



BOARD OF ADMINISTRATION

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

Thursday, October 20, 2022

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: 985 7646 2867

Pass Code: 709882

BOARD MEMBERS

Spencer Horowitz, Chair (Term Expires 11/30/24)
Julie Jennings, Vice-Chair (Term Expires 11/30/23)
Anurag Chandra, Trustee (Term Expires 11/30/22)
Mark Keleher, Trustee (Term Expires 11/30/23)
Elaine Orr, Trustee (Term Expires 11/30/22)
Mark Linder, Trustee (Term Expires 11/30/24)
Prachi Avasthy, Trustee (Term Expires 11/30/25)

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

The Board of Administration of the Federated City Employees Retirement System and Health Care Trust met on Thursday, October 20, 2022 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:31 a.m. followed by roll call.

Trustee Chandra departed at 12:00 p.m.

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

Absent: 1 - Mark Linder

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Christina, Jay Kwon, David Aung, Arun Nallasivan, Dhinesh Ganapathiappan, Ron Kumar, Ellen Lee, Eric Tsang, Houman Boussina, Linda Alexander, Michelle San Miguel, Marti Zarate and Khadijah Onyeije.

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Howard Lee, Public Attendee; Dave Wilson, Public Attendee; Laura Wirick, Meketa Investment Group; Kaci Boyer, Neuberger Berman; Bill Hallmark, Cheiron; Jacqui King, Cheiron; John Caldwell, Grant Thornton; and Kevin Balaod, Journalist-With Intelligence.

AGENDA

CALL TO ORDER & ROLL CALL

OPEN SESSION

• ORDERS OF THE DAY

Chair Horowitz read the following guidelines into the record:

- We are continuing to meet virtually at this meeting and are doing so pursuant to AB 361.
- 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 on any other item not on the agenda that is within the subject.
- There will be a recess from 1:00 p.m.-1:05 p.m. to accommodate Civic CenterTV's broadcasting process.
- Board Members please stay on this Zoom meeting call after the regular meeting ends - public special meetings for each Committee to address California Assembly Bill No. 361 will take place using the same Zoom meeting ID and password.
- Correction to Item 1.1b - Jerome B. Calubaquib, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective October 29, 2023 should be 2022; 5.03* years of service.
- Correction to Item 1.3a - Approval of the Board Minutes of September 15, 2022. Correction needed for Item 5c on the September Minutes - Discussion and action on annual merit increase for the CEO/CIO position. The motion was seconded by Trustee Linder, Trustee Keleher voted "No".

A motion was made to approve Orders of the Day.

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

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

None.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

1.1 Approval of Service Retirements

- a. **Kerstin Belnap**, Network Technician III, Information Technology Department, effective October 3, 2022; 20.86* years of service.
 - b. **Jerome B. Calubaquib**, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective October 29, 2023; 5.03* years of service.
 - c. **Tammy L. Clark**, Legal Administrative Assistant II, City Attorney's Office, effective October 22, 2022; 5.36* years of service.
 - d. **Evelyn C. Cordero**, Accounting Technician, Fire Department, effective October 29, 2022; 16.55* years of service.
 - e. **Felicia Hamilton**, Chemist, Environmental Services Department, effective November 11, 2022; 15.00* years of service.
 - f. **Lynne Lampros**, Senior Deputy City Attorney, City Attorney's Office, effective October 1, 2022; 5.16* years of service.
 - g. **Michelle L. McGurk**, Assistant to the City Manager, City Manager's Office, effective October 29, 2022; 18.57* years of service.
 - h. **Ed Silveira**, Senior Painter, Airport Department, effective October 29, 2022; 18.32* years of service.
 - i. **Mariana P. Zarate**, Staff Specialist, Office of Retirement Services, effective October 29, 2022; 31.07* years of service.
- CEO Roberto Pena, The Board and staff wished Ms. Zarate a long and healthy retirement.**

1.2 Approval of Deferred Vested

- a. **Ronald C. Abad**, Permit Specialist, Planning, Building and Code Enforcement Department, effective March 22, 2022; 12.96* years of service. (*With Reciprocity CSJ YOS 2.82 + PERS YOS 10.14*)
- b. **Emily R. Briggs**, Senior Analyst, Department of Transportation, effective September 30, 2022;

19.59* years of service.

- c. **Elva Granados**, Custodian, Public Works Department, effective November 2, 2022; 9.03* years of service.
- d. **Michael A. Hodges**, Wastewater Mechanic, Environmental Services Department, effective November 2, 2022; 28.00* years of service. *(With Reciprocity CSJ YOS 7.39 + SCERS YOS 2.5 + PERS YOS 18.11)*
- e. **Kathleen M. Jackson**, Program Manager II, Finance Department, effective October 8, 2022; 13.94 years of service*. *(With Reciprocity CSJ YOS 2.84 + PERS YOS 11.10)*
- f. **Katy Sullivan**, Legal Assistant, City Attorney's Office, effective November 1, 2022; 6.78413 * years of service. *(With reciprocity 0.53 CSJ YOS + 6.25 PERS YOS.) (Tier 2B)*
- g. **Steven R. Tan**, Communication Technician, Public Works Department, effective November 5, 2022; 9.85* years of service.
- h. **Tedra Turner**, Office Specialist II, Parks, Recreation, and Neighborhood Services Department, effective November 6, 2022; 23.74 years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of September 15, 2022.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

1.5 Acceptance of Communication/Information Reports

- a. Report of the Plan Expenses for June and August 2022. Receive and file.
- b. Report of the Budget vs. Actual Expenses for 4th Quarter FY 21-22. Receive and file.
- c. Updated Board and Committee Assignments. Receive and file.
- d. The S&P Global Ratings Article: 'Recent Pension Funding Gains For Largest U.S. Cities Expected

To Be Short-Lived', by Stephen Doyle, Todd Kanaster, Christian Richards and Buswick;
September 26, 2022.

e. Educational Travel Reports:

- Pension Bridge Private Equity Exclusive, Loews Hotel, Chicago, IL - July 25, 2022 - July 26, 2022 - Anurag Chandra.

2. DEATH AND SURVIVORSHIP NOTIFICATIONS (Moment of Silence)

The Chair asked for a moment of silence for those who served and passed away. Ms. Hayman, Deputy Director, said kind words about Ms. Perreira, former ORS staff.

- a.** Notification of the death of **Cecile Asch**, Investigator/Collector, retired February 3, 1995, died August 4, 2022. No survivorship benefits.
- b.** Notification of the death of **Alfonso F. Crisanty**, Equipment Mechanic Assistant II, retired June 22, 2004, died September 17, 2022. Survivorship benefits to Lucila H. Crisanty, Spouse.
- c.** Notification of the death of **Francis Hepburn**, Facility Maintenance Worker, retired January 1, 2003, died August 5, 2022. No survivorship benefits.
- d.** Notification of the death of **Joseph Mc Donald**, Associate Electrical Engineer, retired January 6, 2003, died July 27, 2022. No survivorship benefits.
- e.** Notification of the death of **Susan Perreira**, Accountant II, retired March 27, 2010, died July 27, 2022. No survivorship benefits.
- f.** Notification of the death of **Wayne Scott**, Equipment Mechanic, retired December 1, 2007, died August 19, 2022. Survivorship benefits to Geraldine Scott, Spouse.
- g.** Notification of the death of **Thayne Waldron**, Assistant Chief Accounting, retired March 31, 1990, died September 6, 2022. Survivorship benefits to Mary Jane Waldron, Spouse.

3. INVESTMENTS

- a.** Oral update by CIO, Prabhu Palani.

CIO Palani introduced the Fee Report and spoke to its history. He stated that Dhinesh Ganapathiappan and Eric Tsang worked on the report. CIO Palani also reported out the following:

- For FYTD through October 18, 2022, the Pension Plan was down 3.2%
- For FYTD through October 18, 2022, the Health Care Trust was down 4.8%

- b. Presentation of Investment Fee Report for Calendar Year 2021 by Investment Staff.

Eric Tsang presented the Investment Fee Report and answered questions from the Board.

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:

-Retiree Open enrollment is from Nov. 1-30, 2022. On Nov. 2, 2022, the Annual Retiree Health Fair will be held in person at Leininger Center. Packets will be mailed by the end of this month. One on one consultations with the vendors will be available.

-New Health Specialist, Donna Hepp started this month. Interviews are scheduled for the Senior Supervisor position in Benefits.

-The Retirement Connection Newsletter is going out this month.

-Staff made a presentation to FED retirees last week on Oct. 13, 2022.

-Board has a bi-annual self-assessment which will be taking place this year. The survey will be sent to the Trustees by Valter Viola at Cortex.

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

There was no update. Dev Davis, City Council Liaison to the Board was absent.

- c. Discussion and action on Pension economic assumptions for the June 30, 2022 Actuarial Valuation to be presented by Cheiron.

Bill Hallmark from Cherion led the discussion regarding the Economic assumptions for the June 30, 2022 Actuarial Valuation and answered questions from the Board. Steven Hastings led the discussion on the discount rate. After the discussion, Cherion proposed the following:

Price inflation - Increase from 2.25% to 2.50%

Wage Inflation - no change. Current bargaining agreements including wage re-openers and special adjustments.

Ultimate assumption 3.00%, no change proposed this year.

Amortization payment increase 2.75%, no change proposed.

Discount rate 6.625%, no change proposed this year.

A motion was made to increase the price inflation from 2.25% to 2.50%.

Approved. (M.S.C. Keleher/Jennings 5-1-0) The motion passed by roll call vote. Chair Horowitz voted No. Trustee Linder was absent.

A motion was made to accept recommended to wage inflation.

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

A motion was made to accept the recommendation to the Amortization payment.

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

A motion was made to maintain the discount rate at 6.625%.

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

A motion was made to accept the recommendation to the mortality improvement scale.

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

- d. Discussion and action on City's request to drop healthcare coverage for affected members under the City's Medicare Mandate pursuant to SJMC § 3.28.1970(I).

Maytak Chin, General and Fiduciary Counsel, led the discussion regarding to drop health care coverage for affected members under the City's Medicare Mandate pursuant to SJMC 3.38.1970(1) and answered questions from the Board. Benefits Division Manager Sandra Castellano addressed the item and talked about the facts. She went over key items that were noted in the memo. City Attorney Suzanne Hutchins spoke to the item. She stated that 25 employees are affected and she is looking for direction. Cheryl Parkman, OER, spoke to the request and stated that the City does not think clearer language is needed in the SJMC Code.

A motion was made to approve the recommendations listed in the attached memo and for the recommendations to be implemented.

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

- e. Discussion and action on updating the Disability retirement process, including the role of the Board Medical Advisor.

CEO Pena introduced the item and answered questions from the Board. He gave a brief background on the Disability application and Disability Committee process. Mr. Pena also spoke to the attached memo and ORS recommendations to negotiate and execute an amendment to the current agreement with Exams as Independent Medical Examiner (IME) and remove the Board Medical Advisor role from the Disability application process.

A motion was made approve the recommendations listed in the memo.

Approved. (M.S.C. Keleher/Avasthy 6-0-0) The motion passed unanimously by roll call vote. Trustee Linder was absent. Trustee Chandra departed after this item at 12:00 p.m.

- f. Discussion and action on Board and Committee Assignments.

Trustee Horowitz spoke to the item. Trustee Orr resigned from the Investment Committee (IC) and the Joint Personnel Committee (JPC). Trustee Orr will not be pursuing another term as a Board Trustee.

A motion was made to nominate Trustee Jennings to the Joint Personnel Committee.

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

Trustee Linder was absent.

This item will come back to the next Board meeting.

The meeting temporarily adjourned at 11:35 a.m.

- g. Educational presentation on Ralph M. Brown Act’s opening meeting laws.

Item 5g was heard after item 5h.

Harvey and Maytak Chin, General and Fiduciary Counsel presented the attached slides and answered questions from the Board. This item was presented.

- h. Discussion and action on factual findings for use of California Assembly Bill 361’s abbreviated teleconferencing procedures

The Meeting resumed at 11:42 a.m. followed by roll call.

Item 5h was heard before Item 5g.

A motion was made to adopt these as the Board’s factual findings under AB361 to allow the Board to continue meeting virtually for the next 30 days.

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

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Orr)

Last Meeting: October 14, 2022	Next Meeting: October 20, 2022
(Special)	(Special)

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

There was no update.

- b. Minutes of the Special Investment Committee meeting from August 18, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

6.2 Governance Committee (Jennings, Keleher, Linder)

Last Meeting: October 14, 2022	Next Meeting: October 20, 2022
(Special)	(Special)
	October 25, 2022
	(Regular)

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

There was no update.

- b. Minutes of the Special Governance Committee meeting from August 18, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

6.3 Audit Committee (Keleher, Jennings, Avasthy)

Last Meeting: October 14, 2022
(Special)

Next Meeting: October 20, 2022
(Special)

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

There was no update.

6.4 Joint Personnel Committee (Orr, Chandra, Horowitz)

Last Meeting: October 10, 2022

Next Meeting: TBD

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

Chair Horowitz updated the Board on the contents of the last meeting. He stated that they discussed various options for a bonus program for staff.

- b. Minutes of the of the March 4, 2022 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the August 10, 2022 Special Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- d. Minutes of the September 9, 2022 Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- e. Minutes of the September 15, 2022 Special Joint Personnel Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

7. EDUCATION & TRAINING

- a. The Cortex Report - November 2022, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Trustee Roundtable - October 28, 2022.
- c. SACRS Fall Conference 2022, Hyatt Regency, Long Beach, CA November 8, 2022 - November 11, 2022.

• **PROPOSED AGENDA ITEMS**

None.

• **ADJOURNMENT**

The Meeting was adjourned at 12:38 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES