



BOARD OF ADMINISTRATION

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

Thursday, June 17, 2021

8:30 AM

MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION

zoom.us

Dial In: +1 669 900 9128 US (San Jose)

Meeting ID: 963 8696 4656

Password: 173183

BOARD MEMBERS

Jay Castellano, Chair
Spencer Horowitz, Vice-Chair
Anurag Chandra, Trustee
Julie Jennings, Trustee
Mark Keleher, Trustee
Elaine Orr, Trustee
Vacant, Trustee

CITY COUNCIL LIAISON TO THE BOARD

Dev Davis

COUNSEL

Jenni Kregel, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, June 17, 2021 at 8:30 a.m. Chair Castellano called the meeting to order at 8:31 a.m. followed by roll call.

Present: 5 - Jay Castellano, Spencer Horowitz, Mark Keleher, Julie Jennings and Elaine Orr

Absent: 1 - Anurag Chandra

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Brian Starr, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Ron Kumar, Arun Nallasivan, Ellen Lee, Houman Boussina, Michelle San Miguel and Marti Zarate.

Also Present via Zoom: Jenni Krengel, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Kevin Balaod, Fundmap Journalist; Bill Hallmark, Cheiron; Jacqui King, Cheiron; Steven Hastings, Cheiron; Kaci Boyer, Neuberger Berman; Nikolai Sklaroff, Finance Department; Brad Imamura, Public Member; Cheryl Parkman, OER; Tom Iannucci, Cortex Consulting; Joseph Schulman, Public Member; and Wing-See Fox, Public Member.

**Trustee Keleher arrived at 8:42 a.m.
Trustee Chandra was absent.
Council Liaison Dev Davis was absent.**

AGENDA
CALL TO ORDER AND ROLL CALL
OPEN SESSION

ORDERS OF THE DAY

Chair Castellano read the following ground rules into the record:

- All votes will be roll call votes.
- If you are not speaking, please be on mute to cut background noise.
- For discussion items, each trustee will have a turn to speak in roll call order, more than once if desired.
- The public will have an opportunity to speak on each item after trustees.
- The public will also have an opportunity to speak again at the end of the subject jurisdiction of the Board.
- Item 6c is time certain for 10:15 a.m.
- There will be a 5 minute break at 10:00 a.m.
- There will be a 5 minute recess at 1:00 p.m. to accommodate Civic Center TV's broadcasting process.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.
Approved. (M.S.C. Jennings/Horowitz 4-0-0). The motion passed unanimously by roll call vote.
Trustees Chandra and Keleher were absent.

1.1 Approval of Service Retirements

- a. **Randall J. Adams**, Park Facility Supervisor, Parks, Recreation and Neighborhood Services Department, effective June 26, 2021; 26.42* years of service.
- b. **Arlene Biala**, Senior Arts Program Coordinator, Office of Economic Development, effective July

24, 2021; 22.46* years of service.

- c. **Tanja R. Cano**, Police Data Specialist, Police Department, effective July 24, 2021; 30.10* years of service.
- d. **Alan R. Lipton**, Senior Deputy City Attorney, City Attorney's Office, Effective August 7, 2021; 6.03* years of service.
- e. **Wilfredo Mondala**, Information Systems Analyst, Planning, Building and Code Enforcement Department, effective July 24, 2021; 23.13* years of service.
- f. **David D. Sykes**, City Manager, City Manager's Office, effective July 24, 2021; 31.76* years of service.
Chair Castellano acknowledged the retirement of David Sykes, the 19th City Manager, and said a few kind words.
- g. **Simone M. Williams**, Library Assistant, Library Department, effective July 24, 2021; 23.10* years of service.

1.2 Approval of Deferred Vested

- a. **Norma Acosta**, Senior Deputy City Attorney, City Attorney's Office, effective July 10, 2021; 19.79* years of service.
- b. **Choe C. Chao**, Custodian, Airport Department, effective July 15, 2021; 11.50* years of service.
- c. **Elise M. Malkowski**, Senior Library Clerk, Library Department, effective July 19, 2021; 31.11* years of service. *(With Reciprocity CSJ YOS 5.61 + PERS YOS 25.50)*
- d. **Amy C. Olay**, Division Manager, Department of Transportation, effective July 7, 2021; 25.26* years of service.
- e. **Kathryn L. Rolland**, Administrative Officer, Planning, Building and Code Enforcement Department, effective July 7, 2021; 29.75* years of service. *(With Reciprocity CSJ YOS 6.78 + PERS YOS 29.95)*
- f. **Loretta C. Smith**, Property Manager II, Airport Department, effective May 10, 2021; 6.07* years of service.
- g. **Craig S. Temple**, Senior Engineer, Public Works Department, effective July 15, 2021; 30.04* years of service. *(With Reciprocity CSJ YOS 20.41 + PERS YOS 9.62)*
- h. **Sally N. Zarnowitz**, Planner II, Planning, Building and Code Enforcement Department, effective

June 12, 2021; 19.03* years of service. *(With Reciprocity CSJ YOS 9.41 + PERS YOS 9.61)*

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of May 20, 2021.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

1.5 Acceptance of Communication/Information Reports

- a. Letter from Cortex Consulting regarding closure.
- b. 2021 Retirement System Funding Survey for California Public Plans.
- c. Federated Disability Statistics Report for 2020 4th Quarter and 2021 1st Quarter.
- d. Report of the Plan Expenses for April 2021. Receive and file.

1.6 Approval of Travel / Conference Attendance

- a. Roberto L. Pena, CEO
 - SACRS Virtual Public Pension Investment Management Program, July 13 - July 22, 2021.
- b. Elaine Orr, Trustee
 - Women's Private Equity Summit, Monarch Beach Resort, Dana Point, CA - September 27-29, 2021.
 - SACRS Fall Conference, Loews Hollywood Hotel, Hollywood, CA - November 9-12, 2021.
- c. Julie Jennings, Trustee
 - SACRS Virtual Public Pension Investment Management Program, July 13 - July 22, 2021.

1.7 Approval of Administrative Matters

- a. Approval to amend the request for Board approval regarding the agreement with Segal Company for Actuarial Services as approved at the February 18, 2021 meeting.

2. Report out of Closed Session

A motion was made to approve the Report out of Closed Session from the December 17, 2020 Federated Board meeting.

Approved. (M.S.C. Horowitz/Orr 4-0-0). The motion passed unanimously by roll call vote. Trustees Chandra and Keleher were absent.

- a. Report out of Closed Session from the December 17, 2020 Federated Board Meeting.

3. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

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

- a. Notification of the death of **Lucille Butorovich**, Secretary to the City Attorney, retired January 29, 1983, died March 29, 2021. No survivorship benefits.
- b. Notification of the death of **Matthew Chasuk**, Security Officer, retired August 1, 2010, died March 9, 2021. Survivorship benefits to Elaine Chew-Chasuk, Spouse.
- c. Notification of the death of **Judith Ewbank**, Senior Librarian, retired August 29, 1992, died November 23, 2020. No survivorship benefits.
- d. Notification of the death of **Michael Franco**, Maintenance Worker II, retired June 21, 2014, died January 9, 2021. No survivorship benefits.
- e. Notification of the death of **Henry Houda**, HVAC Mechanic, retired September 28, 2013, died April 26, 2021. No survivorship benefits.
- f. Notification of the death of **Fernando Martinez**, Wastewater Attendant, active member, died February 16, 2021. No survivorship benefits.
- g. Notification of the death of **Lois Moler**, Parking Control Officer, retired November 16, 1996, died February 15, 2021. Survivorship benefits to Charles Moler, Spouse.
- h. Notification of the death of **Clare Owen**, Hazardous Material Inspector, retired May 17, 2014, died April 13, 2021. Survivorship benefits to Michael Owen, Spouse.
- i. Notification of the death of **David Rodriguez**, Principal Construction Inspector, retired July 5, 1992, died March 10, 2021. Survivorship benefits to Gloria Rodriguez, Spouse.
- j. Notification of the death of **Harold Ruh**, Engineer Technician III, retired December 27, 1989, died January 27, 2021. No survivorship benefits.

4. INVESTMENTS

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

CIO Palani updated the Board on the following:

-At the June 10, 2021 Retiree Association meeting, the asset allocation, performance and POB were discussed. Retirees were encouraged to attend today's meeting.

-As of June 15, 2021 FYTD, it is estimated the Health Care Plan has returned 24.98%

-As of June 15, 2021 FYTD, it is estimated the Pension Plan has returned 27.68%

-Brian Starr is leaving ORS at the end of August. We wish him the best of luck! Chair Castellano and Vice-Chair Horowitz thanked Brian and said a few kind words.

Trustee Keleher arrived during this item.

- b. Presentation of Calendar 4th Quarter 2020 Private Equity Report by Neuberger Berman.

Brian Starr introduced the item and Kaci Boyer, Neuberger Berman. Ms. Boyer presented the Calendar 4th Quarter 2020 Private Equity Report. She reported from the end of 2019 to the end of 2020 the portfolio was up approximately 27%. Q1 2020 was the only slightly down quarter. The 4th quarter was the strongest quarter of the year. It is expected the portfolio will likely be up again over 15% in the coming quarter. Neuberger Berman will continue with the current strategy of investing in primary funds, co-investments and secondaries. There were no questions from the Board.

- c. Presentation of Calendar 4th Quarter 2020 Private Markets Report by Meketa Investment Group.

Jared Pratt, Meketa presented the Calendar 4th Quarter 2020 Private Markets Report and answered questions from the Board.

- d. Presentation of Calendar 1st Quarter 2021 Performance Report for Pension Plan by Meketa Investment Group.

Laura Wirick, Meketa presented the Calendar 1st Quarter 2021 Performance Report for the Pension Plan. Ms. Wirick reported it was a strong quarter for risk assets and 1 year returns were at 95% for the 1 year period. The value of the fund at the end of March was \$2.7 billion which was an increase of approximately \$26 million from the end of the prior quarter mostly driven by investment gains. There were no questions from the Board.

- e. Presentation of Calendar 1st Quarter 2021 Performance Report for Health Care Trust by Meketa Investment Group.

Ms. Wirick, presented the Calendar 1st Quarter 2021 Performance Report for the Health Care Trust. Ms. Wirick reported the value of the assets at the end of March was \$366 million which was an increase of \$11.3 million from the end of the calendar year 2020. There were \$0.3 million of net cash inflows and \$11 million of investment gains for the quarter. CIO Palani reminded the Board this was a strong year and cautioned that future returns may not be as good. There were no questions from the Board.

5. OLD BUSINESS-DEFERRED/CONTINUED ITEMS - None

6. NEW BUSINESS

- a. Oral update from the CEO of Retirement Services, Roberto L. Pena.

CEO Peña updated the Board on the following:

-ORS's new website should be going live by June 21st. He thanked staff and noted it is an ongoing process, there will be additions and adjustments. We will seek input from members as well.

-Samantha Yamaji, Benefit Analyst has left ORS. Tami Imai has been promoted to Benefit Analyst. Terry Ferrigno has been hired as a Retiree Rehire.

-The quarterly newsletter will be distributed in July. The new website redesign will be included.

-Plans to return to the office are fluid. The City's goal is a hybrid model.

-There will be a soft opening of the office in August or September. Possibly by appointments only for members. A survey will be issued to Staff.

-There are no new applications for the Trustee Vacancy.

-The City Budget was approved.

-There were 3 bids received for the Board Medical Advisor. A recommendation will go to the Boards in August.

-Cortex Consulting is closing, Tom Iannucci will work with the Boards until December to finish out projects. An extension on the contract is an item later in the agenda.

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

Council Liaison Davis was absent.

- c. Ordinance Amending the Municipal Code to Stop Pension Contributions for Employees with Over 30 years of City Service. **(TIME CERTAIN: 10:15)**

This item was heard after Item 8.

Jennifer Schembri, OER, led the discussion on the Ordinance Amending the Municipal Code to Stop Pension Contributions for Employees with Over 30 years of City Service and answered questions from the Board. Bill Hallmark, Cheiron noted there are currently 28 employees affected and there is no change to the total cost. Jenni Krengel, General and Fiduciary Counsel also spoke to the item and explained that the cost of the change will not be relevant to the System, nor is this a Board decision.

- d. Pension Obligation Bonds (POB) Educational presentation by Cheiron.

CEO Peña introduced the Pension Obligation Bonds (POB) Educational presentation and provided background on the item. He introduced Bill Hallmark, Cheiron, who spoke to the item and presented the attached presentation and answered questions from the Board. The intention of the educational presentation was to help prepare the Board for the Joint meeting with the City Council in September.

- e. Discussion and action item on Cortex contract amendment extending the term of the agreement through December 31, 2021 for an additional \$25,000.

This item was heard after Item 6a.

CEO Peña spoke to the Cortex contract amendment extending the term of the agreement through December 31, 2021 and answered questions from the Board.

A motion was made to approve the Cortex contract amendment extending the term of the agreement through December 21, 2021 for an additional \$25,000.

Approved. (M.S.C. Jennings/Orr 5-0-0). The motion passed unanimously by roll call vote. Trustee Chandra was absent.

- f. Discussion and action on changing the Federated Board meeting date from September 16, 2021 to September 23, 2021.

CEO Peña spoke to the item on changing the Federated Board meeting date from September 16, 2021 to September 23, 2021.

A motion was made to approve changing the Federated Board meeting date from September 16, 2021 to September 23, 2021.

Approved. (M.S.C. Jennings/Keleher 5-0-0). The motion passed unanimously by roll call vote. Trustee Chandra was absent.

7. COMMITTEES/REPORTS/RECOMMENDATIONS

7.1 Investment Committee (Chandra, Orr, Keleher)

Last Meeting: April 20, 2021 Next Meeting: August 24, 2021

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

There was no update.

7.2 Governance Committee (Horowitz, Castellano, Jennings)

Last Meeting: March 4, 2021 Next Meeting: June 17, 2021

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

There was no update. There is a meeting today.

7.3 Audit Committee (Keleher, Jennings, Horowitz)

Last Meeting: May 20, 2021 Next Meeting: August 19, 2021

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

Trustee Keleher reported he has a call with Grant Thornton next week.

- b. Minutes of the February 18, 2021 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. 1/1/21 - 3/31/21 Quarterly Travel and attendance for Federated. Receive and file.

This Committees/Reports/Recommendations was received and filed

- d. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.

This Committees/Reports/Recommendations was received and filed

- e. Discussion and action on the Committees' recommendation to approve the FY 20-21 Office of Retirement Services Retirement Plans Audit Plan by Grant Thornton.

CEO Peña spoke on the Committee's recommendation to approve the FY 20-21 Audit Plan and answered questions from the Board.

A motion was made to approve the FY 20-21 Office of Retirement Services Retirement Plans Audit Plan by Grant Thornton.

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

- f. Presentation of the Member Enrollment Audit by Office of Retirement Services, Internal Auditor, Houman Boussina. Receive and file.

This Communication/Information Report was received and filed

7.4 Joint Personnel Committee (Orr, Castellano, Chandra)

Last Meeting: April 30, 2021

Next Meeting: TBD

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

There was no update.

8. EDUCATION & TRAINING

- a. The Cortex Report - July 2021, Conferences, Seminars and Educational Programs.
- b. SACRS Virtual Public Pension Investment Management Program, July 13 - July 22, 2021.

FUTURE AGENDA ITEMS

- 1) Discussion on services post Cortex.
- 2) Direction on how meetings will be held after September 30, 2021.

PUBLIC/RETIREE COMMENTS

A retiree member made comments regarding the vacant active employee trustee seat.

ADJOURNMENT

The meeting adjourned at 12:24 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

_____/s/_____
JAY CASTELLANO, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

_____/s/_____
ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES