

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
OCTOBER 29, 2019 – REGULAR BOARD MEETING MINUTES

**1910.1 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, 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: 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: Andy Paulden (Brown Armstrong), Margaret Jadallah and John Nicolini (Verus) and Nick Collier (Milliman, Inc.)

**1910.1.1 Administration of Oath of Office to Elected and Reappointed Trustee:** Sandie Arnott administered the Oath of Office to reappointed trustee, Ben Bowler (Fifth Member).

**1910.2.1 Oral Communications from the Board:** None.

**1910.2.2 Oral Communications from the Public:** None.

**1910.3.1 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 September 24, 2019.

**Action:** Mr. David moved to approve the minutes from the Board Meeting on September 24, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 6-0, with trustees Battey, David, Hackleman, Hoefer, O'Malley and Raw all in favor; none opposed; and Arnott, Bowler and Tashman abstained.

**1910.4.0 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:** Mr. Raw moved to approve the Consent Agenda, and the motion was seconded by Mr. Hackleman. The motion carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

**1910.4.1 Disability Retirements:**

a) The Board found that **Sergio Gonzalez-Pavez** is (1) permanently incapacitated from the performance of his usual and customary duties as a Mental Health Program Specialist, (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.

**1910.4.2 Survivor Death Benefits:** None.

1910.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Bise, Eugene	August 27, 2019	San Mateo Medical Center
Cabebe, Elisa	August 24, 2019	Sheriff's Dept.
Cobb, Robert	August 11, 2019	Human Service Agency
Fan, Li-Ping	August 3, 2019	Behavioral Health and Recovery
Lasker, Paul	August 2, 2019	Agriculture
Mastrangelo, Maria	August 10, 2019	Agriculture
Mejia, Ingrid	August 10, 2019	Dept of Public Works
O'Brien, Victoria	August 24, 2019	Sheriff's Dept.
Raji, Fatna	August 11, 2019	Correctional Health
Ramdas, Raksha	August 8, 2019	Deferred from Public Health
Sudano, Patrina	August 18, 2019	Sheriff's Dept.
Wilson, Sebastian	August 31, 2019	San Mateo Superior Court

1910.4.4 **Continuances:**

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Green, Joann	Green, Raymond
Loeb, Peter	Morrison, Nancy
Sacher, Edward	Mastrangelo, Maria

1910.4.5 **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>
Balbona, Erin	G7, Non-vested- Reciprocity
Catbagan, John	G4, Vested - Auto Defer - Code 31700
Hall, Rosa	G7, Vested - Auto Defer - Code 31700
Feng, Tzu-Ying	G5, Vested - Auto Defer - Code 31700
Keovongsa, Karen	G7, Non-vested- Reciprocity
Mair, Aaron	G4, Vested- Reciprocity
Raffin, Eric	G7, Vested- Reciprocity
Redding, Michael	G7, Vested - Auto Defer - Code 31700
Sadarangani-Holte, Rakhi	G4, Vested - Auto Defer - Code 31700
Tomas, Ruby	G4, Vested - Auto Defer - Code 31700
Vera Cruz, Enrique	G5, Non-vested- Reciprocity
Williams, Nicole	G4, Vested - Auto Defer - Code 31700

1910.4.6 **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>
Castillo, Martha	G7, Non-vested
Gunther, Daniel	G5, Non-vested
Leuck, Grace	G7, Non-vested
Lee, Amarra	G5, Vested
Ramirez de Cartagena, Michael	G5, Non-vested
Ramirez de Cartagena, Michael (QDRO)	G4, Vested
Vera-Garcia, Javier	G5, Non-vested

1910.4.7 **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>
Harnish, Regina	G7, Non-vested
Mefford, Tatiana	G7, Non-vested

1910.4.8 **Member Account Redeposits:** None.

1910.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

1910.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1910.5.2 **Annual Review of SamCERA's Actuarial Services Firm, Milliman, Inc.:** Ms. Smith presented the results of Milliman, Inc.'s annual performance report with Mr. Collier available via phone. Ms. Smith reported that Milliman received high marks from the Board and staff and that no concerns or issues were raised. She and Mr. Hood expressed their gratitude for all the work Mr. Collier and the rest of Milliman, Inc. has done for SamCERA this year.

This item was taken out of order and was set for a time certain of 12:00 p.m.

1910.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended September 30, 2019:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for September was 0.9%, bringing the preliminary trailing twelve-month return ending September 2019 to 4.8% net. September saw reduced volatility as equity returns were positive and U.S. Treasury yields rose modestly. This item was informational and for discussion only, no action was taken.

1910.6.2 **Report on Opportunistic Credit Manager Annual Reviews:** Ms. Ng reported that staff met with SamCERA's opportunistic credit managers: White Oak, BlackRock and Brigade Capital Management on September 12<sup>th</sup>. There were no significant concerns identified during the portfolio reviews. This item was informational and for discussion only, no action was taken.

1910.6.3 **Report on Inflation Hedge Manager Annual Reviews:** Ms. Ng reported that staff met with SamCERA's inflation hedge managers: State Street Global Advisors (SSgA) and Cushing Asset Management on October 3<sup>rd</sup>. Ms. Ng reviewed the meeting notes from the annual reviews and reported there were no significant concerns identified during the portfolio review. This item was informational only, no action was taken.

- 1910.6.4 **Report on Midstream Energy Investment Update:** Mr. Nicolini, of Verus, provided an update on the midstream energy market, briefly discussed a new potential private real asset manager in the midstream energy space and answered questions from the Board.
- 1910.6.5 **Approval of Asset Allocation Policy Portfolio Implementation:** Mr. Coultrip reviewed the proposed asset allocation implementation plan found in the Board's Day Of folders. He discussed the four phases of the implementation and answered questions from the Board.

**Action:** Mr. Battey motioned to approve the asset allocation policy portfolio implementation. The motion was seconded by Mr. Hackleman and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

This item was taken out of order and heard after item 6.2.

The meeting was adjourned for break at 10:55 a.m. and reconvened at 11:05 a.m. with item 6.3.

- 1910.7.1 **Presentation by Brown Armstrong of 2019 Financial Audit Management Reports:** Mr. Paulden, of Brown Armstrong, discussed the audit process and presented the results of the independent financial audit for the fiscal year ended June 30, 2019. Mr. Paulden reported that SamCERA received an unmodified, clean opinion report with no recommendations. Mr. Hood thanked Mr. Paulden and his team for the work they have done for SamCERA. Mr. Raw reported the Audit Committee met that morning and reviewed the financial audit report and findings. The Audit Committee recommends that the Board accept the 2019 financial audit report. With no objection, the financial audit report and findings were accepted by the Board.

This item was taken out of order and heard after item 4.0.

- 1910.7.2 **Approval of SamCERA's 2019 Comprehensive Annual Financial Report (CAFR):** Ms. Chow presented the highlights of the 2019 CAFR. She reported that SamCERA's net position increased by 8%, or \$349 million, compared to last fiscal year. The increase was mainly due to contributions due to an increase in covered payroll and supplemental contributions. Mr. Hood thanked Ms. Chow and staff for the great work they've done in putting together the CAFR. Mr. Raw reported the Audit Committee met that morning and reviewed the 2019 CAFR. The Audit Committee recommends that the Board approve the 2019 CAFR.

**Action:** Mr. Bowler motioned to approve SamCERA's 2019 Comprehensive Annual Financial Report. The motion was seconded by Mr. David and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

This item was taken out of order and heard after item 7.1.

- 1910.7.3 **Approval of Resolution adopting "Policy Allowing for the Use and Acceptance of Electronic Signatures for Documents Submitted by a Member":** Mr. Hood discussed the proposed electronic signature policy allowing the Chief Executive Officer to oversee the development, maintenance and application technology, ensuring the security of such transactions involving electronic signatures.

**Action:** Mr. Tashman motioned to approve the resolution adopting "Policy Allowing for the Use and Acceptance of Electronic Signatures for Documents Submitted by a Member". The motion was seconded by Mr. David and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

1910.7.4 **Approval of Board of Retirement Meeting Schedule for 2020:** Ms. Smith reviewed the highlights and changes to the 2020 Board Meeting schedule.

**Action:** Mr. Raw motioned to approve the Board of Retirement meeting schedule for calendar year 2020. The motion was seconded by Mr. Hackleman and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

1910.8.1 **Chief Executive Officer's Report:** Mr. Hood thanked staff that assisted with the CAFR. He informed the Board that staff had recently completed an IT Risk Assessment and will be going over the recommendations to strengthen SamCERA's internal controls. Mr. Hood mentioned a few trustees will be attending the 2019 SACRS Fall Conference, November 12<sup>th</sup>-15<sup>th</sup> in Monterey, CA. He also stated the next Board meeting agenda would include the education policy, annual review of Brown Armstrong and topics for the 2020 Board/Staff retreat. He also reminded the Board that he would not be at the December meeting and that Ms. Smith would stand in for him.

1910.8.2 **Assistant Executive Officer's Report:** None.

Ms. Trujillo informed Board members about upcoming educational events.

1910.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that staff will be conducting annual manager reviews on Private Equity and Private Real Asset Portfolios on November 19<sup>th</sup> at 10:30 a.m.

1910.8.4 **Chief Legal Counsel's Report:** None.

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

C2 **Conference with Legal Counsel – Existing Litigation (Govt. Code section 54956.9) In Re Sheridan Holding Company II, LLC et al., US Bankruptcy Court-Southern District, Case No. 19-35198(MI):** No reportable action was taken.

1910.10 **Adjournment:** Mr. Hoefler adjourned the meeting at 12:15 p.m. in memory of the deceased members listed below.

Morrison, Nancy	August 13, 2019	Courts
Gomes, Rita	September 8, 2019	Hospital
Schwartz, David	September 8, 2019	Mental Health
Garrett, Marilyn	October 3, 2019	Social Services
Howe, Anne	October 4, 2019	Mental Health
Guillory, Anthony	October 9, 2019	Sheriff's
Odenheimer, Edith	October 11, 2019	Long Term Care

  
Kurt Hoefler  
Board Chair