

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
FEBRUARY 28, 2017 – REGULAR BOARD MEETING MINUTES

1702.1 Call to Order, Roll Call and Miscellaneous Business

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

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler, Paul Hackleman, Susan Lee (for the vacant Third Seat), David Spinello, Eric Tashman and Shirley Tourel.

Excused: Kurt Hoefer.

Alternates present: Alma Salas, Susan Lee.

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

Consultants: Margaret Jadallah, Stephen Quirk and Joe Abdou (*Verus*).

1702.2.1 Oral Communications from the Board: None.

1702.2.2 Oral Communications from the Public: None.

1702.3.1 Approval of Board Meeting Minutes from January 24, 2017: Mr. Hackleman asked if there were any changes or corrections to the minutes from January 24, 2017. None were noted.

Action: Ms. Arnott moved to approve the minutes from January 24, 2017; the motion was seconded by Mr. Battey and the motion carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, Hackleman, Lee (for vacant Third Seat), Spinello, Tashman, and Tourel in favor; none opposed.

1702.4.0 Approval of the Consent Agenda: Mr. Hackleman asked if there were any items to be removed from the Consent Agenda, and the disability application of Maria Vallero was removed (see Item 5.1).

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

1702.4.1 Disability Retirements:

- a) The Board found that Sandra Peralta is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Office Assistant, (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 Dawn Spray is (1) permanently incapacitated for the performance of her usual and customary duties as a Communications Dispatcher II, (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 Susendra Singh is (1) permanently incapacitated for the performance of his usual and customary duties as a Food Service Worker, (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.

1702.4.2 Survivor Death Benefits: None.

1702.4.3 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Alvarez, Miriam M	December 30, 2016	Superior Court
Benitez, Lucy A	December 31, 2016	Medical Center
Finepolo, Sulieti	December 31, 2016	Superior Court
Flavetta, Elaine A	December 31, 2016	Deferred Public Works
Grossman, Aaron	December 31, 2016	Deferred from Sheriff's
Munoz, Esther M	December 9, 2016	Human Services Agency
Newkirk, Ruth D	January 2, 2017	Deferred from Information Services
Smith, Robin	December 15, 2016	Sheriff's
Theisen, Linda Ruth	January 1, 2017	Deferred from Medical Center
Vite, Emie Fernandez	December 12, 2016	Deferred from Medical Center
Williams, Nihcole C	December 20, 2016	Deferred from VRS
Zigabarra, Mary P	December 31, 2016	Child Support Services

1702.4.4 **Continuances:**

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

Survivor's Name	Beneficiary of:
Lewis, Robert	Lewis, Sylvia

1702.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Gonzalez, Amada	S4, Vested
Guerrero, Gesel	G4, Vested
Jackson, Louvenia C.	G4, Vested
Lewis, Vernon	G4, Vested
Perez, Emma L.	G4, Vested – Reciprocity
Yen, Stephen	G5, Non-vested – Reciprocity

1702.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Cross, Christina	G7, Non-vested
Hicks, Schynell	P5, Non-vested
Lau, Brandon	G4, Vested
Poyatos, Marguerite	G7, Non-vested

1702.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Manning, Amani	G7, Non-vested
Seder, Derek	G7, Non-vested

1702.4.8 **Member Account Redeposit:** None.

1702.4.9 **Acceptance of Semi-Annual Compliance Certification Statements for the Period Ended December 31, 2016:** The Board accepted the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers, as of December 31, 2016.

1702.4.10 **Reaffirm SamCERA's Existing Mission and Goals:** The Board reaffirmed SamCERA's Mission and Goals as presented.

- 1702.4.11 **Approval of Resolution Amending SamCERA's Portable Electronic Device Policy:** The Board adopted a resolution amending SamCERA's Portable Electronic Device Policy.
- 1702.4.12 **Reaffirm SamCERA's Securities Litigation Policy:** The Board reaffirmed SamCERA's Securities Litigation Policy as presented.
- 1702.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** The disability application for Maria Vallero was removed from the Consent Agenda and voted upon separately, as Ms. Tourel was recused.

Action: Mr. Battey made a motion to approve Staff's recommendation which found Maria Vallero was permanently incapacitated for the performance of her usual and customary duties as a Lead Fiscal Office Assistant; and found her disability is the result of an injury arising out of and in the course of her employment; and granted her application for a service-connected disability retirement. The motion was seconded by Ms. Arnott and carried with a vote of 7-0-1, with trustees Arnott, Battey, Bowler, Hackleman, Lee (for vacant Third Seat), Spinello, and Tashman, all in favor; none opposed; Ms. Tourel was recused.

- 1702.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended January 31, 2017:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for January 2017 was 1.7%, while the preliminary trailing twelve-month return ending January 2017 was 13.4% net. This item was informational and for discussion only, no action was taken.
- 1702.6.2 **Quarterly Investment Performance Report for the Period Ended December 31, 2016:** Mr. Coultrip, Mr. Quirk and Ms. Jadallah reviewed the quarterly report with the Board. They reviewed manager performance, and discussed market trends and other information from within the report. The 4th quarter net total return for the SamCERA portfolio was 0.9%, which was 20 bps lower than the 1.1% policy benchmark return. This item was informational and for discussion only, no action was taken.

The Board adjourned into closed session at 10:25 a.m. to hear Item 6.3 Approval of Proposed Alternative Investments, and Item C3 Conference with Legal Counsel-Existing Litigation (out of order).

The meeting was reconvened into open session at 10:59 a.m. and Ms. Carlson reported the following actions were taken by the Board while in Closed Session.

- 1702.6.3 **Approval of Proposed Alternative Investments** (*heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26*): Ms. Carlson reported that it was moved and seconded, to approve a transfer in the amount of \$132 million currently invested in DE Shaw's Core Alpha Extension Fund, to be transferred from Series A to Series B. The motion was carried by a vote of 8-0, with trustees Arnott, Battey, Bowler, Hackleman, Lee (for vacant Third Seat), Spinello, Tashman, and Tourel in favor; none opposed.
- 1702 C3 **Conference with Legal Counsel-Existing Litigation** (*heard in Closed Session Confidential Under Gov. Code §54956.9*) CalPERS v. ANZ Securities, Inc., U.S. Supreme Court case: No. 16-373: Ms. Carlson reported that there was a motion and second, to approve SamCERA's joining on the amicus brief in the matter of CalPERS v. ANZ Securities, Inc. The motion was carried by a vote of 8-0, with trustees Arnott, Battey, Bowler, Hackleman, Lee (for vacant Third Seat), Spinello, Tashman, and Tourel in favor; none opposed.

- 1702.6.4 **Report on Proxy Voting Summary Ended December 31, 2016:** Ms. Ng presented the report on proxy voting. She stated going forward the proxy voting report would be submitted to the Board on the Consent Agenda, on an annual basis. This item was informational and for discussion only, no action was taken.
- 1702.7.1 **Acceptance of Preliminary Semi-Annual Financial Report for Period Ended December 31, 2016:** Ms. Chow reported that SamCERA's Fiduciary net position as of December 31, 2016 was \$3.7 billion; reflecting an increase of \$169 million, or 5%. This item was informational and for discussion only, no action was taken.
- 1702.7.2 **Acceptance of Preliminary Semi-Annual Budget Report for Period Ended December 31, 2016:** Ms. Chow reviewed the FY 2016-17 budget report with the Board. This item was informational and for discussion only, no action was taken.
- 1702.7.3 **Report on April 25 and 26, 2017 Board-Staff Retreat Planning:** Mr. Hood updated the Board on the schedule and plans for the Board-Staff retreat. This item was informational and for discussion only, no action was taken.

The meeting was adjourned for lunch at 11:25 a.m., and was reconvened at 11:54 a.m.

- 1702.8.1 **Chief Executive Officer's Report:** Mr. Hood alerted the Board to items found in their Day of Meeting folder, including information about the upcoming SACRS election. He remarked on the new CALAPRS website, leadership development with Joanne Bond and the 360 evaluations for the Chief Legal Counsel and Chief Investment Officer. Mr. Hood commented on items that would appear on next month's meeting agenda including an update on SamCERA's IT projects and a final look at the retreat agenda and plans.
- 1702.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that the RFP for a financial education provider was distributed and she anticipates that the Board will be able to approve the contract at the June Board meeting. She reported that MySamCERA, the member self-service portal, is up and ready and log-in instructions will be sent to active, retired and deferred members. Ms. Perez reminded Board members of upcoming educational events, and annual Form 700 filings.
- 1702.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff is reviewing RFP submissions received from seven investment consultant services firms and he expects to have a recommendation for the Ad-Hoc committee in late March. He stated that annual reviews of Parametric and Northern Trust would be held on March 2nd. Mr. Coultrip updated the Board on the search for a private credit manager and for a strategic credit manager. He commented on items that would appear on next month's meeting agenda including an update of Verus' capital market assumptions, and a report on the "short-list" candidates from the real estate debt manager search.
- 1702.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board on the Court of Appeal decision in *O'Neal v. Stanislaus Employees' Retirement Assn* which addresses the fiduciary duty of retirement board trustees in the use of non-valuation funds in determination of the amortization rate for unfunded liabilities. She also addressed AB 1661 which requires certain officials of cities, counties and special districts to receive sexual harassment prevention training.
- 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 6.3.

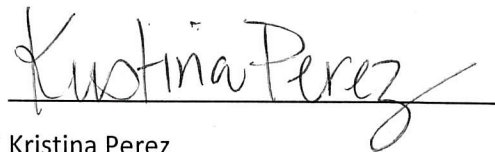
1702.9 **Report on Actions Taken in Closed Session:** See items C3 and 6.3.

1702.10 **Adjournment:** Mr. Hackleman adjourned the meeting at 12:34 p.m. in memory of the deceased members listed below.

Hollins, Carolyn	January 1, 2017	Courts
Hutchin, Maxine	January 8, 2017	Coroner's Office
Lowe, Edith	January 8, 2017	Sheriff's
Abaya, Teresita	January 12, 2017	Controller's Office
Perry, Robert	January 14, 2017	Information Systems Dept
Kendrick, George	January 18, 2017	Housekeeping
Montes, Rosa	January 19, 2017	Health Dept
Dutrieuille, William	January 20, 2017	Health & Welfare
Haslinger, Brian	January 23, 2017	Sheriff's
Rhein, Thomas	January 23, 2017	Hospital
Pestanta, Dorothy	January 24, 2017	Public Health
Jensen, Anne	January 28, 2017	Environmental Health
Calderon, Cesar	February 1, 2017	Medical Center
Ward, Margaret	February 2, 2017	Chope Hospital
Bullert, Marilyn	February 10, 2017	Health Dept



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary