



# BOARD OF ADMINISTRATION

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

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Thursday, February 18, 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: 996 5629 1934**

**Password: 234370**

**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**

*Jenni Krengel, 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, February 18, 2021 at 8:30 a.m. via Zoom meeting. Chair Castellano called the Pension and Health Care Trust meeting to order at 8:31 a.m. followed by roll call.

**Present:** 7 - Jay Castellano, Qianyu Sun, Spencer Horowitz, Mark Keleher, Julie Jennings, Elaine Orr and Anurag Chandra

Dev Davis, City Council Liaison to the Board, was absent.

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

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Jared Pratt, Meketa Investment Group; Raymond F. Lynch, Hanson Bridgett; B. Beekman, Public Member; and Akshay Amin, Public Member.

## AGENDA

### CALL TO ORDER AND ROLL CALL

#### **Ceremonial Item**

Presentation of a commendation to Qianyu Sun for her service as Trustee of the Federated City Employees' Retirement System and Federated City Employees' Health Care Trust Board of Administration.

Chair Castellano presented Trustee Sun's commendation and spoke of her valued service to the Board. CEO Peña and the Board thanked Trustee Sun for her commitment, engagement, and hard work. They wished her the best of luck.

### CLOSED SESSION

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

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

### I. CLOSED SESSION OLD BUSINESS

- A. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d) 2) (ONE MATTER).**

The Board came out of Closed Session at 9:32 a.m.

### OPEN SESSION - will reconvene following Closed Session, estimated to be 9:30 a.m.

The Board reconvened into Open Session at 9:33 a.m. There was no reportable action out of Closed 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 meeting on any other item not on the agenda that is within the subject jurisdiction of the Board.

### **Breaks**

- After agenda item 5e
- There will be a recess from 1:00pm -1:05pm to accommodate Civic Center TV's broadcasting process.

WAIVE SUNSHINE (attachments received late):

- Item 3a - Oral update from the CIO of Retirement Services, Prabhu Palani – attachment received late.

A motion was made to approve the Orders of the Day and waive Sunshine on Item 3a.

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

## **1. CONSENT CALENDAR**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Jennings/Keleher 7-0-0). The motion passed unanimously by roll call vote.

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

- Jackie Y. Kupitz**, Senior Account Clerk, Airport Department, effective February 27, 2021; 12.71\* years of service.
- Karen P. Kwak**, Senior Arts Program Coordinator, Office of Economics, effective March 27, 2021; 24.07\* years of service.
- Fortunato Lapina II**, Senior Construction Inspector, Public Works Department, effective February 20, 2021; 30.85\* years of service.
- Daniel S. Rinerson**, Senior Engineering Technician, Public Works Department, effective February 20, 2021; 19.78\* years of service.
- Richard J. Sampino**, Groundswoker, Parks, Recreation and Neighborhood Services Department, effective March 6, 2021, 19.41\* years of service.

- f. **Michael Soda**, Code Enforcement Inspector II, Planning, Building and Code Enforcement Department, effective March 6, 2021; 29.52\* years of service.
- g. **Robyn A. Zamora**, Investigator Collector II, Finance Department, effective March 6, 2021; 30.55\* years of service.

### **1.2 Approval of Deferred Vested**

- a. **Lisa Fallon**, Police Data Specialist, Police Department, effective February 1, 2021; 13.55\* years of service.
- b. **Rebecca E. Flores**, Senior Development Officer, Housing Department, effective February 3, 2021; 9.98\* years of service.
- c. **Diana Guajardo**, Typist Clerk II, Police Department, effective March 7, 2021; 31.13\* years of service. *(With Reciprocity CSJ YOS 4.94 + PERS YOS 26.19)*
- d. **Stephane Lannoye**, Program Manager, Environmental Services Department, effective February 9, 2021; 17.91\* years of service. *(With Reciprocity CSJ YOS 3.94 + PERS YOS 13.97).*

### **1.3 Approval of Board Minutes**

- a. Approval of the Board Minutes of January 21, 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 December 2020. Receive and file.
- b. Report of the Budget vs. Actual Expenses for 2nd Quarter FY 20-21. Receive and file.
- c. **Educational Travel Report:**
  - SOCAP, Virtual Conference - October 20 - 23, 2020 - by Elaine Orr.

### **1.6 Approval of Travel / Conference Attendance**

- a. Roberto L. Peña, CEO
  - CALAPRS Virtual Administrators Round Table, February 11, 2021.
- b. Jay Castellano, Trustee
  - CALAPRS Principles of Pension Governance for Trustees, Location TBD - September 28 - October 1, 2021.
  - SACRS Fall Conference, Loews Hollywood Hotel, Hollywood, CA - November 9 - November 12, 2021.

### **1.7 Approval of Change in Retirement Date**

- a. Approval for a change in effective date for **Kimberly A. Smith** from January 9, 2021 to January 10, 2021, for a Service Retirement approved at the December 17, 2020 Board meeting.

### **1.8 Report out of Closed Session**

- a. Report out of Closed Session from the December 17, 2020 Federated Board Meeting.

## **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 **John H. Atkinson**, Communications Director, retired October 12, 1991, died February 13, 2020. No survivorship benefits.
- b. Notification of the death of **Dennis Dellamonica**, Electrician, retired November 7, 2015; died December 12, 2020. Survivorship benefits to Laura Dellamonica, Spouse.
- c. Notification of the death of **Henry Robinson**, Senior Construction Inspector, retired January 9, 1988, died December 15, 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:**

**-In January the Pension Plan was down 0.4 basis points. The Health Care Plan was up 35 basis point.**

**-Fiscal Year To Date the Pension Plan returned 21.79%. The Health Care Plan returned 21.53%.**

**CIO Palani introduced Jay Kwon, Investment Officer who spoke to the Asset Allocation Policy**

on rebalancing. Mr. Kwon answered questions from the Board. The Strategic Asset Allocation will be presented to the Board next month.

**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:

- 1099's were issued last week and are available through Member Direct.
- COLA will be included in April paychecks.
- Guaranteed Purchasing Power is being processed this month.
- 100% of laptops for staff have been distributed.
- The Budget Proposal for 2021-2022 will be presented to the Board next month.
- Will be interviewing for Senior Benefits Analyst and Benefits Analyst soon.
- The RFP for the Board Medical Advisor for disabilities will go out soon.

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

There was no update.

- c. Update on Strategic Communications Plan presented by staff.

Item 5c was heard after 5e.

CEO Peña introduced the item and Barbara Hayman, Deputy Director. Ms. Hayman updated the Board on the Strategic Communication Plan. She reviewed the Timeline showing activities from July through December and answered questions from the Board. The Board requested a "walk through" of the new website and thanked Ms. Hayman for her work and the presentation. CEO Peña thanked Ms. Hayman, Linda Alexander and Staff for their work on the Newsletter.

- d. Discussion and action on extending contracts for actuarial services and actuarial audit.

CEO Peña spoke to the item and reviewed the attached memo noting Cheiron has provided excellent service throughout the years they have been the Board's actuaries. CEO Peña spoke to the costs associated with keeping Cheiron, Inc. and Segal, Inc. on as our Actuary and Auditor, respectively. Staff recommends a contract extension between the Board and Cheiron, Inc. for actuarial services for three years ending June 30, 2024 and for an additional \$700,000. Staff also recommends a contract extension between the Board and Segal, Inc. for actuarial audit services and as retained actuary for three years ending June 30, 2024 and for an additional \$250,000.

A motion was made to authorize the CEO to negotiate and execute the first amendment to an agreement between the Board of Administration for the Federated Employees' Retirement System and Cheiron, Inc for actuarial services for three years ending June 30, 2024 and for an additional \$700,000 and to authorize the CEO to negotiate and execute the first amendment to

an agreement between the Board of Administration for the Federated Employees' Retirement System and Segal, Inc for actuarial audit services and as a retained actuary for three years ending June 30, 2024 and for an additional \$250,000 that would include additional actuarial services.

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

- e. Discussion and action on Committee Assignments.

Item 5e was heard after Item 5a.

Chair Castellano led the discussion on committee assignments. It was decided that Trustee Keleher will join the IC as a regular member replacing Trustee Sun and there will no longer be an "Alternate" position. Trustee Horowitz will join the Audit Committee replacing Trustee Sun and Trustee Jennings will join the Governance Committee replacing Trustee Keleher. The current JPC assignments will remain the same.

A motion was made to approve the committee assignments as discussed.

Approved. (M.S.C. Orr/Jennings 7-0-0) The motion passed unanimously by roll call vote.

- f. Educational discussion on Seeking Diversity and Inclusion Through the Contracting Process presented by Jenni Krengel, Fiduciary Counsel.

Item 5f was heard after Item 5d.

Jenni Krengel, General & Fiduciary Counsel, spoke to the attached presentation and answered questions from the Board. Laura Wirick, Meketa Investment Group, shared Meketa's policy on diversity and inclusion. The Board directed Staff to add this item to the next JPC agenda.

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

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

Last Meeting: December 22, 2020

Next Meeting: February 23, 2021

(January 26, 2021 meeting rescheduled)

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

Trustee Chandra reported that the Special March meeting will include the Strategic Asset Allocation discussion.

### **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.

There was no update.

### **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 reported a detailed update next month will include the Internal Staff Survey and the Status of Audit Recommendations. There is an Audit Committee meeting after the Board meeting today.

### **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 was no update.

## **7. EDUCATION & TRAINING**

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

### **FUTURE AGENDA ITEMS**

None.

### **PUBLIC/RETIREE COMMENTS**

None.

### **ADJOURNMENT**

The meeting adjourned at 11:32 a.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

\_\_\_\_\_/S/\_\_\_\_\_  
JAY CASTELLANO, CHAIR  
BOARD OF ADMINISTRATION  
ATTEST:

\_\_\_\_\_/S/\_\_\_\_\_  
ROBERTO L. PEÑA, CEO  
OFFICE OF RETIREMENT SERVICES

\*Estimated