



Notice of Special Meeting

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The Board of Retirement of the San Mateo County Employees' Retirement Association will meet on **Thursday, October 13, 2022 at 10:00 a.m.**

Please take notice that: The Chair of the Board of Retirement, acting pursuant to the authority of Government Code §54956, hereby calls a Special Meeting to take place on Thursday, October 13, 2022 at 10:00 a.m.

In accordance with Government Code § 54953(e), the Members of the Board will be participating via Zoom video conference and teleconference. Pursuant to Government Code § 54954.3, members of the public, to the extent required by law, will have the opportunity to directly address the Board concerning the below mentioned business. The public can participate and provide comment using the instructions below:

To Join the Meeting

- To join the meeting via video conference, click here: <https://us06web.zoom.us/j/88092546643>
- To join the meeting via telephone, dial: (669) 900-9128, and enter Meeting ID: 880 9254 6643

Public Comment During the Meeting

Persons wishing to address the Board during the meeting should follow the steps below:

- If joining via video conference, please use the “raise your hand” feature in Zoom during the Oral Communications from the Public period.
- If joining via teleconference dial in, please dial *9 to “raise your hand” during the Oral Communications from the Public period.

You will be called on at the appropriate time. At the beginning of your comment, please state your name.

Public Comment Prior to the Meeting

Persons who wish to address the Board may submit written comments via email to samcera@samcera.org at least 30 minutes before the start of the Board meeting. Please include your name, agenda item, and your comment. The Board will have the email read into the record and attached to the minutes. For help joining a Zoom meeting, see: <https://support.zoom.us/hc/enus/articles/201362193>

The Special Meeting is to discuss and transact the following business:

PUBLIC SESSION – The Board will meet in Public Session at 10:00 a.m.

1. **Call to Order, Roll Call**
2. **Oral Communication from the Public**
3. **Adopt a Resolution Finding that Conducting In-person Meetings Would Present an Imminent Risk to the Health and Safety of Attendees**
4. **Approval of Annual Cash Flow Match Replenishment Recommendation**

Notice of Special Meeting

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5. Adjournment

Dated: 10/12/22


Katherine O'Malley, Chair

This Notice is to be delivered to each member of the Board and to the following if they made a request for notice in writing: each local newspaper of general circulation, radio or television station or other persons. The Notice shall be posted at www.samcera.org, and delivered and received at least 24 hours before the stated time of the meeting.

A copy of the Board of Retirement's open session agenda packet is available for review www.samcera.org.

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT: Persons who require accommodation to listen and or participate in this meeting, or to review the written agenda of the Board, may obtain assistance by requesting such accommodation by email addressed to: samcera@samcera.org or calling (650) 599-1234 and leaving a message. Any such request for accommodation should be made at least 12 hours prior to the scheduled meeting for which assistance is requested.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

October 13, 2022

Agenda Item 3

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Authorization of Teleconferencing for Board and Committee Meetings Pursuant to Government Code Section 54953(e)

Recommendation

Approve a resolution authorizing the use of teleconferencing for Board and Committee meetings pursuant to Government Code Section 54953(e).

Background

Since the onset of the COVID-19 pandemic in March 2020, certain requirements of the Brown Act relating to teleconference/remote meetings by local agency legislative bodies have been waived by Executive Orders issued by the Governor. Among other things, such Executive Orders waived Brown Act provisions that required the physical presence of board members in order to constitute a quorum, and that the public be afforded physical access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed Assembly Bill 361 which codified certain of the teleconference procedures that local agencies had adopted in response to the Governor's Brown Act-related Executive Orders. Specifically, AB 361 allows local agencies to continue to use teleconferencing under certain prescribed circumstances to the extent certain findings have been made and adopted by the local agency legislative body. AB 361 also requires that, if the state of emergency lasts more than 30 days, the local agency must determine that there is a continuing need for teleconferencing due to dangers posed by the ongoing situation. Accordingly, in order to continue holding teleconferenced meetings pursuant to AB 361, local agencies will need to make certain prescribed findings related to the existing state of emergency at least every thirty days, or otherwise hold special meetings to make such findings.

