

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 3, 2019 – REGULAR BOARD MEETING MINUTES

1912.1 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, 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: Brenda Carlson, Michael Coultrip, Lili Dames, Elizabeth LeNguyen, JulieAnne Nagal, Doris Ng, Gladys Smith and Anne Trujillo.

Consultants and speakers: Andy Paulden (Brown Armstrong), Margaret Jadallah, John Nicolini and Faraz Shooshani (Verus).

1912.2.1 Oral Communications from the Board: None.

1912.2.2 Oral Communications from the Public: None.

1912.3.1 Approval of Regular Board Meeting Minutes from October 29, 2019: Mr. Hoefer asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on October 29, 2019.

Action: Ms. Arnott moved to approve the minutes from the Board meeting on October 29, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 6-0, with trustees Arnott, Battey, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed.

1912.3.2 Approval of Audit Committee Meeting Minutes from October 29, 2019: Mr. Hoefer asked if there were any changes or corrections, or objections, to the Audit Committee meeting minutes held on October 29, 2019.

Action: Mr. Battey moved to approve the minutes from the Audit Committee meeting on October 29, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 6-0, with trustees Arnott, Battey, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed.

1912.4.0 Approval of the Consent Agenda: Mr. Hoefer asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Ms. O'Malley moved to approve the Consent Agenda, and the motion was seconded by Mr. Raw. The motion carried with a vote of 6-0, with trustees Arnott, Battey, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed.

1912.4.1 Disability Retirements:

a) The Board found that **Catherine Baker** (1) is permanently incapacitated from the performance of her usual and customary duties as a Social Worker III; (2) found that her disability was the result of an injury arising out of and in the course of her employment; 3) granted her application for a service-connected disability retirement; and 4) pursuant to Government Code section 31724, found that the filing of Ms. Baker's application was delayed by a combination of administrative oversight

and the resulting inability to ascertain the permanency of her incapacity until after the date following the day Ms. Baker last received regular compensation, which is January 21, 2016, and that such date will be deemed to be the date the application was filed making the effective date of her benefits to be January 22, 2016.

b) The Board further reviewed the application of **Gabriela Breton** based on a new October 30, 2019, IME report by Dr. Brian Jacks, a psychiatrist, received after the Board's initial review in September 26, 2017, along with the original information submitted to the Board and: (1) found that she is permanently incapacitated from the performance of her usual and customary duties as a Marriage and Family Therapist 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 **Christina Hernandez** (1) is permanently incapacitated from the performance of her usual and customary duties as a Court Reporter, (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 **Hector Robles Moncada** (1) is permanently incapacitated from the performance of his usual and customary duties as a Supervising Mental Health Clinician, (2) found that his disability was not the result of an illness arising out of and in the course of his employment and (3) granted his application for a non-service-connected disability retirement.

e) The Board found that **Lidia Sirotka** (1) is permanently incapacitated from the performance of her usual and customary duties as a Patient Services Assistant II, (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.

f) The Board found that **Rosanna Torrejon** (1) is permanently incapacitated from the performance of her usual and customary duties as a Patient Services Specialist, (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.

1912.4.2 **Survivor Death Benefits:** None.

1912.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Biel, Thomas	September 28, 2019	Human Services Agency
Foster, Roxane	March 30, 2019	Def'd from Human Services Agency
Garcia-Fulle, Marnita	September 28, 2019	Human Services Agency
Gonzales, Celia	September 3, 2019	San Mateo Medical Center
Hayward, Christopher	September 19, 2019	Sheriff's Office
Khan, Abdul	September 25, 2019	Dept of Public Works
Lapolla, Nancy	September 14, 2019	Family Health
Lewis, Robert Lee	September 21, 2019	San Mateo Medical Center
Martinez, Rebecca	September 14, 2019	San Mateo Medical Center
Meredith, Michael	September 30, 2019	Probation
Munguia-Chang, Roger	September 28, 2019	San Mateo Medical Center
O'Malley-Riley, Marsi	October 1, 2019	Deferred from Library
Puls, Cheryl	September 25, 2019	Def'd from Dept of Public Works
Rihm, Michael	September 18, 2019	Aging & Adult Services

