



BOARD OF ADMINISTRATION

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

Thursday, January 18, 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: 971 8478 3633

Passcode: 854502

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) -- 1251 Shiloh Ridge, Windsor, CA 95492

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, 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, January 18, 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 8:32 a.m. followed by roll call.

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

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: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Benjie Chua-Foy, Sandra Castellano, Eric Tsang, Christina Wang, Harrison Pearce, Cynthia Ayala, David Torres, Edith Aldama, Sherrell Aledo and Chris Ha.

Retirement Staff Present via Zoom: Linda Alexander, Houman Boussina, Ron Kumar, Ellen Lee, Julie He, David Aung, Dhinesh Ganapathiappan, Arun Nallasivan, Chris J. Reyes, and Shilpi Dwivedi.

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

Also Present via Zoom: Valter Viola, Cortex Consulting; Russ Richeda, Disability Counsel; Jared Pratt and Laura Wirick, Meketa Investment Group; Rui di Figueredo, David J. Biltekoff, and Hayley Soriano, Morgan Stanley; 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 8:30 A.M.

II. CLOSED SESSION NEW BUSINESS/CONTINUED-DEFERRED ITEMS

The Board entered Closed Session after approving the Consent Calendar.

The Board entered into Closed Session at 8:42 a.m.

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

Counsel Chin and Harvey Leiderman of Reed Smith LLP recused themselves from this agenda item.

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

The Board came out of Closed Session at 9:16 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

Open Session re-convened at 9:18 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.

This was heard after roll call attendance.

Orders of the Day

- Item 4b - Per speaker request - Market Overview by Morgan Stanley. (Time Certain: 10:00 a.m.)

WAIVE SUNSHINE (amended/attachments POSTED late):

- Late attachment.

A motion was made to approve to waive sunshine for the above referenced attachment.

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

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

None.

1. Application for Change in Status to a Service-Connected Disability

This item was heard after item 3a.

A motion was made to approve the denial of the Request for Change in Status to a Service-Connected Disability.

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

- a. **Jennifer Standing-Elk**, Office Specialist II, Department of Transportation, Request for Change of Status to Service-Connected Disability Retirement, effective March 16, 2013; 22.01* years of service. (*Staff Disability Committee Recommendation: Denial*)

2. CONSENT CALENDAR

The Consent Calendar was heard after the motion on sunshine waiver and before Closed Session.

CEO Peña pulled out item 2.5a from the Consent Calendar for further discussion.

A motion was made to approve the Consent Calendar with the exception of item 2.5a.

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

2.1 Approval of Service Retirements

- a. **Joseph Andrade**, Wastewater Maintenance Superintendent, Environmental Services Department, effective February 2, 2024; 16.54* years of service.
- b. **Joe T. Beckham**, Senior Electrician, Public Works Department, effective January 20, 2024; 22.64* years of service.

- c. **Emily C. Hendon**, Division Manager, Human Resources Department, effective February 3, 2024; 11.55* years of service.
- d. **Ignacio J. Preciado**, Building Inspector Supervisor, Public Works Department, effective January 20, 2024; 20.23* years of service.

2.2 Approval of Deferred Vested

- a. **Stuart Bennett**, Investment Officer, Office of Retirement Services, effective January 31, 2024; 13.41* years of service. (*With Reciprocity - 0.47 CSJ + 12.94 PERS = 13.41 YOS*)
- b. **Samantha L. Doebler**, Senior Analyst, Department of Transportation, effective February 1, 2024; 7.27* years of service.
- c. **James P. Reinhardt**, Animal Services Officer, Parks, Recreation & Neighborhood Services, effective January 8, 2024; 13.94* years of service.
- d. **Natalie Rae Rencher**, Senior Librarian, Library Department, effective December 30, 2023; 7.53* years of service. (*With Reciprocity - 1.44163 CSJ + 6.0885 SDCERA = 7.53 YOS*)
- e. **Jianzheng Yang**, Associate Engineer, Planning Building and Code Enforcement, effective February 1, 2024; 24.05* years of service. (*With Reciprocity - 3.80 CSJ + 20.25 PERS = 24.05 YOS*)

2.3 Approval of Board Minutes

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

2.4 Approval of Return of Contributions

- a. Voluntary | Involuntary

2.5 Acceptance of Communication/Information Reports

- a. Approval of Federated City Employee's Retirement System's Popular Annual (PAFR) for the year ended June 30, 2023.

This item was taken off the Consent Calendar and heard separately after item 6e.

CEO Peña and Benjie Chua-Foy, Accounting Division Manager, addressed this item and answered questions from the Board.

A motion was made to approve the Federated City Employee's Retirement System's Popular Annual (PAFR) for the year ended June 30, 2023.

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

The Board took a break from 9:55 a.m. to 10:03 a.m.

2.6 Approval of Travel / Conference Attendance

- a. Prabhu Palani, CIO
 - Pacific Pension & Investment Winter Roundtable, The Meritage, Napa, California, March 6 - 7, 2024.

2.7 Alternate Beneficiary Designation

- a. Approval of Alternate Payee Benefit election of Lifetime Monthly Payment Option to be paid to Elizabeth Sotelo, ex-spouse of Maintenance Worker II, **Joseph Sotelo** to be effective January 5, 2024, under Part 17, Section 3.36.3600 of the San Jose Municipal Code.

3. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

This item was heard after the Closed Session.

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

- a. Notification of the death of **Angel Navarro**, Airport Maintenance Supervisor, retired January 5, 1980, died December 31, 2023. No survivorship benefits.

4. INVESTMENTS

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

CIO Palani updated the Board on the following unaudited estimated performance by Meketa Investment Group and answered questions from the Board.

- For FYTD as of January 16, 2024, the Pension Plan was up 2.93%.
- For FYTD as of January 16, 2024, the Health Care Trust was up 2.1%.

- b. Market Overview by Morgan Stanley.

Time Certain: 10:00 a.m.

This item was heard after item 2.5a.

CIO Palani introduced CIO Rui di Figueiredo from Morgan Stanley to present the Market

Overview. CIO Di Figuereido from Morgan Stanley presented the Portfolio Solutions Group: Outlook and answered questions from the Board. CIO Palani also assisted in answering questions from the Board. Chair Horowitz and CIO Palani thanked CIO Di Figuereido for his presentation.

5. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

6. NEW BUSINESS

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

This item was heard after item 4a.

CEO Peña updated the Board on the following:

- The 1099R forms for calendar year 2023 will be mailed out at the end of this month.
- The Guarantee Purchasing Power (GPP) for 2023 will be calculated and paid in February 2024.
- The City of San Jose COVID-19 vaccine mandatory policy was discontinued effective January 1, 2024.
- The ORS office will be closed on February 9th in observance of Lunar New Year and February 19th in observance of President's Day.
- The ORS Newsletter January edition was mailed out.
- The ORS IT Manager, Shilpi Dwivedi, was designated as the Cyber Security Manager for our office.

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

This item was heard after 6d.

City Council Liaison Dev Davis updated the Board on pending matters before the Council. Ms. Davis noted that the Council will receive the annual report of the city services on January 23rd, which will start the kicked off for the budget seasons. The annual report will be discussed on what the past years looked like and what are the projected outlook for the next five years. CEO Peña thanked City Council Davis and answered questions from the Board. Trustee Jennings also assisted in answering questions from the Board.

- c. Discussion and action on Final OPEB Valuation results as of June 30, 2023 to be presented by Cheiron.

This item was heard after item 6a.

Bill Hallmark from Cheiron presented the Final OPEB Valuation results and answered questions from the Board. Taylor Stevens and Jacqui King from Cheiron also spoke to the item.

A motion was made to approve the Final OPEB Valuation results as of June 30, 2023.

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

- d. Discussion on Cheiron's 5-Year City Pension and OPEB Contribution Projections.

Bill Hallmark from Cheiron presented the 5-Year City Pension and OPEB Contribution Projections.

- e. Discussion and action to authorize the CEO to negotiate and execute an agreement between the Board of Administration (the Board) for the Federated City Employees' Retirement System (the System) and Risk Strategies for insurance brokerage services ending on June 30, 2028, for the maximum contract amount of \$300,000, to be split with the Board of Administration for the San Jose Police and Fire Department Retirement Plan (Plan).

This item was heard after item 6b.

Benjie Chua-Foy, Accounting Division Manager, introduced and spoke to this item. CEO Peña and Benjie Chua-Foy answered questions from the Board.

A motion was made to accept the Risk Strategies for insurance brokerage services.

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

7. COMMITTEES/REPORTS/RECOMMENDATIONS

7.1 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 item 4b.

Trustees Chandra and Horowitz updated the Board. The next meeting is scheduled on February 20, 2024.

- b. Minutes of the Federated Investment Committee meeting from August 29, 2023. Receive and file.

The Minutes were received and filed.

7.2 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 from the Audit Committee.

7.3 Governance Committee (Linder, Abbott, Avasthy)

Last Meeting: November 27, 2023 Next Meeting: January 29, 2024

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

There was no update from the Governance Committee.

- b. Update of the progress on adoption of City and ORS policies and procedures.

Maytak Chin, General and Fiduciary Counsel, updated the Board. Counsel Chin will be presenting the full review of the City policies and procedures on the January 29th meeting.

7.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: January 16, 2024 Next Meeting: February 6, 2024

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

Trustee Linder updated the Board. The Committee approved two applicants from the January 16th meeting. He also introduced item 7.4c, the Disability Retirement Application Rules and Procedures.

- b. Minutes of the Federated Disability Committee meeting from December 5, 2023. Receive and file.

The Minutes were received and filed.

- c. Discussion and action for approval of disability retirement application rules and procedures.

Maytak Chin, General and Fiduciary Counsel, spoke to the proposed Disability Retirement application Rules and Procedures.

A motion was made to adopt the Disability Retirement Application Rules and Procedures.

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

Counsel Chin clarified for the record that the new policy will be effective January 18, 2024.

7.5 Joint Personnel Committee (Chandra, Horowitz, Linder)

Last Meeting: December 22, 2023 Next Meeting: January 31, 2024

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

Trustees Chandra and Horowitz updated the Board. The Committee has chosen the Alliance Resource Consulting, LLC firm at the December 22nd meeting to conduct the executive search.
- b. Minutes of the Joint Personnel Committee meeting from November 14, 2023. Receive and file.

The Minutes were received and filed.
- c. Report on ad hoc committee's recommendation of hiring executive search firm for CEO position.

Trustee Linder reported that a representative from Alliance Resource Consulting, LLC firm will be present on the January 31st meeting.

8. EDUCATION & TRAINING

This Education & Training was received and filed.

- a. The Cortex Report - January 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.

• PROPOSED AGENDA ITEMS

None.

The Federated Board and ORS staff thanked Harvey Leiderman for his service as a Counsel. We wish him a happy retirement.

• ADJOURNMENT

The meeting adjourned at 11:05 a.m.

• Next FCERS Board Meeting: February 15, 2024

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES