



BOARD OF ADMINISTRATION

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

Thursday, February 17, 2022

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: 957 6485 7434

Password: 706423

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 11/20/24)

Vacant, Trustee

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, February 17, 2022 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:32 a.m. followed by roll call.

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

Absent: 1 - Mark Keleher

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Christina Wang, Jay Kwon, Dhinesh Ganapathiappan, David Aung, Arun Nallasivan, Ron Kumar, Ellen Lee, Eric Tsang, Houman Boussina, David Lisenbee, Sandra Castellano, 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; Bill Hallmark, Cheiron; Steven Hastings, Cheiron; Jared Pratt, Meketa; Laura Wirick, Meketa; Andy Yeung, Segal; Sam Boustani, Segal; Paul Angelo, Segal; Jay Castellano, Retired Member; and Julia Cooper, Finance Dept.

Council Liaison Dev Davis arrived at 9:17 a.m.

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 OLD BUSINESS

- a. **CLOSED SESSION:** CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a). SHAHRIVAR v. CITY OF SAN JOSE, ET AL, SANTA CLARA COUNTY SUPERIOR COURT NO. 20CV366329

The Board came out of Closed Session at 8:46 a.m.

OPEN SESSION - will reconvene following Closed Session, estimated to be 8:45 a.m.

The Board reconvened into Open Session at 8:47 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 CenterTV'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.

•1.1c - Olivier H. Baviere, Associate Engineer, Planning, Building and Code Enforcement Department, effective March 5, 2022; 25.73* years of service changed to 28.98* years of service. (With Reciprocity CSJ YOS 25.73 + PERS YOS 3.25)

•1.2c - Sylvia Roy, Senior Auditor, Police Department, change effective date from March 5, 2022 to February 28, 2022; 15.13* years of service.

WAIVE SUNSHINE (attachments received late):

•4a attachment - Discussion and action on Segal presentation of actuarial audit of the Pension Valuation Report as of June 30, 2021 prepared by Cheiron; and Cheiron's response.

•5c attachments (1) & (2) - attachment- Discussion and action on Segal presentation of actuarial audit of the Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 prepared by Cheiron.

•5d attachments (1) & (2) - Discussion and action on amendment to MOU between Board and City for use of actuary to review City bond disclosure documents.

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

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

A motion was made to Waive Sunshine on Items 4a, 4c(1), 4c(2), 4d(1), 4d(2), 1.1c, and 1.2c. Approved. (M.S.C. Linder/Chandra 5-0-0). The motion passed unanimously by roll call vote. Trustee Keleher was absent.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

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

1.1 Approval of Service Retirements

- a. **Maria Bamba**, Staff Specialist, Airport Department, effective February 19, 2022; 25.59* years of service.
- b. **Margaret E. Barajas**, Staff Specialist, Police Department, effective February 5, 2022; 24.43* years of service.
- c. **Olivier H. Baviere**, Associate Engineer, Planning, Building and Code Enforcement Department, effective March 5, 2022; 25.73* years of service.
- d. **Ronnie Brayfield**, Wastewater Mechanic II, Environmental Services Department, effective February 25, 2022; 15.16* years of service.
- e. **Noel T. Enoki**, Environmental Laboratory Manager, Environmental Services Department,

effective February 19, 2022; 30.03* years of service.

- f. **Gregory Gaan**, Public Safety Communications Specialist, Police Department, effective February 26, 2022; 20.52* years of service.
- g. **Kathleen M. Martin**, Senior Electronics System Technician, Airport Department, effective February 19, 2022; 28.18* years of service.
- h. **Luis Matos**, Wastewater Operator III, Environmental Services Department, effective February 19, 2022; 16.59* years of service.
- i. **Bernard Reyes**, Program Manager, Finance Department, effective February 23, 2022; 20.85* years of service. *(With Reciprocity CSJ YOS 15.01 + PERS YOS 5.84)*
- j. **Glenn Schwarzback**, Senior Deputy City Attorney, City Attorney's Office, effective February 17, 2022; 32.05* years of service.
- k. **Yves Zsutty**, Division Manager, Parks, Recreation and Neighborhood Services Department, effective March 5, 2022; 30.10* years of service.

