



BOARD OF ADMINISTRATION

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

Thursday, August 18, 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: 969 9724 9289

Password: 976624

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 11/30/24)

Prachi Avasthy, Trustee (Term Expires 11/30/25)

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, August 18, 2022 at 8:30 a.m. Chair Horowitz called the meeting to order at 8:30 a.m. followed by roll call.

Present: 6 - Spencer Horowitz, Mark Keleher, Julie Jennings, Elaine Orr, Anurag Chandra and Mark Linder

Absent: 1 - Prachi Avasthy

Retirement Staff Present via Zoom: Roberto L. Peña, Prabhu Palani, Barbara Hayman, Christina Wang, Jay Kwon, David Aung, Arun Nallasivan, Ron Kumar, Ellen Lee, Eric Tsang, Julie He, Natasha Kumaraswami, Houman Boussina, Shilpi Dwivedi, Linda Alexander, Michelle San Miguel, Marti Zarate and Sorin Powers.

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Maytak Chin, General and Fiduciary Counsel; Laura Wirick, Meketa; Valter Viola, Cortex; Bill Hallmark, Cheiron; Jacqui King, Cheiron; Steven Hastings, Cheiron; Debbie, Public Member; Dev Davis, Council Liaison; Sherry L., Public Member; and Joe Ebisa, Journalist-With Intelligence.

CLOSED SESSION

The Board went into Closed Session at 8:37 a.m.

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

I. CLOSED SESSION NEW BUSINESS-DEFERRED/CONTINUED ITEMS

The Board came out of Closed Session at 9:39 a.m.

There was no reportable action out of Closed Session.

- A. CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Executive Officer
- B. CLOSED SESSION:** PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1). Position: Chief Investment Officer
- C. CLOSED SESSION:** CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6(a). Agency designated representatives: Spencer Horowitz, Board Chair and Anurag Chandra, Investment Committee Chair. Unrepresented employees: Chief Executive Officer and Chief Investment Officer

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

Open Session re-convened at 9:40 a.m.

ORDERS OF THE DAY - To be heard before Closed Session

Chair Horowitz read the following guidelines 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 on any other item not on the agenda that is within the subject.
- 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.
- Item 5d will be heard prior to Closed Session.
- Public Comments will be heard after Item 5d.

A motion was made to approve Orders of the Day.

Approved. (M.S.C. Linder/Keleher 6-0-0) The motion passed unanimously by roll call vote. Trustee Avasthy was absent.

• **PUBLIC/RETIREE/GENERAL COMMENTS - Not Related to a Specific Agenda Item**

None.

1. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Chandra/Linder 6-0-0). The motion passed unanimously by roll call vote. Trustee Avasthy was absent.

1.1 Approval of Service Retirements

- a. **Cheryl Carrasco**, Office Specialist II, Airport Department, effective September 10, 2022; 5.30* years of service.
- b. **Kimberly A. Daly**, Analyst II, Environmental Services Department, effective August 6, 2022; 9.56* years of service.
- c. **Rebecca Hall**, Analyst II, City Clerk's Office, effective September 3, 2022; 21.82* years of service.
- d. **Maryann Heinrich**, Office Specialist II, Police Department, effective August 20, 2022; 7.22* years of service.
- e. **Jim Jung**, Heavy Equipment Operator, Environmental Services Department, effective July 23, 2022; 12.73* years of service.

- f. **Leslie K. Martin**, Office Specialist II, Environmental Services Department, effective August 20, 2022; 15.01* years of service.
- g. **Jesus M. Medina II**, Senior Construction Inspector, Public Works Department, effective September 17, 2022; 25.51* years of service.
- h. **David A. Romero**, Parking and Traffic Control Officer, Department of Transportation, effective September 17, 2022; 25.23* years of service.
- i. **Suparna Saha**, Planner III, Planning, Building and Code Enforcement Department, effective August 20, 2022; 31.91* years of service.
- j. **Gloria Schmanek**, Senior Executive Analyst, City Manager's Office, effective September 17, 2022; 30.05* years of service.
- k. **Paula R. Simpson**, Dispatcher, Public Works Department, effective July 9, 2022; 21.19* years of service.

1.2 Approval of Deferred Vested

- a. **Candace Alcosiba**, Analyst II, Housing Department, effective August 23, 2022; 16.70* years of service.
- b. **Jennifer D. Ingersoll**, Staff Specialist, Fire Department, effective September 20, 2022; 9.66* years of service.
- c. **Jacqueline C. Kong**, Accountant II, Environmental Services Department, effective September 10, 2022; 23.97* years of service. *(With reciprocity 19.19 CSJ Years of Service + 4.78 PERS Years of Service.)*
- d. **Jess C. Perez**, Painter, Environmental Services Department, effective September 19, 2022; 10.47* years of service. *(With Reciprocity CSJ YOS 7.15 + PERS YOS 3.32)*
- e. **Lydia M. Sanchez**, Senior Office Specialist, Fire Department, effective September 17, 2022; 11.42* years of service.
- f. **Nani Thorstensen**, Accounting Technician, Department of Transportation, effective September 27, 2022; 21.32* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of June 16, 2022.

- b. Approval of the Board Minutes for the July 13, 2022 Special Meeting.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

1.5 Acceptance of Communication/Information Reports

- a. ORS's Quarterly Newsletter - The Retirement Connection: July 2022 Edition.
- b. Report of the Budget vs. Actual Expenses for 3rd Quarter FY 21-22. Receive and file.
- c. Report of the Plan Expenses for March, April and May 2022. Receive and file.

1.6 Approval of Travel / Conference Attendance

- a. Roberto L. Peña, CEO
 - CalAPRS Virtual Administrators Roundtable - June 24, 2022.
- b. Prabhu Palani, CIO
 - All & III Pan Institutional Roundtable, Metropolitan Club, New York City, September 13, 2022 - September 14, 2022.
 - Transpose Platform Ecosystem Days 2022, Julia Morgan Ballroom, San Francisco, September 27, 2022 - September 29, 2022.
- c. Elaine Orr, Trustee
 - CalAPRS Principles of Pension Governance, The Lodge at Tiburon, Tiburon, CA - August 29, 2022 - September 1, 2022.

1.7 Recission Of Retirement Application

- a. Approval of request to rescind the Service Retirement application of **Gary Ryan**, Groundskeeper, approved at the June 16, 2022 Board meeting for the effective date of July 30, 2022.

1.8 Approval of Change in Retirement Date

- a. Approval for a change in effective date for **Jenele Smith-McMullen**, from April 4, 2022 to July 8,

2022 for a Service Retirement approved at the April 21, 2022 Board meeting.

1.9 Report out of Closed Session

- a. Report out of Closed Session from the May 19, 2022 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 **James A. Adduci**, Building Inspector, retired January 23, 2010, died July 6, 2022. No survivorship benefits.
- b. Notification of the death of **Robert Banuelos**, Water System Technician, retired November 4, 2020, died May 28, 2022. Survivorship benefits to Rose Marie Banuelos, Spouse.
- c. Notification of the death of **Jesse Carabajal**, Maintenance Assistant, retired September 26, 2019, died May 7, 2022. No survivorship benefits.
- d. Notification of the death of **Joyce Del Real**, Maintenance Assistant, retired March 31, 2015, died June 28, 2022. No survivorship benefits.
- e. Notification of the death of **Robert M. Lincoln**, Chief of Accounting, retired September 1, 1984, died June 10, 2022. Survivorship benefits to Elsie Lincoln, Spouse.
- f. Notification of the death of **Fernando Lopez**, Code Enforcement Inspector I, active employee, died May 3, 2022. Survivorship benefits to Martha Maria Naranjo Bernabe, Spouse.
- g. Notification of the death of **Crystal Martin**, Secretary, retired September 14, 1991, died June 2, 2022; 30.05*years of service.
- h. Notification of the death of **Norman Martin**, Associate Engineer Technician, retired December 17, 1994, died April 5, 2022. No survivorship benefits.
- i. Notification of the death of **Lee A. Melott**, Administrative Officer, General Services, retired January 23, 1999; died May 31, 2022. No survivorship benefits.
- j. Notification of the death of **Anne L. Proudfoot**, Senior Librarian, retired May 27, 2000, died June 24, 2022. No survivorship benefits.
- k. Notification of the death of **David Armando Sanchez**, Groundworker, active employee, died April 1, 2022. No survivorship benefits.

- l.** Notification of the death of **Phyllis Terra**, Librarian II, retired December 25, 1999, died June 4, 2022. No survivorship benefits.
- m.** Notification of the death of **Chris S. Wang**, Associate Landscape Architect, retired November 7, 1992, died May 22, 2022. Survivorship benefits to Helen H. Wang, Spouse.

3. INVESTMENTS

- a.** Oral update by CIO, Prabhu Palani.

CIO Palani updated the Board on the following estimates from Meketa:

-For Fiscal Year-To-Date as of August 16, 2022 the Pension Plan was up 5.42%

-For Fiscal Year-To-Date as of August 16, 2022 the Health Care Trust was up 6.6%

The City elected to prefund it's retirement contribution on July 1st. The Pension Plan received \$184.4 million and the Health Care Trust received \$18.3 million. The assets were deployed according to the Board's approved strategic asset allocation.

Jay Kwon, Senior Investment Officer, spoke to allocations before and after pre-funding and answered questions from the Board.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a.** Discussion and action on the Federated Disability Committee Charter. *(Continued from the May 19, 2022 meeting)*

CEO Peña spoke to the item. Counsel Chin reviewed the Charter. A suggestion was made to remove "at least" from item 1(h). Members of the Committee will be discussed at a future meeting.

A motion was made to accept the Federated Disability Committee Charter with the suggested revision.

Approved. (M.S.C. Jennings/Linder 6-0-0) The motion passed unanimously by roll call vote. Trustee Avasthy was absent.

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- 2 Public Member seats are coming up for re-appointments in November. ORS and the City Clerk will do outreach.

-The next JPC meeting is September 9th which will include presentations by compensation consultants and AB 361. Monthly meetings will be scheduled.

-City meetings are continuing remotely and the mandatory mask policy has been extended through August 26th.

-The ORS quarterly newsletter was distributed to members in July.

-Kudos to staff for receiving the Certificate of Achievement for Excellence in reporting for Financial Statements.

- Chris Reyes has joined ORS as the new Accounting Clerk.
- 2 Benefit Senior Analysts will be on boarding the week of September 5th.
- We are currently interviewing for the Senior Supervisor position.
- Tara Tran has been promoted to Health Analyst.
- Welcome back to Jesselle Holcomb who has returned to ORS as a Benefits Analyst.
- ORS summer picnic was held in June in person and was very successful.
- ORS is open to the public. The doors are closed for security reasons.
- ORS will be closed September 5th for the Labor Day holiday.

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

Councilwoman Davis updated the Board on pending matters before the Council including the changes to limits for mental health sessions under the Employee Assistance Program (EAP). Police and Fire retirees' health insurance now includes mental health coverage. This is more comprehensive coverage for retirees than the EAP. The new nationwide hotline for mental health assistance is 988.

c. Update on Cheiron's projections based on preliminary investment returns for FY 21-22 and discussion and action of funding methods for pension and OPEB plans with potential options for consideration.

Bill Hallmark, Jacqui King and Steven Hastings, Cheiron spoke on the updated projections based on the preliminary investment returns and action of funding methods for pension and OPEB plans with potential options for consideration. They answered questions from the Board and will come back with recommended options focused on Tier 1 to get the Plan funded.

d. Discussion and action to designate the Chair of the Board to be the Board's labor negotiator regarding compensation for the Chief Executive Officer, and the Chair of the Investment Committee to be the Board's labor negotiator regarding compensation for the Chief Investment Officer. *(Will be considered prior to Closed Session)*

This item was heard before Closed Session.

A motion was made to designate the Chair of the Board to be the Board's labor negotiator regarding compensation for the CEO, and the Chair of the Investment Committee to be the Board's labor negotiator regarding compensation for the CIO.

Approved. (M.S.C. Jennings/Keleher 6-0-0) The motion passed unanimously by roll call vote. Trustee Avasthy was absent.

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

Counsel Chin 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 the Board's factual findings under AB361 to allow the Board to continue meeting virtually for the next 30 days.

Approved. (M.S.C. Keleher/Linder6-0-0) The motion passed unanimously by roll call vote. Trustee Avasthy was absent.

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Orr)

**Last Meeting: July 22, 1022
(Special)**

**Next Meeting: August 18, 2022
(Special)**

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

There was no update.

- b. Minutes of the April 26, 2022 Federated Investment Committee meeting. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the Special Federated Investment Committee meeting from July 13, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

- d. Minutes of the Special Federated Investment Committee meeting from June 13, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

6.2 Governance Committee (Jennings, Keleher, Linder)

**Last Meeting: July 22, 2022
(Special)**

**Next Meeting: August 18, 2022
(Special)**

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

There was no update.

- b. Minutes of the Special Governance Committee meeting from July 13, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the Special Governance Committee meeting from June 16, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- d. Minutes of the Special Governance Committee meeting from May 19, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

6.3 Audit Committee (Keleher, Jennings, Avasthy)

**Last Meeting: July 22, 2022
(Special)**

**Next Meeting: August 18, 2022
(Regular)**

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

There was no update.

- b. Minutes of the Special Audit Committee meeting from July 13, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the Special Audit Committee meeting from June 16, 2022. Receive and File.

This Committees/Reports/Recommendations was received and filed

6.4 Joint Personnel Committee (Orr, Chandra, Horowitz)

**Last Meeting: August 10, 2022
(Special)**

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 - September 2022, Conferences, Seminars and Educational Programs.

This Education & Training was received and filed

- b. NCPERS Accredited Fiduciary (NAF) Program, Sheraton Grand Nashville Downtown, Nashville,

Tennessee - October 22-23, 2022.

- **PROPOSED AGENDA ITEMS**

None.

- **ADJOURNMENT**

The meeting adjourned at 12:25 p.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