

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

OCTOBER 27, 2020 – REGULAR BOARD MEETING MINUTES

2010.1 Call to Order, Roll Call and Miscellaneous Business

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

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: Tariq Ali, Brenda Carlson, Michael Coultrip, Lili Dames, Scott Hood, Elizabeth LeNguyen, Doris Ng, Gladys Smith, and Anne Trujillo.

Consultants and speakers: Joe Abdou, Margaret Jadallah and John Nicolini (Verus); Nick Collier (Milliman, Inc.); Ashley Casey (Brown Armstrong).

2010.2.1 Oral Communications from the Board: None.

2010.2.2 Oral Communications from the Public: Mr. David asked if there was any public comment from those individuals participating on the telephone or via Zoom. There were no public comments and no written comments received ahead of the meeting.

2010.3.1 Approval of Regular Board Meeting Minutes from September 29, 2020: Mr. David asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on September 29, 2020.

Action: Mr. Raw moved to approve the minutes from the Board meeting on September 29, 2020. The motion was seconded by Ms. Arnott and 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.

2010.4.0 Approval of the Consent Agenda: Mr. David asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. Hackleman moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Raw and 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.

2010.4.1 Disability Retirements: None.

2010.4.2 Survivor Death Benefits: None.

2010.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Aguirre, Dennis	August 7, 2020	Planning & Building
Barberini, Edmund	August 30, 2020	Deferred - Sheriff's Office
Benavides, Benjamin	September 1, 2020	Deferred – Dept. of Public Works
Brown, A Joy	August 5, 2020	Probation
Charan, Kanchan	August 31, 2020	Retired - Plan 3 Portion
Cullen, Craig	August 7, 2020	Sheriff's Office
Ferguson, Curt	August 23, 2020	Sheriff's Office
Lao, Evelyn	August 15, 2020	San Mateo County Health
McHenry, Caroline	July 29, 2020	Human Resources
Montoya, Carlos	August 22, 2020	Human Services Agency
Newton, James	August 29, 2020	Deferred - Probation
Ramirez, Rosa Maria	August 14, 2020	San Mateo County Health
Rivera, Deborah	August 29, 2020	San Mateo County Health
Ruparel, Haresh	September 1, 2020	San Mateo County Health
Vance, Chris	August 29, 2020	Library
Warner, Lisa	August 19, 2020	Deferred - Social Services

2010.4.4 **Continuances:**

Survivor's Name	Beneficiary of:
Boggs, Gretchen	Nygren, Marilyn
Goad, Dorene	Goad, Roger
Leed, Laurie Jo	Leed, Donald
McHenry, Timothy	McHenry, Caroline

2010.4.5 **Deferred Retirements:**

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

Name	Retirement Plan Type
Bakovic, Dragan	G5, Vested - Reciprocity
Dela Cruz, Glenn	G4, Vested
Esquivel, Svetlana	G4, Vested
Fish, Michael	G7, Non-vested - Reciprocity
Franson, David	S4, Vested - Reciprocity
Galea, Aaron	G4, Vested - Auto Defer - Code 31700
Glocke, Stacy	G7, Vested
Hoang, John	G4, Vested - Auto Defer - Code 31700
Luna, Jessica	G7, Vested
Mendez, Michelle	G4, Vested - Auto Defer - Code 31700
Molina, Ivana	G4, Vested - Auto Defer - Code 31700
Nevin, Timothy	G7, Non-vested - Reciprocity
Nichols, Kameisha	G5, Vested - Auto Defer - Code 31700

2010.4.6 **Member Account Refunds:**

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

Name	Retirement Plan Type
Glensor, Devan	G7, Non-vested
Hawes, Julian	G7, Non-vested
Hernandez, Jessica	G7, Non-vested
Miranda, Dereck	G4, Vested
Mohler, Kristiane	G4, Non-vested
Reid, Brandon	G7, Non-vested

2010.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Cherry, Linda	G7, Non-vested
Kim, Jessica	G7, Non-vested
Kwak, Edward	G7, Non-vested
Sooahoo, Dalyn	G7, Non-vested

2010.4.8 **Member Account Redeposits:** None.

2010.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2010.4.10 **SACRS Business Meeting November 2020:** The Board authorized SamCERA's Voting Delegate, CEO Scott Hood, to approve the minutes of the SACRS Fall 2020 Business Meeting and to vote in the best interest of SamCERA on any new action items that may be added to the November 2020 Business Meeting Agenda.

