

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

APRIL 23, 2019 – REGULAR BOARD MEETING MINUTES

**\*AMENDED\***

**1904.1 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 8:30 a.m.

**Roll Call:**

Present: Sandie Arnott, Mark Battey, Al David, Paul Hackleman, Kurt Hoefler, 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 from Verus: Ian Toner, Margaret Jadallah, Jeff MacLean and Paul Kreiselmaier.

**1904.2.1 Oral Communications from the Board:** None.

**1904.2.2 Oral Communications from the Public:** None.

**1904.2.3 Retreat Presentations and Discussions:** Retreat presentations were heard after agenda item 9.0.

**1904.3.1 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 March 26, 2019.

**Action:** Mr. David moved to approve the minutes from the Board Meeting on March 26, 2019. The motion was seconded by Mr. Battey and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hoefler, O'Malley, Raw, and Tashman all in favor; none opposed; and Mr. Hackleman abstained.

**1904.4.0 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. Raw. The motion carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefler, O'Malley, Raw, and Tashman all in favor; none opposed.

**1904.4.1 Disability Retirements:**

a) The Board found that Vilma Aguilar 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.

b) The Board found that Jieselle Villagomez is (1) permanently incapacitated from the performance of her usual and customary duties as a Group Supervisor II, (2) found that her disability was not the result of an injury arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.

**1904.4.2 Survivor Death Benefits:** None.

1904.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Armstrong, Laurie	February 22, 2019	Public Safety Communications
Bloomquist, Cary	December 29, 2018	Def'd from Dept. of Public Works
deRosenhart, Suzanne	February 6, 2019	Sheriff's
Carman, Robert	December 29, 2018	Deferred from Sheriff's
Graif, Eyal	February 5, 2019	Information Services Dept.
Hartman, Celia	March 1, 2019	Human Services Agency
Hubbell, Philip	March 1, 2019	Probation
Korwald, Ronald	February 2, 2019	Health
Letteney, Kelly	February 9, 2019	Probation
Moore, Roderick	February 24, 2019	Probation
Parker, Brian	February 25, 2019	Deferred from Sheriff's
Potter, Gina	February 1, 2019	Courts
Rosas, Jacqueline	February 28, 2019	San Mateo Medical Center
Sassus, Paul	March 1, 2019	San Mateo Medical Center
Schwarzbeck, Kathleen	February 2, 2019	Tax Collector
Siragusa, Steven	February 9, 2019	Sheriff's
Stout, Gregory	December 31, 2018	Def'd from San Mateo Med. Cntr.
Usher, Chris	February 21, 2019	Probation
Vallejo, Sandra	February 27, 2019	Sheriff's
Velligan, Patricia	February 9, 2019	Dept. of Public Works
Williams, Joseph	February 20, 2019	Probation

1904.4.4 **Continuances:**

The Board ratified the granting of a continuance to the following individuals:

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
DeKlerk, Kathleen	Berndtson, Ted
Johnson, Barbara	Duval, Kenneth
Loschiavo, Dana	O' Neill, Jeanne
Minielly, Collen	Domagalski, Sylvia
Pryor, Ralph	Pryor, Lee
Schweizer, Linda	Schweizer, Marc

1904.4.5 **Deferred Retirements:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Leon, Grisel	G4, Vested – Auto Defer- Code 31700
Ortiz, Celia	G4, Vested – Auto Defer- Code 31700
Tauilili, Lacey	G7, Vested – Auto Defer- Code 31700

1904.4.6 **Member Account Refunds:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Centanni, Todd	G4, Vested
Dorman, Jefferson	G5, Non-vested
Haralson, Kevin	G7, Non-vested
Hardiman, Lenore (FBO: Robert Hardiman)	G4, Vested
Johnson, Renee (FBO: Gary Johnson)	G5, Vested
Kiliona, Robert (FBO: Robert A. Kiliona Estate)	G2, Vested
Latu, Lydia	G4, Non-vested
Miranda, Oscar	G4, Vested
Moreira-Orantes, Eduardo	G4, Vested
Zuzevich, Megan	G7, Non-Vested

1904.4.7 **Member Account Rollovers:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Zuzevich, Megan	G7, Non-vested

1904.4.8 **Member Account Redeposits:**

<b>Member Name</b>	<b>Retirement Plan Type</b>
Giguere, Gregory	P2
Zalmai, Megan	G4

1904.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Mr. Hoefer, Ms. Lee, Ms. O'Malley and Mr. Raw.

1904.4.10 **Approval to Renew Fiduciary Liability Insurance Policy:** The Board approved to renew fiduciary liability insurance coverage with RLI Insurance Services through May 27, 2020.

1904.4.11 **Approval of Resolutions Amending Definitions of Compensation Earnable and Pensionable Compensation:** The Board approved amended resolutions defining compensation earnable and pensionable compensation.

1904.4.12 **Approval of Resolution Amending CEO Authority for Procurement and Contracting:** The Board approved the resolution amending the Board's "Policy for Procurement and Contracting for Certain Goods and Services."

1904.4.13 **Report on Prepayment of Employer Contributions:** The Board accepted the report on the County's prepayment of estimated employer contributions totaling \$190,698,759 for fiscal year 2019-20.

1904.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1904.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended March 31, 2019:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for March 2019 was 0.9%, while the preliminary trailing twelve-month return ending February 2019 was 2.8% net. This item was informational and for discussion only, no action was taken.

1904.7.1 **Approval of Direction to SamCERA Voting Delegate and Alternate for SACRS Spring 2019 Business Meeting:** Mr. Hood discussed the upcoming SACRS Spring 2019 Conference. He mentioned the SamCERA voting delegate will serve, on behalf of the Board, at the upcoming SACRS business meeting and will vote on the slate of SACRS officers for 2019-20.

**Action:** Mr. Raw motioned to approve the direction to SamCERA Voting Delegate and Alternate for SACRS Spring 2019 Business Meeting. The motion was seconded by Mr. David and carried a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

1904.8.1 **Chief Executive Officer's Report:** Mr. Hood announced that SamCERA received the Certificate of Achievement for Excellence in Financial Report, from GFOA, for its CAFR and PAFR. He thanked staff who helped compile the report. Based on current survey results, Mr. Hood mentioned the July Board meeting may be scheduled for July 16th and that approval of the meeting date change will be placed on the next regular Board meeting agenda. Mr. Hood mentioned other agenda items for next month's Board meeting including the formation of the Ad Hoc Nominating Committee, a presentation regarding assumptions from Milliman, Inc. and next fiscal year's budget.

1904.8.2 **Assistant Executive Officer's Report:** Ms. Smith reminded the Board to submit their \$25 nonrecourse check for fiduciary liability insurance. She noted that the period to take out candidate papers has commenced for certain Board seats. Ms. Smith announced Janet Nishimura and Stacy Groza-Davis have been promoted to Retirement Analyst and that recruitment for two new Retirement Support Specialists will begin. Ms. Trujillo shared the upcoming educational events with the Board.

1904.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that on Thursday, May 2<sup>nd</sup>, Blackrock and QMA will be in the office for their annual manager review. He also noted that Verus will be presenting the Private Equity and Private Real Asset Performance Reports during the June Board meeting.

1904.8.4 **Chief Legal Counsel's Report:** None.

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

1904.2.3 **Board/Staff Retreat Presentations:**

**High Level Look at the Global Economy**

Ian Toner, Verus' Chief Investment Officer discussed the growth and thoughts of the U.S economy, emerging markets, yield curve inversion and equity markets.

The meeting was adjourned for break at 10:00 a.m. and reconvened at 10:15 a.m.

**Deep Dive**

Mr. Coultrip discussed longer-term drivers of fund returns and risks, longer-term manager performance and other characteristics vs. indexes and peer groups and reviewed risk dashboard.

The meeting was adjourned for lunch at 11:42 a.m. and reconvened at 11:49 p.m.

Ms. Carlson provided the Board with its Annual Ethics Training for one hour.

**When a Plan Matures**

Jeff Maclean, Chief Executive Officer of Verus, discussed how a plan matures, funding policy considerations, risks associated with mature plans as well as SamCERA portfolio observations.

Mr. Raw left the meeting at 1:52 p.m.

The meeting was adjourned for break at 2:10 p.m. and reconvened at 2:14 p.m.

**Absolute Return**

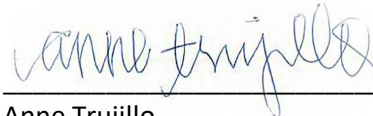
Paul Krieselmaier, Verus' Senior Associate Director Hedge Funds provided the Board with an overview of hedge funds and absolute returns, discussed absolute return client trends and provided an assessment of SamCERA's portfolio.

1904.10 **Adjournment:** Ms. Arnott adjourned the meeting at 3:26 p.m. in memory of the deceased members listed below.

Gaines, Robert	March 18, 2019	Public Works
McClanahan, Donald	March 16, 2019	General Services
O'Connor, Sandra	March 12, 2019	ISD
Hannig, Beatrice	March 22, 2019	Hospital - Surgery
Carnevale, Robert	March 31, 2019	Sheriff
Post, Gene	April 1, 2019	Probation
Holm, Frances	April 5, 2019	Hospital - Housekeeping
Page, Mark	April 2, 2019	General Services
Turner, Lorenda	March 20, 2019	Public Guardian
Austen, Valerie	April 5, 2019	Assessor's



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Scott Hood  
Chief Executive Officer



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Anne Trujillo  
Retirement Executive Secretary