

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
DECEMBER 4, 2018 – REGULAR BOARD MEETING MINUTES

1812.1 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: Scott Hood, Gladys Smith, Michael Coultrip, Elizabeth LeNguyen, Brenda Carlson, Lili Dames, Doris Ng and Anne Trujillo.

Consultants and speakers: Margaret Jadallah, Francis Griffin, John Nicolini and Faraz Shooshani (Verus).

1812.2.1 Oral Communications from the Board: None.

1812.2.2 Oral Communications from the Public: None.

1812.3.1 Approval of the Minutes: Ms. Arnott asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on October 30, 2018.

Action: Mr. Hackleman moved to approve the minutes from the Board Meeting on October 30, 2018. The motion was seconded by Mr. David and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hackleman, O'Malley, Raw and Tashman all in favor; Hoefer abstained; none opposed.

1812.4.0 Approval of the Consent Agenda: Ms. Arnott asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. David moved to approve the Consent Agenda, and the motion was seconded by Mr. Tashman. The motion carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1812.4.1 Disability Retirements:

a) The Board (1) accepted the proposed findings and recommendations of the Hearing Officer, (2) found that **Melvin Hinshaw** is permanently incapacitated from the performance of his usual and customary duties as a Deputy Sheriff, (3) found that his disability was the result of an injury arising out of and in the course of his employment and (4) granted his application for a service-connected disability retirement.

b) The Board found that **Suzanne Mattocks** 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 **Patrick McTaggart** is (1) permanently incapacitated from the performance of his usual and customary duties as a Sheriff Sergeant, (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 **Christine Pantoja** is (1) permanently incapacitated from the performance of her usual and customary duties as a Deputy Court Clerk Specialist, (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.

1812.4.2 **Survivor Death Benefits:** None.

1812.4.3 **Service Retirements:**

Member Name	Effective Retirement Date	Department
Aguilar, Vilma	September 6, 2018	Human Services Agency
Blanchard, Barbara	September 8, 2018	Deferred from Library
Carlson, James	August 15, 2018	Deferred from Public Health
Demee, Joseph	September 29, 2018	Treasurer/Tax Collector
Dunsmore-Bertoni, Dinora	October 1, 2018	Parks
Hogerheide, Louise	September 23, 2018	Parks
Klimas, Catarina	September 28, 2018	Public Health
Koenig, Douglas	September 7, 2018	Public Works
Magett, Patricia	September 8, 2018	Deferred from Courts
Makino, Michelle	September 29, 2019	Aging & Adult Services
McLaughlin, Kathie	September 29, 2019	Business Systems
McNeely, Julia	September 29, 2019	Superior Court
Moala, Samisoni	September 25, 2019	Probation
Okereke, Kingsley	September 28, 2019	Deferred from Courts
Sandoval, Patricia	September 11, 2019	Deferred from HOS Call Center
Shabatura, Sam	September 6, 2019	Deferred from Sheriff's
VanderLans, Nancy	September 5, 2019	Library

1812.4.4 **Continuances:**

The Board ratifies the actions as listed below for the following members regarding continues:

Survivor's Name	Beneficiary of:
Dana, Judith	Dana, Paul
Morimoto, Junko	Morimoto, Fred
O'Connor, Mary	O'Connor, James
Trade, Sherry	Trade, Daniel

1812.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Lingfelder, Matthew	G7, Vested - Reciprocity
Lopez, Teresa P.	G4, Vested – Auto Defer – Code 31700
Mclaughlin, Julia M.	G4, Vested – Auto Defer – Code 31700
Monheit, Juliette C.	G4, Vested
Murillo, Norma	G4, Vested – Auto Defer – Code 31700
Ramirez, Lucy	G4, Vested
Ruiz-Girmay, Christina	G4, Vested – Auto Defer – Code 31700
Scruggs, Shaunda	G5 Vested
Sparks, Marni	G4, Vested
Thornton, Lorna M	G4, Vested – Auto Defer – Code 31700

1812.4.6 Member Account Refunds:

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

Member Name	Retirement Plan Type
Bermudez, Corina	G4, Vested
Deponte, Amanda	G7, Non-vested
Grover, Sumit	G7, Non-vested
Johnson-Silk, Michael	G7, Non-vested
Jones, Jacob	G7, Non-vested
Mabry, Charice	G7, Non-vested
Manuel, Christopher	G7, Non-vested
Morton, Kevin	S7, Non-vested
Ogburn, Katherine	G7, Non-vested
Pardini, Judy	G7, Non-vested
Peyton, Michael (FBO: Peyton, Amelia)	G4, Vested
Peyton, Michael (FBO: Peyton, Ava)	G4, Vested
Pons, Jeremiah	G7, Non-vested
Price, Jessica	G5, Non-vested
Wilcox, Carrie	G4, Vested
Yazir, Melissa	G7, Non-vested

1812.4.7 Member Account Rollovers:

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

Member Name	Retirement Plan Type
Ahearn-Brown, Kerry	G7, Non-vested
Caraotta, Lauren	G7, Non-vested
Jajeh, Richard	G7, Non-vested
Nierenberg, Sandra	G7, Non-vested
Li, Peng	G7, Non-vested
Maravilla-Rosales, Sonia	G7, Non-vested
Rodriguez, Alvaro	G7, Non-vested

1812.4.8 Member Account Redeposits: None.

1812.4.9 Acceptance of Trustees' Reports of Educational Activities: The Board accepted the submitted reports for educational activities attended by Mr. Hackleman and Ms. Lee.

1812.4.10 Approval of a Resolution Reaffirming Education Policy: The Board reaffirmed the Board's Education Policy.

1812.4.11 Approval of a Resolution Amending Travel Reimbursement Policy: The Board approved the resolution amending the Board's "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff."

