

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

AUGUST 27, 2019 – REGULAR BOARD MEETING MINUTES

**1908.1 Call to Order, Roll Call and Miscellaneous Business**

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

**Roll Call:**

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

Absent: Mark Battey and Ben Bowler.

Alternates present: Susan Lee and Alma Salas.

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

Consultants and speakers: Joe Abdou, Marc Gesell and Margaret Jadallah (Verus).

- 1908.1.1 Administration of Oath of Office to Elected and Reappointed Trustees:** Reappointed trustee, Ben Bowler (Fifth Member) was not present so the Oath of Office was not administered.

Mr. Tashman arrived at 10:01 a.m. and took his seat at the dais.

- 1908.1.2 Announcement of Appointment of Board Committees:** Mr. Hoefer announced the following appointments to Board Committees:

Audit Committee: Mark Battey, Alma Salas and Robert Raw, Chair.

Investment Committee: Al David, Katherine O'Malley, Eric Tashman and Sandra Arnott, Chair.

- 1908.2.1 Oral Communications from the Board:** None.

- 1908.2.2 Oral Communications from the Public:** Ms. LeNguyen introduced Ruby Boyette and Esther Barnett, SamCERA's new Retirement Support Specialists, to the Board.

- 1908.3.1 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 July 16, 2019.

**Action:** Mr. David moved to approve the minutes from the Board Meeting on July 16, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 7-0, with trustees Arnott, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

- 1908.4.0 Approval of 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. Mr. Hoefer asked if there were additional items to be removed. No other items were removed.

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

- 1908.4.1 Disability Retirements:**

a) The Board found that **Anthony Adams** (1) is permanently incapacitated from the performance of his usual and customary duties as a Deputy Sheriff, (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.

b) The Board found that **Cheryl Batiste** (1) is permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III, (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 **Kimberly Calderaro** (1) is permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III, (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.

d) The Board found that **Maria Calderon-Sanchez** (1) is permanently incapacitated from the performance of her usual and customary duties as a Fiscal Office 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.

e) The Board found that **Melvin Parker** (1) is permanently incapacitated from the performance of his usual and customary duties as a Probation Services Manager I, (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.

f) The Board found that **Kathryn Rampton** (1) is permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III, (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.

1908.4.2 **Survivor Death Benefits:** None.

1908.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Carter, Barry	June 29, 2019	Deferred from Medical Center
Du, Nang	June 29, 2019	Behavioral Health
Gage, Tammela	May 28, 2019	Deferred from Sheriff's
Galanter, Gennady	April 17, 2019	QDRO
Gemmet, Michelle	June 5, 2019	Sheriff's Office
Hamel, Jeanne	May 31, 2019	Probation Dept.
Hauser, Roberta	May 26, 2019	Behavioral Health
Herrador, Ana	May 20, 2019	Deferred from Mental Health
Jukich, Douglas	May 15, 2019	QDRO
Lambert, Kelly	May 22, 2019	Deferred from Behavioral Health
Liljegren-Cullen, Debra	June 29, 2019	Public Works
Liu, Qing	June 26, 2019	Assessor's Office
Miller, Maria	June 29, 2019	Deferred from Human Services
Munson, Kenneth	May 4, 2019	Agency
Murphy, Cynthia A	June 11, 2019	Sheriff's Office
		Deferred from Social Services

Parker, Mari	June 24, 2019	QDRO
Ramos, Louis	May 25, 2019	Human Services Agency
Reese, Joyce	May 31, 2019	Probation
Savage, Andrew	May 16, 2019	Sheriff's Office
Shaffer, Craig	June 8, 2019	District Attorney's Office
Sirotko, Lidia	June 28, 2019	San Mateo Medical Center
Souza, Ana	June 14, 2019	Human Services Agency
Stevens, James	May 8, 2019	Deferred from Sheriff's
Wilkins, Rachelle	June 9, 2019	Deferred from Superior Court

1908.4.4 **Continuances:**

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Bernhagen, Jean	Bernhagen, Royal
Hernal, Lourdes	Hernal, Peter
Johnson, Craig	Demers, Maurice
Longbehn, Corazon	Longbehn, John
Obayashi, Mary Jo	Obayashi, Taihei

