BOARD OF ADMINISTRATION

Meeting Minutes

Federated Investment Committee

Tuesday, February 22, 2022 **10:00 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: 97814298399
Password: 489594

- **CALL TO ORDER AND ROLL CALL**

The Federated Investment Committee met on Tuesday, February 22, 2022. The meeting was held via Zoom conference. Chair Chandra called the meeting to order at 10:15 a.m.

Federated Committee members present via Teleconference: Anurag Chandra, Elaine Orr and Spencer Horowitz

Retirement Staff present via Teleconference: Roberto Pena, Prabhu Palani, Barbara Hayman, Jay Kwan, Dhinesh Ganapathiappan, Christina Wang, David Aung, Arun Nallasivan, Sachin Sadana, Eric Tsang, Linda Alexander, Ron Kumar, and Ellen Lee

Also present via Teleconference: Frank Benham, Meketa Investment Group, Laura Wirick, Meketa Investment Group, Jared Pratt, Meketa Investment Group, Eileen Neill, Verus Investments, Amarjit Sahota, Klarity FX, Mary Davidson, Aber Noser, and Joe Gray, public member

- **ORDERS OF THE DAY**

A motion was made to waive Sunshine on item 5.

M.S.C. Horowitz/Orr

The motion was approved by 3-0 on a roll call vote.

OPEN SESSION

1. Approval of minutes of the August 24th, 2021 Federated Investment Committee meeting.

A motion was made to approve the August 24th, 2021 Federated Investment meeting minutes.

M.S.C. Horowitz/Orr

The motion was approved by a 3-0 vote

2. Oral Update by CIO, Prabhu Palani.

CIO Palani introduced today's agenda to the Committee.

3. Presentation of FX transaction cost analysis by Klarity FX.

Mr. Amo Sahota from Klarity FX presented the process and cost analysis of the foreign currency exchange for the Federated Plan. The biggest change for the year was the shift of the custodian from State Street to BNY Mellon. Mr. Sahota expressed that the FX execution costs remain consistent with prior years.

4. Presentation of equity transaction cost analysis by Aber Noser.

Ms. Mary Davidson from Abel Noser presented the process and cost analysis for trading costs of the Federated Plan. Ms. Davidson expressed that the execution costs were analyzed and found to be consistent with market averages.

5. Discussion and action on strategic asset allocation by Meketa Investment Group.

Ms. Laura Wirick and Mr. Frank Benham from Meketa presented the current asset allocation and alternative options for the Pension Plan. Ms. Eileen Neill from Verus provided a risk analysis on the various options. After a through discussion, the Trustees asked Meketa to provide additional mixes for further discussion at the board meeting.

6. Discussion and action regarding the prefunding of the City's retirement contribution.

Senior Investment Officer, Jay Kwon, proposed a revision to the methodology of the calculation of the prefunding discount rate. Mr. Kwon introduced the third metric, cyclically adjusted price to earnings ratio (CAPE) to account for the current market environment. The Committee agreed that it was a reasonable addition.

CLOSED SESSION

- ## ADJOURNMENT

The meeting was adjourned at 11:48 a.m.

APPROVED:

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Roberto L. Peña
CEO, Office of Retirement Services