

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SEPTEMBER 29, 2015 – REGULAR BOARD MEETING MINUTES

1509.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Michal Settles, Vice Chair, called the Regular Meeting of the Board of Retirement to order at 10:06 a.m.

Mark Battey, SamCERA's new Board member, was introduced by Ms. Settles. Mr. Battey briefly shared his experience and professional history with the Board. Mr. Battey was appointed by the San Mateo County Board of Supervisors as the Sixth Member of the Board of Retirement on September 22, 2015.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler (arrived 12:50 p.m.), Natalie Kwan Lloyd, Michal Settles, Eric Tashman, and Shirley Tourel.

Excused: Paul Hackleman, David Spinello

Alternates present: Susan Lee (for David Spinello), Alma Salas (for Paul Hackleman)

Staff: Scott Hood, Michael Coultrip, Brenda Carlson, Gladys Smith, Al David, Tat-Ling Chow, Mabel Wong, Doris Ng, Elizabeth LeNguyen, Barbara Edwards; and Kristina Perez.

Consultants: Jonathan Brody and Margaret Jadallah (SIS), Nick Collier and Craig Glyde (Milliman, Inc.)

- 1509.1.1 **Administration of the Oath of Office to Reappointed and Newly Appointed Trustees:** County Treasurer and Board of Retirement Trustee, Sandie Arnott, administered the Oath of Office to newly appointed trustee Mark Battey and re-appointed trustee Eric Tashman.
- 1509.1.2 **Report of Appointment by Chair of the Audit Committee:** Mr. Hood announced the appointments to the Audit Committee as selected by Chair Paul Hackleman. The Audit Committee members will be Shirley Tourel, Eric Tashman, Alma Salas, and Natalie Kwan Lloyd serving as the Chair. Ms. Settles announced that she would be serving as the Chair of the Ad Hoc CEO Evaluation committee with trustees Mark Battey and Sandie Arnott. There is one opening remaining on the Ad Hoc CEO Evaluation Committee and any interested Board members were asked to contact Mr. Hackleman for more information.
- 1509.2.1 **Oral Communications from the Board:** Ms. Arnott reported her attendance at the Public Funds Forum on September 8-10, 2015 in Laguna Beach, CA. Ms. Lee and Ms. Salas also reported their attendance at the Public Funds Forum. Additionally, Ms. Lee reported her attendance at CALAPRS Principles of Pension Management for Trustees, held at Pepperdine University, August 25-28, 2015. Ms. Kwan Lloyd reported her attendance at the CALAPRS Trustees' Round Table in San Jose on September 18, 2015. Ms. Settles updated the Board on her service with the SACRS ad hoc committee with regard to the UC Berkeley trustee program.
- 1509.2.2 **Oral Communications from the Public:** None.
- 1509.3.2 **Approval of Regular Board Meeting Minutes from August 25, 2015:** Ms. Settles asked if there were any changes or corrections to the Regular Board Meeting Minutes from August 25, and none were stated.
Action: Ms. Salas moved to approve the minutes from the Regular Meeting of August 25, 2015; and the motion was seconded by Ms. Arnott. The motion carried with a vote of 5-0-3 with trustees Arnott, Kwan Lloyd, Salas, Settles and Tourel all in favor; none opposed; and with trustees Battey, Lee and Tashman abstaining as they were not present at the August 25th meeting.

1509.4.0 **Approval of the Consent Agenda:** Ms. Settles asked if there were any items to be removed from the Consent Agenda, and the service-connected disability retirement applications of Mary Burns and Rhonda Collins were removed for discussion.

Action: Mr. Tashman moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 8-0 with trustees Arnott, Battey, Lee, Kwan Lloyd, Salas, Settles, Tashman and Tourel all in favor; none opposed.

1509.4.1 **Disability Retirements:**

The Board found that Adam Reininger is (1) permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, (2) found that his disability was a result of an injury arising out of and in the course of his employment, and (3) granted his application for a service-connected disability retirement.

The Board found that Jon Roberts is (1) permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, (2) found that his disability was a result of an injury arising out of and in the course of his employment, and (3) granted his application for a service-connected disability retirement.

1509.4.2 **Service Retirements:**

The Board ratified the actions as listed below for the following members regarding service retirements:

Member Name	Effective Retirement Date	Department
Barron, Dolores	July 8, 2015	Human Services Agency
Bloomquist, Joyce	July 18, 2015	Tax Collector
Bullivant, Joyce	July 31, 2015	Deferred from Social Services
Chevalier, Brian	July 18, 2015	Deferred from Sheriff's
Garrison, David	July 4, 2015	Controller's Office
Goodenough, Marshall	August 1, 2015	Deferred from Sheriff's
Hall, Stacy	July 4, 2015	Medical Center
Hernandez, Cristeta	July 20, 2015	Deferred from Medical Center
Holaday, Lori	July 10, 2015	Def'd from Aging & Adult Serv.
Holland, David	July 18, 2015	Deferred from County Manager
Mack, Vicki	August 1, 2015	Deferred from Medical Center
McFarren-Nave, Ellen	August 1, 2015	Deferred from Health Services
Miranda, Sonia	July 11, 2015	Medical Center
Misthos, George	August 1, 2015	Deferred from Family Support
Mojica, Gladys	July 11, 2015	Child Support Services
Sanderson, Katherine	July 14, 2015	Library
Schillaci (Morse), Suzanne	August 1, 2015	Deferred from Sheriff's
Trotter, Kaylynn	July 31, 2015	Deferred Public Health
White, JoAnn	August 1, 2015	Medical Center

1509.4.3 **Continuances:**

The Board ratified the actions as listed below for the following members regarding continuances:

Survivor's Name	Beneficiary of
Jenkins, Nancy	Jenkins, Risdon
Sherzinger, Kay	Sherzinger, Dennis

1509.4.4 **Deferred Retirements:**

The Board ratified the actions as listed below for the following members regarding deferred retirements:

Member Name	Retirement Plan Type
Frank, Damien	G4 Vested - Reciprocity
Mullin, Amy	QDRO
Murphy, Patrick	G4 Vested - Reciprocity
Stimson, Jennifer	G4 Vested – Auto Defer

1509.4.5 **Member Account Refunds:**

The Board ratified the actions as listed below for the following members regarding refunds:

Member Name	Retirement Plan Type
Farias, David	S4, Vested
Johnson, David	QDRO, Vested
Mendez, Karla	G4, Vested
Schaaf, Adam	G7, Non-vested
Siddiq, Morwarid	G7, Non-vested

1509.4.6 **Member Account Rollovers:**

The Board ratified the actions as listed below for the following members regarding rollovers:

Member Name	Retirement Plan Type
Alfaro, Douglas	G4, Non-vested
Balabis, Joseph	G4, Vested
Guillaume, Elizabeth	3, G2, Vested
Jones, Sylvia	G7, Non-vested
Walan, Bradley	G7, Non-vested

1509.4.7 **Member Account Redeposit:** The Board approved a payment period of two years for redeposit of retirement funds by Richard Daly pursuant to Government Code Section 31652.

1509.4.8 **Approval of Resolution Revising the Investment Policy Statement to Memorialize Past Board Actions:** The Board adopted a resolution revising the SamCERA Investment Policy Statement.

1509.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** The Board adjourned into closed session from 10:20 a.m. to 10:45 a.m. to consider the service-connected disability applications Mary Burns and Rhonda Collins.

Ms. Carlson reported the following Board actions that were taken in the Closed Session:

The applicant Mary Burns was present and appeared before the Board. A motion was made, and seconded, to approve the staff recommendation regarding the service-connected disability application of Mary Burns. The Board found that Mary Burns is not permanently incapacitated for the performance of her usual and customary duties as a Corrections Officer and denied her application for a service-connected disability retirement. The motion carried by a vote 5-2-1, with trustees Arnott, Kwan Lloyd, Settles, Tashman and Tourel all in favor; Lee and Salas opposed; and Battey abstaining.

