



BOARD OF ADMINISTRATION

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

Thursday, September 15, 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: 945 9715 6023

Password: 501225

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, September 15, 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, Anurag Chandra, Mark Linder and Prachi Avasthy

Absent: 1 - Elaine Orr

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

Also Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel; Laura Wirick, Meketa Investment Group; Kaci Boyer, Neuberger Berman; Bill Hallmark, Cheiron; Jacqui King, Cheiron; Dev Davis, Council Liaison; Jim Shannon, Budget Director; Cheryl Parkman, Office of Employee Relations; and Cyril Espanol, Journalist-With Intelligence.

CLOSED SESSION

Following Orders of the Day and Public Comment, 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 OLD BUSINESS

- A. 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 9:00 a.m. or immediately thereafter.

The Board came out of Closed Session at 9:28 a.m.

There was no reportable action out of Closed Session.

Open Session re-convened at 9:29 a.m.

ORDERS OF THE DAY

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.

- Change in effective date for item 1.2d on the August 18th agenda for Jess C. Perez, Painter, Environmental Services Department, change in effective date from September 19, 2022 to July 19, 2022; 10.47* years of service. (With Reciprocity CSJ YOS 7.15 + PERS YOS 3.32)
- Waive Sunshine on the attachment for Item 4b - Discussion and action of funding methods for pension and OPEB plans with potential options for consideration for Tier 1.

A motion was made to waive sunshine on item 4b and to approve the change in effective date for item 1.2d on the August 18th agenda for Jess C. Perez from September 19, 2022 to July 19, 2022.

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

A motion was made to approve Orders of the Day.

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

1.1 Approval of Service Retirements

- Sandra A. Bernabe**, Senior Accountant Clerk, Library Department, effective September 3, 2022; 10.18* years of service.
- Eric L. Brignani**, Associate Construction Inspector, Department of Transportation, effective October 1, 2022; 28.05* years of service.
- Jimmy P. Cotillion**, Park Maintenance Repair Worker II, Parks, Recreation and Neighborhood Services Department, effective October 1, 2022; 32.73* years of service.
- Vicki L. Day**, Program Manager, Airport Department, effective October 1, 2022; 15.94* years of service.
- Virginia K. Farley**, Senior Engineer, Environmental Services Department, effective October 1, 2022; 5.10* years of service.

- f. **Larry B. Wiley**, Public Safety Communications Specialist, Police Department, effective October 1, 2022; 20.70* years of service.

1.2 Approval of Deferred Vested

- a. **Tony Hornik-Tran**, Crime Prevention Specialist, Police Department, effective October 6, 2022; 6.44* years of service.
- b. **Judith L. Joseph**, Supervising Public Safety Dispatcher, Police Department, effective September 27, 2022; 24.28* years of service. *(With reciprocity 18.36 CSJ YOS + 5.92 PERS YOS.)*
- c. **Trish A. Martinez**, Analyst II, Police Department, effective September 12, 2022; 12.75* years of service.
- d. **Paul C. Salac**, Parking & Traffic Control Officer, Department of Transportation, effective October 2, 2022; 21.16* years of service.

1.3 Approval of Board Minutes

- a. Approval of the Board Minutes of August 18, 2022.
- b. Approval of the Board Minutes for the July 22, 2022 Special Meeting.

1.4 Approval of Return of Contributions

- a. Voluntary | Involuntary.

1.5 Acceptance of Communication/Information Reports

- a. Report of the Plan Expenses for July 2022. Receive and file.
- b. **Educational Travel Reports:**
 - SACRS - UC Berkeley Program 2022, Claremont Hotel, Berkeley, CA - July 17, 2022 - July 2020, 2022 - by Julie Jennings.
 - CALAPRS Principles of Pension Governance - The Lodge at Tiburon, Tiburon, CA - August 29, 2022 - September 1, 2022 - by Elaine Orr

1.6 Approval of Travel / Conference Attendance

- a. Anurag Chandra, Trustee
 - 2022 Public Funds Forum, Montage Laguna Beach, Laguna Beach, CA, September 6, 2022 - September 8, 2022.
 - NCPERS Accredited Fiduciary (NAF) Program, Sheraton Grand Nashville Downtown, Nashville, TN, October 22, 2022 - October 23, 2022.
- b. Elaine Orr, Trustee
 - Transpose Platform's Ecosystem Days, Julia Morgan Ballroom, San Francisco, CA, September 28, 2022.
- c. Prabhu Palani, CIO
 - Berkeley Skydeck Fund LP Summit 2022, 2150 Shattuck Avenue, Penthouse, Berkeley, October 3, 2022.

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 **Donald U. Brumfield**, Building Inspector, retired February 1, 2003, died July 31, 2022. No survivorship benefits.
- b. Notification of the death of **John J. Ewing**, Heavy Equipment Operator, retired March 16, 1991, died August 14, 2022. Survivorship benefits to Jeanne Ewing, Spouse.
- c. Notification of the death of **Eugene Lichtenwalter**, Electrician, retired April 18, 1998, died August 14, 2022. Survivorship benefits to Dolores Lichtenwalter, Spouse.
- d. Notification of the death of **Paul Marcum**, Development Specialist, retired August 1, 1996, died July 13, 2022. No survivorship benefits.
- e. Notification of the death of **Roberta Notrangelo**, Administrative Officer, retired January 15, 2005, died April 19, 2022. No survivorship benefits.
- f. Notification of the death of **David Schirtzinger**, Principal Recreation Supervisor, retired May 22, 1993, died January 13, 2022. Survivorship benefits to Jeanette Schirtzinger, 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 the Pension Plan was up 1.53%
- For Fiscal Year-To-Date the Health Care Trust was up 1.34%

- For past three years, the Plan's investment return had moved from the bottom 1% of peers to the top 7% of peers. If we had continued to be at the bottom 1%, the Plan would have had \$672 million less in assets.

- b. Presentation of Calendar 1st Quarter 2022 private equity report by Neuberger Berman.

Kaci Boyer, Neuberger Berman presented the Calendar 1st Quarter 2022 private equity report and answered questions from the Board.

- c. Presentation of Calendar 1st Quarter 2022 private markets report by Meketa Investment Group.

Laura Wirick, Meketa presented the Calendar 1st Quarter 2022 private markets report and answered from the Board. The total fund value as of the end of June was \$2.9 billion. Current allocations are close to policy targets.

- d. Presentation of Calendar 2nd Quarter 2022 performance report for Pension Plan by Meketa.

Ms. Wirick presented the Calendar 2nd Quarter 2022 performance report for pension plan and answered questions from the Board. The value of the San Jose Federated City Employees' Retirement System assets was \$2.7 billion on June 30, 2022, compared to \$2.9 billion as of the end of the prior quarter. The System had net cash outflows of \$52 million and \$195 million of investment losses during the quarter.

- e. Presentation of Calendar 2nd Quarter 2022 performance report for Health Care Trust by Meketa Investment Group.

Ms. Wirick presented the Calendar 2nd Quarter 2022 performance report for Health Care Trust and answered questions from the Board. The value of the San Jose Federated Retiree Health Care Trust's assets was \$345.8 million on June 30, 2022, compared to \$386.2 million at the end of the prior quarter. The Trust had \$4.5 million of net cash outflows for the quarter, and \$36.0 million of investment losses during the three-month period.

4. OLD BUSINESS-DEFERRED/CONTINUED ITEMS

- a. Discussion and action on the Federated Disability Committee members.

CEO Peña spoke to the item. Proposed Disability Committee members are as follows: Mark Linder as Chair, Julie Jennings and Mark Keleher.

A motion was made to accept the proposed members: Mark Linder as Chair, Julie Jennings and Mark Keleher.

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

- b. Discussion and action of funding methods for pension and OPEB plans with potential options for consideration for Tier 1.

Chair Horowitz introduced the item and Bill Hallmark from Cheiron. Mr. Hallmark presented

funding methods for pension and OPEB plans with potential options for consideration for Tier 1 and answered questions from the Board. No action was taken. This item will come back to the Board at a later date. Chair Horowitz noted that the amortization schedule could be reconsidered when the board considers the appropriate discount rate.

5. NEW BUSINESS

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

CEO Peña updated the Board on the following:

- 2 new Senior Benefit Analysts have joined ORS as of September 6th. ORS is working on recruitment for the Senior Supervisor position.
- Open Enrollment will begin November 1st. Packets will be sent to retirees in October. ORS is planning for an in-person Health Fair this year.
- Staff will make an Open Enrollment presentation to SJRA on October 13th.
- The City has lifted the masking mandate.
- ORS will be closed for the holiday on October 11th.

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

There was no update.

- c. Discussion and action on annual merit increase for the CEO/CIO position.

Chair Horowitz spoke to the outstanding performance of the CEO. Trustee Chandra spoke to the outstanding performance of the CIO. After discussion, a recommendation was made for a 10% merit increase for the CIO. The majority of the Trustees supported a 7% merit increase for the CIO.

A motion was made to approve a 5% merit increase with 5 executive days for the CEO.

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

A motion was made to approve a 7% merit increase with 5 executive days for the CIO.

Approved. (M.S.C. Chandra/Keleher 4-2-0) The motion passed by roll call vote. Trustees Linder and Jennings voted "No". Trustee Orr was absent.

- d. Discussion and Action on authorizing the CEO to negotiate and execute a first amendment to the agreement with Socially Responsible Partnerships, Social Media Vendor, to extend the term of the Agreement through June 30, 2024 at the same monthly amount of \$1,557.50.

Barbara Hayman, Deputy Director spoke to the item. ORS is very happy with the services provided by Socially Responsible Partnerships. Over the past year they have created posts targeted to retirees in the San José region and beyond. Staff is recommending Board approval which is required given the cumulative contract value of the agreement will be in excess of \$50,000 over two consecutive fiscal years. To date, the amount invoiced under the contracts is well below the approved amount. The monthly cost is shared 50/50 between the

two retirement Boards.

A motion was made to authorize the CEO to negotiate and execute a first amendment to the agreement with Socially Responsible Partnerships, Social Media Vendor, to extend the term of the Agreement through June 30, 2024 at the same monthly amount of \$1,557.50.

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

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

Counsel Leiderman spoke to the item and 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 Board to continue meeting virtually for the next 30 days.

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

6. COMMITTEES/REPORTS/RECOMMENDATIONS

6.1 Investment Committee (Chandra, Horowitz, Orr)

**Last Meeting: August 23, 2022
(Regular)**

**Next Meeting: September 15, 2022
(Special)**

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

Trustee Chandra spoke to the contents of the last meeting.
- b. Minutes of the Special Federated Investment Committee meeting from July 22, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed
- c. Minutes of the Special Federated Investment Committee meeting from June 22, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed.

6.2 Governance Committee (Jennings, Keleher, Linder)

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

**Next Meeting: September 15, 2022
(Special)**

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

There was no update.

- b. Minutes of the Special Federated Governance Committee meeting from July 22, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

6.3 Audit Committee (Keleher, Jennings, Avasthy)

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

**Next Meeting: September 15, 2022
(Special)**

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

There was no update.

- b. Minutes of the Special Federated Audit Committee meeting from July 22, 2022. Receive and file.

This Committees/Reports/Recommendations was received and filed

- c. Minutes of the June 2, 2022 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan. Receive and file.

This Committees/Reports/Recommendations was received and filed

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

This Committees/Reports/Recommendations was received and filed

6.4 Joint Personnel Committee (Orr, Chandra, Horowitz)

**Last Meeting: September 9, 2022
(Regular)**

Next Meeting: TBD

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

Chair Horowitz spoke to the contents of the last meeting.

7. EDUCATION & TRAINING

- a. The Cortex Report - September 2022, Conferences, Seminars and Educational Programs.
- b. SACRS Fall Conference 2022, Hyatt Regency, Long Beach, CA November 8, 2022 - November 11, 2022.
- c. NCPERS Accredited Fiduciary (NAF) Program, Sheraton Grand Nashville Downtown, Nashville, Tennessee - October 22-23, 2022.

• **PROPOSED AGENDA ITEMS**

None.

• **ADJOURNMENT**

The meeting adjourned at 12:20 p.m.

*Estimated

Minutes Recorded, Prepared and Respectfully Submitted by,

SPENCER HOROWITZ, CHAIR
BOARD OF ADMINISTRATION
ATTEST:

ROBERTO L. PEÑA, CEO
OFFICE OF RETIREMENT SERVICES