Rosenberger, Jeffrey
Warner, Ana
Yambling, Socorro

October 1, 2019
September 14, 2019
September 21, 2019

Deferred from Controller's
Family Health
Courts

1912.4.4 **Continuances:**

Survivor's Name

Gomez, Alexander
Hansen, Marilyn
Ochi, Tad

Beneficiary of:

Gomez, Herlin
Hansen, Carl
Ochi, Mae

1912.4.5 **Deferred Retirements:**

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

Name

Bonanno, Leandro
Castellanos, Pauline
Ekhaus, Ruth
Haro, Alejandra
Khadra, Sara
Lau, Lilliam
Salas, Adrienne
Tassone, Gina

Retirement Plan Type

S7, Non-vested - Reciprocity
G7, Non-vested - Reciprocity
G7, Non-vested - Reciprocity
G4, Vested - Reciprocity
G7, Non-vested - Reciprocity
G7, Non-vested - Reciprocity
G5, Vested - Reciprocity
G7, Non-vested - Reciprocity

1912.4.6 **Member Account Refunds:**

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

Name

Anderson, Jennifer L (QDRO)
Bastidas, Leticia (FBO: Orlando Bastidas)
Beavers-Silva, Priscilla
Bendana, Guiselle
Coll, Eleana
Concordia, Raymund
Craig, Jason
Gutierrez, Joseph
Lavaki, Halamako (FBO: Epeli Lavaki)
Lunsford, Monique
Martin, Dominic
Minsky, Sarah
Miranda, Jazmine
Moore, Anthony
Newsome, Jessica
Sagrado, John
Scott, Aaron
Tonumailau, Tutulu

Retirement Plan Type

S4, Non-vested
G4, Non-vested
G7, Non-vested
G7, Non-vested
G7, Non-vested
G7, Non-vested
S7, Non-vested
G7, Non-vested
G4, Vested
G5, Non-vested
G7, Non-vested
G7, Non-vested
G7, Non-vested
G7, Non-vested
G7, Non-vested
G7, Vested
G7, Non-vested
G7, Non-vested
G7, Non-vested

Villalobos Lopez, Mayte	G7, Non-vested
Ware, Trevor	G7, Non-vested
Wright, Ayanna	G7, Non-vested
Young, Zachery	G4, Vested

1912.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Delmonico, Anthony	G5, Vested
Jamison, Christopher	G7, Non-vested
Lin, Szu-Yu	G7, Non-vested
Manuel, Freda	G7, Non-vested
Maplestone, Rodney	G7, Non-vested
Rangel, Christopher	G7, Non-vested
Sanders, Matthew	G7, Non-vested
Shepard, Derek	G7, Non-vested

1912.4.8 **Member Account Redeposits:** None.

1912.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted reports for educational activities attended by Ms. Arnott, Mr. Hackleman, Ms. Lee and Ms. Salas.

1912.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1912.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended October 31, 2019:**

Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for October was 1.0%, bringing the preliminary trailing twelve-month return ending October 2019 to 10.3% net. October saw reduced volatility as equity returns were positive. This item was informational and for discussion only, no action was taken.

Mr. David arrived at 10:06 a.m. and took his seat at the dais. Mr. Tashman arrived at 10:11 a.m. and also took his seat at the dais.

1912.6.2 **Report on Quarterly Investment Performance for the Period Ended 09/30/19:** Mr. Coultrip informed the Board that the 3rd quarter net total return for SamCERA's portfolio was +1.5% which was 40 bps higher than the +1.1% policy benchmark return. Private equity was the primary source of outperformance this quarter. Ms. Jadallah further discussed the performance report and answered questions from the Board. This item was informational and for discussion only, no action was taken.

1912.6.3 **Report on Absolute Return and Risk Parity Annual Manager Reviews:** Ms. Ng reported that staff met with SamCERA's absolute return managers, Aberdeen Standard and AQR as well as one of their risk parity managers, AQR, on October 10th. Ms. Ng reviewed the meeting notes from the annual reviews and reported there were no significant concerns during each portfolio review. Mr. Coultrip, Ms. Jadallah and Ms. Ng answered questions from the Board. This item was informational only, no action was taken.

- 1912.6.4 **Presentation of Private Asset Semi-Annual Performance Reports as of June 30, 2019:** Ms. Dames informed the Board that as of June 30, 2019, SamCERA's private equity portfolio had a total market value of \$336.0 million (7.2% of SamCERA's total fund). She also informed the Board that SamCERA's private real assets portfolio had a total market value of \$63.6 million (1.4% of SamCERA's total fund). Mr. Nicolini and Mr. Shooshani, of Verus, reviewed the private equity and private real assets performance reports with the Board and answered their questions. This item was informational only, no action was taken.
- 1912.6.5 **Approval of Real Estate Manager Structure:** Mr. Coultrip discussed the details of the proposed long-term real estate structure. He mentioned the 10% allocation to real estate would be achieved over several years.
- Action:** Mr. Tashman moved to approve the proposed real estate manager structure. 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.
- 1912.6.6 **Report on Securitized Fixed Income and Absolute Return Short-List Managers:** Mr. Coultrip updated the Board on the two searches that are underway. The first search is for a securitized core fixed income strategy. Staff and consultant will perform on-site due diligence visits on two potential short-listed managers. The second search is to further diversify the manager risk within the absolute return program by adding up to two additional strategies. Staff and consultant will perform on-site due diligence visits for two absolute return short-listed managers. Ms. Jadallah reviewed the absolute return short-list manager search memo with the Board. This item was informational only, no action was taken.
- 1912.6.7 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see C2):** This item was taken out of order and heard after item 6.4. The Board adjourned into Closed Session at 11:11 a.m. to hear item 6.7 then reconvened in Open Session at 11:30 a.m. See Closed Session report under C2.
- 1912.7.1 **Annual Review of Board's Independent Auditor:** Ms. Smith presented the results of Brown Armstrong's annual performance report with Mr. Paulden available via phone. Ms. Smith reported that Brown Armstrong received high marks from the Board and staff and thanked him and his team for their service. Mr. Paulden highlighted several areas of the survey and responded to questions from the Board. This item was informational only, no action was taken.

The meeting was adjourned for lunch at 12:15 p.m. and reconvened at 12:54 p.m.

- 1912.7.2 **Discussion of Board/Staff Retreat Topics:** Ms. Smith went over a list of topics to discuss for the 2020 Board/Staff Retreat. The Board provided their feedback and agreed to maintain the one-day format. This item was informational and for discussion only, no action was taken.
- 1912.8.1 **Chief Executive Officer's Report:** None.
- 1912.8.2 **Assistant Executive Officer's Report:** Ms. Smith called to attention the SamCERA 2020 Workplan found in the Board's Day of folder. She also provided an update on the construction in SamCERA's offices.

Ms. Trujillo informed Board members about upcoming educational events.

1912.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that staff plans to send out the survey regarding Verus' annual review.

1912.8.4 **Chief Legal Counsel's Report:** Ms. Carlson provided the Board with a report on a CalPERS disability retirement case addressing reasonable accommodation.

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

C2 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26):** Ms. Carlson reported that the Board approved a motion to make a capital commitment of \$15 million for the AG Credit Solutions LP, with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

No other reportable action was taken.

1912.10 **Adjournment:** Mr. Hoefler adjourned the meeting at 1:17 p.m. in memory of the deceased members listed below.

Rutley, Ralph	October 14, 2019	Probation
Kennedy, Timothy	October 24, 2019	Human Services
Da Roza, Daniel	October 25, 2019	Public Health
Hamaguchi, Bette	October 21, 2019	Health Services
Killin, Betty	October 21, 2019	Mental Health
Cuadra, Manuel	November 4, 2019	Public Health
Caverly, Charles	November 5, 2019	Sheriff's
Du, Nang	November 12, 2019	Mental Health



Kurt Hoefler
Board Chair