- 1509.5.1 In a second and separate action, a motion was made, and seconded, to approve the staff recommendation regarding the service-connected disability application of Rhonda Collins. The Board found that Rhonda Collins is permanently incapacitated for the performance of her usual and customary duties as a Probation Services Manager I, found that her disability was a result of an injury arising out of and in the course of her employment, and granted her application for a service-connected disability retirement. The motion carried by a vote 7-0-1, with trustees Arnott, Lee, Kwan Lloyd, Salas, Settles, Tashman and Tourel all in favor; and Battey abstaining.
- 1509.5.2 **Presentation of the June 30, 2015, Actuarial Valuation Report by Milliman, Inc.:** Nick Collier, and Craig Glyde of Milliman, Inc., presented the Actuarial Valuation Report. Mr. Collier and Mr. Glyde went over the report and slides, and reviewed the valuation with the Board, comparing and discussing last year's assumptions with the actual outcomes and trends. The disposition of the County Supplemental Contributions Account (CSCA) was highlighted. Mr. Collier and Mr. Glyde explained the way the supplemental contributions are "credited" to the County's obligations, how the contributions appear in the valuation, and the impact of the additional contributions on contribution rates and funded ratio. Mr. Collier and Mr. Glyde discussed the improvement in SamCERA's funded ratio (from 78.8% to 82.6%) and noted that there is an increase in mortality expectations. There was no action taken; this item was for discussion and information only.

Ms. Settles adjourned the meeting for a short break at 11:29 a.m., reconvening at 11:36 a.m.

- 1509.5.3 **Approval of Resolution Accepting the Fiscal Year 2016-2017 Employer and Member Contribution Rates and Recommendations:** Mr. Hood presented the staff report and noted that the recommended contribution rates have been decreased for most employees and employers.
Action: Ms. Salas moved to approve a resolution to 1) accept the employer and member contribution rates as recommended in the June 30, 2015 Actuarial Valuation, and 2) recommend approval of these rates by the Board of Supervisors. The motion was seconded by Ms. Kwan Lloyd and carried by a vote of 8-0, with trustees Arnott, Battey, Kwan Lloyd, Lee, Salas, Settles, Tashman and Tourel all in favor; none opposed.
- 1509.5.4 **Annual Review of SamCERA's Actuarial Services Firm, Milliman, Inc.:** Mr. David presented the results of the annual review of services provided by Milliman, Inc. He stated the staff and Board have been pleased with the responsiveness of Milliman's staff and the value of the services. This item was informational only and no action was taken.
- 1509.6.1 **Preliminary Monthly Performance Report for the Period Ending August 30, 2015:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for August was -3.9%, while the preliminary trailing twelve-month return was -0.70% net. This item was informational only and no action was taken.
- 1509.6.2 **Report on Annual Due-Diligence Reviews for Opportunistic Credit Managers (Angelo Gordon and Beach Point Capital):** Mr. Coultrip discussed the annual reviews of Angelo Gordon and Beach Point Capital that were held at the SamCERA office on September 3, 2015. He stated that there were no significant concerns identified during the portfolio reviews. This item was informational only and no action was taken.

Ms. Settles adjourned the meeting for a lunch break from 11:58 a.m. to 12:30 p.m. Upon reconvening the meeting, the Board immediately went into Closed Session from 12:30 p.m. to 1:11 p.m. to discuss the following item.

- 1509.6.3 **Approval of Purchase of Alternative Investment (*Confidential Under Gov. Code §54956.81 and §6254.26, to be heard in Closed Session, C2*):** Ms. Carlson reported the following action taken by the Board in the Closed Session.
Action: A motion was made by Mr. Battey to invest \$35 million dollars in Standard Life Investments Global Absolute Return Strategies (GARS) as part of SamCERA's hedge fund/absolute return portfolio within Alternatives. The motion as seconded by Mr. Bowler, and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, Kwan Lloyd, Lee, Salas, Settles, Tashman and Tourel all in favor; none opposed.
- 1509.6.4 **Discussion on Investment Consultant and Direction to Staff:** Ms. Jadallah gave the Board and staff an update on the status of organizational changes at SIS. At this time, the Board of Retirement continues to be satisfied with the service provided by SIS. This item was informational only and no action was taken.
- 1509.7.1 **Approval of SACRS Voting Delegate and Alternates for the SACRS Fall 2015 Business Meeting:** Mr. Hood and the Board discussed the upcoming SACRS conference, November 17-20, 2015 in San Diego. Staff recommends the Board designate Michal Settles, Vice Chair as the Voting Delegate, with Susan Lee as the First Delegate and Scott Hood would be the Second Delegate Alternate.
Action: Mr. Battey moved to approve the voting delegates as proposed. The motion was seconded by Ms. Kwan Lloyd and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, Kwan Lloyd, Lee, Salas, Settles, Tashman and Tourel all in favor; none opposed.
- 1509.7.2 **Approval of San Mateo County Mosquito and Vector Control District Supplemental Contributions Memorandum of Understanding:** Mr. Hood reviewed the processes and actions taken by the San Mateo County Mosquito and Vector Control District (District) and SamCERA to facilitate the District's desire to pay down its unfunded accrued actuarial liability by making supplemental contributions. The District approved the Memorandum of Understanding on September 9, 2015.
Action: Mr. Tashman moved to approve a resolution authorizing the Chair to sign the MOU between the San Mateo County Mosquito and Vector Control District and SamCERA. The motion was seconded by Ms. Arnott and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, Kwan Lloyd, Lee, Salas, Settles, Tashman and Tourel all in favor; none opposed.
- 1509.8.1 **Chief Executive Officer's Report:** Mr. Hood directed the Board to items found in their "Day of Meeting" folder, including the SamCERA calendar and SACRS information. He congratulated the Finance Department staff on their 18th year receiving the Government Finance Officers Association award for their 2014 Comprehensive Annual Financial Report (CAFR). Mr. Hood let the Board know that he signed a contract with Financial Knowledge Network who will continue providing member education through June 2016; and he expects an RFP to be released early 2016 for future member educational services. He announced that October 20 would be the new "go live" date for the new SamCERA website.
- 1509.8.2 **Assistant Executive Officers' Report:** Ms. Smith reported that JulieAnne Nagal was promoted to Retirement Analyst and recruitment will begin to fill the Retirement Support Specialist position. She announced the 2016 SamCERA calendar was printed and ready for distribution for the Benefits Fair and off-site visits, and stated the newsletter would be released in conjunction with the new website.

Mr. David reported staff has been busy working on the actuarial valuation, and he stated the 2015 CAFR is on schedule and will be coming to the Board for approval in October. He noted that the audit field work was completed, and there were no potential findings. Mr. David stated the PASS project was on schedule and that SamCERA was preparing for the County's migration from GroupWise to Microsoft Outlook.

1509.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported on several upcoming investment manager annual review meetings. Invesco (Core Real Estate strategy) and SSARIS (Multisource Active Commodity "MAC" strategy) would be meeting with staff at the SamCERA offices on October 1st, and AQR (Delta and Risk Parity strategies) and Panagora (Risk Parity strategy) would be here on October 8th.

1509.8.4 **Chief Legal Counsel's Report:** None.

CLOSED SESSION – The Board may meet in closed session prior to adjournment

- C1 Consideration of Disability Items, if any, removed from the Consent Agenda – **see item 5.1**
- C2 Approval of Purchase of Alternative Investment (*Confidential Under Gov. Code §54956.81 and §6254.26– see also item 6.3*) – **see item 6.3**

1509.9 Report on Actions Taken in Closed Session –**recorded under item 6.3**

1509.10 **Adjournment:** Ms. Settles adjourned the meeting at 1:56 p.m. in memory of the deceased members listed below.

Benner, Dorothy	August 2, 2015	Crystal Springs Rehab Center
Jenkins, Risdon	August 3, 2015	Sheriff's Office
Danielson, Maryann	August 5, 2015	Parks & Recreation
Scherzinger, Dennis	August 16, 2015	Public Works
Peterson, Stewart	August 13, 2015	Probation



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary