

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

OCTOBER 31, 2017 – REGULAR BOARD MEETING MINUTES

1710.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Mark Battey, Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m.

Roll Call:

Present: Mark Battey, Ben Bowler, Albert David, Paul Hackleman, Kurt Hoefler, Susan Lee (for Shirley Tourel), David Spinello, and Eric Tashman.

Excused: Sandie Arnott and Shirley Tourel.

Alternates present: Susan Lee.

Alternates excused: Alma Salas.

Staff: Scott Hood, Michael Coultrip, Brenda Carlson, Gladys Smith, Tat-Ling Chow, Elizabeth LeNguyen, Barbara Edwards, and Kristina Perez.

Consultants: Margaret Jadallah (*Verus*); Andrew Paulden (*Brown Armstrong*).

1710.2.1 Oral Communications from the Public: None.

1710.2.2 Oral Communications from the Board: None.

1710.3.0 Approval of Board Meeting Minutes: Mr. Battey asked if there were any changes or corrections to the three sets of minutes from the Board meetings held on August 22, September 26 and October 16, 2017. No corrections were noted. Trustees who missed all, or a portion of the meetings, abstained from approval of the respective minutes.

1710.3.1 Action: Mr. David moved to approve the minutes from the Regular Meeting on August 22, 2017. The motion was seconded by Mr. Spinello and carried with a vote of 5-0-2, with trustees David, Hoefler, Lee (for Tourel), Spinello, and Tashman, all in favor; none opposed; Battey and Hackleman, abstained.

1710.3.2 The approval of the minutes of September 26, 2017 will be continued to a future meeting. There was not a quorum of the trustees who were present at the September 26 meeting.

1710.3.3 Action: Mr. Hoefler moved to approve the minutes from the Special Meeting on October 16, 2017. The motion was seconded by Mr. Tashman and carried with a vote of 5-0-2, with trustees David, Hoefler, Lee (for Tourel), Spinello, and Tashman, all in favor; none opposed; and Battey and Hackleman abstained.

1710.4.0 Approval of the Consent Agenda: Mr. Battey asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

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

1710.4.1 Disability Retirements:

- a) The Board found that Wanda Mafi is (1) permanently incapacitated from the performance of her usual and customary duties as an Administrative Assistant I, (2) found that her disability was not the result of an illness arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.

- b) The Board found that Kathy Mochel is (1) permanently incapacitated from the performance of her usual and customary duties as a Deputy Court Clerk II, (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 that Larry Moore is (1) permanently incapacitated from the performance of his usual and customary duties as a Road Worker II, (2) found that his disability was the result of an illness 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 Yolanda Munoz is (1) permanently incapacitated from the performance of her usual and customary duties as a Benefits Analyst II, (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.

1710.4.2 **Survivor Death Benefits:** None.

1710.4.3 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Cid, Luis	August 26, 2017	Aging and Adult Services
Lee, Gordon	August 4, 2017	Deferred from Probation
Mosekian, Michael	September 1, 2017	Public Works
Musielak, Sandra	September 1, 2017	Probation
Pantoja, Pablo	August 26, 2017	Courts
Stone, Janet	August 31, 2017	Deferred from Housing
Ward, Joanne	August 16, 2017	Human Resources

1710.4.4 **Continuances:** None.

1710.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Aguayo, Joel	S5, Vested – Reciprocity
Chu, Kimberly	G7, Non-vested - Reciprocity
Crockett, Ka Selah	G7, Vested – Auto Defer - Code 31700
Estrada, Eddy	G4, Vested – Reciprocity
Hertz, Mark	G4, Vested – Reciprocity
Ho, Yeuk Y	G4, Vested – Reciprocity
Hong, Richard	S5, Vested – Auto Defer - Code 31700
Kovesdi, Orsolya	G7, Non-vested - Reciprocity
O'Dell, Christopher	G4, Vested – Auto Defer - Code 31700
Rosendahl, Sarah	G4, Vested – Auto Defer - Code 31700
Ruble, Matthew	G5, Vested – Reciprocity
Silva, Elenita	G4, Vested – Reciprocity
Tercero, Ursula	G4, Vested – Auto Defer - Code 31700

1710.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Barriga, Eliseo	G4, Vested
Pike, Steven	G7, Non-vested

1710.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Jernigan, Megan	G7, Non-vested
Mayfohrt, Lauren	G7, Non-vested
Selby, Jamila	G7, Non-vested

1710.4.8 **Member Account Redeposit:** None.

1710.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted reports for the educational activities attended by trustees Arnott, Bowler, Hoefer, Lee and Tashman.

1710.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1710.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended September 30, 2017:**

Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for September 2017 was 1.1%, while the preliminary trailing twelve-month return ending September 2017 was 12.1% net. The twelve-month net return is higher than SamCERA's actuarial assumed earnings rate of 6.75%. This item was informational and for discussion only, no action was taken.

1710.6.2 **Report on Inflation Hedge Manager Annual Review – State Street Global Advisors:** Mr. Coultrip reviewed and discussed the meeting notes from the annual review of SamCERA's Inflation Hedge Manager, with the Board. Staff and consultant met with representatives from State Street Global Advisors on October 5, 2017, at SamCERA's office. Mr. Coultrip reported there were no significant concerns identified during the portfolio review. This item was informational and for discussion only, no action was taken.

1710.6.3 **Report on Alternative Manager Annual Review – Aberdeen Standard GARS:** Mr. Coultrip and Ms. Jadallah reviewed the meeting notes from the annual review of SamCERA's Alternative Manager, Aberdeen Standard. Staff and consultant met with representatives from Aberdeen Standard GARS on October 5, 2017, at SamCERA's office. Mr. Coultrip reported there were no significant concerns identified during the portfolio review. This item was informational and for discussion only, no action was taken.

1710.7.1 **Acceptance of Financial Audit Management Reports and Findings:** Andrew Paulden, from Brown Armstrong, reviewed the independent financial audit performed by Brown Armstrong for the fiscal year ended June 30, 2017. He outlined the process and outcome of the audit and stated that SamCERA received an unqualified (clean) opinion, and there were no instances of non-compliance. Mr. Hoefer reported that the Audit Committee had met on October 26, and reviewed the financial audit report and its findings. The Audit Committee recommends that the Board accept the audit report. With no objection, the financial audit report and findings were accepted by the Board.

1710.7.2 **Approval of SamCERA's 2017 Comprehensive Annual Financial Report (CAFR):** Ms. Chow provided an oral report on the highlights of the 2017 CAFR, noting that SamCERA's funded status has increased from 83.1% to 84.3%. Mr. Hoefer reported that the Audit Committee had met on October 26, and reviewed the CAFR. The Audit Committee recommends Board approval of the 2017 CAFR.

Action: Mr. Hackleman made a motion to approve the 2017 CAFR. The motion was seconded by Mr. David, and carried with a vote of 8-0, with trustees Battey, Bowler, David, Hackleman, Hoefer, Lee (for Tourel), Spinello, and Tashman, all in favor; none opposed.

- 1710.7.3 **Approval of SACRS Voting Delegate and Alternates for the SACRS Fall 2017 Business Meeting:** Mr. Hood went over staff's recommendation to designate Ben Bowler and Susan Lee as SamCERA's Voting Delegate and First Alternate Delegate to the SACRS Fall Conference, respectively. Mr. Hood will serve as the Second Alternate Delegate, if necessary. The Voting Delegate will be authorized to cast votes on behalf of SamCERA at the SACRS Business meeting scheduled for Friday, November 17, 2017.
- Action:** Mr. Hoefler made a motion to approve the voting delegates as proposed. The motion was seconded by Mr. Hackleman and carried with a vote of 8-0, with trustees Battey, Bowler, David, Hackleman, Hoefler, Lee (for Tourel), Spinello, and Tashman, all in favor; none opposed.
- 1710.7.4 **Discussion of SACRS Business Meeting Topics:** Mr. Hood and the Board discussed the topics of the upcoming SACRS business meeting, which will be held on Friday, November 17 at the SACRS Fall Conference in Burlingame. This item was informational, and for discussion only. No action was taken.
- 1710.7.5 **Approval of Board of Retirement Schedule for 2018:** Mr. Battey called attention to the proposed Board calendar and encouraged trustees to make note of the meeting dates. There were no changes to the proposed schedule of meetings for 2018.
- Action:** Mr. Hackleman made a motion to approve the Board of Retirement meeting schedule for 2018. The motion was seconded by Mr. David and carried with a vote of 8-0, with trustees Battey, Bowler, David, Hackleman, Hoefler, Lee (for Tourel), Spinello, and Tashman, all in favor; none opposed.
- Mr. Battey announced his appointments to the Ad Hoc CEO Evaluation Committee. He appointed Paul Hackleman, Kurt Hoefler and Shirley Tourel to serve on the committee; with Paul Hackleman, as the chair.
- 1710.8.1 **Chief Executive Officer's Report:** Mr. Hood discussed sexual harassment training for Board members and that it will be brought to the Board for its consideration at the December Board meeting as part of the Education Policy review. Mr. Hood stated that the Board of Supervisors is expected to approve the contributions rates at their meeting on December 6. He recognized and thanked all the staff members who worked on the CAFR this year.
- 1710.8.2 **Assistant Executive Officer's Report:** Ms. Smith notified Board members that they would be receiving a survey via email this week to evaluate the services of SamCERA's auditor, Brown Armstrong, and encouraged the Board's participation.
- Ms. Perez reminded Board members about the upcoming SACRS conference.
- 1710.8.3 **Chief Investment Officer's Report:** Mr. Coultrip noted that he will have a value-add infrastructure strategy for the Board's consideration on the December agenda.
- 1710.8.4 **Chief Legal Counsel's Report:** Ms. Carlson presented her legislative update report; and went over the chaptered, and un-chaptered, pension related legislation from this year. She reviewed the impacts of the legislation, if any, to SamCERA. A summary of the chaptered legislation was included in the Board's agenda packet.
- C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.
- 1710.9 **Report on Actions Taken in Closed Session:** None.
- 1710.10 **Adjournment:** Mr. Battey adjourned the meeting at 11:13 a.m. in memory of the deceased members listed below.

McBrowne, Lanetta	August 30, 2017	Crystal Springs Rehab Center
Gudaitis, Donna	September 3, 2017	Courts
Berndt, Ted	September 5, 2017	Aging and Adult Services
Young, Claire	September 9, 2017	Human Resources
Woods, Clarence	September 12, 2017	General Services
Brooke, Helen	September 13, 2017	Human Services Agency
Bowen, Joyce	September 22, 2017	County Clerk
Spooner, Laura	September 26, 2017	Health & Welfare
Klingner, Ruth	October 1, 2017	Mental Health
Kwong, Brian	October 18, 2017	Probation



Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary