

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
FEBRUARY 26, 2019 – REGULAR BOARD MEETING MINUTES

1902.1 **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, Ben Bowler, Al David, Paul Hackleman, Kurt Hoefer, Katherine O'Malley, Robert Raw and Eric Tashman.

Absent: None.

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: Nick Collier (Milliman) and John Nicolini (Verus).

1902.2.1 **Oral Communications from the Board:** None.

1902.2.2 **Oral Communications from the Public:** Ms. Smith introduced Kammy Vong, SamCERA's new Retirement Senior Accountant, to the Board.

1902.3.1 **Approval of the Minutes:** Ms. Arnott asked if there were any changes, corrections, or objections to the meeting minutes from the Board meeting held on January 29, 2019. There were none.

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

1902.4.0 **Approval of the Consent Agenda:** Ms. Arnott removed the disability application of Rick Tippins from the Consent Agenda and asked if there were additional items to be removed. No other items were removed. The disability application of Rick Tippins was heard in closed session.

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

Mr. Bowler arrived at 10:03 a.m. and took his seat at the dais.

1902.4.1 **Disability Retirements:**

- a) The Board found that Araceli Nevarez was (1) permanently incapacitated from the performance of her usual and customary duties as a Medical Office Assistant 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.

1901.4.2 **Survivor Death Benefits:** None.

1902.4.3 **Service Retirements:**

The Board ratifies the service retirement for the individuals listed below as follows:

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Aubry, Suzanne	December 29, 2018	Behavioral Health
Bay, Duane	November 3, 2018	Deferred from Housing
Bloomquist, Cary	December 29, 2018	Deferred from Dept of Public Works
Carlisle, Paul	December 7, 2018	Deferred from Hospital
Carman, Robert	December 29, 2018	Deferred from Sheriff's
Catalan, Jocelyn	December 29, 2018	Hospital
Chin, Margaret	December 11, 2018	Deferred from Courts
Davenport, Donald	December 17, 2018	Deferred from Sheriff's
Espera, Annie	December 9, 2018	Deferred from Hospital
Faust, Brian	January 1, 2019	Hospital
Garcia, Vicky	December 30, 2018	Hospital
Giusti, Christina	December 27, 2018	Medical Center
Gonzalez Pavez, Sergio	December 17, 2018	Behavioral Health
Green, Lynda	January 1, 2019	Deferred from County Manager
Greer, Michael	December 11, 2018	Probation
Levy, David	December 29, 2018	County Counsel
McElroy-White, Greta	December 29, 2018	Deferred from Elections
McNeal, Tasha	December 8, 2018	Aging & Adult Services
Padilla, Deborah	December 22, 2018	District Attorney's Office
Padilla, Fredrick	December 29, 2018	Sheriff's
Palomino, Jessie	December 31, 2018	Probation
Santiago, Jose	December 15, 2018	Sheriff's
Smothers, Vicki	December 29, 2018	Family Health Services
Stout, Gregory	December 31, 2019	Deferred from Hospital
Tadla-Martin, Carol	December 29, 2018	Hospital
Thorin, Andrea	December 31, 2018	Deferred from HSA
Whitlock, William	December 29, 2018	Health IT
Yang, Yuchi	December 17, 2018	Deferred from Public Health

1902.4.4 **Continuances:**

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

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Mills, Rosa	Mills, Moses

1902.4.5 **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>
Gutierrez, Donaji A.	G4, Vested - Reciprocity
Rocha, Edmundo	S5, Vested

1902.4.6 **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>
Orantes, Rhina	G7, Non-vested
Portis, Allena	G4, Vested
Spencer, Shawna	G4, Non-vested

1902.4.7 **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>
Au, Monica	G7, Non-vested
Chow, Janice	G7, Non-vested
Gunning, Jodi	G7, Non-vested
Jurek, Anne	G7, Non-vested
Malig, Denise	G4, Non-vested
Perez, Victoria	G7, Non-vested
Perryman, Samuel	G7, Non-vested
Portis, Allena	G4, Vested
Salazar, Deborah	G7, Non-vested
Wong, Alton	S7, Non-vested

1902.4.8 **Member Account Redeposits:** None.

1902.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

1902.4.10 **Semi-Annual Compliance Certification Statement for the State Street Global Advisors (SSGA) as of December 31, 2018:** The Board accepted the semi-annual Compliance Certification Statements for SSGA as of December 31, 2018.

1902.4.11 **Resolution Authorizing the Chief Executive Officer to Execute a Fifth Amendment to the Agreement with the Northern Trust Company for Global Custody Services:** The Board approved a resolution authorizing the CEO to execute a Fifth Amendment to the Agreement with the Northern Trust Company for Global Custody Services.

The meeting went into closed session at 10:04 a.m. to consider the items 1902.4.1 for Rick Tippins (C1) and 1902.6.4 (C2). See reports on C1 and C2 below.

After the closed session, the Board took a five-minute break at 11:13 a.m. Mr. David left the meeting at that time. The meeting reconvened in open session at 11:18 a.m.

1902.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** The disability application (C1) for Rick Tippins was removed from the Consent Agenda and voted upon separately.

Ms. Carlson reported the Board referred the service connected disability application of Rick Tippins to a hearing officer for proposed findings and recommendations.

The vote of was 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

- 1902.5.2 **Presentation by Milliman, Inc. on SamCERA Cash Flow Projections:** Mr. Collier presented the projections for SamCERA's future cash flows and answered questions from the Board. This item was informational and for discussion only, no action was taken.
- 1902.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended January 31, 2019:** Mr. Coultrip reported that January was a positive month for most asset classes as market sentiment abruptly reversed higher. Mr. Coultrip also discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for January 2019 was 4.6%, while the preliminary trailing twelve-month return ending January 2019 was -2.5%. This item was informational and for discussion only, no action was taken.
- 1902.6.2 **Report on Quarterly Investment Performance Report for the Period Ended December 31, 2018:** Ms. Jadallah presented the quarterly investment performance report for the period ended December 31, 2018 and answered questions from the Board. This item was informational only, no action was taken.
- 1902.6.3 **Discussion of Delegation of Authority on Terminating Investment Managers:** Mr. Coultrip discussed the potential changes to delegation of authority for terminating managers. These changes would include Board updates throughout the process and under certain circumstances, delegating authority to terminate existing managers to the Chief Executive Officer. This item was informational and for discussion only, no action was taken.
- 1902.6.4 **Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.26, (C2) to be heard in Closed Session):** Ms. Carlson reported that the Board approved a re-up commitment of \$25 million to Taurus Mining Financial Fund II. The motion unanimously passed with a vote of 9-0.

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

Noes: None.

The Board adjourned for lunch at 12:07 p.m. and the meeting reconvened at 12:23 p.m.

- 1902.7.1 **Preliminary Financial Statements for the Six-Month Period Ended December 31, 2018:** Ms. Chow reported SamCERA's preliminary financial statements for the six-month period ended December 31, 2018. She reported SamCERA's financial position declined slightly over the six months ended December 31, 2018. Its net position decreased \$122 million, or 3% to approximately \$4.3 billion, mainly because the return on SamCERA's investments declined toward negative territory due mostly to concerns over a global economic slowdown. This information was informational and for discussion only, no action was taken.
- 1902.7.2 **Preliminary Report on Budget-to-Actual for the Six-Months Ended December 31, 2018:** Ms. Chow reported that SamCERA's overall budget is on track with regard to the preliminary report on budget-to-actual for the six-months ended December 31, 2018. This item was informational and for discussion only, no action was taken.
- 1902.7.3 **2019 Board-Staff Retreat Topics:** Mr. Hood reviewed and discussed with the Board the proposed agenda on the upcoming Board-Staff Retreat in April. This item was informational and for discussion only, no action was taken.

1902.7.4 **Approval of Change to Start Time of the April 2019, Regular Board Meeting:** Mr. Hood discussed staff's recommendation to formally change the date and time of the April Board meeting in order to publish the meeting notice and reflect the new information on SamCERA's website.

**Action:** Mr. Hackleman moved to approve the change of start time of the April 2019 Regular Board Meeting to 8:30 a.m. and to cancel the April 24, 2019 meeting. The motion was seconded by Mr. Battey and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1902.8.1 **Chief Executive Officer's Report:** Mr. Hood called to attention a few items in the Board's Day of Folder including the SACRS Election Memo and Pension Bridge Flyer. He mentioned the upcoming CALAPRS General Assembly, Advanced Principles of Pension Management for Trustees and SACRS Spring Conference.

Mr. Hood called to attention to the Wharton's Emerging Markets Conference and the SACRS UC Berkeley Program, which will be taking place the week of the July Board meeting and inquired whether the Board wanted to reschedule the meeting. Mr. Hackleman suggested this item be placed in next month's agenda based on interest.

Mr. Hood noted that he met with Mosquito and Vector Control District's finance committee and will soon meet with its Board to provide them a funding status on their supplemental contribution account. He also reported that proposals for auditing services have been received and a recommendation for an auditor will be made to the Board next month along with a finalized Board/Staff Retreat agenda.

1902.8.2 **Assistant Executive Officer's Report:** Ms. Smith reminded the Board about the expiration of three elected and two appointed seats. There will be an election in June for the elected seats and called to attention the election schedule found in the Board's Day of Folders. She mentioned UAT testing for the system upgrade will begin on March 18th. Ms. Smith reported that the application for the fiduciary liability has been submitted and the non-recourse payments by Board members will be collected shortly. She also noted that the Retiree Newsletter should be released within the next two weeks. Ms. Trujillo shared the upcoming educational events with the Board.

1902.8.3 **Chief Investment Officer's Report:** Mr. Coultrip provided the Board an update on a private equity energy manager and that further information will be given to the Board once additional data points are obtained. Mr. Coultrip commented on a few items that would appear on next month's agenda including a presentation by AQR, capital market assumptions update from Verus, a presentation of liquidity analysis and a recommendation for NEA. He also stated that annual reviews of Parametric and Northern Trust will be held on March 4<sup>th</sup>.

1902.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reminded the Board that its annual Form 700 filings are due and to reach out if there are any questions.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** See agenda item 5.1.

C2 **Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.26):** See agenda item 6.4

1902.10 **Adjournment:** Ms. Arnott adjourned the meeting at 12:46 p.m. in memory of the deceased members listed below.

Wyro, Muriel	December 28, 2018	District Attorney
Domagalski, Sylvia	January 9, 2019	Medical Center
Johnson, Laron	January 10, 2019	Courts
Berndtson, Theodore	January 11, 2019	Sheriff
May, Jessie	January 16, 2019	General Services
Rogers, Calvin	January 16, 2019	Mosquito
O' Neil, Jeanne	January 17, 2019	Library
Shannon, Ardale	January 19, 2019	Chope Hospital
Ashton, Charles	January 23, 2019	Library
Dean, Esther	January 24, 2019	Crystal Springs Rehab Ctr
Hardiman, Lenore	January 26, 2019	Hospital
Graham, Betty	January 28, 2019	Social Services
McMillan, Constance	January 28, 2019	Social Services
Carlson, Irma	January 29, 2019	Health Services
Pryor Johnson, Renee	February 6, 2019	BHRS



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Scott Hood  
Chief Executive Officer



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Anne Trujillo  
Retirement Executive Secretary