



BOARD OF ADMINISTRATION

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

Thursday, November 21, 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: 966 2738 0798

Passcode: 457633

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, November 21, 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 8:31 a.m. followed by roll call.

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

City Council Liaison Dev Davis arrived at 8:39 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, Christina Wang, Arun Nallasivan, David Aung, and Benjie Chua-Foy.

Retirement Staff Present via Zoom: Linda Alexander, Shilpi Dwivedi, 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; Bill Hallmak, Cheiron; and Carolyn Gibson and Bill Gold, OER.

Also Present via Zoom: Kevin Baload, Journalist-WithIntelligence; Laura Wirick, Ian Schirato, Meketa Investment Group; Jacqui King and Steve Hastings, Cheiron; and Brian Chi, Public Attendee.

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 10:00 A.M.

I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

Closed Session was heard immediately after the Board returned from their break after Item 5d.

The Board entered into Closed Session at 9:49 a.m.

- A. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION
PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1) WITH CITY COUNCIL
LIAISON. Position: Chief Executive Officer.**

Time Certain: 10:00 a.m. or soon thereafter

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

The Board came out of Closed Session at 10:16 a.m.

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

Open Session re-convened at 10:17 a.m.

• ORDERS OF THE DAY

This item was heard immediately after roll call attendance.

Chair Horowitz read the following into the record:

- 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:

- Time Certain 10:00 a.m. for Closed Session Item I-A.

- For Joint Audit Committee Item 6.2c-2, the independent auditor's Management Letter is deferred to the December meeting.

WAIVE SUNSHINE (amended/attachments POSTED late):

- None.

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

1. CONSENT CALENDAR

1.1 Approval of Service Retirements

The Consent Calendar was heard after Order of the Day.

A motion was made to approve the Consent Calendar.

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

- a. **George E. Cicairos Jr.**, Senior Air Conditioning Mechanic, Public Works Department, effective December 7, 2024; 14.00* years of service.
- b. **Sanjeev Gupta**, Wastewater Facility Principal Engineer, Environmental Services Department, effective December 7, 2024; 8.56* years of service.
- c. **John R. Miranda**, Airport Maintenance Supervisor, Airport Department, effective December 6, 2024; 29.80* years of service.

1.2 Approval of Deferred Vested

- a. **Lisa K. Fedeli**, Principal Accountant, Airport Department, effective December 19, 2024; 7.66* years of service.
- b. **Sheila A. Tucker**, Senior Executive Analyst, City Manager's Office, effective October 25, 2024; 5.92* years of service.
- c. **Robert F. Wandro**, Environmental Laboratory Supervisor, Environmental Services Department, effective December 7, 2024; 33.18* years of service. (*With Reciprocity - 17.13 CSJ + 16.05 PERS = 33.18 YOS*)

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of October 17, 2024.

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 July 2024. Receive and file.
- b. Report of the Monthly Board Expenses for August 2024. Receive and file.
- c. Report of the Monthly Board Expenses for September 2024. Receive and file.
- d. Q1 FY 2024 - 2025 Budget to Actual Quarterly Budget Report.
- e. **Educational Travel Reports:**
 - CALAPRS In-Person Trustee Roundtable, San Jose Marriott, San Jose, CA, October 11, 2024 - by Deborah Abbott.
 - CALAPRS In-Person Trustee Roundtable, San Jose Marriott, San Jose, CA, October 11, 2024 - by Spencer Horowitz.

1.6 Approval of Reimbursements

- a. Spencer Horowitz, Chair
Self-study materials listed below for a total cost of \$75, pursuant to Paragraph 5(f) of the Federated Board Education Policy:
 - Patient Capital: The Challenges and Promises of Long-Term Investing
 - In Pursuit of the Perfect Portfolio: The Stories, Voices, and Key Insights of the Pioneers Who Shaped the Way We Invest
 - Same as Ever: A Guide to What Never Changes
 - Wealth, War and Wisdom

1.7 Approval of Travel Attendance & Reimbursements

- a. John Flynn, CEO
 - CALAPRS Annual General Assembly 2025, Silverado Resort, Napa, CA, March 2 - 5, 2025.

b. Reimbursements

- John Flynn's 'Temporary Lodging Reimbursement' for August 24, 2024 - October 6, 2024, pursuant to CEO Employment Contract, Paragraph 3(C), Exhibit E.
- CALAPRS In-Person Trustee Roundtable, San Jose Marriott, San Jose, CA, October 11, 2024 - by Deborah Abbott.
- CALAPRS In-Person Trustee Roundtable, San Jose Marriott, San Jose, CA, October 11, 2024 - by Spencer Horowitz.

