

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
JULY 26, 2022 – REGULAR BOARD MEETING MINUTES
AMENDED 8-23-22

2207.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Raw, 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, Kurt Hoefer, Kimathi Marangu, Elaine Orr, Robert Raw, and Alma Salas.

Absent: Katherine O'Malley.

Alternates: Nicole McKay.

Staff: Michael Coultrip, Lili Dames, Scott Hood, Elizabeth LeNguyen, JulieAnne Nagal, Doris Ng, Paul Okada, Gladys Smith, and Anne Trujillo.

Consultants and speakers: Nick Collier and Craig Glyde (Milliman Inc.); Joe Abdou, Margaret Jadallah, John Nicolini, and Faraz Shooshani (Verus).

Mr. David temporarily left the meeting due to connection issues.

2207.1.1 Election of Board Officers: On behalf of Mr. David, Mr. Raw informed the Board that the Ad Hoc Nominating Committee met and recommended the following slate of officers for the 2022-2023 term: Katherine O'Malley, Chair; Mark Battey, Vice Chair; and Alma Salas, Secretary. There were no other nominations made.

Action: Ms. Arnott moved to approve the recommended slate of officer positions for the 2022-2023 term. The motion was seconded by Mr. Hoefer and carried a vote of 7-0, with trustees Arnott, Battey, Hoefer, Marangu, Orr, Raw, and Salas.

The remainder of the meeting was chaired by Ms. Salas. Mr. David rejoined the meeting.

2207.1.2 Announcement of Appointment of Board Committees: No committee appointments were announced.

2207.2.1 Oral Communications from the Board: On behalf of SamCERA and the Board of Retirement, Mr. Raw thanked Ms. Lee for her service and shared an honorary resolution. Ms. Lee thanked the committee for her time on the Board.

2207.2.2 Oral Communications from the Public: Ms. Salas asked if there was any public comment from those individuals participating on the telephone or via Zoom. There were no public comments. Ms. Trujillo reported there were no written comments received ahead of the meeting.

2207.3.1 Approval of Regular Board Meeting Minutes from May 24, 2022: Ms. Salas asked if there were any changes or corrections, or objections, to the meeting minutes from the regular Board meeting held on May 24, 2022. There were no changes, corrections, or objections presented.

Action: Mr. David moved to approve the minutes from the regular Board meeting on May 24, 2022. The motion was seconded by Ms. Arnott and carried with a vote of 6-0, with trustees Arnott, David, Hoefer, Orr, Raw, and Salas all in favor; Battey and Marangu abstained; none opposed.

2207.4.0 **Approval of the Consent Agenda:** Ms. Salas asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. Hoefler moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Raw and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefler, Marangu, Orr, Raw, and Salas all in favor; none opposed.

2207.4.1 **Disability Retirements:**

- a) The Board found that **Scott King** (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 **Lilian Montalvo** (1) is permanently incapacitated from the performance of her usual and customary duties as a Medical Records Coder 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.
- c) The Board terminated the disability retirement application submitted by the San Mateo Medical Center on behalf of **Crispin Rodriguez** per Article VI, section 6.5 and 6.6 of the Board Regulations regarding Disability Retirement.

2207.4.2 **Survivor Death Benefits:**

- a) The Board found that **Joseph Vers**, would have been entitled to a non-service-connected disability but has died, and Valezca Vers, the surviving spouse, has elected to receive an optional death allowance pursuant to Government Code § 31781.1.

2207.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Alvarez, Elizabeth	April 22, 2022	Correctional Health
Alvarez, Rhonda	June 1, 2022	Deferred - San Mateo Co Health
Banks, Latarsha	May 1, 2022	QDRO
Bozin, Kirk	May 28, 2022	Probation
Cea Quillope, Dolores	May 13, 2022	San Mateo County Health
Chalmers-Adams, Victoria	March 15, 2022	Deferred - Probation
Chance, Theresa	May 28, 2022	San Mateo County Health
Chatman, Chauncey	May 1, 2022	Mental Health
Cordeiro, Jennifer	April 30, 2022	Superior Court
Daily, Jacqueline	May 27, 2022	Probation
Dela Pena, Marietes	May 11, 2022	San Mateo County Health
Filgas, Jan	April 26, 2022	Deferred - Human Services Agency
Fortin, Thomas	May 14, 2022	Deferred - Library
Goeser, Sharon	April 1, 2022	San Mateo County Health
Gullo, Therese	May 21, 2022	District Attorney's Office
Heffelfinger, Bridget	April 17, 2022	Sheriff's Office
Henriquez, Berta	May 7, 2022	San Mateo County Health
Maldonado, Adrian	April 9, 2022	Correctional Health
Martinson, Rosa	April 18, 2022	QDRO
Maxey, Eric	April 27, 2022	Probation
McEntee, James	April 30, 2022	Information Services
McMillen, Diana	May 28, 2022	Probation
Perron, David	June 1, 2022	Deferred - Sheriff's
Perry, Kristin	May 16, 2022	Def'd - Children and Family First
Quinonez, Ana	June 1, 2022	Mental Health
Rosete, Eduardo	May 10, 2022	QDRO
Ticzon, Herman	May 28, 2022	San Mateo County Health
Turner, Alice	May 23, 2022	Deferred - San Mateo Co Health
Ventura, Susan	April 29, 2022	Deferred - Agriculture
Vieira, Jennifer	May 29, 2022	Sheriff's Office
Wade, Felix	April 10, 2022	Def'd - District Attorney's Office

2207.4.4 **Continuances:**

Survivor's Name:

Alvarez, Miriam
 Briones, Pinky
 Edmonds, Diana
 Lund, Richard
 Phal, Angela

Beneficiary of:

Alvarez, Juan
 Briones, Danilo
 Edmonds, John
 Lund, Ruth
 Gunn, Linda

2207.4.5 **Deferred Retirements:**

Name	Retirement Plan Type
Borovina Teetzel, R	G4, Vested
Buencamino, Francisco	G4, Vested
Del Rosario, Cindy	G4, Vested - Reciprocity
Dharamrup, Shivika	G7, Vested - Reciprocity
Gonzales, Ricardo	G7, Vested
Gonzalez, Heather Mulligan	G4, Vested - Reciprocity
Gorkhali, Madan	S7, Vested
Herbst, Erin	G4, Vested - Reciprocity
Marti, Greta	G7, Non-vested - Reciprocity
Quintero, Juanita	G4/P4, Vested
Santiago, Ronald	G7, Vested
Singh, Nimish	G4, Vested – Reciprocity
Sweeney, Dylan	G7, Non-Vested – Reciprocity
Taylor, Leah	G5, Vested - Reciprocity
Velazquez, Jose	G7, Non-Vested - Reciprocity
Villasenor, Brenda	G7, Non-Vested - Reciprocity

2207.4.6 **Member Account Refunds:**

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

Name	Retirement Plan Type
Berry, Ana	G7, Non-vested
Carino, Kimberlee	G7, Non-vested
Fabiani-Vargas, Anthony	G7, Non-vested
Fotu, Joseph	G7, Vested
Garcia, Gerardo S	G4, Non-vested
Granados, Moriah	G7, Vested
Guerrero, John (FBO: Guerrero, Paula)	G2, Vested
Lin, Ing-Ning	G7, Non-vested
Luft, John (DRO acct; FBO: Estate of John Luft)	G1, Vested
Paniagua, Carla	G4, Vested
Robles, Monica	G7, Non-vested
Romero, Jose	G7, Non-vested
Solis Garcia, Yesenia	G7, Non-vested
Suarez, Lynnette	G7, Non-vested
Tomasetti, Raquel	G7, Non-vested
Wess, Maurice	G4, Vested

2207.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Hill, Candace	G7, Non-vested
Lin, Ing-Ning	G7, Non-vested
Perrone, Donna	G7, Non-vested
Wess, Maurice	G4, Vested

- 2207.4.8 **Member Account Redeposits:** The Board approved the two-year payment period for a redeposit of retirement funds by Luis Vergara pursuant to Government Code section 31652.
- 2207.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.
- 2207.4.10 **Approval of Resolutions that Define Compensation Earnable and Pensionable Compensation:** The Board approved amendments to (1) the Resolution defining Compensation Earnable, pursuant to Government Code §31461 for members who are not subject to Government Code §7522.34 and (2) the Resolution defining Pensionable Compensation for members who are subject to Government Code §7522.34.
- 2207.4.11 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ended June 30, 2022:** The Board accepted the semi-annual Compliance Certification Statements submitted by SamCERA's non-alternative investment managers and investment consultant, as of June 30, 2022.
- 2207.4.12 **Approval of Questions for Annual Review of Milliman, Inc.:** The Board approved the evaluation questions in the "Questions for Annual Actuarial Consultant Evaluation."
- 2207.4.13 **Reaffirmation of Conflict of Interest Code:** The Board reaffirmed SamCERA's Conflict of Interest Code.
- 2207.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.
- 2207.5.2 **Discussion of Draft Funding Policy:** Mr. Hood presented a brief overview of the draft funding policy to the Board. He highlighted sections such as goals, objectives, methods and assumptions, risk management, metrics/benchmarks, and governance. He thanked Mr. Collier and Mr. Glyde for reviewing the policy and obtained feedback from the Board. This item was informational and for discussion only, no action was taken.

Ms. Arnott requested to go back to agenda item 4.11 to ask a few questions and added that these questions do not affect her prior vote. Staff answered Ms. Arnott's questions.

- 2207.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended June 30, 2022:** Mr. Coultrip reported that SamCERA's net preliminary return for June was -4.0% bringing the preliminary trailing twelve month return ending June 2022 to -4.7% net. He reported most asset classes including commodities were lower as hawkish actions by central banks in response to high global inflation pressure increased global recession worries. This item was informational and for discussion only, no action was taken.
- 2207.6.2 **Presentation of Private Asset Semi-Annual Performance Reports as of December 31, 2021:** Mr. Coultrip reported that as of December 31, 2021, SamCERA's private equity portfolio had a total market value of \$434.0 million (7.0% of SamCERA's total fund). The portfolio has a 22.33% net IRR since inception, 953 bps above the same cash flow invested in the Russell 3000 Total Return index. Mr. Coultrip also reported SamCERA's private real assets portfolio as of December 31st had a total market value of \$152.4 million (2.7% of SamCERA's total fund) and that the portfolio has a 5.91% net IRR since inception. Mr. Nicolini presented the private real asset performance reports while Mr. Shooshani presented the private equity reports. This item was informational and for discussion only, no action was taken.

Ms. Orr left the meeting at 11:08 a.m.

- 2207.6.3 **Report on the Core Equity and Low Volatility Equity Manager Annual Reviews:** Ms. Ng reviewed the meeting notes of the May 19th annual reviews of SamCERA's core equity manager, D.E. Shaw, and low

volatility equity managers, PanAgora and Acadian. Staff and consultant answered questions from the Board. This item was informational and for discussion only, no action was taken.

- 2207.6.4 **Report on International Equity Manager Annual Reviews:** Ms. Ng reported that staff and consultant held annual review meetings with international equity managers, Baillie Gifford and Mondrian on June 2nd. Each meeting 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.
- 2207.6.5 **Report on Real Estate Manager Annual Reviews:** Ms. Ng reported staff and consultant held annual review meetings with real estate managers, PGIM and Harrison Street on April 14th, and with INVESCO and Stockbridge on April 28th. She reviewed the meeting notes and answered questions from the Board. This item was informational and for discussion only, no action was taken.

The Board adjourned for a short break at 11:44 a.m. and reconvened at 11:52 a.m.

- 2207.6.6 **Approval of Resolution Amending SamCERA's Investment Policy Statement:** Mr. Coultrip reviewed the proposed updates to the Investment Policy Statement and answered questions from the Board.

Action: Mr. Battey moved to adopt a resolution amending SamCERA's Investment Policy Statement. The motion was seconded by Mr. Hoefler and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hoefler, Marangu, Raw, and Salas all in favor; none opposed.

