

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
JANUARY 26, 2016 – REGULAR BOARD MEETING MINUTES**

**1601.1 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 10:04 a.m.

**Roll Call:**

*Present:* Sandie Arnott, Mark Battey, Paul Hackleman, Natalie Kwan Lloyd (arrived 10:26 a.m.), Michal Settles, David Spinello, Eric Tashman and Shirley Tourel.

*Excused:* Ben Bowler.

*Alternates present:* Susan Lee, Alma Salas.

*Staff:* Scott Hood, Michael Coultrip, Brenda Carlson, Gladys Smith, Tat-Ling Chow, Elizabeth LeNguyen, Barbara Edwards, Lilibeth Dames, Doris Ng and Kristina Perez.

*Consultants:* Margaret Jadallah and Jeff MacLean (*Verus*).

**1601.1.1 Presentation of a Resolution in Honor of the San Mateo County Mosquito and Vector Control District's Centennial Celebration:**

Mr. Hackleman presented the resolution to Dr. Chindy Peavey, District Manager for the San Mateo County Mosquito and Vector Control District. Dr. Peavey thanked the Board and staff and invited everyone to the District's celebration event, scheduled later the same day.

**1601.2.1 Oral Communications from the Board:** None.

**1601.2.2 Oral Communications from the Public:** None.

**1601.3.1 Approval of Regular Board Meeting Minutes from December 15, 2015:** Mr. Hackleman asked if there were any changes or corrections to the Regular Board Meeting Minutes from December 15, 2015, and none were noted.

**Action:** Ms. Settles moved to approve the minutes from the Regular Meeting of December 15, 2015, and the motion was seconded by Mr. Battey. The motion carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Lee (for Kwan Lloyd), Settles, Spinello, Tashman and Tourel all in favor; none opposed.

**1601.4.0 Approval of the Consent Agenda:** Mr. Hackleman asked if there were any items to be removed from the Consent Agenda, and no items were requested to be removed.

**Action:** Mr. Spinello moved to approve the Consent Agenda, and the motion was seconded by Mr. Tashman. The motion carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Lee (for Kwan Lloyd), Settles, Spinello, Tashman and Tourel all in favor; none opposed.

**1601.4.1 Disability Retirements**

- a) The Board found that Jose L. Cortez is (1) permanently incapacitated from the performance of his usual and customary duties as a Medical Service Assistant 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 his application for a service-connected disability retirement.
- b) The Board found that that Hue Gallagher is (1) permanently incapacitated from the performance of her usual and customary duties as a Social Worker III, (2) found that her disability was not result of an injury arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.
- c) The Board found that Tony Gristi is (1) permanently incapacitated from the performance of his usual and customary duties as a Painter, (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.

- d) The Board found that Victoria Ramirez is (1) not permanently incapacitated for the performance of her usual and customary duties as a Physician and (2) denied her application for a service-connected disability retirement.

1601.4.2 **Service Retirements:**

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

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Anongos, Julie	October 31, 2015	Deferred from Health Dept
Bailey, Holly Louise	October 3, 2015	Deferred from Public Health
Benefield, Deborah	November 14, 2015	Deferred from Courts
Duncan, Rory	November 14, 2015	Human Services Agency
Hines, Ida P	December 1, 2015	Deferred from Clerk Recorder's
Jones, Kenneth	November 21, 2015	Sheriff's
Kole, Susan	December 1, 2015	Correctional Health
Low, Stanley	November 10, 2015	Environmental Health
Lowell, William	November 14, 2015	Housing
Mariscal, Gloria Mercedes	December 1, 2015	Aging and Adult Services
Morrison, Nancy	November 7, 2015	Courts
Oettel, Elida	November 5, 2015	Human Services Agency
Palu, Anne	December 1, 2015	Deferred from SamCERA
Recotta, Marjorie	November 4, 2015	Deferred from Family Services
Robinson, Kenneth	November 21, 2015	Environmental Health
Woods, Jeanette	November 7, 2015	Probation

