

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MARCH 23, 2021 – REGULAR BOARD MEETING MINUTES

2103.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. David, Chair, called the Regular Meeting of the Board of Retirement to order at 8:30 a.m. via Zoom.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler, Al David, Paul Hackleman, Kurt Hoefer, Susan Lee (for Katherine O'Malley, who joined at 10:17 am) and Robert Raw.

Absent: Eric Tashman.

Alternates: Alma Salas.

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

Consultants and speakers: Luiz Oliveira (Federal Reserve Bank of San Francisco); Nick Collier and Craig Glyde (Milliman, Inc.); Joe Abdou, Margaret Jadallah, Jeff MacLean and Ian Toner (Verus).

2103.2.1 Oral Communications from the Board: On behalf of the Board of Retirement, Ms. Arnott congratulated Ms. Carlson and shared a special resolution commemorating her upcoming retirement. Ms. Carlson expressed her appreciation and thanked the Board members for the special resolution and kind words.

2103.2.2 Oral Communications from the Public: There were no public comments from individuals participating on the telephone or via Zoom.

Mr. David temporarily left the meeting at 8:32 a.m. due to connection issues and Mr. Raw, Vice-chair, continued to conduct the meeting.

2103.2.3 Retreat Presentations and Discussions: Retreat presentations were heard after agenda item 9.0.

2103.3.1 Approval of Regular Board Meeting Minutes from February 23, 2021: Mr. Raw asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on February 23, 2021.

Action: Mr. Hackleman moved to approve the minutes from the Board meeting on February 23, 2021. The motion was seconded by Mr. Hoefer and carried with a vote of 7-0, with trustees Arnott, Battey, Bowler, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.

2103.3.2 Approval of Special Board Meeting Minutes from March 8, 2021: Mr. Raw asked if there were any changes or corrections, or objections, to the meeting minutes from the special meeting held on March 8, 2021.

Mr. David rejoined the meeting at 8:33 a.m. prior to the vote on 3.2 and continued to chair the meeting after approval of 3.2.

Action: Mr. Hackleman moved to approve the minutes from the special meeting on March 8, 2021. The motion was seconded by Mr. Hoefer and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.

2103.4.0 **Approval of the Consent Agenda:** Mr. David asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. Raw moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Hackleman and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, Lee, and Raw all in favor; none opposed.

2103.4.1 **Disability Retirements:**

- a) The Board (1) accepted the proposed findings and recommendations of the Hearing Officer, John Simonson, (2) that Irene Welker is permanently incapacitated for the performance of her duties as a Legal Word Processor, (3) that her disability was not a result of an injury/illness arising out of and in the course of her employment, (4) denied her application for a service-connected disability retirement, and (5) confirmed its initial grant of a non-service connected disability.

2103.4.2 **Survivor Death Benefits:** None.

2103.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Alzubi, Christian	January 9, 2021	Behavioral Health & Recovery Svcs
Beasley, Kathleen	January 23, 2021	Library
Cannon, Jill	January 23, 2021	Deferred – District Attorney’s Office
Chandler, Tammy	December 27, 2020	Deferred – Family Health
Chang, Paul	February 1, 2021	Deferred – Human Services Agency
Cordell, Dorothy	February 1, 2021	Public Safety Communications
Di-Paola, Virginia	January 28, 2021	Behavioral Health & Recovery Svcs
Fonseca, Paulina	January 16, 2021	Probation
Gamo, Kay	January 7, 2021	Deferred – San Mateo Co. Health
Gavidia, Dagoberto	January 31, 2021	Human Services Agency
Howard, Cynthia	January 20, 2021	Sheriff's Office
Lavelle, Mary	January 19, 2021	Deferred - Election's Office
Lecaros, Alejandra	January 4, 2021	Deferred – San Mateo Co. Health
Loft, Jennie	December 26, 2020	Deferred – Human Services Agency
Lyssand, Cheryl	January 9, 2021	Superior Court
Mar, Maxine	January 5, 2021	Superior Court
Montalvo, Lilian	January 13, 2021	San Mateo County Health
Nair, Narayan	January 10, 2021	Sheriff's Office
Olshaskie, Robert	December 31, 2020	Deferred - Sheriff's Office
Phung, Helen	January 9, 2021	Family Health
Romero, Esthela	January 31, 2020	San Mateo County Health
Rosenberg, Sherri	January 9, 2021	Human Services Agency
Rosendahl, Sarah	January 12, 2021	Deferred - Board of Supervisors
Salazar, Margarita	January 9, 2021	Probation
Sebay, Cheryl	January 5, 2021	Mosquito & Vector Control District
Serrato, Albert	January 8, 2021	District Attorney's Office
Suzuki, Yumi	January 28, 2021	Deferred – San Mateo Co Health
Swillinger, Timothy	December 12, 2020	Deferred - Environmental Health
Tebo, Norris	January 2, 2021	Probation
Tharayil, Alex	January 9, 2021	Assessor's Office
Torres, Anthony	January 9, 2021	Sheriff's Office

Velez, Carol
Wilson, John
Wong, Arthur W

January 3, 2021
January 20, 2021
January 2, 2021

Human Services Agency
District Attorney's Office
Deferred – Human Services Agency

2103.4.4 **Continuances:**

Survivor's Name	Beneficiary of:
DeBono, Karen	Barretta, Steven

2103.4.5 **Deferred Retirements:**

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

Name	Retirement Plan Type
Amezcuca, Cynthia	G7, Vested - Auto Defer - Code 31700
Fernandez, Nicole	G5, Vested – Reciprocity
Garcia, Carolina	G4, Vested - Auto Defer - Code 31700
Macaraeg, Maria	G7, Vested - Auto Defer - Code 31700
Mangiameli, Lyn	G4, Vested - Auto Defer - Code 31700
Paterson, Kyle	S7, Vested - Reciprocity
Perron, David	G5, Vested - Auto Defer - Code 31700
Phy, Heng	G7, Vested - Auto Defer - Code 31700
Tang, Aileen	G7, Non-vested - Reciprocity
Vong, Kammy	G5, Vested - Reciprocity
Williams-Brown, Vanessa	G3, Vested - Auto Defer - Code 31700

2103.4.6 **Member Account Refunds:**

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

Name	Retirement Plan Type
Becerra, Eric	G7, Non-vested
Blanton, Christopher	G5, Non-vested
Edralin, Jeffrey	G4, Non-vested
Fernandez, Christopher	G7, Non-vested
Kelly, Carolyn	G7, Non-vested
Oliveria, Jose	G7, Non-vested
Thomas, Tonya	G7, Vested

2103.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Marin, Karen	G7, Non-vested
Thai, Do	G7, Non-vested
Thomas, Tonya	G7, Vested

- 2103.4.8 **Member Account Redeposits:** None.
- 2103.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.
- 2103.4.10 **Report on Prepayment of Employer Contributions:** The Board accepted the report on the County's prepayment of employer pension contributions totaling \$234,965,162 for fiscal year 2021-22.
- 2103.4.11 **Report on Proxy Voting Summary for the Year Ended December 31, 2020:** The Board accepted the Proxy Voting Summary Report for the year ended December 31, 2020.
- 2103.4.12 **Approval of Resolution Authorizing Agreement with Reicker, Pfau, Pyle & McRoy LLP for the Provision of Legal Consultation Services:** The Board approved a resolution authorizing the Chief Executive Officer to enter into an agreement with Reicker, Pfau, Pyle & McRoy LLP (Reicker Pfau) for the provision of legal consultation services.
- 2103.4.13 **Approval to Renew Fiduciary Liability Insurance Policy:** The Board authorized the County's Risk Manager to renew fiduciary liability insurance coverage with RLI Insurance Services through May 27, 2022.
- 2103.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.
- 2103.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended February 28, 2021:** Mr. Coultrip reported that SamCERA's net preliminary return for February was 0.7% bringing the preliminary trailing twelve month return ending February 2021 to 15.3% net, which is below SamCERA's Plan Benchmark return of 15.4% but above SamCERA's Actuarial Assumed Earnings Rate of 6.5%. This item was informational and for discussion only, no action was taken.
- 2103.7.1 **Approval of and Direction to SamCERA Voting Delegate and Alternate for SACRS Spring 2021 Business Meeting:** Mr. Hood informed the Board that the SACRS Spring 2021 Conference will be held from May 11th – 14th with the business meeting occurring on the morning of Friday, May 14th. Mr. Hood discussed staff's recommendation to designate Robert Raw as the Voting Delegate and Scott Hood as the First Delegate Alternate to cast SamCERA's votes at the SACRS 2021 Spring Virtual Conference.
- Action:** Mr. Battey moved to approve the voting delegates as proposed. The motion was seconded by Ms. Lee and carried by a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.
- 2103.8.1 **Chief Executive Officer's Report:** Mr. Hood congratulated Ms. Carlson on her retirement and thanked her for the 34+ years of dedicated service she has provided the County and SamCERA.
- 2103.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that the Active Member Newsletter will be sent via email this week and the Retiree Member Newsletters have been recently mailed out. Ms. Trujillo informed Board members about an educational opportunity and reported there were no written public comments received ahead of the meeting.
- 2103.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff will be holding annual manager reviews on April 1st with Invesco at 8:00 a.m. and Harrison Street at 10:00 a.m.
- 2103.8.4 **Chief Legal Counsel's Report:** None.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.

2103.9.0 **Report on Actions Taken in Closed Session:** None.

2103.2.3 **Retreat Presentations and Discussions:**

Recent Economic Developments and the Outlook

Mr. Oliveira of the San Francisco Federal Reserve Bank discussed how COVID-19 has deeply affected our economy, how it has picked up within the last year and the recovery path.

The meeting was adjourned for break at 9:30 a.m. and reconvened at 9:45 a.m.

Funding Methodologies and Options in a Declining Return Market

Mr. Collier and Mr. Glyde of Milliman, Inc. discussed the projected decline in employer contribution rates beginning 2023 and reviewed with the Board the various funding options and factors to consider.

Ms. O'Malley joined the meeting at 10:17 a.m.

The meeting was adjourned for break at 10:30 a.m. and reconvened at 10:50 a.m.

The Impact of COVID-19 on Portfolio/Asset Class/Relative Value

Mr. Toner of Verus, discussed the COVID-19 timeline, the low interest environment, concerns over inflation and the U.S equity market.

The meeting was adjourned for lunch at 11:43 a.m. and reconvened at 12:25 p.m.

Further Discussion on Plan Maturity

Mr. MacLean of Verus, provided the Board with a brief recap on past plan maturity discussions, discussed various cash flow scenarios, tradeoffs between cash flow protection and portfolio expected returns and rebalancing and replenishing the liquidity bucket with possible CDI solutions. Ms. Jadallah discussed the next steps and near-term actions with the Board.

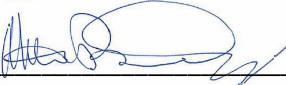
The meeting was adjourned for break at 1:45 p.m. and reconvened at 1:50 p.m.

SamCERA Annual Assessment of Portfolio for 2020

Mr. Coultrip reviewed SamCERA's total portfolio absolute and relative performance, composite relative performance, total fund historical performance, strategy matrix, individual manager performance, summary of rebalancing activities and potential COVID-19 portfolio impacts.

2103.10 **Adjournment:** Mr. David adjourned the meeting at 3:05 p.m. in memory of the deceased members listed below.

McHugh, Jean	December 23, 2020	Personnel
Ryan, Estelle	January 29, 2021	Probation
Hudson, Byron	February 9, 2021	Human Services
Halpin, William	February 18, 2021	Coroner's
Feriante, Kenneth	February 22, 2021	Sheriff's


Al David
Board Chair