by Alliance Resource Consulting, LLC.

Trustee Linder spoke to the item and answered questions from the Board. The search for a new CEO and recruitment timeline were posted on February 14, 2024 on the Alliance, LLC website. Chair Horowitz and CEO Peña assisted answering questions from the Board. Counsel Chin assisted in answering questions from the Board.

7. **EDUCATION & TRAINING**

This Education & Training was received and filed.

- a. The Cortex Report - March 2024, Conferences, Seminars and Educational Programs.
- b. CALAPRS, General Assembly 2024, Omni Rancho Las Palmas Resort, Rancho Mirage, CA, March 2 - 5, 2024.
- c. CALAPRS, Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles, CA, March 27 - 29, 2024.
- d. CALAPRS, 2024 Management/Leadership Academy, The Westin Hotel, Pasadena, CA, April 22 - 23, June 10 - 12, and July 22 - 24, 2024.

• **PROPOSED AGENDA ITEMS**

None.

Trustee Faulkner revisited the New Business item 5e. Counsel Chin further addressed the item and answered questions from the Board.

• **ADJOURNMENT**

The meeting adjourned at 12:39 p.m.

• **Next FCERS Board Meeting: March 21, 2024**

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES