



BOARD OF ADMINISTRATION

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

Thursday, November 18, 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: 960 2119 9940

Password: 508826

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, November 18, 2021 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:30 a.m. followed by roll call.

Present: 5 - Spencer Horowitz, Mark Keleher, Julie Jennings, Elaine Orr and Anurag Chandra

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Ron Kumar, Arun Nallasivan, Ellen Lee, Sachin Sadana, Benjie Chua-Foy, 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; Mike Schionning, Cheiron; Jared Pratt, Meketa; Laura Wirick, Meketa; Ray Lynch, Hanson Bridgett; Danny Sullivan, Verus; Eileen Neill, Verus; Emily Raby, Journalist-With.Intelligence; and Colleen Winchester, City Attorney's Office.

Council Member Davis arrived at 10:03 a.m. and departed at 11:15 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 8:34 a.m

I. CLOSED SESSION OLD BUSINESS

- A. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)&(d)(1). PRESERVATION OF BENEFIT RETIREE ASSOCIATION, ET AL. v. CITY OF SAN JOSE, ET AL., SANTA CLARA SUPERIOR COURT CASE NO. 17CV312610 & COURT OF APPEAL, SIXTH APPELLATE DISTRICT CASE NO. H049387.

The Board came out of Closed Session at 9:17 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 9:00 a.m.

The Board reconvened into Open Session at 9:18 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 break at 10:00 a.m.
- There will be a recess from 1:00 p.m.-1:05 p.m. 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.

A motion was made to approve the Orders of the Day.

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

WAIVE SUNSHINE (amended attachments received late):

- 5c
- 5e
- 6.3f

A motion was made to approve Waive Sunshine on items 5c, 5e, and 6.3f.

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

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

1.1 Approval of Service Retirements

- Maria Hope R. Crescini**, Staff Specialist, Public Works Department, effective November 27, 2021; 27.02* years of service.
- Ambrosio Rodriguez**, Operations Wastewater Foreperson II, Environmental Services Department, effective November 27, 2021; 5.34* years of service.
- Anna M. Rodriguez**, Analyst II, Office of Economic Development, effective October 20, 2021; 30.04* years of service.
- Matt D. Sasscer**, Warehouse Worker II, Environmental Services Department, effective November 27, 2021; 22.04* years of service.

1.2 Approval of Deferred Vested

- Keith Freitas**, Custodial Supervisor, Airport Department, effective November 6, 2021; 31.63* years of service. (*With Reciprocity CSJ YOS 7.69 + CONTRA COSTA YOS 23.94*)

- b. **Susan M. Morgado**, Code Enforcement Inspector II, Building, Planning and Code Enforcement Department, effective October 27, 2021; 8.62* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of October 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 September 2021. Receive and file.
- b. Report of the Budget vs. Actual Expenses for 1st Quarter FY 21-22. Receive and file.
- c. 2022 Scheduled Board and Standing Committee Meetings. Receive and file.

1.6 Approval of Travel / Conference Attendance

- a. Prabhu Palani, CIO
 - TI Platform Fintech and Health Tech Ecosystem Day, Virtual conference, October 26, 2021.
- b. Elaine Orr, Trustee
 - Investing for Good USA, Virtual Conference - December 2, 2021

1.7 Rescission Of Retirement Application

- a. Approval of request to rescind the Service Retirement application of **Juan M. Avila**, approved at the September 23, 2021 Board meeting for the effective date of August 28, 2021.

1.8 Approval of Administrative Matters

- a. Approval of Federated Retirement Plan's Popular Annual Financial Report (PAFR) for the year ended June 30, 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 **Victor Aguilar**, Equipment Operator, retired November 7, 1992, died September 24, 2021. No survivorship benefits.
- b. Notification of the death of **Barbara Balangue**, Office Specialist II, retired January 23, 1999, died October 3, 2021. Survivorship benefits to Mariano Balangue, Spouse.
- c. Notification of the death of **Nicholas Cochran**, Fire Equipment Technician, active, died June 4, 2021. No survivorship benefits.
- d. Notification of the death of **Mary P. Flatley**, Accountant II, retired December 31, 2006, died April 26, 2021. Survivorship benefits to John P. Flatley.
- e. Notification of the death of **Thomas Hitchman**, Engineering Technician IV, retired November 17, 1990, died August 24, 2021. No survivorship benefits.
- f. Notification of the death of **Scott Kimizuka**, Library Assistant, active, died April 11, 2021. No survivorship benefits.
- g. Notification of the death of **Vincente Lopez**, Custodian, retired February 28, 2003, died September 17, 2021. No survivorship benefits.
- h. Notification of the death of **Kenneth Mills**, Plant Mechanical Supervisor, retired April 19, 1997, died October 1, 2021. No survivorship benefits.
- i. Notification of the death of **Clarence Shuh**, Senior Deputy City Attorney, retired December 13, 1986, died May 6, 2021. Survivorship benefits to Jean Shuh, Spouse.
- j. Notification of the death of **David T. Smith**, Association Engineering Technician, retired February 16, 2003, died September 24, 2021. No survivorship benefits.
- k. Notification of the death of **Gary Van Wegen**, Building Inspector, retired October 12, 2013, died August 13, 2021. Survivorship benefits to Loretta Van Wegen, Spouse.

3. INVESTMENTS

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

CIO Palani updated the Board on the following:

- Last Tuesday he presented the Annual Fee Report to City Council which was well received.
- FYTD the Pension Plan is up 4.35%

-FYTD the Health Care Trust is up 4.09%

CIO Palani spoke on inflation and answered questions from the Board. Danny Sullivan, Verus, spoke on re-inflation scenarios.

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:

- There remains 2 Trustee seat vacancies – 1 Active, 1 Retiree. The Retiree seat will be addressed during 5e. Ballots were sent out for the Active seat. It is expected to go to City Council for appointment in December.

-The City is in Stage 2 mandatory vaccination status. A hybrid approach to in-person work is expected city-wide by January 3rd.

-At the October Quarterly All Staff meeting the hybrid approach was discussed. Staff will come back to the office 1 day a week starting November 29th through January 1st. Currently front desk staff and at least 1 Benefits Analyst is in the office each day for in-person appointments with Retirees although the office remains closed. Beginning January 3rd staff will be in the office 2 days per week.

-November is open enrollment month. A presentation was made to the Retiree Association. The front desk is answering approximately 80 calls per day and approximately 350 forms have been received. CEO Peña thanked front desk staff and the Benefits team.

-The July version of the Quarterly Newsletter was sent out erroneously. The vendor resent the correct Newsletter.

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

Council Member Davis was not present during this item.

- c. Discussion and action on preliminary Pension Valuation results and economic assumptions as of June 30, 2020 presented by Cheiron.

Bill Hallmark, Steven Hastings and Jacqui King, Cheiron, presented the preliminary Pension Valuation results and economic assumptions and answered questions from the Board. There was no action, this item will come back to the Board next month.

- d. Discussion and action on OPEB methods and assumptions presented by Cheiron

Mr. Hallmark and Mike Schionning, Cheiron presented the OPEB methods and assumptions and answered questions from the Board.

A motion was made to change the Discount Rate to 6.00%

Approved. (M.S.C. Jennings/Horowitz 5-0-0) The motion passed unanimously by roll call vote.

A motion was made to accept all other assumptions as presented on Slide 8 of the Cheiron powerpoint presentation.

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

- e. Discussion and action on Retiree Member Vacancy Municipal Code section 2.08.1070, including potential interviews with recommended candidates to fill the current Trustee vacancy.

CEO Peña led the discussion regarding the retiree member vacancy and answered questions from the Board. Municipal Code § 2.08.1070E addresses filling a vacancy during mid term. The City Clerk stopped the incorrect process under Municipal Code § 2.08.1070D and provided the Retiree Association with information on 3 candidates for consideration under Municipal Code § 2.08.1070E. The Retiree Association will recommend a candidate to the Board to be interviewed at the December Board meeting.

No action was taken. The action was deferred to the December meeting.

- f. Nomination of the Board Chair/Vice-Chair for calendar year 2022.

Vice-Chair Jennings nominated Chair Horowitz for another term as Chair. Trustee Chandra nominated Vice-Chair Jennings for another term as Vice-Chair. Both nominations were accepted.

- g. 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.

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. Jennings/Keleher 5-0-0). The motion passed unanimously by roll call vote.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Orr, Keleher)

Last Meeting: October 21, 2021
(Special Meeting)

Next Meeting: November 18, 2021
(Special Meeting)

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

There was no update. The next regular meeting will be December 21, 2021.

6.2 Governance Committee (Horowitz, Jennings, Vacant)

**Last Meeting: October 21, 2021
(Special Meeting)**

**Next Meeting: November 18, 2021
(Special Meeting)**

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

There was no update.

6.3 Audit Committee (Keleher, Jennings, Vacant)

Last Meeting: October 21, 2021

**Next Meeting: November 18, 2021
(Special Meeting)**

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

Trustee Keleher spoke to the contents of the last meeting.

- b. Minutes of the August 19, 2021 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

This item was received and filed.

- c. 7/1/21 - 9/30/21 Quarterly Travel and attendance for Federated. Receive and file.

This item was received and filed.

- d. Update on the City Auditor's Recommendation to the Office of Retirement Services. Receive and file.

This item was received and filed.

- e. Discussion and action regarding Committees' recommendation to accept the Communication to the Board of Administration of the City of San Jose Federated Retirement Plan from Grant Thornton, LLP (GT) the Plan's external auditor:

a. Independent auditor's report on the internal control over financial reporting and on compliance and other matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards and Management comments and recommendations.

b. Required communications.

CEO Peña spoke to the external audit by Grant Thornton. He thanked Grant Thornton and ORS Staff for a job well done.

A motion was made to approve the Committee's recommendation to accept the findings of external auditor, Grant Thornton.

Approved. (M.S.C. Chandra/Jennings 5-0-0) The motion passed unanimously by roll call vote.

- f. Discussion and action on the Committees' recommendation to approve of the Federated Retirement Plan's Annual Comprehensive Financial Reports for the Fiscal Year 2020-2021.

CEO Peña spoke to the Federated Retirement Plan's Annual Comprehensive Financial Reports (ACFR) for the Fiscal Year 2020-2021.

A motion was made to approve the Committee's recommendation to approve the Federated Retirement Plan's ACFR for the Fiscal Year 2020-2021.

Approved. (M.S.C. Chandra/Jennings 5-0-0) The motion passed unanimously by roll call vote.

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.

The next JPC will be December 7, 2021 at 1:00.

7. EDUCATION & TRAINING

- a. The Cortex Report - November 2021, Conferences, Seminars and Educational Programs.
- b. CalAPRS Virtual Advanced Courses in Retirement Plan Administration, December 8 - 10, 2021.

FUTURE AGENDA ITEMS

The Retiree candidate interview will be on the December meeting agenda.

PUBLIC/RETIREE COMMENTS

None.

ADJOURNMENT

The meeting adjourned at 11:53 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