1601.4.3 **Continuances:**

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

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Hunt, Ralph A.	Hunt, Paula
Katsumis, Lila Geneva	Katsumis, Peter
Trier, Mella Leonora	Trier, Thomas
Merrell, Barbara	Coleman, Demetric

1601.4.4 **Deferred Retirements:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Aizpuru, Vivian K.	G4, Vested
Arango, Erica E.	G4, Vested
Baker, Kristin C.	G4, Vested
Bruno, George E.	G4, Vested
Carpio, Jocelyn A.	G4, Vested
De La Cerda, Monica	S5, Non-Vested - Reciprocity
Eugenio, Marcial B.	G4, Vested - Reciprocity
Ferrier, Erica M.	G4, Vested
Mallari, Editha T.	G7, Non-Vested - Reciprocity
Maxwell, Jordan A.	G4, Vested - Reciprocity
Miller, Keith E.	G5, Non-Vested - Reciprocity
Morales, Theresa	G4, Vested - Reciprocity
Morris, Becky A.	G4, Vested
Relucio, Karen I.	G4, Vested – Reciprocity

1601.4.5 **Member Account Refunds:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Alomar, Denise	G7, Non-vested
Alvarez, Adriana	G7, Non-vested
Araw, Alexander	G4, Non-vested
Harrell, Tenisha	G4, Vested
Pacifico, Barbara	G4, Non-vested
Popova, Olessia	G7, Non-vested
Vides, Milagro	G4, Non-vested
Vong, Olivia	G7, Non-vested

1601.4.6 **Member Account Rollovers:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Roldan, Tatiana	G4, Non-vested
Soto, Carmela	G4, Vested
Tang, Janet	G4, Non-vested

1601.4.7 **Approval of Amendment to the Lease with Shores Center Owner, LLC:** The Board approved a resolution authorizing the Chief Executive Officer to enter into a fifth amendment to the lease agreement with Shores Center Owner, LLC.

1601.4.8 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ended December 31, 2015:** The Board accepted the semi-annual compliance certification statements received for SamCERA's non-alternative investment managers, as of December 31, 2015.

1601.4.9 **Approval of Resolution Amending Contract with Northern Trust:** The Board approved a resolution authorizing the Chief Executive Officer to execute a second amendment to the agreement with Northern Trust Company for global custody services.

1601.4.10 **Approval of Resolution Authorizing Contract with Joanne Bond Coaching, LLC:** The Board approved a resolution authorizing the Chief Executive Officer to execute an agreement with Joanne Bond Coaching, LLC, for leadership coaching services.

1601.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

1601.5.2 **Approval of a Resolution Adopting Cost of Living Adjustments (COLAs) for 2016:** Mr. Hood reviewed Milliman's recommendations regarding the COLA adjustments with the Board members. It was recommended that retirees and beneficiaries in Plan 1 and 2 who retired on, or before, April 1, 2016, receive a COLA adjustment of 2.5%; Plan 3 participants will receive no COLA; and all other plans will receive 2%.

**Action:** It was moved by Ms. Settles to approve a resolution adopting the COLA adjustments as recommended. The motion was seconded by Mr. Battey and carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Lee (for Kwan Lloyd), Settles, Spinello, Tashman and Tourel all in favor; none opposed.



- 1601.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ending December 31, 2015:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for December was -1.4%, while the preliminary trailing twelve-month return for calendar year 2015 was 0.7 % net. This item was informational and for discussion only, no action was taken.  
Ms. Kwan Lloyd arrived at 10:26 a.m. and took her seat at the dais. Ms. Lee was relieved to the alternate seat at this point in the meeting.
- 1601.6.2 **Update on Transition of Consulting Services and Presentation by Verus, Inc.:** Jeff MacLean, CEO of Verus was introduced. He reviewed changes and expectations regarding the merger of SIS and Verus, as it relates to SamCERA. Board members asked questions and discussed key issues and concerns with Mr. MacLean and Ms. Jadallah. This item was informational and for discussion only, no action was taken.
- 1601.6.3 **Approval of Resolution Amending the Investment Policy:** Mr. Coultrip presented a proposed change to SamCERA's Investment Policy Statement. The proposed change to Section 5, would incorporate language consistent with the recent Department of Labor guidance related to environmental, social and governance ("ESG") factors as previously discussed with the Board at its December meeting.  
**Action:** It was moved by Mr. Battey to approve a resolution amending the Investment Policy Statement as proposed. The motion was seconded by Ms. Kwan Lloyd, and carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.
- 1601.6.4 **Discussion of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2)**  
The Board adjourned into closed session at 11:20 a.m. to discuss item 6.4, and the meeting was reconvened at 11:43 a.m. Ms. Carlson reported that no reportable action on item 6.4 was taken by the Board in the closed session.  
  
The Board meeting was adjourned for a lunch break at 11:44 a.m., and was reconvened at 12:24 p.m.
- 1601.7.1 **Preliminary Quarterly Budget Report for Period Ended December 31, 2015:** Ms. Chow presented the preliminary report on the "budget-to-actual" for the six months period ended December 31, 2015. She reported that most budget categories were within or below the normal range for mid-year expectations, with only County Services and Audit Services above the expected normal range. This item was informational and for discussion only, no action was taken.
- 1601.7.2 **Approval of Trustee Request to Attend International Education Conference:** Mr. Hood explained that Board approval is required for trustees to attend GFOA's annual conference in Toronto, Ontario, Canada in May 2016. SamCERA's education policy designates GFOA as an approved provider of education, but international travel requires approval by the Board. Trustees Arnott, Salas, Spinello and Settles have requested to attend the GFOA conference in Canada in May 2016. Ms. Arnott's request to attend was made after the preparation of the staff report and her request was included in the discussion and the motion.  
**Action:** Mr. Battey moved to approve the request of Trustees Arnott, Salas, Settles and Spinello to attend the GFOA Annual Conference in Toronto. The motion was seconded by Ms. Kwan Lloyd and carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.

Item 7.3 was moved to later in the agenda, and item 7.4 was discussed next.

- 1601.7.4 **Approval of Resolution Amending Contract with Vitech Systems Group, Inc.:** Mr. Hood explained the need for a third amendment to the Vitech contract; which would authorize an increase in the budget, due to greater than expected hours required for data conversion and other services needed to complete the project.  
**Action:** Mr. Spinello move to adopt a resolution authorizing the Chief Executive Officer to execute a Third Amendment to the agreement with Vitech Systems Group, Inc. for the additional costs to complete data conversion for a total agreement amount not to exceed \$9,819,687 for all services through December 31, 2021; and to execute any subsequent amendments and minor modifications in an amount not to exceed \$100,000 in the aggregate. The motion was seconded by Ms. Tourel and carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.
- 1601.7.5 **Approval of Resolution Amending Contract with LRWL, Inc.:** Mr. Hood presented the staff report and explained that at the current pace and progress of the PASS project, the fiscal limit of the current contract would be met in October 2016. The proposed fourth amendment to the LRWL agreement will add additional hours for oversight services through June 30, 2017.  
**Action:** Mr. Battey moved to approve a resolution authorizing the Chief Executive Officer to enter into a Fourth Amendment to the Agreement with LRWL Inc. for Technology Modernization Project Manager Services; and to execute any subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate during the remaining term of the agreement. The motion was seconded by Ms. Settles and carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.
- 1601.7.6 **Report on Strategic Plan Implementation:** Mr. Hood updated the Board on the progress of the Strategic Plan items, and reviewed the “dashboard” attachment which shows the current status of the current fiscal year’s Strategic Plan. This item was informational and for discussion only, no action was taken.
- 1601.7.7 **Report on April 26 and 27, 2016 Board-Staff Retreat Planning:** Mr. Hood discussed the retreat topics and schedule with the Board and offered an opportunity for Board members to suggest additional topics. This item was informational and for discussion only, no action was taken.
- 1601.7.8 **Report on Upcoming Trustee Elections and Appointments:** Ms. Smith reviewed the upcoming term expirations of five seats on the Board of Retirement, which will expire on June 30, 2016. Elections will be held on June 13, 2016 for three elected seats, the 8<sup>th</sup> Member (Hackleman, representing retirees), the 8<sup>th</sup> Member Alternate (Salas, representing retirees), and the 3<sup>rd</sup> Member (Kwan Lloyd, representing general members). Two appointed seats, the 5<sup>th</sup> Member (Bowler) and the 9<sup>th</sup> Member (Settles), representing the public, are appointed by the County Board of Supervisors. The Board of Supervisors will conduct a selection process and appointments for those seats are expected to be made by July 1, 2016. This item was informational and for discussion only, no action was taken.
- 1601.8.1 **Chief Executive Officer's Report:** Mr. Hood previewed upcoming agenda items that the Board will see at the next meeting, as well as updating the Board regarding SamCERA’s staffing needs in the finance division. He stated that an amendment to the lease for SamCERA’s office space was forthcoming to memorialize changes expected from the planned construction at 100 Marine Parkway. Mr. Hood noted the staff retreat will be held on February 10<sup>th</sup>; and stated he was reviewing the results from the County’s engagement study; and reported that staff has revised the telework policy. He also reported his attendance at the CALAPRS Administrators’ Round Table on January 22, 2016.
- 1601.8.2 **Assistant Executive Officers’ Report:** Ms. Smith reported that 1099s had been created and were being mailed to retirees. She also gave a presentation on the results of recent customer satisfaction surveys, as received by the Benefits Division.