2010.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2010.5.2 **Approval of Resolution that Further Defines Compensation Earnable for On-Call Duty:** Mr. Hood discussed the proposed changes to the resolution for compensation earnable applicable to legacy members in Plans 1-6 stemming from the California Supreme Court decision in the Alameda case in regards to on-call payments. He noted that today's action does not apply to PEPR Plan 7 members. Staff's recommendation is that on-call pay code 027 remain included in compensation earnable but to add a clarification for the use of pay code 027 for "Regular and Required On-Call". For on-call pay that does not meet the criteria for pay code 027, a new pay code, 024 "Voluntary or Ad Hoc On-Call", should be used and those payments would not be includable in compensation earnable. After the adoption of the changes, Staff will monitor the data and review employer on-call policies as needed and analyze whether any adjustments need to be made regarding the inclusion of pay code 027 for certain members who received it after the 2013 amendment to §31461. If any such adjustments are required, staff will first update and seek direction from the Board.

Mr. Hood noted that the proposed resolution rescinds the previous resolution and adds the description under which pay code 027 may be used and adds pay code 024, and deletes the erroneous listing of on- call pay codes 127 and 827 as these codes are not used by legacy members.

Action: Ms. Arnott motioned to approve the resolution defining compensation earnable, pursuant to Government Code §31461 for members who are not subject to Government Code §7522.34 to further

define compensation earnable for on-call duty. The motion was seconded by Mr. Hoefer and carried by a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed. Mr. Bowler left the meeting at 10:10 a.m. prior to the vote.

- 2010.5.3 **Annual Review of SamCERA's Actuarial Services Firm, Milliman, Inc.:** Ms. Smith presented the results of Milliman, Inc.'s annual performance report. She reported that Milliman received high marks from the Board and staff. She and Mr. Hood thanked Mr. Collier for all the work he and the rest of Milliman, Inc. has done for SamCERA this year. This item was informational and for discussion only, no action was taken.
- 2010.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended September 30, 2020:** Mr. Coultrip reported that SamCERA's net preliminary return for September was -1.2% bringing the preliminary trailing twelve month return ending September 2020 to 4.3% net. This item was informational and for discussion only, no action was taken.
- 2010.6.2 **Report on Inflation Hedge Manager Annual Review:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's public real assets managers, State Street Global Advisors (SSgA), that took place on October 1, 2020. The discussion included a firm/organizational update, investment process review, review of performance and attribution as well as positioning and market outlook. There were no significant concerns identified during the portfolio reviews. This item was informational and for discussion only, no action was taken.
- 2010.6.3 **Report on Opportunistic Credit Manager Annual Review:** Ms. Ng reported that staff and Verus held an annual review meeting for opportunistic manager, Angelo Gordon. The discussion included a firm/organizational update, investment process review, performance review and attribution as well as positioning and market outlook. There were no significant concerns identified during the portfolio reviews. This item was informational and for discussion only, no action was taken.
- 2010.6.4 **Report on Absolute Return Manager Annual Review:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's absolute return manager, Aberdeen Standard, held on October 8th. The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. This item was informational and for discussion only, no action was taken.
- 2010.6.5 **Report on Trading Cost Analysis for Public Equity and Fixed Income Managers:** Chris Phillips and Brian Greene of Zeno AN Solutions presented an analysis of SamCERA's trading costs for the calendar year of 2019 and answered questions from the Board. This item was informational and for discussion only, no action was taken.

Mr. Bowler rejoined the meeting at 11:02 a.m.

- 2010.6.6 **Approved of Proposed Alternative Investment (to be heard in Closed Session):** The Board adjourned into Closed Session at 11:02 a.m. to hear item 6.6 then reconvened in Open Session at 11:20 a.m. See Closed Session report under C2.

The Board was adjourned for a break at 11:21 a.m. and reconvened at 11:26 a.m.

- 2010.7.1 **Presentation by Brown Armstrong of 2020 Financial Audit Management Reports:** Ashley Casey, from Brown Armstrong, reviewed the independent financial audit performed by Brown Armstrong for the fiscal year ended June 30, 2020. She discussed the process and outcome of the audit and reported that SamCERA received an unmodified, clean opinion. Ms. Salas reported that the Audit Committee met that morning and reviewed the financial audit report and Management Letter. The

Audit Committee recommends that the Board accept the report. With no objection, the financial audit report and Management Letter were accepted by the Board.

2010.7.2 **Approval of SamCERA's 2020 Comprehensive Annual Financial Report (CAFR):** Ms. Chow presented the highlights of the 2020 CAFR, noting that SamCERA's net position increased by 1%, or \$57 million, compared to last fiscal year. Ms. Chow thanked Ashley and the rest of the Brown Armstrong team, Milliman, Cheiron and the Investment Team for all the hard work they have put into the audit and financial reports. Mr. Hood also thanked staff for their efforts in putting together the CAFR. Ms. Salas reported the Audit Committee met that morning and reviewed the 2020 CAFR. The Audit Committee recommends that the Board approve the 2020 CAFR.

Action: Ms. Arnott motioned to approve SamCERA's 2020 CAFR. The motion was seconded by Mr. Hackleman and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

2010.7.3 **Approval of Resolution Authorizing CEO to Enter into an Agreement with Digital Deployment, Inc.:** Mr. Hood discussed staff's success in working with Digital Deployment, Inc. on the redesign of the "MySamCERA" mobile application. He further discussed the proposed 6-year contract covering reworking, support and maintenance of the public website, online web member services portal and mobile app. Mr. Hood also added that staff recommends that the RFP process be waived to ensure a continuity in regard to these member related deliverables. Mr. Ali also reiterated his satisfaction in working with Digital Deployment, Inc. and looks forward to the launch of the updated "MySamCERA" mobile application.

Action: Mr. Hackleman motioned to approve a resolution: (a) waiving the Request for Proposal Process; (b) authorizing the CEO to execute an agreement with Digital Deployment, Inc. for the reworking of the SamCERA public website, MySamCERA online web member services and various support and maintenance services through 2026; and (c) authorizing the CEO to execute contract amendments up to an aggregate of \$25,000 above the contract cap through the term of the agreement. The motion was seconded by Mr. Hoefer and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

2010.7.4 **Approval of Resolution Setting the Board of Retirement Meeting Schedule for 2021:** Ms. Smith went over the highlights of the proposed Board meeting schedule for 2021.

Action: Mr. Raw motioned to approve a resolution setting the Board of Retirement's regular meeting schedule for calendar year 2021. The motion was seconded by Mr. Battey and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

2010.8.1 **Chief Executive Officer's Report:** Mr. Hood thanked staff that assisted with the CAFR. He mentioned that the SACRS Fall Conference will be held virtually from November 10th - 13th and will be offering a 2-hour Ethics training course. Mr. Hood highlighted a few items for the December meeting including the Education Policy, annual review of Brown Armstrong, CEO Annual Review, and topics for the 2021 Board/Staff Retreat.

2010.8.2 **Assistant Executive Officer's Report:** Ms. Smith informed the Board that there was a technical issue and that the Board will receive an email on November 2nd with a link to the Sexual Harassment training. She also added that the deadline to complete the training is December 4th. Ms. Smith informed the Board that she will be sending out the annual survey for Brown Armstrong this week. Ms. Trujillo informed Board members about upcoming educational events.

2010.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff will be conducting annual manager reviews on private equity and private real asset portfolios on November 17th at 9:30 a.m. and a link will be sent out for those interested in participating. He also informed the Board that staff will be sending out a link to Verus' annual review shortly after the meeting.

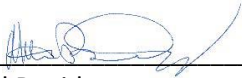
2010.8.4 **Chief Legal Counsel's Report:** Ms. Carlson informed the Board, usually she gives her fall legislative update at the October meeting, but that there is no applicable legislative update at this time.

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, see item 6.6):** Ms. Carlson reported that the Board approved a commitment of \$25 million to EQT Infrastructure V L.P. The motion passed a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

2010.10 **Adjournment:** Mr. David adjourned the meeting at 11:51 a.m. in memory of the deceased members listed below.

Nava, Robert	September 11, 2020	Assessor's Office
Molina, Celestino	September 14, 2020	DPW
Samuelson, Helen	September 13, 2020	General Services
Rinonos, Maria	September 24, 2020	H.S.A.
Wong, Donald	September 24, 2020	Aging & Adult Services
Domeniconi, John	September 29, 2020	Probation
Hassell, Mark	October 8, 2020	Human Services



Al David
Board Chair