- 2207.6.7 **Approval for Reducing SamCERA's Currency Hedge:** Mr. Coultrip discussed staff and consultant's recommendation to temporarily lower the existing currency hedge until a dynamic hedging approach can be implemented.

Action: Mr. Battey moved to approve a recommendation to temporarily reduce SamCERA's existing currency hedge from 50% to 25% until a dynamic hedging approach can be implemented. The motion was seconded by Mr. Hoefler and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hoefler, Marangu, Raw, and Salas all in favor; none opposed

- 2207.7.1 **Discussion and Direction to Staff of Strategic Plan Update Process:** Mr. Hood requested the Board's feedback on the process of updating the Board's Strategic Plan for the next five years. Board members commented and would like to keep and validate the current Mission, Vision, Goals and focus on identifying and validating the focus areas for the coming five years. This item was informational and for discussion only, no action was taken.

- 2207.7.2 **Approval of Special Election to Fill the Safety Alternate Seat:** Ms. Smith reported that with Ms. Lee's recent retirement, the Seventh Member Alternate seat has become vacant thus requiring a special election. She shared that she has been in contact with the Elections Office, and it was determined that Tuesday, September 6th would be the ideal date to hold the election.

Action: Ms. Arnott moved to authorize a special election on Tuesday, September 6, 2022, to fill the vacant Seventh Member Alternate seat. The motion was seconded by Mr. Raw and carried with a vote of 7-0, with trustees Arnott, Battey, David, Hoefler, Marangu, Raw, and Salas all in favor; none opposed.

- 2207.8.1 **Chief Executive Officer's Report:** Mr. Hood welcomed Mr. Marangu and Ms. McKay to the Board of Retirement. Mr. Hood updated the Board of recent retiree account attacks occurring among systems. He congratulated Mr. Coultrip on achieving his 10 years of service with SamCERA. Mr. Hood shared that there has been some interest in moving the October and December Board Meetings so a survey will be

sent out to obtain feedback. He previewed a few items on next month's agenda which include the annual disclosure fees, funding policy, and review of interest crediting and electronic signatures policies.

2207.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that Brown Armstrong conducted their interim field work and shared that there have been no significant findings thus far. She also shared that SamCERA had recently completed the remaining tenant improvement work, making a few changes to the front desk area. Ms. Trujillo shared upcoming educational opportunities with the Board.

2207.8.3 **Chief Investment Officer's Report:** Mr. Coultrip provided an update on the funding of Insight Capital. He also reported that staff and Verus will hold annual manager reviews on Thursday, July 28th with PIMCO at 8:00 a.m., Beach Point at 10:00 a.m., and Brigade at 11:30 a.m.

2207.8.4 **Chief Legal Counsel's Report:** Mr. Okada updated the Board on the proposed legislative bills, AB 1944 and AB 2449. He also shared that he will be conducting an in-person ethics training on August 18th for interested Board members.

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

2207.10 **Adjournment:** Ms. Salas adjourned the meeting at 12:47 p.m. in memory of the deceased members listed below.

Spahn, Charlene	April 29, 2022	Agriculture/Weights & Measures
Page, Dorothy	May 5, 2022	Human Services
Duncan, Betsy	May 12, 2022	General Services
Coder, Karen	May 16, 2022	Probation
Mirosnkoff, Peter	May 17, 2022	Sheriff's
Briones, Danilo	May 19, 2022	Controller's
Marchisheck, Fe	May 23, 2022	Hospital
Estes, Nellie	May 24, 2022	Social Services
Schellenberg, Jean	May 30, 2022	Crystal Springs Rehab Center
Phillips, Lovie	June 1, 2022	General Services
Brosnan, Bonnie	June 7, 2022	Controller's
Fotis, Alexandra	June 7, 2022	Public Safety Communications
Letona, Bertha	June 10, 2022	Social Services
Dekker-Davidson, Beverly	June 10, 2022	Family Services
Prasad, Ramendra	June 12, 2022	Controller's
Young, Jack	June 15, 2022	Children and Families First
Fischer, Phyllis	June 30, 2022	Hospital
Dames, Elizabeth	July 8, 2022	Library
Griswold, Barney	July 8, 2022	Probation



Alma Salas
Acting Chair