1908.4.5 **Deferred Retirements:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Arteaga La Spina, Joanna M.	G4, Vested - Reciprocity
Bakovic, Dragan	G5, Vested - Auto Defer – Code 31700
Benavides, Benjamin	G4, Vested - Auto Defer – Code 31700
Chambers, Priscilla	G4, Vested - Auto Defer – Code 31700
Fielding, Roger G.	G4, Vested - Reciprocity
Hernandez, Marta	G5, Vested - Auto Defer – Code 31700
Howard, Trisha	G7, Non-vested - Reciprocity
Tauilili, Lacey Leah	G7, Vested - Reciprocity
Williamson, Joseph	G7, Non-vested - Reciprocity
Van Wert, Ellen	G7, Vested - Auto Defer – Code 31700

1908.4.6 **Member Account Refunds:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Cola, Mila	G5, Non-vested
Coll, Eleana	G7, Non-vested
Karr, Elizabeth	G7, Non-vested
Martinez, Kelly	G4, Vested
Richardson-Dorsey, Kelley	G7, Non-vested
Takahashi, Jae	G7, Non-vested
Tides, Margaret	G7, Non-vested
Yokoyama, Candace	P7, Non-vested

1908.4.7 **Member Account Rollovers:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Abello, Erna	G7, Non-vested
Babilonia, Rocio	G7, Non-vested
Chan, Ka Man	G7, Non-vested
Garcia, Garrett	G7, Non-vested
Gough, Jacqueline	G7, Non-vested
Lau, Gloria	G7, Non-vested
Singh, Romila	G4, Vested
Trudeau, Valerie	G7, Non-vested

1908.4.8 **Member Account Redeposits:** None.

1908.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Susan Lee, Katherine O'Malley and Robert Raw.

1908.4.10 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ended June 30, 2019:** The Board accepted the semi-annual Compliance Certification Statement for SamCERA's non-alternative investment managers, as of June 30, 2019.

1908.4.11 **Approval of Resolutions Amending Definitions of Compensation Earnable and Pensionable Compensation:** The Board approved the resolutions amending definitions of compensation earnable and pensionable compensation.

1908.5.1 **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 be continued to a future Board meeting.

1908.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended July 31, 2019:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for July was 1.1%, bringing the preliminary trailing twelve-month return ending July 2019 to 5.1% net. This item was informational and for discussion only, no action was taken.

1908.6.2 **Report on Quarterly Investment Performance Report for the Period Ended June 30, 2019:** Mr. Coultrip and Ms. Jadallah reviewed the quarterly report with the Board. The 2<sup>nd</sup> quarter net total return for the SamCERA portfolio was +2.9%, which was 100 bps lower than the +3.9% policy benchmark return. Alternatives and private real assets were the main detractors of performance. This item was informational and for discussion only, no action was taken.

1908.6.3 **Report on Fixed Income Manager Annual Reviews:** Ms. Ng reported that staff met with global bond manager, Franklin Templeton and core bond managers, Fidelity Institutional Asset Management and Western Asset Management on August 1<sup>st</sup>. She also reported that staff met with opportunistic credit bond managers, PIMCO and Beach Point on August 6<sup>th</sup>. Each meeting consisted of 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.

1908.6.4 **Report on SamCERA's Securities Lending Program:** Ms. Dames reported on SamCERA's securities lending program with the Board. She reported during the fiscal year ended June 30, 2019, the program

earned \$65,992 which is a 52% increase from last fiscal year's earnings. These earnings are mostly attributable to lending non-U.S. securities. This item was informational and for discussion only, no action was taken.

The meeting was adjourned for break at 10:45 a.m. and reconvened at 10:55 a.m.

1908.6.5 **Educational Presentation on Investment Leverage:** Ms. Jadallah and Mr. Abdou provided an educational presentation on investment leverage to the Board. They reviewed the types of leverage, sources of leverage by asset class and evaluated the leverage in SamCERA's current policy and potential alternative asset allocation portfolios. This item was informational and for discussion only, no action was taken.

1908.6.6 **Report on Asset Liability Study-Asset Allocation Mixes:** Ms. Jadallah and Mr. Gesell presented the results of the asset liability study and answered questions from the Board. This item was informational and for discussion only, no action was taken.

