BOARD OF ADMINISTRATION

Meeting Minutes - Final

Federated City Employees' Retirement System and Federated City Employees' Health Care Trust

Thursday, May 20, 2021 **8:30 AM**

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: 996 0910 1517
Password: 947350

BOARD MEMBERS

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

CITY COUNCIL LIAISON TO THE BOARD
Dev Davis

COUNSEL
Jenni Krengel, General and Fiduciary Counsel

Roberto L. Peña, CEO, Office of Retirement Services

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, May 20, 2021 at 8:30 a.m. Chair Castellano called the meeting to order at 8:30 a.m. followed by roll call.

Present: 6 - Jay Castellano, Spencer Horowitz, Mark Keleher, Julie Jennings, Elaine Orr and Anurag Chandra

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Eran Amir, Brian Starr, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Ron Kumar, Arun Nallasivan, Ellen Lee, Connie Molloy, Benjie Chua-Foy, Marti Zarate, and Linda Alexander.

Also Present via Zoom: Jenni Krengel, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Joe, Public Member; Cyril Espanol, Journalist; Brad, Public Member; Cheryl Parkman, OER; and Tom Iannucci, Cortex Consulting.

Trustee Chandra departed at 11:00 a.m.
Council Liaison Dev Davis was absent.

AGENDA

CALL TO ORDER AND ROLL CALL

OPEN SESSION

ORDERS OF THE DAY

Chair Castellano read the following ground rules into the record:
• 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 subject jurisdiction of the Board.
• There will be a 5 minute break at 10:00 a.m.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

1.1 Approval of Service Retirements

a. **Mirna R. Amaya**, Office Specialist II, Police Department, effective April 17, 2021; 20.95* years of service.

b. **Georgina Capurso**, Senior Analyst, Airport Department, effective June 12, 2021; 21.96* years of service.

c. **Joseph K. Hertell**, Zoo Manager, Parks, Recreation and Neighborhood Services Department,

effective June 13, 2021; 5.81* years of service. *(With Reciprocity CSJ YOS 2.99 + SJCERS YOS 1.42 + PERS YOS 1.38)*

d. **Jamie Kueffner**, Communication Technician, Public Works Department, effective June 5, 2021; 9.11* years of service.

e. **Timothy W. Roberts**, Principal Permit Specialist, Planning, Building and Code Enforcement Department, effective May 15, 2021; 31.18* years of service.

1.2 Approval of Deferred Vested

a. **Michael W. Bills**, Senior Planner, Planning, Building, Code Enforcement Department, effective June 7, 2021; 24.43* years of service. *(With Reciprocity CSJ YOS 17.82 + PERS YOS 6.60)*

b. **Rose M. Cote**, Public Safety Dispatcher, Police Department, effective May 14, 2021; 18.06* years of service. *(With Reciprocity CSJ YOS 2.40 + PERS YOS 15.66)*

c. **Dina Medrano Miranda**, Custodian, Airport Department, effective June 6, 2021; 9.96* years of service.

d. **Juan C. Murillo**, Custodial Supervisor, Public Works Department, effective June 9, 2021; 11.01* years of service.

e. **Cynthia M. Theobald**, Senior Office Specialist, Police Department, effective June 12, 2021; 23.65* years of service.

1.3 Approval of Board Minutes

a. Approval of the Board Minutes of April 15, 2021.

1.4 Approval of Return of Contributions

a. Voluntary | Involuntary.

1.5 Acceptance of Communication/Information Reports

a. Report of the Plan Expenses for March 2021. Receive and file.

b. Report of the Budget vs. Actual Expenses for 3rd Quarter FY 20-21. Receive and file.

c. Notification of a correction to the reported Survivor allowance for Mr. Perry Ibay, (surviving spouse of deceased Federated member Shirly Ibay), effective 10/28/2020 from $3,955.86 to $1,977.93.

d. Article - California Pension Systems: Ranking their Funding Assumptions, Roeder Financial - April 2021

e. California 2021 Funding Assumption Survey - April 2021

1.6 Approval of Travel / Conference Attendance

a. Jay Castellano, Trustee

- CalAPRS Virtual Trustees Roundtable, May 10, 2021.
- CalAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7, 9 and 11, 2021.

b. Julie Jennings, Trustee

- CalAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7, 9 and 11, 2021.

c. Spencer Horowitz, Trustee

- CALAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7, 9 and 11, 2021.

d. Roberto L. Pena, CEO

- SACRS Virtual Spring Conference, May 11 - 14, 2021. CANCELLED BY ATTENDEE.

e. Prabhu Palani, CIO

- TI Platform DEI Day; Diversity, Inclusion, & The Future of Technology, Virtual Conference, April 28, 2021.

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 **Jimmy J. Jones**, Gardener, retired October 1, 2003, died April 8, 2021. Survivorship benefits to Lori S. Jones.

3. INVESTMENTS

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

CIO Palani updated the Board on the following:
-The Private Markets Pacing Plan on today's agenda was presented to the IC in April.
-As of May 18th FYTD the Pension Plan was up 23.4%, the Health Care Trust was up 22.7%.

b. Discussion and Action on Private Markets Pacing Plan by Staff.

Brian Starr and Dhinesh Ganapathiappan presented the Private Markets Pacing Plan and answered questions from the Board. Staff sought approval of the Private Markets Pacing Plan, including target commitment amounts for each private markets asset class over the next fiscal year.

A motion was made to approve the Private Markets Pacing Plan as presented.

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

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS - None

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:
-He thanked the Board, Investment Committee and Investment Staff in regards to the Pacing Plan.
-No applications have been received for the vacant Board seat. We are working with the CIty Clerk and OER to fill the seat. CEO Peña answered questions from the Board.
-The City budget shortfall is $38 million. We are waiting for the official budget to be approved.
-A request was made to increase 1.25 positions for ORS.
-We are currently searching for the Benefits Division Manager position and a Benefits Staff Specialist position.
-CEO Peña introduced new employee Connie Molloy, Benefits Senior Analyst and announced Tami Imai was promoted to Benefits Analyst.
-We received 3 bids during the RFP process for Board Medical Advisor. This item will come before the Board next month.
-The City is considering issuing pension obligation bonds (POBs). Cheiron will make an educational presentation on POBs to both Boards next month. A Joint meeting with the Boards and City Council will be held sometime in the Fall.
-The ORS Quarterly Staff meeting was held in April with a presentation for Staff on mental health and stress during COVID.
-There will be a presentation on ORS' new website in late June. As part of the Communications Strategic Plan, we had a soft launch of Face Book and Twitter accounts. We are now posting to social media.
-Tom Iannucci has announced he is shutting down Cortex Consulting at the end of the calendar year. Staff will come back next month to extend the Cortex contract to the end of the year to complete projects.
-On June 15th the State will be re-opening. Staff is working with the City on the process for going back to the office.

Chair Castellano welcomed Connie Molloy and congratulated Tami Imai.

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

Council Liaison Davis was absent

c. Discussion and action on authorizing the CEO to negotiate and execute a second amendment to the agreement with Marty Boyer, Communications Advantage, to extend the term of the Agreement through June 30, 2022 and increase the maximum compensation payable under the Agreement by $25,000 to $75,000.

CEO Peña introduced Barbara Hayman, Deputy Director. Ms. Hayman led the discussion on authorizing the CEO to negotiate and execute a second amendment to the agreement with Marty Boyer to extend the term of the agreement through June 30, 2022 and increase the maximum compensation payable under the Agreement by $25,000 to $75,000. An update will provided every 6 months.

A motion was made to authorize the CEO to negotiate and execute a second amendment to the agreement with Marty Boyer, Communications Advantage.

Approved. (M.S.C. Jennings/Horowitz 6-0-0) The motion passed unanimously by roll call vote.

d. Discussion and action on authorizing the CEO to negotiate and execute a second amendment to the agreement with Medlink, the independent Medical Examiner for applicant examinations, to extend the term of the Agreement through December 31, 2025.

Ms. Hayman led the discussion on authorizing the CEO to negotiate and execute a second amendment to the agreement with Medlink to extend the term of the Agreement through December 31, 2025. The current contract will expire this month. No additional funds are being requested.

A motion was made to authorize the CEO to negotiate and execute a second amendment to the agreement with Medlink, the Independant Medical Examiner for applicant examinations.

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

e. Office of Retirement Services Redesigned Website Presentation by Staff.

This item was presented after 5f.

CEO Peña introduced the item and Eran Amir, IT Manager. Mr. Amir presented ORS' redesigned website and answered questions from the Board. Members and stakeholders will be notified when the website goes live next month. CEO Peña thanked Staff for their work.

f. Discussion and action regarding Resolution No. 9097 Federated Tier 1 and Resolution No. 9098 Federated Tier 2 Contribution Rates/Amounts for FY 21-22.

This item was heard after item 5d.

CEO Peña introduced the item and led the discussion on the Resolutions for Tier 1 and 2 Contribution Rates/Amounts for FY 21-22. CEO Peña, Ms.Hayman and Cheryl Parkman, OER

answered questions from the Board. Staff recommended approval of the contribution rates/amounts.

A motion was made to approve Resolution No. 9097 Federated Tier 1 and Resolution No. 9098 Federated Tier 2 Contribution Rates/Amounts for FY 21-22.

Approved. (M.S.C. Jennings/Horowitz 6-0-0) The motion passed unanimously by roll call vote.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Orr, Keleher)

Last Meeting: April 20, 2021 Next Meeting: June 22, 2021

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

Trustee Chandra updated the Board. The Public Market report was presented at the last meeting. Congratulations to Staff and the CIO on the Portfolio doing so well. Verus also presented the Risk Overview.

b. Minutes of the February 23, 2021 Federated Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

6.2 Governance Committee (Horowitz, Castellano, Jennings)

Last Meeting: March 4, 2021 Next Meeting: June 17, 2021

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

There was no update.

6.3 Audit Committee (Keleher, Jennings, Horowitz)

Last Meeting: February 18, 2021 Next Meeting: May 20, 2021

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

There was no update.

6.4 Joint Personnel Committee (Orr, Castellano, Chandra)

Last Meeting: April 30, 2021 Next Meeting: TBD

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

There was no update. Items will be discussed today.

b. Minutes of the November 10, 2020 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

c. Discussion and action on the Committees' recommendation to approve the proposed revisions to CEO Performance Evaluation Policy.

CEO Peña introduced the item and Tom Iannucci, Cortex Consulting. Mr. Iannucci reviewed the proposed revisions to the CEO Performance Evaluation Policy and answered questions from the Board.

A motion was made to approve the proposed revisions to CEO Performance Evaluation Policy.

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

d. Discussion and action on the Committees' recommendation to approve the proposed revisions to CIO Performance Evaluation Policy.

Mr. Iannucci recommended the same amendments to the CIO Performance Evaluation Policy to keep both policies aligned.

A motion was made to approve the proposed revisions to CIO Performance Evaluation Policy.

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

e. Review of the CEO Performance Evaluation Procedures.

Mr. Iannucci reviewed the CEO Performance Evaluation Procedures. He noted the Board will need to review again before the mock evaluation in the fall of 2021. Ratings will be used for performance based compensation adjustments to align with the City's framework. There were no questions from the Board.

f. Review of the CIO Performance Evaluation Procedures.

Mr. Iannucci reported the CIO Performance Evaluation Procedures are identical to the CIO Performance Evaluation Procedures. Chair Castellano thanked Mr. Iannucci.

7. EDUCATION & TRAINING

a. The Cortex Report - May 2021, Conferences, Seminars and Educational Programs.

b. CalAPRS Virtual Advanced Principles of Pension Governance for Trustees, June 7, 9 & 11, 2021.

FUTURE AGENDA ITEMS

None.

PUBLIC/RETIREE COMMENTS

A retiree member made comments regarding communication with ORS. CEO Peña addressed the comments made.

ADJOURNMENT

The meeting adjourned at 11:30 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