



BOARD OF ADMINISTRATION

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

Thursday, October 19, 2023

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: +1 669 900 9128 US (San Jose)

Meeting ID: 978 4993 7147

Pass Code: 845166

BOARD MEMBERS

Spencer Horowitz, Chair (Term Expires 11/30/24)
Julie Jennings, Vice-Chair (Term Expires 11/30/23) -- 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)

CITY COUNCIL LIAISON TO THE BOARD

Dev Davis

COUNSEL

Harvey Leiderman and Maytak Chin, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

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

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, October 19, 2023 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 8:30 a.m. followed by roll call.

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

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

Retirement Staff Present: Roberto L. Peña, Barbara Hayman, Jay Kwon, Eric Tsang, Harrison Pearce, Edith Aldama, Sherrell Aledo, Cynthia Ayala, Chris Ha and Houman Boussina.

Retirement Staff Present via Zoom: Prabhu Palani, Linda Alexander, Benjie Chua-Foy, Ron Kumar, Ellen Lee, Dhinesh Ganapathiappan, Christina Wang, Arun Nallasivan, David Aung, Shilpi Dwivedi, May Cheung, Deborah Sattler and Chris Reyes.

Also Present: Maytak Chin, Harvey Leiderman, General and Fiduciary Counsel; Dev Davis, City Council Liaison; Bill Hallmark, Cheiron; and Cheryl Parkman, OER.

Also Present via Zoom: Joe Ebisa, Journalist; Kyle Laveroni, Mayor & City Council Office; Cheryl Parkman, OER; Russ Richeda, Disability Counsel; Steve Hastings, Cheiron; Valter Viola, Cortex Consulting; and Laura Wirick, Meketa Investment Group.

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

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)

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.

II. CLOSED SESSION NEW BUSINESS

The Board entered Closed Session after approving the Consent Calendar.

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

- A. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Spencer Horowitz, Board Chair and Anurag Chandra, Investment Committee Chair. Unrepresented employees: Chief Executive Officer and Chief Investment Officer.**

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

After the Board returned to Open Session, Counsel Chin stated for the record that the Board has not changed its position from previous meeting on CEO compensation.

- B. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Chief Executive Officer and Chief Investment Officer.**

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

- C. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Chief Executive Officer and counsel.**

Chair Horowitz announced the reportable action for item C from Closed Session.

The Board approved to split \$25,000 fee for an investigator with the Police and Fire Board. The Board also approved to split \$10,000 fee to hire an external counsel, Russ Richeda, with the Police and Fire Board. An additional funding of \$25,000 for an investigator, if required, will be split with both Boards. The Chairs of the Boards is the main point of contact with ongoing investigation. Chair Horowitz was designated the liaison for Federated for the ongoing investigation, and Federated ratified the contract with Burke Williams for the investigation.

The Board came out of Closed Session at 10:25 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 10:00 a.m.

Open Session re-convened at 10:31 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

- **REMINDER:** The Federated Board Meeting scheduled next month, November 16th, will be held at the Office of Retirement Services 5th Floor Boardroom, 1737 N. First St., Suite 580, San Jose, CA 95112.
- The Federated Investment meeting scheduled on December 19th was cancelled. The next Federated Investment Committee meeting is on December 13th, at 11:00 a.m.
- For New Business Item 5h: This item was moved as the first item to be heard before 5a under Section 5.

A motion was made to modify the orders of the day to move item 5h to be heard before item 5a.

Approved. (M.S.C. Linder/Chandra 7-0-0) The motion was unanimously passed by roll call vote.

WAIVE SUNSHINE (amended/attachments POSTED late):

- None.

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

1. CONSENT CALENDAR

The Consent Calendar was heard before Closed Session.

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Linder/Abbott 7-0-0) The motion was unanimously passed by roll call vote.

1.1 Approval of Service Retirements

- Cynthia Harlin**, Staff Specialist, Police Department, effective November 11, 2023; 15.00* years of service.
- Paul Nunez**, Heavy Equipment Operator, Department of Transportation, effective October 14, 2023; 24.47* years of service.
- Shivaun Nurre**, City Council Police Auditor, Mayor & City Council Office, effective November 11, 2023; 27.38* years of service. (*With Reciprocity - 17.13341 CSJ + 10.24900 PERS =*

27.38241 YOS)

- d. **Chyi Hsyam Tu**, Accountant II, Housing Department, effective October 28, 2023; 31.70* years of service. (*With Reciprocity - 15.18401 CSJ + 16.525 PERS = 31.70901 YOS*)

1.2 Approval of Deferred Vested

- a. **Greg C. Rose**, Geographic Information System Specialist II, Planning Building and Code Enforcement, effective November 14, 2023; 10.02* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of September 21, 2023.

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 June and August 2023. Receive and file.
- b. Q4 FY 22-23 Budget to Actual Quarterly Budget Reports.
- c. Report out of closed session from the January 19, 2023 and August 17, 2023 Federated Board meetings.

1.6 Approval of Travel / Conference Attendance

- a. Anurag Chandra, Trustee
- The 2023 Pension Bridge Alternatives, The Westin Times Square, New York City, New York, October 10-11, 2023
- b. Prabhu Palani, CIO
- 2023 Stanford Family Office Investor Forum, Stanford University, Palo Alto, November 8-9, 2023

1.7 Alternate Beneficiary Designation

- a. Approval of Alternate Payee Benefit election of Unreduced Lifetime Monthly Payment Option to be paid to Donna Storz, ex-spouse of Associate Civil Engineer, **Roger Storz** to be effective September 5, 2023, under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

2. **DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)**

The item was heard after Closed Session.

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

- a. Notification of the death **Ronald G. Baldwin**, Senior Maintenance Worker II, retired February 2, 2002, died August 18, 2023. Survivorship benefits to Darla Baldwin, spouse.
- b. Notification of the death **Josephine E. Berton**, Secretary, retired September 18, 1995, died August 28, 2023. No survivorship benefits.
- c. Notification of the death **Jose L. Garcia**, Principal Accountant, retired March 25, 2006, died August 17, 2023. Survivorship benefits to Jane Garcia, spouse.
- d. Notification of the death **Robert D. Garcia**, Plumber, retired January 10, 1997, died August 29, 2023. No survivorship benefits.
- e. Notification of the death of **Kathleen E. Rogers**, Street Sweeper Operator, retired October 11, 2003, died August 30, 2023. No survivorship benefits.
- f. Notification of the death of **William Rudman**, Sanitary Engineer, retired October 17, 2003, died August 23, 2023. No survivorship benefits.
- g. Notification of the death of **Betty Z. Scott**, Library Technical Assistant, retired April 7, 1981, died May 19, 2023. No survivorship benefits.
- h. Notification of the death of **Leo B. Taa**, Custodian, retired September 6, 2011, died July 30, 2023. Survivorship benefits to Thelma Taa, spouse.
- i. Notification of the death of **Jeb Welsh**, Maintenance Supervisor, active, died July 19, 2023. Survivorship benefits to Lola Kay Welsh, Ava Lynne Welsh and Ry Michael Cruz Welsh, children.

3. **INVESTMENTS**

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

This item was heard after Closed Session.

CIO Palani updated the Board that there was no investment report for this meeting. On November 14th, CIO Palani will be presenting the comprehensive expense report before the

City Council.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

5. NEW BUSINESS

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

This item was heard after 5h.

CEO Peña updated the Board on the following:

- The new Executive Assistant, Cynthia Ayala was introduced.
- The health open enrollment is taking place from November 1 - November 30, 2023.
- The open enrollment packet will be mailed out next week.
- The Retiree Health Fair will take place on November 8, 2023 from 10 a.m. to 2 p.m. at the Leininger Community Center in San Jose, CA.
- The staff open enrollment presentation took place on October 12, 2023 at the City of San Jose Retired Employees Association.
- ORS has a new Benefits Health Analyst and will start early November.
- Yanira Hernandez was hired for the ORS Senior Office Specialist position.
- The RFP for insurance brokers was issued last week and closed on September 29, 2023 and received no responses. ORS will issue a Request for Quote (RFQ) and will work with the City on this
- On the last Joint Audit Committee meeting, the City Auditor presented the interim ORS audits, which will be conducted in four phases. Phase one was completed and presented.
- The Retirement Connection Quarterly Newsletter Fall Edition was issued last month.
- The ORS office will be closed on November 11, 2023 for Veteran's Day and November 23 & 24, 2023 for Thanksgiving Holiday.
- The Quarterly Staff meeting is scheduled for November 1st.

CEO Peña answered questions from the Board.

- 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. Presentation by Bill Hallmark from Cheiron on revisions to actuarial standards affecting public pensions plans.

Bill Hallmark from Cheiron Inc. provided an educational session on the revisions to the actuarial standards regarding ASOP 4 affecting public pension plans. Mr. Hallmark answered questions from the counsel and the Board.

- d. Discussion and action on Pension economic assumptions for the June 30, 2023 Actuarial Valuation to be presented by Cheiron.

Bill Hallmark and Anne Harper from Cheiron Inc. presented the Pension economic

assumptions for the June 30, 2023 actuarial valuation and answered questions from the Board. Counsel Chin assisted with answering questions from the Board. Laura Wirick from Meketa Investment Group made a few comments. Councilmember Davis made a few comments as well.

A motion was made to accept the Pension recommended economic assumptions for the June 30, 2023 pension fund actuarial valuation with no changes.

Approved. (M.S.C. Jennings/Linder 7-0-0) The motion was unanimously passed by roll call vote.

- e. Discussion of Board's scope of legal authority under governing Plan provisions regarding ORS operations, presented by counsel Reed Smith.

Counsel Chin presented on this item and Chair made a few comments.

- f. Discussion and Action to amend contract with external auditors, Macias Gini & O'Connell LLP, to include an "agreed-upon procedures" engagement to audit the inclusion of invoice management fees in the Plans' investment performance, with fees not to exceed \$25,000.

Trustee Chandra spoke to the item and recommended that the Board engage Macias Gini & O'Connell LLP (MGO) to evaluate and report back to the Board its findings with fees for this additional scope of work not to exceed \$25,000 split with the Police and Fire Board.

A motion was made to approve to extend agreement terms and increase funds not to exceed \$25,000 to Macias Gini & O'Connell LLP (MGO).

Approved. (M.S.C. Horowitz/Abbott 7-0-0) The motion was unanimously passed by roll call vote.

- g. Discussion and action on authorizing the CEO to negotiate and execute a first amendment with Cortex Consulting Inc., to extend the term of the agreement through December 31, 2024, for a total NTE amount of \$50,000.

CEO Pena spoke to the item and recommend to the Board to extend the term and increase funds not to exceed amount for the contract with Cortex Consulting, Inc.as agendized. CEO Pena also answered questions from counsel.

A motion was made to approve to extend agreement terms and increase funds to Cortex Consulting, Inc.

Approved. (M.S.C. Chandra/Abbott 7-0-0) The motion was unanimously passed by roll call vote.

- h. Discussion and action on merit increase and executive days for the CIO position.

This item 5h was heard after item 4 and first before item 5a.

Trustee Chandra presented on this item.

A motion was made to approve the recommendation of 6% merit increase for the CIO with 5 executive days.

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

Ayes: Horowitz, Linder, Jennings, Abbott and Chandra
Opposed: Avasthy
Abstain: Faulkner

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: August 29, 2023 Next Meeting: December 19, 2023

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

This item was heard after item 5g.

Trustee Chandra informed the Board that the next Federated Investment Committee meeting scheduled on December 19, 2023 was cancelled. The meeting was rescheduled for December 13, 2023, at 11:00 a.m.

6.2 Governance Committee (Linder, Abbott, Avasthy)

Last Meeting: February 16, 2023 (Special) Next Meeting: TBD

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

Trustee Linder informed the Board that the committee was working on a new date for the next Governance Committee meeting.

6.3 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: September 21, 2023 Next Meeting: October 19, 2023

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

Trustee Avasthy provided an update to the Board and indicated that the next Joint Audit Committee meeting is right after the Federated Board meeting.

- b. Minutes of the FCERS Audit Committee meeting from May 18, 2023. Receive and file.

This was received and filed.

- c. Discussion and action on ORS Management's Response to "Audit: Procurement and Contract Oversight" Report by ORS Senior Internal Auditor, dated May 18, 2023.

ORS Management explained the amendment changes made to its response, which was reflected in the back up materials provided with this agenda.

A motion was made to accept the amended ORS Managements response to "Audit": Procurement and Contract Oversight" Report by ORS Senior Internal Auditor, dated May 18, 2023.

Approved. (M.S.C. Chandra/Jennings 7-0-0) The motion was unanimously passed by roll call vote.

- d. Memorandum from City Auditor entitled "Internal Control Risks Regarding the Office of Retirement Services," dated May 11, 2023. Receive and file.

This was received and filed.

- e. Discussion and action for the Board to engage Cortex Consulting Inc. to conduct an evaluation of ORS policies on procurement and contract issues.

A motion was made to approve to engage Cortex Consulting, Inc. to conduct an evaluation of ORS policies on procurement and contract issues.

Approved. (M.S.C. Chandra/Abbott 7-0-0) The motion was unanimously passed by roll call vote.

6.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: October 2, 2023 Next Meeting: November 7, 2023

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

Trustee Linder updated the Board that the next Federated Disability Committee meeting is on November 7, 2023.

- b. Minutes of the FCERS Disability Committee meeting from August 11, 2023. Receive and file.

This was received and filed.

6.5 Joint Personnel Committee (Chandra, Horowitz, Jennings)

Last Meeting: May 11, 2023 Next Meeting: TBD

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

Trustee Chandra will reach out to Trustee Eswar regarding the dates for the next JPC.

7. EDUCATION & TRAINING

This Education & Training was received and filed.

- a. The Cortex Report - November 2023, Conferences, Seminars and Educational Programs.
- b. CALAPRS 2023 Program Calendar.
- c. SACRS Annual Fall Conference 2023, Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, CA - November 7 - 10, 2023.

• **PROPOSED AGENDA ITEMS**

Chair Horowitz requested that the Boards consider including an agenda item for the formation of an ad hoc committee for succession planning for management.

• **ADJOURNMENT**

The meeting adjourned at 12:31 p.m.

Next FCERS Board Meeting: November 16, 2023

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES