



BOARD OF ADMINISTRATION

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

Thursday, October 21, 2021

8:30 AM

MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION

zoom.us

Dial In: +1 669 219 2599 US (San Jose)

Meeting ID: 992 9872 2461

Password: 221575

BOARD MEMBERS

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

CITY COUNCIL LIAISON TO THE BOARD

Dev Davis

COUNSEL

*Harvey Leiderman, General and Fiduciary Counsel
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 21, 2021 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:32 a.m. followed by roll call.

Present: 4 - Spencer Horowitz, Mark Keleher, Julie Jennings and Elaine Orr

Absent: 1 - Anurag Chandra

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

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Jay Castellano, Retiree; Bill Hallmark, Cheiron; Steven Hastings, Cheiron; Jacqui King, Cheiron; Jared Pratt, Meketa; Blair Beekman, Public Member; Brad Imamura, Retiree; Ray Lynch, Hanson Bridgett; Michael Burger, Finance Dept. and Tom Iannucci, Cortex.

Council Member Davis arrived at 9:50 a.m. and departed at 11:50 a.m.

AGENDA

CALL TO ORDER AND ROLL CALL

CLOSED SESSION

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

The Board entered into Closed Session at 8:35 a.m

I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

- a. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1). *FEDERATED CITY EMPLOYEES RETIREMENT SYSTEM v. CITY OF SAN JOSE, ET AL. SANTA CLARA COUNTY SUPERIOR COURT NO. 16CV302829.*

II. CLOSED SESSION OLD BUSINESS

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

The Board came out of Closed Session at 10:08 a.m.

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

The Board reconvened into Open Session at 10:10 a.m. There was no reportable action out of Closed Session.

ORDERS OF THE DAY

Chair Horowitz read the following ground rules 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 at the end of the meeting on any other item not on the agenda that is within the subject.

Orders of the Day:

- There will be a recess from 1:00pm-1:05pm to accommodate Civic Center TV's broadcasting process.
- Board Members please stay on this Zoom meeting call after the regular meeting ends - The public special meetings for each Committee to address California Assembly Bill No. 361 will take place using the same Zoom meeting ID and password.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Keleher/Jennings 4-0-0). The motion passed unanimously by roll call vote. Trustee Chandra was absent.

1.1 Approval of Service Retirements - None.

1.2 Approval of Deferred Vested

- a. **Charles Allen**, Lab Technician II, Environmental Services Department, effective November 7, 2021; 26.08* years of service. (*With Reciprocity CSJ YOS 6.29 + PERS YOS 19.78*)
- b. **Stephen C. Scanlan**, Senior Permit Specialist, Fire Department, effective October 8, 2021; 22.44* years of service. (*With Reciprocity CSJ YOS 20.59 + PERS YOS 1.85*)
- c. **Charri H. Schairer**, Senior Council Assistant, City Council Department, effective November 1, 2021; 12.04* years of service. (*With Reciprocity CSJ YOS 3.13 + PERS YOS 8.90*)
- d. **Teresa R. Quijance-Munoz**, Office Specialist II, Department of Transportation, effective September 30, 2021; 10.24* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of September 23, 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 June, July and August 2021. Receive and file.
- b. Report of the Budget vs. Actual Expenses for 4th Quarter FY 20-21. Receive and file.
- c. Summary of California Assembly Bill No. 361 Procedures for Continued Virtual Meetings During Proclaimed State of Emergency. Receive and file.
- d. Educational Travel Report:
2021 Women's Private Equity Summit, Waldorf Astoria Monarch Beach, Dana Point, CA - September 27-29, 2021 by Elaine Orr.

1.6 Approval of Travel / Conference Attendance

- a. Julie Jennings, Trustee
 - CalAPRS Intermediate Course in Retirement Plan Administration, Virtual Program - November 3-5, 2021.
 - CalAPRS Advanced Course in Retirement Plan Administration, Virtual Program - December 8-10, 2021.
- b. Prabhu Palani, CIO
 - TAE Technologies Investor Day, Virtual Meeting - October 14, 2021.

1.7 Approval of Change in Retirement Date

- a. Approval for a change in effective date for **Mae Rose C. Artida** from October 16, 2021 to November 13, 2021 for a Service Retirement, approved at the August 19, 2021 Board meeting.

1.8 Alternate Beneficiary Designation

- a. Approval of Alternate Payee Benefit election of Separate Account Monthly Payment Option to be paid to Jesse Perez, ex-spouse of Police Data Specialist II, **Ramona Torres** to be effective March 6, 2021 under Part 23, Chapter 3.28 of the San Jose Municipal Code.

1.9 Report out of Closed Session

- a. Report out of Closed Session from the October 15, 2020 Federated Board Meeting.

1.10 Approval of Administrative Matters

- a. Approval of Administrative Matters of 5 Executive Leave Days for the CEO and CIO as part of the Management Performance Program (MPP) process and their compensation package.

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 **Elias L. Carrillo**, Maintenance Worker II, retired May 24, 2003, died June 26, 2021. Survivorship benefits to Alma Carrillo, Spouse.
- b. Notification of the death of **Eileen Jack**, Office Specialist II, retired March 31, 2006, died July 7, 2021. No survivorship benefits.
- c. Notification of the death of **Elizabeth J. Larson**, Senior Office Specialist, retired June 23, 2012, died August 17, 2021. No survivorship benefits.
- d. Notification of the death of **Robert Machado**, Grounds Worker, retired January 8, 2000, died July 19, 2021. No survivorship benefits.
- e. Notification of the death of **Nancy Martinez**, Librarian II, retired May 16, 2005, died July 12, 2021. No survivorship benefits.
- f. Notification of the death of **Marcos Ortega**, Maintenance Worker II, retired January 8, 2000, died July 27, 2021. No survivorship benefits.
- g. Notification of the death of **Jill Plough**, Legal Analyst II, retired November 1, 2014, died July 17, 2021. Survivorship benefits to Kenneth Plough, Spouse.
- h. Notification of the death of **Paul Riemer**, Grounds Worker, retired November 7, 1992, died March 25, 2021. No survivorship benefits.
- i. Notification of the death of **Sharon Snow**, Librarian II, retired August 17, 2006, died September 26, 2021. No survivorship benefits.
- j. Notification of the death of **Linda Stover**, Executive Assistant to the City Auditor, retired March 2, 1996, died September 15, 2021. No survivorship benefits.

3. INVESTMENTS

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

CIO Palani updated the Board on the following:

- The Annual Fee Report will be discussed today and will be presented to the City Council.
- Estimates on performance through October 19th FYTD:
 - The Pension Plan is up 2.82%
 - The Health Care Trust is up 1.47%

- b. Presentation of Investment Fee Report for Calendar Year 2020 by Investment Staff.

CEO Palani introduced the item for discussion. David Aung, Investment Officer spoke to the 2020 Investment Fee Report and answered questions from the Board. He reported not much has changed from last year.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS - None.

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Open Enrollment for Retirees begins November 1st.
- Providers and staff will be available for questions at the Virtual Health Fair.
- The Board continues to have 2 Trustee vacancies. Ballots for the vacant Employee Representative seat are due November 8th. Staff will give another update when more information becomes available from the City Clerk's office.
- The search has been initiated to fill ORS's IT Network Technician vacancy.
- Beginning November 1st, limited Benefits staff will be in the office for scheduled appointments with retirees.
- Staff presented benefit information to the Retiree Association. Next month staff will present health care information.
- ORS will be closed on November 11th for the holiday.
- The Quarterly Newsletter will be distributed soon.

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

Council Liaison Dev Davis updated the Board on pending matters before the Council regarding the Pension Obligations Bond (POB), and discussed matters related to the ORS website. The Board invited dialogue on the POB and directed CEO Peña to invite and engage in further dialogue with the City.

- c. Discussion and action on economic assumptions for the June 30, 2021 Actuarial Valuation.

Bill Hallmark, Jacqui King and Steven Hastings from Cheiron discussed the economic assumptions and answered questions from the Board. The schedule, preliminary updates and

Board decisions were reviewed. No changes were recommended to Price Inflation, Wage Inflation, Amortization Payment Increases and the Discount Rate. Cheiron also updated the Board on a new mortality projection scale that was released yesterday. The mortality assumption will be addressed at the next Board meeting.

A motion was made to accept the recommendation as presented by Cheiron:

Price Inflation 2.25%

Wage Inflation 3.00%

Amortization Payment Increases 2.75%

Discount Rate 6.625%

Approved. (M.S.C. Keleher/Jennings 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

- d. Discussion and action on the 2022 Scheduled Board and Standing Committee Meetings.

CEO Peña spoke to the item.

A motion was made to approve the 2022 Scheduled Board and Standing Committee Meetings schedule.

Approved. (M.S.C. Jennings/Keleher 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

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

Counsel Maytak Chin spoke to the item and answered questions from the Board. She reviewed the factual findings necessary for use of California AB 361's abbreviated teleconferencing procedures. The Board must continue to make such factual findings every 30 days to justify the continuance of meeting virtually and remotely under AB 361.

A motion was made to adopt the Governor's proclamation on the continued state of emergency due to the ongoing COVID-19 pandemic and the City Council's recent resolution that continued to impose and recommend social distancing in City facilities as factual findings under AB361 to allow the Board to continue meeting virtually for the next 30 days.

Approved. (M.S.C. Keleher/Jennings 4-0-0) The motion passed unanimously by roll call vote. Trustee Chandra was absent.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Orr, Keleher)

Last Meeting: August 24, 2021

Next Meeting: December 21, 2021

(October 26, 2021 Meeting Cancelled)

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

Trustee Orr updated the Board on the contents of the last meeting.

6.2 Governance Committee (Horowitz, Jennings, Vacant)

Last Meeting: September 9, 2021 Next Meeting: December 17, 2021

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

There was no update.

6.3 Audit Committee (Keleher, Jennings, Vacant)

Last Meeting: August 19, 2021 Next Meeting: October 21, 2021

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

There was no update.

6.4 Joint Personnel Committee (Orr, Chandra, Horowitz)

Last Meeting: April 30, 2021 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 - November 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Trustees Round Table, October 29, 2021.
- c. CalAPRS Virtual Intermediate Courses in Retirement Plan Administration, November 3 - 5, 2021.
- d. CalAPRS Virtual Advanced Courses in Retirement Plan Administration, December 8 - 10, 2021.

FUTURE AGENDA ITEMS

None.

PUBLIC/RETIREE COMMENTS

Public attendee Blair Beekman made comments. Retiree Brad Immamura asked questions and made comments. The Board thanked them for joining the meeting.

ADJOURNMENT

The meeting adjourned at 11:56 a.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

_____/S/_____
SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

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