

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JULY 16, 2019 – REGULAR BOARD MEETING MINUTES

1907.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Ms. Sandie Arnott, Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Al David, Paul Hackleman, Kurt Hoefer, Katherine O'Malley, Robert Raw and Eric Tashman.

Absent: Ben Bowler.

Alternates present: Susan Lee and Alma Salas.

Staff: Brenda Carlson, Michael Coultrip, Lili Dames, Scott Hood, Elizabeth LeNguyen, JulieAnne Nagal, Doris Ng, Gladys Smith and Anne Trujillo.

Consultants and speakers: Margaret Jadallah, Marc Gesell and John Nicolini (Verus); and Nick Collier (Milliman, Inc.).

1907.1.1 Administration of Oath of Office to Elected and Reappointed Trustees: Ms. Arnott administered the oath of office to reelected trustees Al David (Third Member), Paul Hackleman (Eighth Member) and Alma Salas (Eighth Member Alternate), and reappointed trustee Kurt Hoefer (Ninth Member).

1907.1.2 Election of Board Officers: Ms. O'Malley, Chair of the Ad Hoc Nominating Committee reported to the Board that the committee, consisting of Mr. Hoefer, Mr. Raw and herself, discussed candidates for the officer positions. They recommended the following slate of officers for the term ending June 30, 2020: Kurt Hoefer, Chair; Al David, Vice-chair; and Robert Raw, Secretary. There were no other nominations made.

Action: Mr. Battey moved to approve the nominations of Kurt Hoefer, Chair; Al David, Vice-chair; and Robert Raw, Secretary. The motion was seconded by Mr. Hackleman and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed.

The remainder of the meeting was chaired by Mr. Hoefer.

1907.1.3 Announcement of Appointment of Board Committees: Mr. Hoefer announced that he will provide the Board committees for FY 19-20 at the August Board meeting.

1907.2.1 Oral Communications from the Board: None.

1907.2.2 Oral Communications from the Public: Ms. Salas thanked the Board and staff for all the well wishes she received during her recovery. Mr. Hood shared with the Board an honorary resolution given by the Board of Supervisors to commemorate SamCERA's 75 years of service.

1907.3.1 Approval of the Minutes: Mr. Hoefer asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on June 4, 2019.

Action: Mr. David moved to approve the minutes from the Board Meeting on June 4, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed.

1907.4.0 **Approval of the Consent Agenda:** Mr. Hoefler continued the disability application of Anna Stock to next month's Board meeting. Mr. Hoefler asked if there were additional items to be removed. No other items were removed.

Action: Mr. Raw moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. Hackleman. The motion carried with a vote of 7-0, with trustees Arnott, Battey, David, Hackleman, Hoefler, O'Malley and Raw all in favor; none opposed.

1907.4.1 **Disability Retirements:**

a) The Board found that **Michelle Barlesi** is (1) permanently incapacitated from the performance of her usual and customary duties as a Supervising Radiologic Technologist, (2) found that her disability was the result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability.

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

c) The Board found that **Maurice Dickens** is (1) permanently incapacitated from the performance of his usual and customary duties as a Correctional Officer, (2) found that his disability was the 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.

d) The Board found that **Mikiko Ohara** is (1) permanently incapacitated from the performance of her usual and customary duties as a Custodian, (2) found that her disability was the result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.

e) The Board found that **Frederick Roth** is (1) permanently incapacitated from the performance of his usual and customary duties as a Community Worker II, (2) found that his disability was the 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.

1907.4.2 **Survivor Death Benefits:** None.

1907.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Anaya, Nora	March 29, 2019	Deferred from Family Services
Deleon, Nalin	May 1, 2019	Deferred from Mental Health
Emerson, Diana	April 12, 2019	Deferred from Coastside Clinic
Emerson, Diana	April 10, 2019	QDRO
Hamilton, Nicole	April 22, 2019	Deferred from H.S.A.
Murphy, Marjorie	April 22, 2019	HOS - Acute Psychiatric
Perez, Kristina	May 1, 2019	Deferred from SamCERA
Rackmil, Jeffrey	March 30, 2019	Deferred from Mental Health
Tan, Lay-Ting	May 1, 2019	Deferred from Health
Williams, Beverly	April 18, 2019	HOS - Acute Medical Surgery

1907.4.4 **Continuances:**

Member Name	Retirement Plan Type
Lynam, Theresa	Lynam, Richard
Neves, Jerry	Mercado, Genoveva
Page, Kathleen	Page, Mark

1907.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Buck, Chad	S4, Vested – Auto Defer - Code 31700
Folauoo, Patsy	G4, Vested – Auto Defer - Code 31700
Gonzalez, Ana Yvette	G4, Vested
Lee, Amarra	G5, Vested – Auto Defer - Code 31700
Mahabali, Yaswan	G4, Vested – Auto Defer - Code 31700
Rainaldi, Linda	G4, Vested – Auto Defer - Code 31700
Taylor, Nicole	G4, Vested – Auto Defer - Code 31700

1907.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Berjikly, Artin	G4, Non-vested
Delgado, Adriana (QDRO)	G4, Non-vested
Ertas, Leyth	G7, Non-vested
Guardado, Eva	G7, Non-vested
Hanson, Emily	G7, Non-vested
Ming, Xylona (QDRO)	G4, Non-vested
Okazaki, John (FBO: Mark Tanaka)	G7, Non-vested
Tercero, Jisselle	G7, Non-vested
Tostado, Efrain	S7, Non-vested
Woodburn, Chad	G7, Non-vested

1907.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Bautista, Lorenz	S7, Non-vested
Carlay, Denicia	G4, Vested
Chiem, Johnny	G7, Non-vested
Estonilo, Albert	G4, Non-vested
Huang, Ting-Yi	G7, Non-vested
Huerta, Javier	G4, Non-vested
Huynh, Tony	G7, Non-vested
Lee, Benjamin W.	S4, Non-vested

1907.4.8 **Member Account Redeposits:** None.

1907.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Robert Raw.

1907.4.10 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ended June 30, 2019:** The Board accepted the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers and investment consultant, as of June 30, 2019.

1907.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** Mr. Hoefer removed the disability application of Anna Stock from the Consent Agenda. This item will continue at next month's Board meeting.

Mr. Tashman arrived at 10:17 a.m. and took his seat at the dais.

1907.5.2 **Approval of Actuarial Assumptions for the June 30, 2019 Actuarial Valuation:** Nick Collier, from Milliman, Inc. presented the impact of different assumption rates on the 2019 valuation and answered questions from the Board and public.

Action: Mr. David motioned to approve the actuarial assumptions of: investment return at 6.5%, inflation at 2.5%, and general wage and payroll growth at 3.0%. The motion was seconded by Mr. Hackleman and carried by a vote of 7-1, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley and Raw all in favor; Mr. Tashman opposed.

1907.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended June 30, 2019:** Mr. Coultrip reported that due to the early Board meeting date, the performance report was included in the Day of Folder. The report does not include the benchmark return because of the early meeting date. He also reported the pre-preliminary return for June is 3.3%, with the pre-preliminary trailing twelve-month return ending June 2019 of 5.2% net. This item was informational and for discussion only, no action was taken.

1907.6.2 **Report on the Core Equity and Low Volatility Equity Manager Annual Reviews:** Ms. Ng reported that staff met with core equity manager, D.E. Shaw, and low volatility equity managers, Acadian and PanAgora on May 16, 2019. The discussion included a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. There were no significant concerns identified during the portfolio reviews. This item was informational and for discussion only, no action was taken.

The meeting was adjourned for lunch at 11:15 a.m. and reconvened at 12:20 p.m. At that time, item 6.4 was heard out of order.

1907.6.3 **Report on the International Equity Manager Annual Reviews:** Ms. Ng reported that staff met with international equity managers, Baillie Gifford, Parametric and Mondrian on June 6, 2019. The discussion included a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. This item was informational and for discussion only, no action was taken.

1907.6.4 **Report on Asset Liability Study - Enterprise Risk Tolerance Results and Asset Liability Introduction:** Ms. Jadallah introduced Mr. Gesell to the Board. Ms. Jadallah and Mr. Gesell shared the results of the risk tolerance survey submitted by Board members. They discussed SamCERA's risk tolerance

assessment as well as the asset liability study process and portfolio complexity. This item was informational and for discussion only, no action was taken.

1907.6.5 **Approval of Core Real Estate Manager Recommendation:** Mr. Nicolini presented the manager evaluation for the Harrison Street Core Property Fund and answered questions from the Board.

Action: Mr. Battey motioned to approve the commitment of \$30 million to the Harrison Street Core Property Fund. The motion was seconded by Mr. Hackleman and carried a vote of 8-0, with trustees, Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1907.7.1 **Approval of Resolution Authorizing CEO to Enter into Office Space Lease Extension Agreement:** Mr. Hood discussed the details of renewing a new lease versus relocating. Based on a study completed by SamCERA's real estate broker, Kidder Matthews, it was determined that a lease renewal would be more financially prudent.

Action: Mr. David motioned to approve the resolution authorizing the Chief Executive Officer to execute a 6th amendment to the office lease with Shores Center Owner, LLC to extend the occupancy to December 31, 2027. The motion was seconded by Ms. Arnott and carried a vote of 8-0, with trustees, Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

Mr. Raw left the meeting at 1:37 p.m.

1907.7.2 **Discussion of Proposed Changes to the Regulations of the Board of Retirement:** Mr. Hood discussed the analysis and proposed changes to the Board of Retirement regulations. This item was informational and for discussion only, no action was taken.

1907.8.1 **Chief Executive Officer's Report:** Mr. Hood called to attention the 2020 Legislative Timeline in the Board's Day of folder. He reported that he will be attending the Wharton course in San Francisco next week and also mentioned of future CALAPRS education opportunities: Pepperdine Course in August and Trustees' Roundtable in October. Mr. Hood informed the Board that he presented a funding status report at the County Budget Hearing. Mr. Hood requested the Board's feedback on retrieving Board packet material and the use of Dropbox for confidential packet materials going forward. Lastly, Mr. Hood mentioned the proposed changes to the regulations as well as financial and budget reports would be on next month's agenda.

1907.8.2 **Assistant Executive Officer's Report:** Ms. Smith informed the Board that Ruby Boyette has accepted one of the Retirement Support Specialist positions and that staff is still in the process of filling the second vacancy. Ms. Smith reported her attendance at the CALAPRS Administrators' Roundtable. She announced the completion of the V3 upgrade and that staff has started the beginning phase for the IT Risk Assessment Audit.

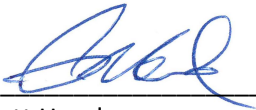
1907.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that staff will be conducting two manager review sessions next month and that Ms. Ng will send the Board an email with additional information. Mr. Coultrip reported he and Ms. Ng completed a successful due diligence trip to Western Asset Management in Pasadena to meet the new head of risk management.

1907.8.4 **Chief Legal Counsel's Report:** None.

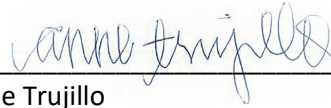
C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** Mr. Hoefer removed the disability application of Anna Stock from the Consent Agenda. This item will be moved to next month's Board meeting.

1907.10 **Adjournment:** Mr. Hoefler adjourned the meeting at 1:58 p.m. in memory of the deceased members listed below.

Stienstra, Dorothy	May 14, 2019	Health & Welfare
Bernhagen, Royal	May 15, 2019	Motor Vehicles Division
Allen, Hodges	May 20, 2019	Human Services Agency
Lennon, D. Edward	May 26, 2019	Mental Health
Anderson, Karen L	May 30, 2019	Courts
Davis, Grant	June 19, 2019	Sheriff's
Bosco, Mildred	June 22, 2019	Crystal Springs Rehab Center
Hernal, Peter	June 23, 2019	Hospital
Demers, Maurice	June 23, 2019	Hospital
James, Alice	June 22, 2019	Human Services Agency



Scott Hood
Chief Executive Officer



Anne Trujillo
Retirement Executive Secretary