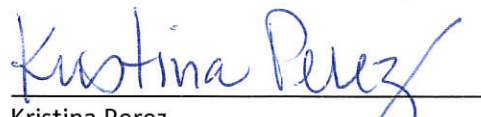
- 1601.8.3 **Chief Investment Officer's Report:** Mr. Coultrip indicated that Verus would present an educational session on real assets to the Board in March. He also reported on rebalancing activities that occurred since the December meeting.
- 1601.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that the pension reform initiative, titled the "Voter Empowerment Act of 2016," had been withdrawn. She also updated the Board on PEPRA related litigation pending in other counties.
- 1601.7.3 **Report on Status of SamCERA's Information Technology Projects:** Mr. Hood updated the Board on the PASS project and said that progress was on schedule and on budget. This item was informational only and no action was taken.

**CLOSED SESSION**

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda – None.**
- C2 **Approval of Purchase of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2) – No reportable action was taken, see item 6.4.**
- 1601.9 **Report on Actions Taken in Closed Session:** See item 6.4
- 1601.10 **Adjournment:** Mr. Hackleman adjourned the meeting at 1:15 p.m. in memory of the deceased members listed below.

Giannini, Michael	November 24, 2015	Public Works
Estrada, Luis	December 1, 2015	Sheriff's
Atkins, Herman	December 2, 2015	Sheriff's
Rowe, Sharon	December 2, 2015	Chope Hospital
Johnson, Doris	December 4, 2015	District Attorney
Joseph, Lois	December 5, 2015	Health Services
Gaylord, Loella	December 12, 2015	Assessor
Gomez, Oscar	December 12, 2015	Medical Center
Henry, Margarete	December 14, 2015	Controller's
Klaas, Gregory	December 14, 2015	Probation
Jackson, Beatrice	December 25, 2015	Health Services
Kamlade, Raymond	December 26, 2015	Sheriff's
Lavin, Mary	December 26, 2015	Social Services
Reid, Michael	December 28, 2015	Sheriff's
Verber, Steven	January 3, 2016	Public Works
Ayon, Alexander	January 5, 2016	Assessor's

  
 Scott Hood  
 Chief Executive Officer

  
 Kristina Perez  
 Retirement Executive Secretary