1.8 Change of Retirement Application-First Name Correction

- a. Approval for a spelling correction of the first name **Gerard C. Manuel**, changing the spelling from 'l' to 'r', with a retirement date of October 15, 2024, for a Service Retirement approved at the September 19, 2024, 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 **A Lorene Broderick**, Accounting Technician, retired July 31, 1999, died October 2, 2024. No survivorship benefits.
- b. Notification of the death of **Patricia Emami**, Analyst II, retired August 6, 2011, died July 8, 2024. Survivorship benefits to Shawn Emami, spouse.
- c. Notification of the death of **Sheldon Erickson**, Associate Engineer Technician, retired June 25, 1984, died July 5, 2024. No survivorship benefits.
- d. Notification of the death of **Tellis Hynes**, Environmental Inspector II, retired May 28, 2011, died October 6, 2024. Survivorship benefits to Patricia Hynes, spouse.
- e. Notification of the death of **Raphael S. Jones**, Analyst II, retired July 19, 2004, died June 13, 2024. No survivorship benefits.
- f. Notification of the death of **Twyla Kellerman**, Senior Records Clerk, retired March 6, 1986, died October 9, 2024. No survivorship benefits.
- g. Notification of the death of **Tommie E. Miller**, Warehouse Worker II, retired November 4, 2017, died September 8, 2024. Survivorship benefits to Barbara Miller, spouse.
- h. Notification of the death of **Robert Mulvany**, Principal Construction Inspector, retired December

21, 1985, died September 5, 2024. No survivorship benefits.

- i. Notification of the death of **George H. Peredo**, Darkroom Technician, retired February 3, 1991, died August 7, 2024. Survivorship benefits to Rosita A. Peredo, spouse.
- j. Notification of the death of **William Threets**, School Safety Coordinator, retired September 20, 1997, died September 12, 2024. No survivorship benefits.

3. INVESTMENTS

- a. Oral update by CIO, Prabhu Palani.

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

- For FYTD as of November 19, 2024, the Pension Plan was up 2.69%.
- For FYTD as of November 19, 2024, the Health Care Trust was up 3.73%.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

5. NEW BUSINESS

- a. Oral update by CEO, John Flynn.

CEO updated the board on the following topics:

- Recognition of retiring ORS analyst, Theresa Sitchler
- ORS recruitment activities
- Open Enrollment and Health Fair – Open Enrollment 2025 Rates letter
- Annual Business Continuity Test
- ORS Procurement Policy
- Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2023
- IRS 415(b) limit for 2025 is \$280,000
- Retirement Connection newsletter
- Request for Proposal activities
- Replacement project of physical phones with Zoom Phones
- Annual Board Training from CAO
- Upcoming ORS Holidays – Office Closed:
 - o Nov 28-29 - Thanksgiving
 - o Dec 23 -Jan 1 – Holiday Closure
- CEO Transition Update

CEO Flynn answered questions from the Board. Barbara Hayman, Deputy Director, assisted in answering questions from the Board. Trustee Linder added a few comments and announcements. CEO Flynn thanked the Board for their support.

- 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.

Trustee Chandra made a few comments.

- c. Discussion on Preliminary Valuation Results as of June 30, 2024, presented by Cheiron.

Bill Hallmark and Jacqui King, Cheiron, presented this item and answered questions from the Board.

- d. Discussion and action on assumptions for the OPEB June 30, 2024, actuarial valuation to be presented by Cheiron.

Bill Hallmark and Jacqui King, Cheiron, presented this item and answered questions from the Board.

A motion was made to accept all the recommendations on assumptions for the OPEB June 30, 2024, actuarial valuation, as shown on slide 17 of the presentation.

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

The Board took a break from 9:42 a.m. - 9:49 a.m.

After the Board returned from the break, they entered into Closed Session.

- e. Nomination for the position of Board Vice-Chair for calendar year 2025.

This item was heard after the Closed Session.

Chair Horowitz introduced the item. Counsel Chin read from the Board's Election Policy regarding procedural requirements. Vice-Chair Jennings nominated Trustee Chandra as the new Vice-Chair for calendar year 2025. Trustee Chandra accepted the nomination.

- f. Nominations for the positions of Board Chair for calendar year 2025.

Chair Horowitz introduced the item. Trustee Chandra nominated Chair Horowitz as the Chair for calendar year 2025. Chair Horowitz accepted the nomination.

- g. Discussion and action on authorizing the secretary to negotiate and execute the third amendment to the agreement with Cortex Consulting for governance consulting services to extend the term of the agreement to March 31, 2025, and increase the compensation payable under the agreement by \$5,000 to a not to exceed the amount of \$80,000.

Chair Horowitz introduced the item. CEO Flynn spoke to the item and answered questions from the Board. Vice-Chair Jennings also made comments.

A motion was made to approve the third amendment to the agreement with Cortex Consulting for governance consulting services to extend the term of the agreement to March 31, 2025, and increase the compensation payable under the agreement by \$5,000 to a not to

exceed the amount of \$80,000.

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

- h. Discussion and action on establishing a Joint Ad Hoc Committee of one board member from each board to participate in the procurement process for actuarial services used by the ORS and the Boards. This Joint Ad Hoc Committee would continue until the selected vendors execute all contracts.

Chair Horowitz presented the item. CEO Flynn answered questions from the Board.

A motion was made to establish a Joint Ad Hoc Committee of one board member from each board to participate in the procurement process for actuarial services used by the ORS and the Boards until all contracts for such services have been executed.

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

Vice-Chair Jennings nominated Trustee Avasthy as the Federated Board representative to participate in the ad hoc committee for the procurement of actuarial services utilized by the ORS and the Boards.

A motion was made to designate Trustee Avasthy as the Federated Board representative to the ad hoc committee regarding the procurement for actuarial services utilized by the ORS and the Boards

Approved. (M.S.C. Jennings/Chandra 6- 0-1).

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

Nays: None.

Abstained: Avasty.

- i. Discussion and action to give authority to the proposed Joint Ad Hoc Committee to work with staff to identify how they would be involved in procuring the actuarial services and set an appropriate timeline so that all services may be procured, and the contract(s) executed no later than June 30, 2025.

CEO Flynn presented the item and answered questions from the Board.

A motion was made to grant authority to the proposed Joint Ad Hoc Committee to work with staff to identify how they would be involved in procuring the actuarial services and set an appropriate timeline so that all services may be procured, and the contract(s) executed no later than June 30, 2025.

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

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: August 21, 2024 Next Meeting: December 11, 2024

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

There was no update. Chair Chandra announced that the next Investment Committee meeting will take place on December 11, 2024.

6.2 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: August 15, 2024 Next Meeting: February 20, 2025

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

Chair Avasthy updated the Board on matters regarding the last meeting.

- b. Minutes of the Audit Committee meeting from August 15, 2024. Receive and file.

The minutes were received and filed.

- c. Discussion and action regarding communication to the Board of Administration of the City of San Jose Police and Fire Department Retirement Plan and the Federated City Employees' Retirement System from Macias Gini & O'Connell (MGO), the Plan's external auditor:

1. Independent auditor's report on the internal control over financial reporting, compliance and other matters based on an Audit of Financial Statements performed.
2. Independent auditor's Management Letter comments and recommendations regarding audit findings.

A motion was made to accept Item 6.2c-1, the Independent auditor's report on the internal control over financial reporting, compliance and other matters based on an Audit of Financial Statements performed.

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

Item 6.2c-2 was deferred to the December meeting.

- d. Discussion and action on the approval of the Federated City Employees' Retirement System's and the Police and Fire Department Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2023-2024.

A motion was made to approve the Federated City Employees' Retirement System's Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2023-2024.

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

- e. Discussion of CEO's assessment of ORS staff positions, including but not limited to the Senior Internal Auditor position.
No action was taken.

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. Chair Linder announced that the next Joint Governance Committee meeting will take place on December 19, 2024.

6.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: November 20, 2024 Next Meeting: December 3, 2024

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

Chair Linder updated the Board on matters regarding the last meeting.
- b. Minutes of the Federated Disability Committee meeting from September 9, 2024. Receive and file.

The minutes were received and filed.
- c. Federated Quarterly Disability Retirement Applications Dashboard.

No action was taken.

6.5 Joint Personnel Committee (Chandra, Horowitz, Linder)

Last Meeting: April 25, 2024 Next Meeting: January 21, 2025

- a. Oral update from the Vice-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. CALAPRS General Assembly 2025, Silverado Resort, Napa, CA, March 2 - 5, 2025.
- d. Pension Bridge The Annual 2025, Ritz-Carlton, Half Moon Bay, CA, March 24 - 26, 2025.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 10:38 p.m.

- **Next FCERS Board Meeting: December 19, 2024**

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION

ATTEST:

JOHN FLYNN, CEO
OFFICE OF RETIREMENT SERVICES