The meeting was adjourned for lunch at 12:00 p.m. and reconvened at 12:30 p.m.

1908.7.1 **Report on Preliminary Financial Statements for the Fiscal Year Ended June 30, 2019:** Ms. Chow reported that SamCERA's financial position improved modestly over the fiscal year just ended. Its net position increased by \$348 million, or 8%, to \$4.7 billion, fueled mainly by employer contributions and investment income. This item was informational and for discussion only, no action was taken.

1908.7.2 **Report on Budget-to-Actual for the Fiscal Year Ended June 30, 2019:** Ms. Chow reviewed the FY 2018-2019 budget-to-actual report and informed the Board that SamCERA's budget was on track. This item was informational and for discussion only, no action was taken.

1908.7.3 **Approval of Resolution Amending the Regulations of the Board of Retirement:** Mr. Hood provided the Board with changes and proposed language change to regulations presented at last month's meeting.

**Action:** Mr. Tashman motioned to approve resolution amending the regulations of the Board of Retirement. The motion was seconded by Ms. Arnott and carried a vote of 7-0, with trustees Arnott, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1908.8.1 **Chief Executive Officer's Report:** Mr. Hood provided an update on SamCERA's lease extension agreement. He requested the Board's feedback on the new method to provide Board agenda material. Mr. Hood mentioned the recent Grand Jury Report regarding city pensions and an article about travel expenses. Mr. Hood noted that Nick Collier of Milliman, Inc. will be at next month's meeting to discuss the actuarial valuation report and recommended contribution rates for the 2020-2021 fiscal year. Mr. Hood informed the Board that he will not be present at the December meeting.

1908.8.2 **Assistant Executive Officer's Report:** Ms. Smith noted that SamCERA's auditor, Brown Armstrong, is currently here conducting their field audit and reported that there were no findings based on their interim audit. She also provided an update on SamCERA's IT Risk Assessment Audit. She stated that a couple staff members plan to attend the SCORPA picnic on September 18<sup>th</sup>. Ms. Smith reported that she, Ms. Nagal and Ms. LeNguyen plan to meet with LACERA and Santa Barbara next month to learn about their processing of applications for disability retirement.

1908.8.3 **Chief Investment Officer's Report:** Mr. Coultrip announced that staff will be conducting three manager reviews on September 12<sup>th</sup> and that Ms. Ng will send the Board an email with additional information.

1908.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that no hearing date has been set yet by the California Supreme Court on the pending PEPRA cases. She further stated that the newly approved Board regulation changes will be included on the Board of Supervisors September 17<sup>th</sup> agenda for approval.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:**

1908.10 **Adjournment:** Mr. Hoefer adjourned the meeting at 12:56 p.m. in memory of the deceased members listed below.

Showes, Joyce	July 3, 2019	Hospital
Coghlan, Gail	July 4, 2019	Probation
Panaligan, Ruben	July 5, 2019	Hospital
Lamb, Marguerite	July 7, 2019	Clerk Recorder's Office
Lamb, H Richard	July 10, 2019	Mental Health
Arqueza, Andreiam	July 16, 2019	Sheriff's
Barnett, Carolyn	July 17, 2019	Hospital
Glass, Zeb	July 17, 2019	DPW
Lucier, Judy	July 17, 2019	Superior Court
Dilsaver, Harold	July 19, 2019	Health Services
Padden, Lorraine	July 20, 2019	Hospital
Baker, Anna	July 20, 2019	Social Services
Watson, Betty	July 21, 2019	Courts
Ford, William	July 23, 2019	Building and Grounds
Kane, Terence	July 26, 2019	Probation
Ochi, Mae	July 30, 2019	County Clerk
Sotomayor, Estelle	July 31, 2019	General Services
Quadros, Elizabeth	July 31, 2019	Mental Health
Espaldon, Merle	August 4, 2019	Aging & Adult Services
Rives, Robert	August 5, 2019	General Services
Bolanos, Sonia	August 6, 2019	Hospital
Green, Raymond	August 8, 2019	Mail Room
Montemagni, Arnold	August 13, 2019	Environmental Health

  
Kurt Hoefer  
Board Chair