Discussion

On September 28, 2021, the San Mateo County Board of Supervisors, on the recommendation of its County Manager, adopted a resolution finding that in light of current information regarding the transmissibility of the COVID-19 Delta variant, as well as best practices for controlling the spread of COVID-19, holding in person meetings would present an imminent risk to the health and safety of its attendees. The Board of Supervisors' resolution therefore authorized the continued use of teleconferenced board meetings and directed staff to continue to agendize such meetings only as online teleconference meetings. Thereafter, the Board of Supervisors has made a determination at least once every 30 days that circumstances remain

materially the same as those in existence on September 28th and that holding in person meetings would present an imminent risk to the health and safety of its attendees. This same determination and findings were re-affirmed by the Board of Supervisors most recently on September 13, 2022.

Based on the County's findings, as well as other information from state and federal health authorities, staff recommends that the Board of Retirement authorize the continued use of teleconferenced meetings pursuant to AB 361. As noted by the County, public meetings pose high risks for COVID-19 spread for several reasons. These meetings may bring together people from throughout a geographic region, increasing the opportunity for COVID-19 transmission. Further, the open nature of public meetings makes it difficult to enforce compliance with vaccination, physical distancing, masking, cough and sneeze etiquette, or other safety measures. Finally, it should be noted that the Board of Retirement's facilities are smaller than those of the County's, thereby making physical distancing more difficult.

In light of the aforementioned information, staff recommends that the Board adopt findings that conducting in-person meetings at the present time would present an imminent risk to the health and safety of attendees. A resolution to that effect and directing staff to return each 30 days to afford the Board the opportunity to reconsider such findings, or to present such updated information at a special meeting if there are more than 30 days between regular meetings, is included herewith.

Attachment

Resolution Authorizing the Use of Teleconferencing for Board and Committee Meetings pursuant to Government Code Section 54953(e)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION 2022-__

RESOLUTION AUTHORIZING THE USE OF TELECONFERENCING FOR BOARD AND COMMITTEE MEETINGS PURSUANT TO GOVERNMENT CODE SECTION 54953(e)

WHEREAS, on March 4, 2020, pursuant to section 8550, et seq., of the California Government Code, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus and, subsequently, the County's Board of Supervisors declared a local emergency related to COVID-19, and both the proclamation by the Governor and the declaration by the Board of Supervisors remain in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N- 29-20, which suspended certain provisions in the California Open Meeting Law, codified at Government Code section 54950, et seq. (the "Brown Act"), concerning teleconferencing by local agency legislative bodies, provided that certain requirements were met and followed; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended certain provisions of Executive Order N-29-20 that waive otherwise-applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361, which provides that local agency legislative bodies may continue to meet remotely without complying with otherwise-applicable Brown Act requirements concerning remote/teleconference, provided that a state of emergency has been declared by the Governor and the local legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes such finding at least every thirty days during the term of the declared state of emergency, or at a special meeting called to determine whether such findings continue to be appropriate; and

WHEREAS, on September 28, 2021, the County's Board of Supervisors concluded, based on the recommendation of its County Manager, that there is a continuing threat of COVID-19 to the local community, and that in-person public meetings posed an imminent risk to the health and safety of attendees, and therefore authorized the continued use of teleconferenced meetings pursuant to AB 361; and

WHEREAS, since September 2021, the County's Board of Supervisors has revisited its determination and findings at least every 30 days and has concluded, based on the recommendation of its County Manager, that there is a continuing threat of COVID-19 to the local community, and that in-person public meetings continue to pose an imminent risk to the health and safety of attendees, and therefore has authorized the continued use of teleconferenced meetings pursuant to AB 361; and

WHEREAS, most recently on September 13, 2022, the Board of Supervisors determined that circumstances remain materially the same as those in existence on September 28, 2021 and the Board of Supervisors therefore re-approved its findings that holding in-person meetings would present an imminent risk to the health and safety of attendees; and

WHEREAS, this Board similarly finds that in-person public meetings have characteristics that give rise to risks to the health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with

vaccination and other safety recommendations at such meetings) and that, at the present time, meetings of this Board, also pose an imminent risk to the health and safety of attendees;

THEREFORE, IT IS HEREBY DETERMINED AND ORDERED, that

1. The recitals set forth above are true and correct; and
2. The Board finds that meeting in person would present imminent risks to the health or safety of meeting attendees and directs staff to continue to agendize public meetings of the Board of Retirement only as online teleconference meetings; and
3. The Chief Executive Officer is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings of this Board and any Board Committees subject to the Brown Act in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act; and
4. Staff is directed to return to this Board at future meetings for the Board to determine whether in-person meetings continue to pose an imminent risk to the health and safety of attendees, and whether this Board should continue meeting remotely under the provisions of AB 361. The consideration of such item shall either be in a special meeting called for the purpose of making such determinations, or in a regular meeting of the Board to the extent such regular meeting is within 30 days of any prior determination by this Board regarding such matters.

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on October 13, 2022.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

Board Secretary, SamCERA

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

October 13, 2022

Agenda Item 4

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer *Michael R. Coultrip*

SUBJECT: Approval of Annual Cash Flow Match Replenishment Recommendation

Recommendation

Approve the recommendation to replenish the cash flow match pool to include fiscal year 2025's net cash flows, resulting in adding \$170 million to the Insight Investment Cash Flow Match account.

Background

At the April 2022 Board meeting, the Board selected Insight Investment to manage a dedicated cash-flow matched liquidity pool. The cash-flow matched pool initially contained the next three years' worth of expected net benefit payments. An initial \$90 million investment (or approximately 1.5% of plan assets) was contributed to cover the expected net cash outflows for fiscal years 2022, 2023, and 2024.

SamCERA will evaluate potential cash flow match replenishment on an annual basis after the actuarial valuation is completed for the most recent fiscal year end. This annual evaluation is expected to take place during the 4th quarter.

Discussion

Given cash flow forecasts provided by Milliman and reviewed by our Finance team, SamCERA will need to add approximately \$170 million in new monies to replenish the three years' worth of expected net cash flows (or approx. 3%) for fiscal years 2023, 2024, and 2025.

Given the desire to fund from defensive fixed income (to minimize the expected return drag on the total portfolio), we recommend fully redeeming our investment in the Western Total Return Unconstrained (TRU) Fund, which as of this writing has a balance of \$175 million.

We recommend redeeming the Western TRU Fund because this portfolio has a flexible mandate that can invest opportunistically across high yield and emerging markets. However, we want the remaining defensive fixed income exposure to provide better diversification against equity drawdown risk (i.e., containing higher quality lower-risk bonds.)

The table below shows the changes to the asset allocation. Defensive fixed income will be lowered by 3% while cash-flow match liquidity will be increased by 3%.

SamCERA Asset Allocation Structure

	FY2022 Current Policy		FY2022 with Replenishment		
	\$ MV (in Mil)		\$ MV (in Mil)		
Total Fund	5,600		Total Fund	5,600	
Growth	3,192	57.0%	Growth	3,192	57.0%
Dom Equity	1,176	21.0%	Dom Equity	1,176	21.0%
Intl Equity	1,064	19.0%	Intl Equity	1,064	19.0%
Private Equity	392	7.0%	Private Equity	392	7.0%
Opp Credit	560	10.0%	Opp Credit	560	10.0%
Diversifying	1,261	22.5%	Diversifying	1,093	19.5%
Defense Fixed	869	15.5%	Defense Fixed	701	12.5%
FIAM Core	234	4.2%	FIAM Core	234	4.2%
Western TRU	168	3.0%	Western TRU	0	0.0%
DoubleLine	234	4.2%	DoubleLine	234	4.2%
NISA	234	4.2%	NISA	234	4.2%
Absolute Return	392	7.0%	Absolute Return	392	7.0%
Inflation Hedge	1,008	18.0%	Inflation Hedge	1,008	18.0%
SSgA Public RA	224	4.0%	SSgA Public RA	224	4.0%
Real Estate	504	9.0%	Real Estate	504	9.0%
Private Real Assets	280	5.0%	Private Real Assets	280	5.0%
Liquidity	140	2.5%	Liquidity	308	5.5%
Cash	56	1.0%	Cash	56	1.0%
CF Match	84	1.5%	CF Match	252	4.5%