

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**FEBRUARY 28, 2023 – REGULAR BOARD MEETING MINUTES**

**2302.1 Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Ms. O'Malley, Chair, called the Regular Meeting of the Board of Retirement to order at 10:02 a.m.

**Roll Call:**

Present: Sandie Arnott, Mark Battey, Al David, Kimathi Marangu, Katherine O'Malley, Robert Raw, and Alma Salas.

Absent: Kurt Hoefer and Elaine Orr.

Alternates: April Decarsky and 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: Joe Abdou, Marc Gesell, Faraz Shooshani, John Nicolini and John Wasnock (Verus); Mike Letcher (BridgeGroup); and Nick Collier and Craig Glyde (Milliman, Inc.).

**2302.2.1 Oral Communications from the Board:** Board members welcomed new Board member, April Decarsky. Ms. O'Malley thanked Ms. Trujillo her for her service to SamCERA and wished her the best. Ms. Trujillo thanked the Board.

**2302.2.2 Oral Communications from the Public:** Ms. O'Malley 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 was a comment submitted via email and read the following statement:

Good morning, my name is K Agbebiyi, and I am a housing campaign coordinator at Private Equity Stakeholder Project, a watchdog nonprofit organization for the private equity industry. I'm here in support of ACT, who has been organizing with tenants around serious issues at the Southern Towers apartment complex, which is located in Alexandria Virginia. The five-building apartment complex has been a long-time home to thousands of hardworking, blue-collar families, many of whom are African immigrants. However once the private equity firm the CIM group-which you are invested in- acquired the building, things began to change.

Tenants there have reported mass eviction filings, unaddressed repair issues, hostile treatment, and significant rent increases. ACT has filed a complaint with the Federal Housing Finance Agency and Freddie Mac, which provided financing for the CIM Group's purchase of the apartment complex. CIM's predatory practices run contrary to Freddie Mac's purpose of providing and preserving affordable workforce housing. ACT's complaint states that CIM's eviction practices have violated the federal CARES Act, which requires landlords of properties financed by Freddie Mac to provide tenants a 30-day notice to vacate. Instead, CIM has given tenants just a 5-day notice.

ACT has asked FHFA and Freddie Mac to conduct a full investigation into CIM's practices, and if the agency finds that CIM has violated federal law, ACT has asked that Freddie Mac make CIM's loan immediately payable and to refuse to fund any future CIM projects.

According to our research, your pension fund has invested \$25 million in the CIM group. We are asking you to halt future investments until the CIM group addresses these issues, and to call on the CIM group to stop the evictions.

2302.3.1 **Approval of Special Board Meeting Minutes from January 24, 2023:** Ms. O'Malley asked if there were any changes or corrections, or objections, to the minutes from the special meeting held on January 24, 2023. There were no changes, corrections, or objections presented.

**Action:** Mr. Raw moved to approve the minutes from the special meeting on January 24, 2023. The motion was seconded by Ms. Arnott and carried with a vote of 7-0, with trustees Arnott, Battey, David, Marangu, O'Malley, Raw and Salas all in favor; none opposed.

2302.3.2 **Approval of Board Meeting Minutes from January 24, 2023:** Ms. O'Malley asked if there were any changes or corrections, or objections, to the minutes from the regular meeting held on January 24, 2023. There were no changes, corrections, or objections presented.

**Action:** Mr. Battey moved to approve the minutes from the January 24, 2023 regular Board meeting. The motion was seconded by Ms. Salas and carried with a vote of 7-0, with trustees Arnott, Battey, David, Marangu, O'Malley, Raw and Salas all in favor; none opposed.

2302.4.0 **Approval of the Consent Agenda:** Ms. O'Malley asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

**Action:** Mr. David moved to approve the remaining items on the Consent Agenda. The motion was seconded by Ms. Salas and carried with a vote of 7-0, with trustees Arnott, Battey, David, Marangu, O'Malley, Raw, and Salas all in favor; none opposed.

#### 2302.4.1 **Disability Retirements:**

- a) The Board found that **Marietes Dela Pena** (1) is permanently incapacitated from the performance of her usual and customary duties as a Licensed Vocational Nurse, (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.
- b) The Board found that **Margarita Salazar** (1) is permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III, (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.
- c) The Board found that **Willie Scott, Jr.** (1) is permanently incapacitated from the performance of his usual and customary duties as a Utility Worker II, (2) found that his disability was the result of an injury arising out of and in the course of his employment and (3) granted him application for a service-connected disability retirement.
- d) The Board found that **Glen Sugiyama** (1) is permanently incapacitated from the performance of his usual and customary duties as a Group Supervisor III, (2) find that his disability was the result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.

2302.4.2 **Survivor Death Benefits:** None.

2302.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Abrahamian, Deanna	December 31, 2022	Human Services Agency
Barber, Brian	December 17, 2022	Probation
Barreiro, Anthony	December 10, 2022	Behavioral Health
Bednar, Ernest	December 24, 2022	Superior Court
Bonal, Dolores	December 2, 2022	Superior Court
Bone, Luvi	December 31, 2022	Human Services Agency
Briggs, Bryan	December 28, 2022	Housing
Carlos, Ubaldo	December 31, 2022	Public Works
Catane, Marian	December 24, 2022	Superior Court
Chan, Tania	December 31, 2022	Mental Health
Grosso, Scott	December 24, 2022	Sheriff's Office
Laya-Evangelista, Teresita	December 31, 2022	Human Services Agency
Maas, Tracey	December 29, 2022	Probation
Maltbie, Shawna	December 31, 2022	Def'd - San Mateo County Health
Monzon, Rodolfo	December 31, 2022	Sheriff's Office
Perez, Christine	December 31, 2022	Superior Court
Pinto, Susan	December 31, 2022	Human Services Agency
Ramirez, Lucy	December 21, 2022	Deferred - Sheriff's Office
Relucio, Karen	December 31, 2022	Deferred - Public Health
Reyes, Juan	December 31, 2022	Public Works
Ryan, Daniel	December 31, 2022	Information Services
Saggese, Claudia	December 31, 2022	Behavioral Health
Scanlon, Jill	December 31, 2022	Deferred – Superior Court
Smith, Michael	December 31, 2022	Information Services
Tadios, Irwin	December 10, 2022	San Mateo County Health
Tai, Annie	December 10, 2022	Public Health
Teixeira, Paula	December 17, 2022	Library
Tyler, Jo	December 31, 2022	Deferred - Family Health Services
Vega, Humberto	December 8, 2022	Def'd - Public Safety Communications
Wilson, David E	August 20, 2022	District Attorney's

2302.4.4 **Continuances:**

**Survivor's Name:**

Davidson, Erna  
 Givens, Trudie  
 Hawthorne, Teresa  
 McKenzie, Eric  
 Potente, Gloria  
 Sugars, Richard

**Beneficiary of:**

Davidson, James  
 Givens, Darold  
 Hawthorne, Kenneth  
 Holowaty, Janelle  
 Potente, Macario  
 Sugars, Manuela

2302.4.5 **Deferred Retirements:**

<b>Name</b>	<b>Retirement Plan Type</b>
Addison, Tito	P4, Vested – Auto Defer – Code 31700
Bernacil, Jason	S7, Vested – Auto Defer – Code 31700
Birog, Rachel	G7, Vested – Auto Defer – Code 31700
Breska, Jency	G7, Non-Vested - Reciprocity
Garcia, Elias	G7, Vested – Auto Defer – Code 31700
Garcia, Veronica	G7, Vested – Auto Defer – Code 31700
Escobar-Mena, Rene	G7, Vested – Auto Defer – Code 31700
Espinosa, Rosario	G7, Non-Vested - Reciprocity
Mehta, Preeti	G7, Vested – Auto Defer – Code 31700
Hernandez, Victoria	G7, Vested – Auto Defer – Code 31700
Ho, Ronald	G7, Vested – Auto Defer – Code 31700
Lee, Melody	G7, Vested
McDonald, Katrina	G7, Non-Vested - Reciprocity

2302.4.6 **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>
Faheem, Mena	G7, Non-vested
Herman, Samuel	G7, Non-vested
Lameyse, Lance E	G7, Non-vested
Picos, Keytlin	G7, Non-vested
Villalobos, Anna	G7, Non-vested

2302.4.7 **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>
Vassiliadou, Despina	G7, Non-vested

2302.4.8 **Member Account Redeposits:** None.

2302.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted reports for educational activity attended by Ms. Arnott, Mr. Marangu and Ms. Salas.

2302.4.10 **Acceptance of Annual Proxy Voting Report for the Period Ended December 31, 2022:** The Board accepted the Proxy Voting Summary Report for the year ended December 31, 2022.

2302.4.11 **Acceptance of Semi-Annual Compliance Certification Statements for the Period Ended December 31, 2022:** The Board accepted the semi-annual certification statements for non-alternative investment managers and investment consultants, as of December 31, 2022.

- 2302.4.12 **Acceptance of Preliminary Semi-Annual Budget-to-Actual Report for Period Ended December 31, 2022:** The Board accepted the preliminary semi-annual budget-to-actual report for period ended December 31, 2022.
- 2302.4.13 **Acceptance of Preliminary Semi-Annual Financial Report for Period Ended December 31, 2022:** The Board accepted the preliminary semi-annual financial report for period ended December 31, 2022.
- 2302.4.14 **Approval of Amendment to the Contract with Milliman:** The approved the amendment to the contract with Milliman, Inc.
- 2302.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.
- 2302.5.2 **Report on Quarterly Funding Report as of December 31, 2022:** Mr. Hood reviewed SamCERA's Funding Dashboard. Projection for both the funded ratio and the employer contribution rate were discussed, along with factors that affect them. This item was informational and for discussion only, no action was taken.
- 2302.5.3 **Presentation and Discussion of Funding Scenarios and Options:** Mr. Collier and Mr. Glyde from Milliman, Inc. presented funding options to management the current and future unfunded accrued actuarial liabilities, along with projected impacts that each option can have on the funded status and contribution rates. This item was informational and for discussion only, no action was taken.
- 2302.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended January 31, 2023:** Mr. Coultrip reported that SamCERA's net preliminary return for January was 3.1% bringing the preliminary trailing twelve month return ending January 2023 to -2.6% net. He reported financial conditions eased in January as investor hopes for less hawkish Fed were supported by softer inflation reports, resulting in risk assets being up strongly. Mr. Coultrip then answered questions from the Board. This item was informational and for discussion only, no action was taken.
- 2302.6.2 **Report on Quarterly Investment Performance Report for the Period Ended December 31, 2022:** Mr. Coultrip reported that the 4<sup>th</sup> quarter net total return for the SamCERA portfolio was 4.2%, which was 30 bps higher than the 3.9% policy benchmark return. Mr. Nicolini and Mr. Abdou presented the quarterly report to the Board. This item was informational and for discussion only, no action was taken.
- 2302.6.3 **Approval of Updated Asset Allocation Policy Portfolio:** Mr. Coultrip provided a recap on the multi-month asset liability study process, in which the Board's asset allocation portfolio preferences had a slightly higher allocation to growth assets. Mr. Abdou presented information focusing on the equity characteristics and the impact of low volatility to the asset allocation mixes: Alternative 1 and Alternative 3, along with the current policy.
- Action:** Mr. Battey moved to approve Alternative 3, which reduces allocation to low volatility; slightly increases US equities vs. Non-US equities; increases opportunistic credit and private equity; has new allocation to treasuries, reducing core fixed income and hedge funds; and decreases public real assets. The motion was seconded by Mr. David and carried with a vote of 7-0, with trustees Arnott, Battey, David, Marangu, O'Malley, Raw, and Salas all in favor; none opposed.
- 2302.6.4 **Report on SamCERA's Risk Dashboard as of December 31, 2022:** Marc Gesell of Verus presented the SamCERA Risk Dashboard with data as of December 31, 2022. This item as informational and for discussion only, no action was taken.
- 2302.6.5 **Approval of Proposed Alternative Investment to be heard in Closed Session, Confidential Under**

**Gov. Code §54956.81 and §6254.26, see item C2):** This item was heard in Closed Session at 12:23 p.m. and the Board reconvened in Open Session at 1:12 p.m. See Closed Session report under C2.

2302.7.1 **Review and Discussion of Draft Board Strategic Plan:** This item was taken out of order and heard after Agenda Item 5.3. Mr. Letcher, President and CEO of BridgeGroup, provided a brief presentation on metrics and Mr. Hood discussed current metrics used, along with proposed Focus Priorities. This item was informational and for discussion only, no action was taken.

2302.7.2 **Approval of Contract Extension with Verus:** Mr. Hood asked the Board to approve a 3-year agreement with Verus Advisory, Inc. for the provision of investment analytics and investment consulting services, which was followed by a discussion by the Board.

**Action:** Mr. Battey moved to approve the contract extension with Verus. The motion was seconded by Mr. David and carried with a vote of 5-2, with trustees Battey, David, Marangu, O'Malley and Raw in favor; and trustees Arnott and Salas opposed.

2302.7.3 **Approval of Contract Extension with Vitech:** Mr. Hood asked the Board to approve the amendment to extend the term of the Agreement with Vitech Systems Group, Inc., for ongoing maintenance and support of SamCERA's pension administration software system.

**Action:** Mr. David moved to approve the contract extension with Verus. The motion was seconded by Mr. Raw and carried with a vote of 7-0, with trustees Arnott, Battey, David, Marangu, O'Malley, Raw and Salas in favor; none opposed.

2302.7.4 **Discussion of Board Staff Retreat Topics:** Mr. Hood reviewed the proposed agenda for the 2023 Board-Staff Retreat and gave the Board an opportunity to provide their feedback. This item was informational and for discussion only, no action was taken.

2302.8.1 **Chief Executive Officer's Report:** Mr. Hood shared a letter received from the Juana Correa's family thanking the Board for honoring her memory at their meeting. He informed the Board that the Employer and Employee rates for fiscal year 2023-24 will be sent to the Board of Supervisors in March for adoption and that staff is busy planning its staff retreat. Mr. Hood also informed the Board that next month, besides the retreat, the following policies will be up for review: The Placement Agent Disclosure Policy, Portable Electronic Device Policy and the Resolution Authorizing the CEO Authority During a Declaration of Emergency. In addition, he noted that the CALAPRS General Assembly will be in Monterey starting on March 5, 2023. Lastly, he wanted to thank Anne Trujillo for her service to SamCERA and wish her all the best in her new job.

2302.8.2 **Assistant Executive Officer's Report:** Ms. Smith reminded the Board that they need to complete their Form 700 and informed the Board that a recruitment is underway for the Retirement Executive Secretary position. She also expressed the gratitude and well wish to Anne Trujillo. Ms. Trujillo shared upcoming educational opportunities with the Board.

2302.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that the Investment Team will begin its annual review process with two reviews on Thursday March 2<sup>nd</sup> with Parametric (Overlay Manager) and Northern Trust (Custodian).

2302.8.4 **Chief Legal Counsel's Report:** Mr. Okada clarified that the Form 700 is due on Monday, April 3 instead of April 1, which falls on the weekend. He also reminded the Board about the required 2-hours Ethics two-year training ends on April 23 and will coordinate to line up everyone's training time. Mr. Okada also thanked Anne Trujillo.

**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 6.5):** The Board met in Closed Session regarding the approval of proposed alternative investments:

Regarding a commitment of \$10 million to Eclipse Fund V, L.P., as part of SamCERA's Venture Capital portfolio within Private Equity, there was a motion by David, seconded by Marangu, to approve such commitment.

Ayes: Arnott, Battey (Vice Chair), David, Marangu, O'Malley (Chair), Raw, and Salas  
Nos: None  
Abstain: None  
Absent: Hoefer, Orr  
Motion carried 7-0-0

Regarding a commitment \$30 million to Clayton, Dubilier & Rice Fund XII, L.P., as part of SamCERA's Buyout portfolio within Private Equity, there was a motion by Marangu, seconded by Raw, to approve such commitment.

Ayes: Arnott, Battey (Vice Chair), David, Marangu, O'Malley (Chair), Raw, and Salas  
Nos: None  
Abstain: None  
Absent: Hoefer, Orr  
Motion carried 7-0-0

Regarding a commitment of \$30 million to Stockbridge Value Fund V, L.P., as part of SamCERA's Value-Add portfolio within Real Estate, there was a motion by David, seconded by Salas, to approve such commitment.

Ayes: Arnott, Battey (Vice Chair), David, Marangu, O'Malley (Chair), Raw, and Salas  
Nos: None  
Abstain: None  
Absent: Hoefer, Orr  
Motion carried 7-0-0

No other reportable action was taken.

2201.10 **Adjournment:** Ms. O'Malley adjourned the meeting at 1:35 p.m. in memory of the deceased members listed below.

Benavides, Benjamin	December 21, 2022	Public Works
Hargens, Frances	December 31, 2022	Sheriff's
Adams, Thelma	January 6, 2023	Public Health
Eadus, Janice	January 10, 2023	Hospital
Learned, June	January 12, 2023	Hospital
Byrne, Barbara	January 13, 2023	Aging & Adult Services
Golda, Voytek	January 21, 2023	Sheriff's
Brown, Joann	January 26, 2023	Social Services
Gutierrez, Indiana	January 26, 2023	Courts
Koch, Monica	February 8, 2023	Health Services

*Katherine O'Malley*

Katherine O'Malley  
Chair