



# BOARD OF ADMINISTRATION

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

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Thursday, January 21, 2021

8:30 AM

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**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: 986 4543 2034**

**Password: 034074**

**BOARD MEMBERS**

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

**CITY COUNCIL LIAISON TO THE BOARD**

*Dev Davis*

**COUNSEL**

*Harvey Leiderman, General and Fiduciary Counsel*

*Roberto L. Peña, CEO, Office of Retirement Services*

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The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, January 21, 2021 at 8:30 a.m. via Zoom meeting. Chair Castellano called the Pension and Health Care Trust meeting to order at 8:33 a.m. followed by roll call.

**Present:** 5 - Jay Castellano, Qianyu Sun, Spencer Horowitz, Mark Keleher and Julie Jennings

**Absent:** 1 - Elaine Orr

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

**Also Present via Zoom: Jenni Krengel, General and Fiduciary Counsel; Mike Schionning, Cheiron; Bill Hallmark, Cheiron; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Maja Ben, Fund Map Journalist; Brad Imamura, Retiree; and Kevin Freimarck, Plan Member.**

**Council Liaison Dev Davis joined the meeting at 8:34 a.m.  
Trustee Chandra departed at 11:00 a.m.**

### **OPEN SESSION**

#### **ORDERS OF THE DAY**

Chair Castellano read the following ground rules into the record for Orders of the Day:

- 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 meeting on any other item not on the agenda that is within the subject jurisdiction of the Board.

#### **1. CONSENT CALENDAR**

The Chair pulled Item 1.5a. CEO Peña pulled Item 1.5b.

A motion was made approve to the Consent Calendar.

Approved. (M.S.C. Keleher/Jennings 6-0-0). The motion passed unanimously by roll call vote. Trustee Orr was absent.

#### **1.1 Approval of Service Retirements**

- Craig R. Bender**, Public Safety Radio Dispatcher, Police Department, effective February 18, 2021; 30.74\* years of service. *(With Reciprocity)*
- John T. Cannon**, Deputy Director, Public Works Department, effective January 23, 2021; 29.33\* years of service.
- Julie L. Chiou**, Analyst II, City Manager's Office, effective January 23, 2021; 30.88\* years of service.

- d. **Benjamin N. Gonzalez**, Construction Manager, Public Works Department, effective January 23, 2021; 19.59\* years of service.
- e. **Michele A. Nielsen**, Legal Administrative Assistant, City Attorney's Office, effective February 6, 2021; 25.40\* years of service.
- f. **James Ortbal**, Deputy City Manager, City Manager's Office, effective January 9, 2021; 31.59\* years of service.
- g. **Pedro A. Perez**, Senior Construction Inspector, Public Works Department, effective January 23, 2021; 30.28\* years of service.
- h. **Leonard A. Ruiz**, Engineer II, Public Works Department, effective January 9, 2021; 24.17\* years of service.
- i. **Thomas W. Schneller, Jr.**, Building Inspector, Planning, Building and Code Enforcement Department, effective January 22, 2021; 5.07\* years of service.
- j. **Gabriel F. Silva**, Senior Construction Inspector, Public Works Department, effective January 23, 2021; 29.36\* years of service.

## 1.2 Approval of Deferred Vested

- a. **Evon Ballash**, Associate Engineer, Planning, Building and Code Enforcement Department, effective January 30, 2021; 5.16\* years of service. *(With Reciprocity CSJ YOS 0.41 + PERS YOS 4.75)*
- b. **Katherine Harasz**, Attorney, City Attorney's Office, effective January 20, 2021; 21.87\* years of service. *(With Reciprocity CSJ YOS 7.21 + PERS YOS 14.66)*
- c. **Richard W. Hicks**, Building Inspector Supervisor Cert, Planning, Building and Code Enforcement Department, effective February 7, 2021; 15.48\* years of service.
- d. **Rebecca Murillo**, Custodian, Public Works Department, effective January 29, 2021; 12.97\* years of service.

## 1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of December 17, 2020.

## 1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

### 1.5 Acceptance of Communication/Information Reports

A motion was made to approve Item 1.5a and Item 1.5b.

Approved. (M.S.C. Horowitz/Keleher 6-0-0). The motion passed unanimously by roll call vote. Trustee Orr was absent.

- a. Article: Prabhu Palani named Trusted Insight All Star Chief Investment Officer.  
  
**Chair Castellano and CEO Peña acknowledged and congratulated CIO Palani for being recognized as Trusted Insight All Star CIO. CIO Palani thanked the Board and the Investment Team.**
- b. ORS's Quarterly Newsletter - The Retirement Connection.  
  
**CEO Peña recognized and thanked Barbara Hayman and Linda Alexander for their hard work on the newsletter. Brad Imamura, Retiree, also thanked staff for sending out the newsletter. He had questions and concerns regarding the Plan's funding status.**
- c. Report of the Plan Expenses for November 2020. Receive and file.
- d. Notification of Real Estate Commitments to Clarion Lion Industrial Trust by Investment Staff.

### 2. 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 **Sifa Faumuina**, Senior Office Specialist, retired July 16, 2016, died November 2, 2020. Survivorship benefits to Tupu Faumuina, Spouse.
- b. Notification of the death of **Lucy Malm**, Account Clerk, retired July 12, 1978, died November 28, 2020. No survivorship benefits.
- c. Notification of the death of **Jeanie K. McDonald**, Typist III, retired December 25, 1991, died November 22, 2020. No survivorship benefits.
- d. Notification of the death of **Martha Montenegro**, Custodian, retired December 25, 2010, died August 5, 2020. No survivorship benefits.

### 3. INVESTMENTS

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

CIO Palani updated the Board on the following:

- For Calendar Year 2019-2020 the Plan returned 15.4%.
- Fiscal Year To Date the Plan returned 18.5% through January 19, 2021.
- December was a strong month at 3.25%.
- He thanked the Board for their actions last year.
- Strategic asset allocation and the recommendation on the City's pre-funding on behalf of the Board will be discussed at the February Investment Committee meeting.

#### **4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS**

- a. Discussion and action on Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2020 presented by Cheiron.

Bill Hallmark and Mike Schionning, Cheiron introduced and led the discussion on the Final OPEB Valuation results for Fiscal Year ending June 30, 2020. They answered questions from the Board and reported the explicit subsidy is currently 54% funded. It is expected to reach 100% funded in 2038 if all assumptions are met and it is expected to reach peak liability in 2031. Projected contributions are very similar to the prior year. Member contributions are expected to decline as members with full benefits retire or no longer work for the City. City contributions are expected to increase gradually primarily to make up for declining member contributions. Benefit payments are expected to exceed contributions starting in Fiscal Year ending 2023. The full report is attached to the agenda.

A motion was made to accept the Other Post Employment Benefits (OPEB) Valuation Results as of June 30, 2020.

Approved. (M.S.C. Keleher/Horowitz 6-0-0) The motion passed unanimously by roll call vote. Trustee Orr was absent.

#### **5. NEW BUSINESS**

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

CEO Peña updated the Board on the following:

- 1099 forms will be mailed out by the end of January.
- The 2020-2021 Budget is currently being worked on with the goal to present to both Boards at their March meetings.
- Senior Benefit Analyst and Benefit Analyst positions are open.
- The Senior Internal Auditor has been introduced to the Audit Committee Chairs.
- Staff continue to work from home completing their core duties.
- New iPads have been distributed to Trustees.
- New laptops have been distributed to 50% of staff.
- There will be a Disability Process presentation later during the meeting.
- Dr. Tierman's contract expires June 30, 2021 and will not be renewed. An RFP will be issued for a new medical advisor.

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

Council Liaison Davis updated the Board on the following:

-Departments are currently preparing budgets estimates. The City Council is hopeful that funding for municipalities will be included in the new US Administrations relief. There are continued unknowns.

- c. Discussion on Cheiron's 5-Year City Contribution Projections for Federated Board.

Mr. Hallmark led the discussion on the 5-year City contribution projections and answered questions from the Board. CEO Peña will send the annual letter to the Budget Director for budgeting purposes.

- d. Discussion and action on Assumptions for 2021 Actuarial Equivalence based on the June 30, 2020 Valuation Assumptions.

Mr. Hallmark presented the Assumptions for 2021 Actuarial Equivalence based on June 30, 2020 Valuation Assumptions and answered questions from the Board. He noted that the Actuarial Equivalence are based on the figures that were approved by the Board in December. The Actuarial Equivalence is required by the Municipal Code and must be adopted by the Board in a resolution (5e).

A motion was made to approve the Assumption of the Actuarial Equivalence.

Approved. (M.S.C. Chandra/Keleher 6-0-0) The motion passed unanimously by roll call vote. Trustee Orr was absent.

- e. Adoption of Resolution No. 9096 on the actuarial equivalence assumptions.

A motion was made to adopt Resolution #9096 on the actuarial equivalence assumptions.

Approved. (M.S.C. Sun/Horowitz 6-0-0) The motion passed unanimously by roll call vote. Trustee Orr was absent.

The Board took a break from 9:44 a.m. to 9:50 a.m.

- f. Presentation by Staff of the Retirement Disability Process under the Federated City Employees' Retirement System.

CEO Peña introduced the item and Ms. Hayman and Stacey Fischer, Disability Benefits Analyst. He provided brief background information. Ms. Hayman and Ms. Fischer spoke to the educational presentation on the disability process and answered questions from the Board. The Board requested more in-depth training on qualifying criteria and a future agenda item on whether the Governance Committee should establish a Federated Disability Committee. Staff agreed to more in-depth training at a later time which will include the Board Medical Advisor and Disability Counsel. In addition, an item will be added to a future agenda regarding the establishment of a Federated Disability Committee.

Trustee Chandra departed during this item.

- g. Discussion and Action on authorizing the CEO to negotiate and execute a first amendment to the agreement with ExamWorks, the independent Medical Examiner for applicant examinations, to

extend the term of the Agreement through December 31st 2025, for additional funds for applicant examinations in the amount of \$100,000. This will increase the existing not to exceed amount to \$200,000.

Barbara Hayman, Deputy Director led a brief discussion on the request to amend the agreement with ExamWorks and answered questions from the Board.

A motion was made to authorize the CEO to negotiate and execute a first amendment to the agreement with ExamWorks, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31, 2025, for additional funds for applicant examinations in the amount of \$100,000. This will increase the existing not to exceed amount to \$200,000.

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

- h. Discussion and action on Committee Assignments for calendar year 2021.

The Board briefly discussed the Committee assignments and decided to keep the current Committee assignments for the foreseeable future.

A motion was made to keep the current Committee assignments.

Approved. (M.S.C. Horowitz/Sun 5-0-0) The motion passed unanimously by roll call vote. Trustee Orr and Trustee Chandra were absent.

## **6. COMMITTEES/REPORTS/RECOMMENDATIONS**

### **6.1 Investment Committee (Chandra, Orr, Sun – Alt: Keleher)**

Last Meeting: December 22, 2020

Next Meeting: January 26, 2021 meeting  
changed to February 23, 2021

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

CIO Palani updated the Board on the last meeting. Discussions included foreign exchange, transaction costs and a presentation on trail risk hedging.

- b. Minutes from the October 27, 2020 Joint Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

### **6.2 Governance Committee (Horowitz, Castellano, Keleher)**

Last Meeting: December 17, 2020

Next Meeting: March 4, 2021

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

**Vice-Chair Horowitz provided a brief update of the last meeting and spoke to the action items on the agenda for the Board's consideration.**

- b. Minutes of the March 5, 2020 Joint Governance 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. Minutes of the June 18, 2020 Governance Committee meeting for the Federated City Employee's Retirement System. Receive and file.

**This Committees/Reports/Recommendations was received and filed**

- d. Discussion and action on the Committees' recommendation to approve the revised Policy on Election of Board Officers.

**Vice-Chair Horowitz discussed the change in the policy to make nominations in November and vote in December so new officers may begin in January.**

**A motion was made to approve the changes to the Policy of Election of Board Officers.**

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

- e. Discussion and action on the Committees' recommendation to approve the 2020 Board Self-Evaluation Report.

**Vice-Chair Horowitz discussed the Boards Self-Evaluation results. The key findings and recommendations are:**

- 1. Develop a proposed Succession Planning Policy.**
- 2. Prepare meeting scripts for Committee Chairs similar to what Staff provides the Board Chair.**
- 3. Review the Board Education Policy.**

**A motion was made to accept the 2020 Board Self-Evaluation Report and implement the recommendations from the report.**

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

### **6.3 Audit Committee (Keleher, Jennings, Sun)**

**Last Meeting: October 15, 2020**

**Next Meeting: February 18, 2021**

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

Trustee Keleher noted the next Audit Committee meeting is on February 18th and he is looking forward to working with the new Senior Internal Auditor.

**6.4 Joint Personnel Committee (Orr, Castellano, Chandra)**

**Last Meeting: November 10, 2020      Next Meeting TBD**

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

There is nothing to report.

**7. EDUCATION & TRAINING**

- a. The Cortex Report - January 2021, Conferences, Seminars and Educational Programs.
- b. CALAPRS Virtual General Assembly, March 8-9, 2021.

**FUTURE AGENDA ITEMS**

Discussion and action on whether the Governance Committee should establish a Federated Disability Committee.

**PUBLIC/RETIREE COMMENTS**

None.

**ADJOURNMENT**

The meeting adjourned at 11:44 a.m.

\*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

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JAY CASTELLANO, CHAIR  
BOARD OF ADMINISTRATION  
ATTEST:

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ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES

