

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

1703.1 **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 (arrived at 10:03 a.m.), Ben Bowler (arrived at 10:05 a.m.), Albert David, Paul Hackleman, Kurt Hoefer, David Spinello, Eric Tashman and Shirley Tourel.

Excused: Alma Salas.

Alternates present: 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, Joe Abdou, John Nicolini and Ping Zhu (*Verus*); Will Morrow (*LRWL*).

- 1703.1.1 **Administration of the Oath of Office to Newly Elected Trustee:** Shirley Tourel, Assistant Controller, administered the Oath of Office to newly elected Trustee, Albert David. Mr. David was elected to fill the remaining term of the Third Member seat on the Board of Retirement, previously held by Natalie Kwan Lloyd.

- 1703.2.1 **Oral Communications from the Board:** None.

- 1703.2.2 **Oral Communications from the Public:** None.

- 1703.3.1 **Approval of Board Meeting Minutes from February 28, 2017:** Mr. Hackleman asked if there were any changes or corrections to the minutes from February 28, 2017. None were noted.

Action: Mr. Hoefer moved to approve the minutes from February 28, 2017; the motion was seconded by Ms. Arnott and carried with a vote of 7-0-2, with trustees Arnott, David, Hackleman, Hoefer, Spinello, Tashman, and Tourel in favor; none opposed; trustees Battey and Bowler were absent, arriving after this action was taken.

Mr. Battey arrived prior to item 4.0.

- 1703.4.0 **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 Florinda DeLeon was removed (see Item 5.1).

Action: Mr. David 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 8-0-1, with trustees Arnott, Battey, David, Hackleman, Hoefer, Spinello, Tashman, and Tourel in favor; none opposed; trustee Bowler was absent, arriving after this action was taken.

- 1703.4.1 **Disability Retirements:**

- a) The Board accepted the proposed findings and recommendations of the Hearing Officer, John Simonson, and found that Mary Burns is able to perform her duties as a Corrections Officer and denied her application for a service-connected disability retirement.
- b) The Board accepted the proposed findings and recommendations of the Hearing Officer, George Camerlengo, and found that Teresa Magana is able to perform her duties as a Medical Assistant II and denied her application for a service-connected disability retirement.

- c) The Board found that Stephen Mroz is permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, found that his disability was the result of an injury arising out of and in the course of his employment, and granted his application for a service-connected disability retirement.
- d) The Board found that Teresa Thomas is permanently incapacitated for the performance of her usual and customary duties as a Court Reporter, found that her disability was 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.
- e) The Board found that Myra Yapching is permanently incapacitated for the performance of her usual and customary duties as a Human Resources Manager I, found that her disability was not a result of an injury arising out of and in the course of her employment, denied her application for a service-connected disability retirement, and granted her a non-service-connected disability retirement.

1703.4.2 **Survivor Death Benefits:** None.

1703.4.3 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Avila Summerville, Cristina	January 8, 2017	District Attorney
Bates, Robert	January 25, 2017	Deferred from Sheriff's
Cisneros, Maria E	January 28, 2017	Medical Center
De La Rocha, Dana	January 17, 2017	Deferred from Sheriff's
Federico, Judith	February 1, 2017	Aging & Adult Services
Freitas, Sheralynn	January 31, 2017	Deferred from Probation
Gorham, Danamaya	January 13, 2017	Medical Center
Griffin, Marie	January 4, 2017	Superior Court
Guier, Holly	December 27, 2016	Deferred from Environ. Health
Holman, Richard	February 1, 2017	Human Services Agency
Isaacs, Jean	January 12, 2017	Deferred from Social Services
Magana, Octavio	January 27, 2017	Deferred from Probation
Mason-Cook, Patricia	January 28, 2017	Human Services Agency
McFarren-Nave, Ellen	January 27, 2017	(Plan 3 Service Retirem't Activated)
Moran, Bruce	December 31, 2016	Deferred from Sheriff's
Pedemonte, Eduardo	January 15, 2017	Probation
Reddy, Harish	January 28, 2017	Human Services Agency
Schumaker, Larry	January 29, 2017	Sheriff's
Shirk, Peter	January 26, 2017	Deferred from ARC
Simmons, Lorraine	January 28, 2017	Sheriff's
Tissier, Adrienne	January 3, 2017	Board of Supervisors
Tse, Conny	January 28, 2017	Human Services Agency
Wales, Roxane	January 7, 2017	Superior Court
Young, Keith	January 6, 2017	Human Services Agency

1703.4.4 **Continuances:**

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

Survivor's Name	Beneficiary of:
Theiss, Margie	Theiss, Leonard

1703.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Ernst, Heidemarie	G4, Vested
Quinn, Patrick B	G5, Non-vested - Reciprocity
Valdez, Anthony	G7, Non-vested - Reciprocity
Margarita, Venecia	G4, Vested - Reciprocity
Campos, Robert	G5, Non-vested - Reciprocity
Kumar, Kritika	G5, Non-vested - Reciprocity
Perez, Alexander	G4, Vested - Reciprocity
Byrne, Michael	G7, Non-vested - Reciprocity
Sanchez-Ortiz, Irene	G5, Non-vested - Reciprocity
Myszka, Emmy	G4, Vested - Reciprocity
Tercero, Ursula	G4, Vested
Wang, Betty	G4, Vested – Reciprocity

1703.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Alvarado, Maria	G7, Non-vested
De Leon, Ruth	G4, Vested
Sanchez, Medelyn	G4, Vested
Solaiza, Ernesto	G7, Non-vested
Villa Landron, Julio	G7, Non-vested

1703.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Brooks, Amy	G7, Non-vested
Bundy, Jessica	G7, Non-vested
Espenida, Jason	G7, Non-vested
Manchia, Beverly (QDRO)	G2, Vested
Winston, Erin	G7, Non-vested
Wu, Serine	G4, Non-vested

1703.4.8 **Member Account Redeposit:** None.

1703.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted reports for educational activities attended by trustees Battey, Hackleman, Lee, Spinello (2), Tashman and Tourel.

1703.4.10 **Approval of Resolution Amending SamCERA's Placement Agent Policy:** The Board approved the resolution amending SamCERA's Placement Agent Policy as presented.

1703.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** The disability application for Florinda DeLeon was removed from the Consent Agenda and voted upon separately, as Mr. Hackleman recused himself.

Action: Mr. Tashman made a motion to approve Staff's recommendation which found that Florinda De Leon is not permanently incapacitated for the performance of her usual and customary duties as a Fiscal Office Specialist, and denied her application for a service-connected disability retirement. The motion was seconded by Ms. Tourel and carried with a vote of 7-0-1-1, with trustees Arnott, Battey, David, Hackleman, Hoefler, Spinello, Tashman, and Tourel in favor; none opposed; trustee Bowler was absent, arriving after this action was taken; trustee Hackleman was recused.

Mr. Bowler arrived prior to item 6.1.

- 1703.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended February 28, 2017:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for February 2017 was 1.8%, while the preliminary trailing twelve-month return ending February 2017 was 15.5% net. This item was informational and for discussion only, no action was taken.
- 1703.6.2 **Report on Global Custodian (Northern Trust) Annual Review:** Ms. Dames reviewed the meeting notes from the annual review of Northern Trust held on March 2, 2017, at SamCERA's office. She reported that Northern Trust continues to provide excellent level of service to staff in accordance with expectations, and that no significant concerns were identified during the review. This item was informational and for discussion only, no action was taken.
- 1703.6.3 **Report on Cash Overlay (Parametric Minneapolis) Annual Review:** Ms. Ng reviewed the meeting notes from the annual review of SamCERA's overlay manager, Parametric Minneapolis (formerly The Clifton Group) which was held on March 2, 2017, at SamCERA's office. She reported that results from the overlay program were positive for the year, and that no significant concerns were identified during the review. This item was informational and for discussion only, no action was taken.
- 1703.6.4 **Report on Update of Verus Capital Market Assumptions:** Ms. Jadallah and Mr. Quirk reviewed Verus' report on capital market assumptions with the Board. They discussed the impact that the revised capital market assumptions could have upon the total fund policy expectations. This item was informational and for discussion only, no action was taken.
- 1703.6.5 **Report on Real Estate Debt Short-List Managers:** Mr. Nicolini reviewed the proposed mandate and discussed the short-list of real estate debt managers for a new real asset strategy within the real estate sub-asset class, with the Board. He noted that further due diligence would occur over the next few months, and the final investment recommendation for this strategy will be presented to the Board after that time. This item was informational and for discussion only, no action was taken.

The Board adjourned into closed session at 11:13 a.m. to hear Item 6.6, Approval of Proposed Alternative Investments. The meeting was reconvened into open session at 11:35 a.m. and Ms. Carlson reported the action taken by the Board while in Closed Session.

- 1703.6.6 **Approval of Proposed Alternative Investments** (*heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26*): Ms. Carlson reported that while in Closed Session, it was moved by Mr. Spinello, and seconded by Ms. Arnott, to approve a recommendation to commit \$35 million to the White Oak Yield Spectrum Fund as part of SamCERA's Private Credit composite within fixed income. The motion carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, Spinello, Tashman, and Tourel in favor; none opposed.

The meeting was adjourned for lunch at 11:37 a.m. and reconvened at 12:15 p.m.

- 1703.7.1 **Report on April 25 and 26, 2017 Board-Staff Retreat Planning:** Mr. Hood updated the Board on the finalized plans and agenda of speakers for the Board-Staff retreat. This item was informational and for discussion only, no action was taken.

Item # 7.3 was taken out of order, and the remainder of the agenda was heard in the order listed below.

1703.7.3 **Approval of SamCERA Voting Delegate and Alternates for SACRS Spring 2017 Business Meeting:** Mr. Hood and the Board discussed the upcoming SACRS conference, May 16th -19th, in Napa. The recommendation is for the Board to designate Trustee David Spinello as the Voting Delegate, with Ben Bowler as the First Alternate Voting Delegate and Scott Hood as the Second Alternate Voting Delegate. The Voting Delegate is authorized to cast votes on behalf of SamCERA at the SACRS business meeting, scheduled for Friday, May 19th. More information about the SACRS business meeting agenda and topics will be reviewed in April.

Action: Mr. Battey moved to approve the voting delegates as proposed. The motion was seconded by Mr. Tashman and carried with a vote of 9-0 with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, Spinello, Tashman and Tourel, all in favor; none opposed.

1703.8.1 **Chief Executive Officer's Report:** Mr. Hood announced that for the 20th year in a row, SamCERA has received a Certificate of Achievement for Excellence in Financial Reporting, from the Government Finance Officers Association (GFOA). He reported that the contribution rates for the next fiscal year were on the consent calendar for the Board of Supervisors' approval today. He remarked on the new CALAPRS website and thanked those that participated in the 360 evaluations for the Chief Legal Counsel and Chief Investment Officer. Mr. Hood stated next month's meeting agenda would include the retreat presentations and the budget.

1703.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported on due diligence trips he performed and planned with Mr. Hood and Ms. Ng, related to the selection of an investment consultant. He stated that the annual review of Invesco would be held on April 13th at SamCERA. Mr. Coultrip reported on rebalancing events that occurred, and updated the Board on the search for a private credit manager and for a strategic credit manager.

1703.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board on two California Supreme Court cases. The first was related to disability applicants; determining when interest begins to accrue on retroactive benefits owed to an applicant if the Board denied the disability retirement and that decision is later reversed by the Court. The second case addresses the application of the Public Records Act on communications relating to SamCERA business sent or received on person electronic accounts and devices. The court ruled that those communications are no different than communications sent on public devices and accounts. Ms. Carlson discussed this with the Board members and answered questions.

1703.7.2 **Report on Progress of SamCERA's IT Projects:** Mr. Morrow gave an update on the implementation status of the new pension administration software solution, which went "live" on December 29, 2016, and has been used by staff since that time. He reported on the other components of the software such as Member Self-Service and the Employer Self-Service portals that were launched in February. He discussed how the vendor was addressing problems as they arose.

1703.8.1 **Assistant Executive Officer's Report:** Ms. Smith reported on the vacating of the 2nd floor office space. She stated that 76 members were retiring in April. Ms. Smith reported that Financial Knowledge Network, SamCERA's current provider for member financial education, had provided the only response to the RFP seeking a provider of financial education services. Ms. Perez reminded Board members of the due date for Form 700 filing, and noted upcoming education events.

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 6.6.

1703.9 **Report on Actions Taken in Closed Session:** See items C2 and 6.6.

1703.10 **Adjournment:** Mr. Hackleman adjourned the meeting at 12:34 p.m. in memory of the deceased members listed below.

Peregoy, Michele	January 16, 2017	Sheriff's
Maes, Anna	February 4, 2017	Superior Court
Ruble, Richard	February 6, 2017	General Services
Payton, Deborah	February 7, 2017	Probation
Brown, Esther	February 20, 2017	Library
Mitvalsky, Derek	February 21, 2017	Parks & Recreation
Whitehead, James	February 21, 2017	District Attorney's Office
Lauron, Antonio	February 24, 2017	Public Works
Gardner, Betty	March 3, 2017	County Library
Patane, Carmen	March 3, 2017	Superior Court
Hypes, Margaret	March 12, 2017	Social Services



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary