



BOARD OF ADMINISTRATION

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

Thursday, September 19, 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: 953 8214 3739

Passcode: 732751

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, September 19, 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 8:34 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 AB 2449 Emergency Circumstance teleconferencing rules: Julie Jennings.

Retirement Staff Present: John Flynn, Prabhu Palani, Barbara Hayman, Sandra Castellano, Sherrell Aledo, Edith Aldama, Cynthia Ayala, Chris Ha, Jay Kwon, Dhinesh Ganapathiappan, Christina Wang, Harrison Pierce, Arun Nallasivan, David Aung, and Ron Kumar.

Retirement Staff Present via Zoom: Linda Alexander, Shilpi Dwivedi, Benjie Chua-Foy, Nam Cao, Ellen Lee, Julie He, and Roberto L. Peña.

Also Present: Dev Davis, City Council Liaison; Maytak Chin, General and Fiduciary Counsel; Carolyn Gibson, OER; Laura Wirick and Colin Kowalski, Meketa Investment Group.

Also Present via Zoom: Joe Ebisa, Journalist-WithIntelligence; Russ Richeda, Disability Counsel; Kaci Boyer, Neuberger Berman; Jay Castellano, Public Member; and Wayne Tanda, Public Member.

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 of this meeting via teleconference due to an "Emergency Circumstance."

Julie Jennings

- 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.

A motion was made to approve Vice-Chair Jennings's remote attendance under AB 2449's "emergency circumstance" rules.

Approved. Chandra/Linder (M.S.C. 6 0 0). Vice-Chair Jennings did not participate in the vote.

CLOSED SESSION

CLOSED SESSION AGENDA ITEMS WILL BE HEARD AT 8:30 A.M.

Closed Session was heard immediately after the New Business Item 6c.

The Board entered into Closed Session at 8:40 a.m.

I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

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

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

- B. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: TBD at September 19, 2024 Board meeting in open session; Unrepresented employees: Chief Investment Officer.**

There was a reportable action for this item from Closed Session.

Counsel Chin announced that the Board approved up to 2.5% and 5 executive days for the Chief Investment Officer (CIO).

- C. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Section 54956.9(d)(2): Four Cases.**

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

- D. **CLOSED SESSION**: THREAT TO PUBLIC SERVICES OR FACILITIES Consultation with:
Legal Counsel pursuant to Government Code section 54957(a).

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

The Board came out of Closed Session at 9:46 a.m.

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

Open Session re-convened at 9:52 a.m.

• **ORDERS OF THE DAY**

This item was heard immediately after roll call attendance.

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.

Orders of the Day:

- Item 6c was taken out of order as the first item of business, and heard before the Board entered Closed Session.

WAIVE SUNSHINE:

- None.

A motion was made to approve the Orders of the Day.

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

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

None.

1. **Rescission of Application for a Change of Status to Service-Connected Disability Retirement**

- a. **Margaret Barajas**, Staff Specialist, Police Department, Request for Change of Status to Service-Connected Disability Retirement, effective February 5, 2022; 24.44* years of service. (*Federated Disability Committee Recommendation: Board to acknowledge and accept the withdrawal of the application for Disability*)

This item was heard after Item 4b.

A motion was made to accept the Federated Disability Committee recommendation to the

Board to acknowledge and accept the withdrawal of the application for a Change of Status to Service-Connected Disability Retirement.

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

2. CONSENT CALENDAR

This item was heard after Closed Session.

Item 2.1a was pulled from the Consent Calendar.

A motion was made to approve the remainder of the Consent Calendar, with Item 2.1a pulled from the Consent Calendar.

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

2.1 Approval for a Change in Status to Service-Connected Disability Retirement

- a. **Jimmy Cotillon**, Park Maintenance Repair Worker II, Parks, Recreation and Neighborhood Services Department, Request for Change of Status to Service-Connected Disability Retirement, effective October 1, 2022; 32.75* years of service. (*Staff Disability Committee Recommendation: Approval*)

2.2 Approval of Service Retirements

- a. **Samuel Anzaldua Jr.**, Maintenance Supervisor, Department of Transportation, effective October 12, 2024; 30.01* years of service.
- b. **Gail R. DeVaul**, Administrative Officer, Department of Transportation, effective September 14, 2024; 17.73* years of service.
- c. **Sherrilynn Sledge**, Executive Analyst II, City Manager's Office, effective September 28, 2024; 22.39* years of service.
- d. **Courtney N. Stuerwald**, Analyst II, Human Resources Department, effective September 28, 2024; 30.68* years of service.
- e. **Laverne S. Washington**, Senior Legal Analyst, City Attorney's Office, effective October 12, 2024; 24.19* years of service.

2.3 Early Retirement

- a. **Thomas F. Goodwin**, Senior Accountant, Airport Department, effective October 12, 2024; 6.02* years of service.

2.4 Approval of Deferred Vested

- a. **Anthony V. Bryan**, Volunteer Coordinator, Library Department, effective August 17, 2024; 7.34* years of service.
- c. **Gerald C. Manuel**, Recreation Supervisor, Parks, Recreation & Neighborhood Services, effective October 15, 2024; 11.62* years of service.
- d. **Gregory Park**, Deputy Director, Information Technology Department, effective August 24, 2024; 35.15* years of service. (*With Reciprocity - 1.98 CSJ + 33.16 PERS = 35.15 YOS*)
- e. **James P. Smith**, Senior Analyst, Airport Department, effective September 24, 2024; 8.27* years of service.

2.5 Approval of Board Minutes

- a. Approval of the Board Minutes of August 15, 2024.

2.6 Approval of Return of Contributions

- a. Voluntary | Involuntary

2.7 Acceptance of Communication/Information Reports

- a. **Educational Travel Reports:**
 - Public Funds Forum, Montage Laguna Beach Hotel, Laguna Beach, CA, September 3 - 5, 2024 - by Mark Linder.

2.8 Approval of Travel Attendance & Reimbursements

- a. John Flynn, CEO
 - CALAPRS Administrators Institute, Carmel-by-the-Sea, CA, September 25 - 27, 2024.
 - CALAPRS Compliance Roundtable, San Jose, CA, October 11, 2024.
- b. Prabhu Palani, CIO
 - Annual Transpose VIP Event at SaaSTr 2024, San Mateo, CA, September 11, 2024 (Panelist).
 - Public Funds Steadying the Ship, Sacramento, CA, November 13 - 14, 2024 (Panelist).

- Transpose Platform Tokyo Innovation Summit, Shangri-La Hotel, Tokyo, Japan, November 19, 2024 (Speaker).

c. Reimbursements

- John Flynn's 'House Hunting Trip 1,' July 31, 2024 - August 3, 2024 pursuant to CEO Employment Contract, Paragraph 3(C), Exhibit E.
- John Flynn's 'House Hunting Trip 2,' August 14, 2024 - August 16, 2024 pursuant to CEO Employment Contract, Paragraph 3(C), Exhibit E.

2.9 Alternate Beneficiary Designation

- a.** Approval of Alternate Payee Benefit election of Lifetime Monthly Payment Option to be paid to Theresa Velasco, ex-spouse of Wastewater Ops Foreperson, **Louis DeJesus Velasco** to be effective August 30, 2024, under Chapter 3.28, Part 23 of the San Jose Municipal Code.

3. 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 **Ronnie Brayfield**, Wastewater Mechanic II, retired February 25, 2022, died August 15, 2024. No survivorship benefits.
- b.** Notification of the death of **John C. Dotter**, Community Gardening Coordinator, retired July 7, 2001, died July 22, 2024. Survivorship benefits to Mary Dotter, spouse.
- c.** Notification of the death of **Long Pham**, Community Service Officer II, died August 3, 2024. No survivorship benefits.
- d.** Notification of the death of **James R. Pooler**, Parks Facilities Supervisor, retired December 16, 2006, died July 20, 2024. Survivorship benefits to Nancy Pooler, spouse.
- e.** Notification of the death of **Grace S. Soda**, Accountant II, retired July 18, 1992, died August 15, 2024. No survivorship benefits.
- f.** Notification of the death of **Glenn M. Van Osdol**, Senior Construction Inspector, retired August 16, 1989, died July 15, 2024. No survivorship benefits.

4. 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 September 17, 2024, the Pension Plan was up 2.6%.
- For FYTD as of September 17, 2024, the Health Care Trust was up 3.2%.

Chair Horowitz and Trustees Chandra and Abbott said a few comments and thanked CIO Palani for his work.

- b. Presentation of Calendar 1st Quarter 2024 Private Equity report by Neuberger Berman.

Kaci Boyer, Neuberger Berman, presented the item and answered questions from the Board. Dhinesh Ganapathiappan, Senior Investment Officer, and CIO Palani assisted in answering questions from the Board.

- c. Presentation of Calendar 1st Quarter 2024 Private Markets report by Meketa Investment Group.

This item was heard after Item 1a.

Laura Wirick introduced Colin Kowalski from Meketa Investment Group. Mr. Kowalski presented the item and answered questions from the Board. Ms. Wirick and Dhinesh Ganapathiappan, Senior Investment Officer, assisted in answering questions from the Board.

- d. Presentation of Calendar 2nd Quarter 2024 Performance report for Pension Plan by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the item and answered questions from the Board. CIO Palani and Jay Kwon, Senior Investment Officer, assisted in answering questions from the Board.

- e. Presentation of Calendar 2nd Quarter 2024 Performance report for Health Care Trust by Meketa Investment Group.

Laura Wirick, Meketa Investment Group, presented the item.

5. OLD BUSINESS-DEFERRED/CONTINUED ITEMS-NONE

6. NEW BUSINESS

- a. Oral update by CEO, John Flynn.

CEO Flynn updated the Board on the following:

- Thanked the Board and ORS staff for welcoming him with open arms.
- The recruitment for the Benefits Health Analyst and Senior Office Specialist positions has been completed, and hopefully, the new hires will be onboard in mid to late October.
- The health open enrollment will take place from November 1, 2024 to November 30, 2024.
- The open enrollment packet will be mailed out in October.
- The staff open enrollment presentation will take place on October 10, 2024 at the City of San

Jose Retired Employees Association.

- The Retiree Health Fair will take place on November 6, 2024, from 10 a.m. to 2 p.m. at the Leininger Community Center in San Jose, CA.
- The ORS office space lease is up for negotiation, and ORS is looking for potential locations for lease.
- Per the MOU, ORS is facilitating the required meetings between the City Council Liaison and the Chair and Vice-Chair of the Board.
- The ORS proposed procurement policy was shared with the Finance Department, and we anticipate a discussion of the policy, with plans to bring it back to the Board.
- ORS will be closed on October 14, 2024 in observance of Indigenous Peoples Day.
- Provided an update on the CEO transition process.

Chair Horowitz and Trustee Chandra made a few comments.

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

City Council Liaison Dev Davis welcomed the ORS's new CEO, John Flynn. Councilmember Davis updated the Board on pending matters before the Council and answered questions from Vice-Chair Jennings and Trustee Avasthy.

- c.** Discussion and action of appointment of Labor Negotiator for the Chief Investment Officer position.

This item was heard immediately after Orders of the Day and Public Comment before Closed Session.

Chair Horowitz introduced the item. Trustee Chandra volunteered to serve as the labor negotiator for the Chief Investment Officer (CIO) position.

A motion was made to approve Trustee Chandra as the labor negotiator for the Chief Investment Officer (CIO) position.

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

- d.** Discussion and presentation by Cortex Consulting Inc. - 2024 Federated Board performance self-assessment.

This item was heard after Item 6b.

Trustees Horowitz, Linder, Chandra, Abbott, Avasthy, and Faulkner made a few comments. The Board discussed having a fiduciary training in the coming months and a strategic planning session as well. CEO Flynn and Counsel Chin also made a few comments.

- e.** Discussion and action on non-preapproved travel for Trustee Abbott to attend the International Foundation of Employee Benefits, Trustees Masters Program from November 9 - 10, 2024.

Chair Horowitz introduced the item. Counsel Chin answered questions from the Board. CEO Flynn assisted in answering question from the Board.

A motion was made to approve travel for Trustee Abbott to attend the International Foundation of Employee Benefits, Trustees Masters Program from November 9 - 10, 2024.

Approved. (M.S.C. Chandra/Linder 6-1-0). The motion passed by roll call vote.

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

The Board discussed having travel requests placed on the consent calendar and directed staff to do so in the future.

7. COMMITTEES/REPORTS/RECOMMENDATIONS

7.1 Investment Committee (Chandra, Horowitz, Faulkner)

Last Meeting: August 20, 2024 Next Meeting: December 17, 2024

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

Chair Chandra updated the Board from the last meeting.

- b. Minutes of the Federated Investment Committee meeting from April 10, 2024. Receive and file.

The Minutes were received and filed.

7.2 Audit Committee (Avasthy, Jennings, Abbott)

Last Meeting: August 15, 2024 Next Meeting: October 17, 2024

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

Chair Avasthy updated the Board from the last meeting.

- b. Minutes of the Joint Audit Committee meeting from May 16, 2024. Receive and file.

The Minutes were received and filed.

- c. Update on status of request to custodian bank (Bank of New York Mellon) to correct fiscal years 2016-2023 Pension Plans' returns based on the results of the Agreed Upon Procedures work completed by Macias Gini & O'Connell LLP audit firm.

No action was taken.

- d. Discussion and action on Office of Retirement Services' proposed timeline and plan for implementing recommendations from the City Auditor's Report, dated April 4, 2024.

Counsel Chin spoke to the item and answered questions from the Board. CEO Flynn assisted in answering questions from the Board.

A motion was made to accept the ORS proposed timeline and plan for implementing recommendations from the City Auditor's Report, dated April 4, 2024.

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

- e. Discussion and action to approve amendment to the Federated Audit Committee Charter to reflect changes regarding the hiring and performance evaluation of the Internal Auditor.

Counsel Chin spoke to the item and answered questions from the Board.

A motion was made to approve the recommended amendment to the Federated Audit Committee Charter to reflect changes regarding the hiring and performance evaluation of the internal auditor.

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

7.3 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.

7.4 FCERS Disability Committee (Linder, Jennings, Faulkner)

Last Meeting: September 9, 2024 Next Meeting: November 20, 2024

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

Chair Linder updated the Board from the last meeting.

- b. Minutes of the Federated Disability Committee meeting from August 6, 2024. Receive and file.

The Minutes were received and filed.

- c. Discussion and action on Disability Committee's recommendations for changes to the Federated Disability Retirement Application Rules and Procedures.

Sandra Castellano, Benefits Division Manager, spoke to the item and answered questions from the Board. Counsel Chin, Disability Counsel Richeda, and Barbara Hayman, Deputy Director, assisted in answering questions from the Board. Chair Linder and Sandra Castellano thanked the Board.

A motion was made to approve the Disability Committee's recommendations for changes to the Federated Disability Retirement Application Rules and Procedures.

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

7.5 Joint Personnel Committee (Chandra, Horowitz, Linder)

Last Meeting: April 25, 2024 Next Meeting: TBD

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

There was no update.

8. EDUCATION & TRAINING

The Education & Training was received and filed.

- a. The Cortex Report - September 2024, Conferences, Seminars and Educational Programs.
- b. CALAPRS 2024 Program Calendar.
- c. CALAPRS In Person Trustee Round Table, San Jose Marriott Hotel, San Jose, CA, October 11, 2024.
- d. SACRS Annual Fall Conference 2024, Hyatt Regency Hotel and Spa, Monterey, CA, November 12 - 15, 2024.

• **PROPOSED AGENDA ITEMS**

None.

• **ADJOURNMENT**

The meeting adjourned at 11:33 a.m.

• **Next FCERS Board Meeting: October 17, 2024**

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

JOHN FLYNN, CEO
OFFICE OF RETIREMENT SERVICES