1.2 Approval of Deferred Vested

- a. **Madhavi P. Desai**, Information Systems Analyst, Public Works, effective March 13, 2022; 18.89* years of service. *(With Reciprocity CSJ YOS 16.20 + PERS YOS 2.68)*
- b. **Saroj B. Dhillon**, Hazardous Materials Inspector, Fire Department, effective March 5, 2022; 29.77* years of service. *(With Reciprocity CSJ YOS 23.41 + PERS YOS 5.86)*
- c. **Sylvia Roy**, Senior Auditor, Police Department, effective March 5, 2022; 15.13* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of the January 6, 2022 Special Meeting.
- b. Approval of the Board Minutes of January 20, 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 December 2021. Receive and file
- b. Report of the Budget vs. Actual Expenses for 2nd Quarter FY 21-22. Receive and file.
- c. Notification of commencement of validation action regarding the issuance of Pension Obligation Bonds (POBs) by the City of San Jose.
- d. Committee Assignments for calendar year 2022.

1.6 Approval of Travel / Conference Attendance

- a. Roberto Pena, CEO
 - CALAPRS Virtual Administrators Round Table, February 10, 2022.
 - CALAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5-8, 2022.
- b. Spencer Horowitz, Trustee
 - CALAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5 - 8, 2022.
 - CALAPRS Virtual Trustees' Round Table, April 29, 2022.
- c. Julie Jennings, Trustee
 - Harvard Kennedy School, Virtual, Mobilizing Your Non-Profit Board, March 7 - May 6, 2022.
- d. Prabhu Palani, CIO
 - CALAPRS General Assembly, Mission Bay Resort, San Diego, CA - March 5 - 8, 2022.
 - GroqDay 2022, Virtual Conference - March 31, 2022.
 - Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022.
- e. Elaine Orr, Trustee
 - Pension Bridge Annual, Westin St. Francis, San Francisco, CA - April 18 - 20, 2022.

1.7 Approval for a Change in Status to Non Service-Connected Disability Retirement

- a.
Ismael Liceralde, Grounds Worker, Environmental Services Department, Request for Change of Status from Service Retirement to Non Service-Connected Disability Retirement, effective

March 1, 2019; 11.83* years of service. *(Disability Committee Recommendation: Approval of Non Service-Connected Disability Retirement)*

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 **Manuel Bettencourt**, Airport Operations Supervisor, retired December 24, 2011, died November 7, 2021. Survivorship benefits to Maria Cardosa, Spouse.
- b. Notification of the death of **John Brezzo**, Housing Administrator, retired March 2, 1997, died December 4, 2021. Survivorship benefits to Bonnie Brezzo, Spouse.
- c. Notification of the death of **Harold D. Ferrari**, Supervising Traffic Signal Technician, retired December 15, 1984, died December 19, 2021. No survivorship benefits.
- d. Notification of the death of **Mary E. Franklin**, Senior Office Specialist, retired December 16, 2006, died January 17, 2022. No survivorship benefits.
- e. Notification of the death of **Richard E. Huerta**, Survey Field Supervisor, retired May 25, 2016, died December 31, 2021. No survivorship benefits.
- f. Notification of the death of **William H. Hughes**, Assistant City Attorney, retired March 22, 2008, died December 24, 2021. Survivorship benefit to Sheila Hughes, Spouse.
- g. Notification of the death of **Edward Martinez**, Airport Police Officer, retired March 27, 2004, died November 6, 2021. Survivorship benefits to Rosa Martinez, Spouse.
- h. Notification of the death of **Alfredo Padilla**, Street Sweeper Operator, retired March 22, 1986, died January 14, 2022. Survivorship benefits to Mary Louise Padilla, Spouse.
- i. Notification of the death of **Susan A. Ross**, Senior Account Clerk, retired May 14, 1998, died December 7, 2021. No survivorship benefits.
- j. Notification of the death of **Robert H. Wetter**, Electrician, retired July 13, 1985, died December 24, 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:

-FYTD the Pension Plan is up 2.47% (estimated, unaudited)

-FYTD the Health Care Trust is down 34 basis points (estimated, unaudited)

Jay Kwon, Senior Investment Officer, spoke to the upcoming IC meeting which will include a discussion on changes to the Strategic Asset Allocation based on updated Capital Market Assumptions.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on Segal presentation of actuarial audit of the Pension Valuation Report as of June 30, 2021 prepared by Cheiron; and Cheiron's response.

Bill Hallmark spoke to the item and Cheiron's response to the Pension Valuation Audit by Segal and answered questions from the Board.

A motion was made to accept Segal's report of actuarial audit of the Pension Valuation Report as of June 30, 2021.

Approved. (M.S.C. Chandra/Linder 4-0-1). The motion passed by roll call vote. Trustee Orr abstained. Trustee Keleher was absent.

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- Guaranteed Purchasing Power payments will be paid out this month.**
- ORS has paused the plan for staff to return to work in the office due to Omicron. Staff will return to the office 2 days per week beginning March 14th. Virtual and In-Person appointments are still being accepted.**
- Network Technician interviews will be taking place next week. IT Manager search will begin by the end of the month or early March.**
- ORS welcomed Gretel Calderon and Eric Tsang.**
- COLA will be paid in April paycheck.**
- ORS is currently working on the Budget.**
- ORS Newsletter was issued last month.**
- Reminder to Trustees to reach out to Admin. staff early when planning to attend conferences so that arrangements can be made by staff.**

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

There were no updates from the City Council.

- c. Discussion and action on Segal presentation of actuarial audit of the Other Post Employment Benefits (OPEB) Valuation Report as of June 30, 2021 prepared by Cheiron

Andy Yeung and Sam Boustani, Segal, spoke to the item and answered questions from the Board. Bill Hallmark, Cheiron, spoke to Cheiron's response to Segal's findings and answered questions from the Board. The Board directed Cheiron to make the necessary changes to the Valuation Report and bring it back to the next meeting.

A motion was made to accept Segal's report of actuarial audit of the Other Post Employment

Benefits (OPEB) Valuation Report as of June 30, 2021.

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

- d.** Discussion and action on amendment to MOU between Board and City for use of actuary to review City bond disclosure documents.

CEO Peña introduced Julia Cooper, Finance Department. She spoke to the item and answered questions from the Board.

A motion was made to approve attachment 5d(2) Amended and Restated Memorandum of Understanding.

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

- e.** Discussion and action on adoption of Resolution No. 9101 Cost of Living Adjustment rate for 415(b) Qualified Participants under the Grandfather Rule for members retired prior to January 1, 1990.

Barbara Hayman, Deputy Director, spoke to the item. This is an annual process to set the Cost of Living Adjustment (COLA) rate for 415(b) impacted beneficiaries who will have limits set by "grandfathered" rules at three point zero percent (3.0%) pursuant to Municipal Code section 3.44.040.

A motion was made to approve attachment 5e(2) Resolution No. 9101.

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

- f.** Update on Strategic Communications Plan presented by Deputy Director, Barbara Hayman.

Ms. Hayman updated the Board on the Strategic Communications Plan and answered questions from the Board. She presented the timeline which shows the planned strategic communication activities through June 30, 2022. She spoke to the progress on activities planned up to December 2021. Ms. Hayman will continue to update the Board every 6 months.

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

Counsel Chin introduced and spoke to the item. Ms. Chin explained the contents of the memo submitted to the Board regarding evidentiary support for the Board's consideration of factual findings necessary for election to adopt AB 361's abbreviated teleconferencing procedures, which included:

- (1) Governor's proclamation on the continued state of emergency due to the ongoing COVID-19 pandemic; and**
(2) the City Council's recent resolution that continued to impose and recommend social distancing in City facilities.

A motion was made to adopt these as the Board's factual findings under AB361 to allow the

Last Meeting: February 4, 2022 Next Meeting: TBD
(Regular)

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

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

- b. Minutes from the January 6, 2022 JPC meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Discussion and action on the CEO Performance Process regarding JPC approved revisions to the Policy and Procedures.

Trustee Horowitz spoke to the item.

A motion was made to approve the Policy and Procedures for the CEO Performance process.

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

- d. Discussion and update on potential revisions to the performance evaluations for the CIO Performance Process.

Trustee Horowitz noted the CIO Performance Process will be discussed at the next JPC meeting.

7. EDUCATION & TRAINING

- a. The Cortex Report - March 2022, Conferences, Seminars and Educational Programs.
- b. CalAPRS General Assembly, San Diego Mission Bay Resort, San Diego, CA - March 5-8, 2022.
- c. CALAPRS Advanced Principles of Pension Governance for Trustees, UCLA Luskin Conference Center, Los Angeles - March 30 - April 1, 2022.

• PROPOSED AGENDA ITEMS

Counsel Leiderman proposed scheduling the annual fiduciary training for Trustees. CEO Peña recommended adding it to the April Board agenda.

• PUBLIC/RETIREE COMMENTS

None.

- **ADJOURNMENT**

The meeting adjourned at 11:08 a.m.

This meeting will be adjourned in memory of Dwight Jennings (DJ), loving husband to Vice-Chair Jennings.

*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