1812.5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda: None.

1812.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended 10/31/18:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for October 2018 was -4.0%, while the preliminary trailing twelve-month return ending October 2018 was -0.2% net. This item was informational and for discussion only, no action was taken.

1812.6.2 **Report on Quarterly Investment Performance for the Period Ended 09/30/18:** Ms. Jadallah reviewed the quarterly performance report with the Board. She reviewed managers performance, market trends and discussed additional information from the report. The 3rd quarter net total return for SamCERA's portfolio was +2.0%, which was 50 bps lower than the +2.5% policy benchmark return. She advised risk parity was the main detractor of relative performance during the quarter. This item was informational only, no action was taken.

1812.6.3 **Report on Absolute Return and Risk Parity Annual Manager Reviews:** Ms. Ng reviewed the meeting notes from the annual review of SamCERA's absolute return and risk parity managers. Staff and consultant met at SamCERA's office with Aberdeen Standard, AQR, and PanAgora on October 11, 2018. Ms. Ng reported on the discussion that took place with AQR regarding the recent drawdown and underperformance over the last few quarters in the Delta strategy. This item was informational only, no action was taken.

1812.6.4 **Presentation of Private Asset Semi-Annual Performance Reports as of June 30, 2018:** Mr. Nicolini and Mr. Shooshani reviewed the private real assets and private equity performance reports and associated roadmaps in detail and answered questions from the Board. This item was informational only, no action was taken.

The meeting was adjourned for break at 11:19 a.m. and reconvened at 11:27 a.m.

1812.6.5 **Report on Investment Consultant Annual Review:** Mr. Coultrip summarized the results of the Investment Consultant Annual Review completed by trustees and staff. He also summarized Trustee feedback regarding potential educational topics for the upcoming year. This item was informational only, no action was taken.

The Board adjourned into Closed Session at 11:34 a.m. to hear item 6.6 then reconvened in Open Session at 12:36 p.m.

1812.6.6 **Approval of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26):** Ms. Carlson reported that the Board approved an investment of up to \$30 million in EQT Infrastructure IV LP. The motion passed with a vote of 7-0.

Ayes: Arnott, Battey, David, Hoefer, O'Malley, Raw and Tashman.

Noes: None.

The Board also approved an investment of up to \$40 million in PIMCO Private Income Fund. The motion passed with a vote of 5-3.

Ayes: Arnott, Battey, O'Malley, Raw and Salas for Hackleman.

Noes: David, Hoefer and Tashman.

A report of said votes was made in open session.

1812.7.1 **Approval of Resolution Authorizing CEO to Enter into an Agreement for Actuarial Services:** Mr. Hood reported that the Evaluation Committee had completed their review of the proposals submitted in response to the RFP for Actuarial Services and reference checks. Mr. Hood presented the Committee's recommendation to the Board to select Milliman Inc.

Action: Mr. David motioned to approve a resolution authorizing the CEO to execute agreement with Milliman, Inc. for actuarial services not to exceed \$650,000. The motion was seconded by Mr. Hoefer and carried a vote of 8-0 with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1812.7.2 **Discussion of Board/Staff Retreat Topics:** Mr. Hood reviewed a list of topics to discuss for the 2019 Board/Staff Retreat and received feedback from Board members. This item was informational and for discussion only, no action was taken.

1812.8.1 **Chief Executive Officer's Report:** Mr. Hood called attention to the PAFR and SamCERA Travel Tips found in the Board's Day Of folder. He extended his thanks to staff involved in these projects. Mr. Hood also reported he will have an opportunity to provide feedback to the County regarding the fiscal impact on disability retirements. Lastly, Mr. Hood mentioned next month's meeting agenda would include the approval of the COLA and strategic plan update, as well as continued topic discussions for the Board/Staff retreat.

1812.8.2 **Assistant Executive Officer's Report:** Ms. Smith provided the Board with an update on SamCERA's vacant positions due to retirements. She also thanked the Benefits and Finance Team for their diligent work throughout these vacancies.

1812.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported staff is progressing with the low volatility equity implementation. He also reported Verus plans to provide an educational presentation on timberland investments in January.

1812.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that the oral argument for the Cal Fire case before the California Supreme Court will occur on December 5, 2018 in Los Angeles.

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

C2 **Approval of Proposed Alternative Investments:** Please refer to agenda item 1812.6.6

C3 **Public Employee Performance Evaluation**, in accordance with Gov. Code § 54957, Title: Chief Executive Officer (*Confidential Under Gov. Code §54957*): The Board adjourned into Closed Session at 1:39 p.m. and the meeting reconvened at 2:11 p.m. Ms. Arnott reported that no reportable action was taken by the Board in Closed Session.

1812.10 **Adjournment:** Ms. Arnott adjourned the meeting at 2:12 p.m. in memory of the deceased members listed below.

Peyton, Michael	September 7, 2018	Mental Health
Lucas, Ruby	October 5, 2018	Courts
Lehto, Lila	October 12, 2018	Social Services
Nill, Marya	October 17, 2018	Social Services
Kodakari, Kazuyo	October 18, 2018	Clerk Recorder's
Brahy, Gayle	October 25, 2018	Information Technology
Eaneff, Gladys Joyce	November 3, 2018	District Attorney's Office

Burdick, James
Fulton, Kiyoko
Geiger, Dorothy
Timberlake, Nathaniel
Minty, Edith

November 8, 2018
November 8, 2018
November 11, 2018
November 13, 2018
November 17, 2018

Veteran Service Office
Human Services Agency
Mental Health
Public Works
General Services



Scott Hood
Chief Executive Officer



Anne Trujillo
Retirement Executive Secretary