

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
JANUARY 24, 2017 – REGULAR BOARD MEETING MINUTES

1701.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Mark Battey, Vice Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Kurt Hoefler, Susan Lee (for the vacant Third Seat), Alma Salas (for Mr. Hackleman), David Spinello, Eric Tashman and Shirley Tourel.

Excused: Ben Bowler and Paul Hackleman.

Alternates present: Alma Salas, Susan Lee.

Staff: Scott Hood, Michael Coultrip, Brenda Carlson, Gladys Smith, Tariq Ali, Elizabeth LeNguyen, Barbara Edwards, Doris Ng and Kristina Perez.

Consultants: Margaret Jadallah, John Nicolini, Ping Zhu and Faraz Shooshani (*Verus*); Nick Collier (*Milliman, Inc.*); Will Morrow (*LRWL*); and Andy Paulden (*Brown Armstrong, via phone*).

1701.2.1 Oral Communications from the Board: None.

1701.2.2 Oral Communications from the Public: Mr. Gabriel Rodrigues, Vice President of SACRS, appeared before the Board and asked for feedback from the Board regarding SACRS conferences. Board members offered suggestions and their opinions to Mr. Rodrigues. A retiree member, James Counts asked questions about the method used to calculate COLAs, and staff replied to his inquiries.

1701.3.1 Approval of Board Meeting Minutes from December 6, 2016: Mr. Battey asked if there were any changes or corrections to the minutes from December 6, 2016. A correction was made to item 1.1 which incorrectly stated that Mr. Battey was the Chair of the Ad-Hoc Nominating Committee, the Chair is Ms. Arnott; additional corrections to the numbering were noted.

Action: Ms. Arnott moved to approve the minutes, as corrected, from December 6, 2016; the motion was seconded by Ms. Salas and the motion carried with a vote of 8-0, with trustees Arnott, Battey, Hoefler, Lee (for vacant Third Seat), Salas (for Hackleman), Spinello, Tashman, and Tourel in favor; none opposed.

1710.4.0 Approval of the Consent Agenda: Mr. Battey asked if there were any items to be removed from the Consent Agenda, and none were removed.

Action: Ms. Salas moved to approve the Consent Agenda, and the motion was seconded by Ms. Tourel. The motion carried with a vote of 8-0, with trustees Arnott, Battey, Hoefler, Lee (for vacant Third Seat), Salas (for Hackleman), Spinello, Tashman, and Tourel in favor; none opposed.

1701.4.1 Disability Retirements:

- a) The Board found that Cherlene Wright is (1) permanently incapacitated for the performance of her usual and customary duties as a 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.

1701.4.2 Survivor Death Benefits: None.

1701.4.3 Service Retirements:

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

Member Name	Effective Retirement Date	Department
Alexander, David	November 12, 2016	Public Health
Baw, Terrance	November 17, 2016	Deferred from Medical Center

Charton, Bonnie	December 1, 2016	Aging & Adult Services
Jones-Dulin, Donna	November 5, 2016	Deferred from Human Resources
Nelson, Gerard	November 16, 2016	Information Services Dept.
Stiavetti, Robert	November 19, 2016	Public Works
Wong, Yim	December 1, 2016	Human Services Agency

1701.4.4 **Continuances:**

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

Survivor's Name	Beneficiary of:
Cross, Alice	Cross, Frederick
Lieb, Margie	Lieb, Darrell

1701.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Anderson, Elinor M.	G4, Vested
Arteaga, Lorenzo	G2/3, Vested
Bains, Himmat S.	G4, Deferred
Banuelos, Regina M.	G4, Non-Vested - Reciprocity
Davenport, Donald W.	S4, Vested
Dones, Mary Ann S.	G4, Vested
Duran, Lanelle L.	G4, Vested
De La Rocha, Dana R.	S4, Vested
Flores, Amy B.	P4, Vested - Reciprocity
Garcia, Edelzar V.	G2, Vested - Reciprocity
Green, Quimani	G4, Vested - Reciprocity
He, Xin	G7, Non-Vested - Reciprocity
Luporini, Nicole R.	P4, Vested - Reciprocity
Morales-Cruz, Erica P.	G4, Vested
Murphy, Cynthia	G2, Deferred - Reciprocity
Vite, Emie F.	G4, Vested

1701.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Capitola-Duran, Jodi	G7, Non-vested
Castaneda, Dalia	G7, Non-vested
Fleming, Teasha	G7, Non-vested
Mahafutau, Rossana	G4, Vested
Nyakudya, Paula	G7, Non-vested
Rillera, Clarence	G7, Non-vested
Vargas, Lauren	S7, Non-vested

1701.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Edsal, Sidney	G7, Non-vested
Moghis, Irene	G7, Non-vested
Radoc, Yolanda	G4, Non-vested

1701.4.8 **Member Account Redeposit:** None.

- 1701.4.9 **Acceptance of Semi-Annual Compliance Certification:** The Board accepted the semi-annual Compliance Certification Statements for SamCERA's non-alternative managers, as of December 31, 2016.
- 1701.4.10 **Approval of Resolution to Execute Contract with Segal Co. for Audit of Actuarial Services:** The Board adopted a resolution authorizing the Chief Executive Officer to execute an agreement with Segal Consulting for actuarial audit services.
- 1701.4.11 **Approval of Resolution Amending Contract with Joanne Bond Coaching, LLC:** The Board adopted a resolution authorizing the Chief Executive Officer to execute an amendment to the agreement with Joanne Bond Coaching, LLC, for leadership coaching services.

1701.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1701.5.2 **Approval of a Resolution Adopting Cost of Living Adjustments (COLAs) for 2017:** Nick Collier, from Milliman, Inc. presented Milliman's recommendation for cost of living adjustments (COLAs) for 2017. COLAs were recommended for each retiree and beneficiary recipient, who retired on or before April 1, 2017, as follows: 3% for Plan 1 and Plan 2; no COLA for Plan 3; and a 2% COLA for all other Plans.

Action: Mr. Tashman moved to approve the resolution adopting the 2017 cost of living adjustments as recommended. The motion was seconded by Ms. Arnott and carried with a vote of 8-0, with trustees Arnott, Battey, Hoefler, Lee (for vacant Third Seat), Salas (for Hackleman), Spinello, Tashman, and Tourel in favor; none opposed.

1701.5.3 **Educational Presentation on Generational Mortality:** Mr. Collier gave an educational presentation, defining and explaining generational mortality and its use in actuarial assumptions. This presentation lasted approximately 45 minutes. This item was informational and for discussion only, no action was taken.

Item #7.1 was taken next, out of order, and the remainder of the agenda was heard in the order below.

1701.7.1 **Annual Review of SamCERA's Auditor, Brown Armstrong:** Ms. Smith went over the annual review of SamCERA's auditor with the Board. Andy Paulsen, from Brown Armstrong, joined the conversation via speaker phone and expounded on the answers he had included in the annual questionnaire. With no objections, the Board accepted the review.

The Board adjourned for a break at 11:10 a.m. and reconvened at 11:25 a.m.

1701.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended December 31, 2016:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for December 2016 was 1.70 %, while the preliminary trailing twelve-month return ending December 2016 was 8.40 % net. This item was informational and for discussion only, no action was taken.

1701.6.2 **Presentation of Private Asset Semi-Annual Performance Reports as of June 30, 2016:** Mr. Shooshani, Mr. Nicolini, and Mr. Zhu reviewed the private equity and real asset reports with the Board. Discussion topics included market trends, volatility, and effects of the new Trump administration; as well as a discussion of individual fund performance. This item was informational and for discussion only, no action was taken.

The Board adjourned into closed session from 12:15 p.m. to 12:35 p.m. to hear Item # 6.5. The Board then took a lunch break from 12:35 p.m. The meeting was reconvened into open session at 1:03 p.m.

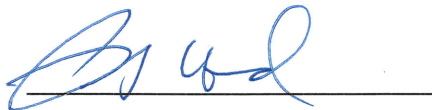
- 1701.6.5 **Approval of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26):** Ms. Carlson reported that there was no reportable action taken by the Board in closed session on this matter.
- 1701.6.3 **Approval of Resolution Amending the Investment Policy:** Mr. Coultrip presented proposed revisions to the Investment Policy Statement that memorialize previous decisions and directions from the Board. Additional changes in the Investment Policy Statement were introduced and discussed. The Board declined to include Section B, Paragraph 3 of the revisions at this time, tabling that portion for future discussion; the remaining changes were approved.
- Action:** Mr. Tashman moved to adopt a resolution approving the proposed revisions to SamCERA's Investment Policy Statement, as presented, but omitting Section B, Paragraph 3; the motion was seconded by Mr. Hoefler and carried with a vote of 7-1, with trustees Arnott, Battey, Hoefler, Lee (for vacant Third Seat), Salas (for Hackleman), Tashman, and Tourel in favor; Spinello opposed.
- 1701.6.4 **Report on Opportunistic Credit Short List Managers:** Ms. Jadallah updated the Board on the search for an opportunistic credit strategy within the fixed income asset class. This item was informational and for discussion only, no action was taken.
- 1701.7.2 **Report on Implementation of Status of SamCERA's PASS:** Mr. Ali and Mr. Morrow provided an update to the Board on SamCERA's PASS project, which went "live" on December 29, 2016, and continues to be within budget and on schedule. Mr. Ali thanked all staff involved in the implementation. This item was informational and for discussion only, no action was taken.
- 1701.7.3 **Report on April 25 and 26, 2017 Board-Staff Retreat Planning:** Mr. Hood reviewed the proposed agenda for the Board/Staff retreat, and received feedback from Board members. This item was informational and for discussion only, no action was taken.
- 1701.7.4 **Report on Strategic Plan Implementation:** Mr. Hood updated the Board on the implementation of the two-year Strategic Plan for FY 2016-17 and FY 2017-18, and highlighted key objectives. This item was informational and for discussion only, no action was taken.
- 1701.8.1 **Chief Executive Officer's Report:** Mr. Hood complimented the staff, consultants and vendor on the launch of the PASS. Mr. Hood commented on items that would appear on next month's meeting agenda including the review of Board policies, and the budget report.
- 1701.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that the winter edition of SamCERA's newsletter had been circulated. She stated that beginning in May, retirees with direct deposit would no longer receive a paper remittance advice by mail. She updated the Board on the upcoming election for the Third Member seat, and noted that an RFP would be forthcoming to select a financial education provider. Ms. Perez reminded Board members of upcoming educational events.
- 1701.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that two managers were recently terminated as approved by the Board at its December meeting, as part of the implementation of the revised asset allocation. He reported that the RFP for general investment consulting services was issued, posted on SamCERA's website and advertised in Pensions & Investments.
- 1701.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board on PEPRA-related court decisions and new legislation.
- C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** See report on Item 5.1 above.

C2 **Approval of Proposed Alternative Investments** (Confidential Under Gov. Code §54956.81 and §6254.26):
See report on Item 6.7:

1701.9 **Report on Actions Taken in Closed Session:** See above.

1701.10 **Adjournment:** Mr. Battey adjourned the meeting at 2:30 p.m. in memory of the deceased members listed below.

Gober, Charlotte	November 7, 2016	Hospital
Schaff, Arlene	November 16, 2016	Probation
Green, Kathleen	November 17, 2016	Information Services
Druhan, Lois	November 20, 2016	Probation
Heymann, Gary	November 22, 2016	Mental Health
Volk, Rosemarie	November 22, 2016	Assessor/Clerk/Recorder
Hood, Mildred	November 23, 2016	Social Services
Theiss, Leonard	November 28, 2016	Planning
Reed, Emily	November 30, 2016	Human Services
Economon, Philip	December 1, 2016	Agriculture
Lewis, Sylvia	December 6, 2016	Human Services Agency
Miller, V H	December 6, 2016	Institutional Clinical Services
Leimer, Judith	December 15, 2016	Public Health
Petretto, Susan	December 24, 2016	Human Services Agency
Okita, Martha	January 5, 2017	Courts
Kennedy, Lorraine	January 6, 2017	Chope Hospital



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary