

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
APRIL 26, 2016 – SPECIAL BOARD MEETING MINUTES

1604.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Michal Settles, Vice Chair, called the Special Meeting of the Board of Retirement to order at 9:01 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler (arrived at 9:12 a.m.), Natalie Kwan Lloyd (arrived at 9:04 a.m.), Michal Settles, David Spinello, Alma Salas (for Paul Hackleman), Eric Tashman and Shirley Tourel.

Excused: Paul Hackleman.

Alternates present: Susan Lee.

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

Consultants: Margaret Jadallah, Stephen Quirk, John Nicolini (*Verus*).

1604.2.1 **Oral Communications from the Board:** Ms. Settles and Mr. Spinello reported their attendance at Pension Bridge. Mr. Spinello also reported he attended an educational due diligence meeting in San Francisco.

1604.2.2 **Oral Communications from the Public:** None.

1604.2.3 **Retreat Presentations:**

Mr. Hood welcomed the Board, and went over the schedule for the day. The retreat presentations began at 9:10 a.m.

Board Governance and Innovation - Ashby Monk, Executive Director, Global Projects Center, Stanford University, presented and discussed with the Board the need for innovation with regard to Institutional Investment and provided examples of internal and external innovations.

The meeting was adjourned for a 15-minute break from 10:30a.m. – 10:45 a.m.

Team Building - Ms. Smith led the members of the Board in a team building exercise.

Deep Dive - Michael Coultrip, SamCERA CIO, along with Margaret Jadallah and Stephen Quirk from Verus, provided the Board information with regards to the fund's historical portfolio performance and trends; individual manager performance; fund's risk dashboards; rebalancing activities; and liquidity analysis.

The Board adjourned for a break at 12:13 p.m. and reconvened at 12:47 p.m.

Deep Dive (continued) – Mr. Coultrip continued the deep dive discussion with the Board.

All the retreat items presented were for discussion and information only, and no action by the Board was taken. The retreat presentations were concluded at 1:15 p.m., and the following agenda items were heard in the order listed below.

1604.3.1 **Approval of Regular Board Meeting Minutes from March 22, 2016:** Ms. Settles asked if there were any changes or corrections to the Regular Board Meeting minutes from March 22, 2016, and none were noted.

Action: Ms. Kwan Lloyd moved to approve the minutes from the Regular Meeting of March 22, 2016, and the motion was seconded by Ms. Salas. The motion carried with a vote of 7-0; with trustees Arnott, Battey, Bowler, Kwan Lloyd, Salas (for Hackleman), Settles, Spinello, Tashman and Tourel all in favor; none opposed.

1604.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ending March 31, 2016:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported the fund's net preliminary return for March was 4.2%, while the preliminary trailing twelve-month return ending March 2016 was -0.8% net. This report was informational and for discussion only; no action was taken.

1604.7.2 **Approval of SamCERA Voting Delegates and Direction for Voting at SACRS Spring Conference:** Mr. Hood discussed the selection of SamCERA's voting delegates for the upcoming SACRS Spring Conference, May 10-13, 2016 in Costa Mesa. Staff recommended the Board designate Sandie Arnott, as the Voting Delegate, with Alma Salas as the First Delegate; and Mr. Hood as the Second Delegate Alternate.

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, Kwan Lloyd, Salas (for Hackleman), Settles, Spinello, Tashman and Tourel all in favor; none opposed.

1604.7.1 **Introduction of SamCERA's 2016-17 Budget:** Ms. Chow provided the Board with an update of SamCERA's budget preparation for Fiscal Year 2016-17. This report was informational and for discussion only; no action was taken.

1604.4.0 **Approval of the Consent Agenda:** Ms. Settles asked if there were any items to be removed from the Consent Agenda. The disability application of Tully Vogt was removed, and Ms. Vogt was present. Ms. Carlson stated there was a change to the resolution attached to item 4.8 (Approval of Required Documentation for Baillie Gifford Overseas Limited's Separate Account for Investments in Indian Securities) and asked for item 4.8 to also be removed from the Consent Agenda.

Action: Ms. Salas moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. Spinello. The motion carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, Kwan Lloyd, Salas (for Hackleman), Settles, Spinello, Tashman and Tourel all in favor; none opposed.

1604.4.1 **Disability Retirements:**

- 1) The Board found that Patrick Galindo is (1) permanently incapacitated from the performance of his usual and customary duties as a Correctional Officer, (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.
- 2) The Board found that Voytek Golda is (1) permanently incapacitated from the performance of his usual and customary duties as a Correctional Officer, (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.

1604.4.2 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Brumfield, Duane	February 28, 2016	Sheriff's
David, Sonia	February 7, 2016	Deferred from Medical Center
Johnson, Lily	February 28, 2016	Sheriff's

Service Retirements (con't):

Member Name	Effective Retirement Date	Department
Jumper, Janice	February 16, 2016	Human Services Agency
Lillie, Mark	February 29, 2016	Deferred from District Attorney
Manjarrez, Kathleen	March 1, 2016	District Attorney
McClure, Christopher	February 27, 2016	Probation
Melendy, Laura	February 27, 2016	Probation
Narayan, Yattra	February 8, 2016	Deferred from Medical Center
Ottolini, Jennifer	February 22, 2016	Deferred from Superior Court
Pedrini, Pamela	February 27, 2016	Superior Court
Peralta, Sandra	February 22, 2016	Medical Center
Piamonte, Cesario	February 26, 2016	Probation
Sanchez, Ana	January 24, 2016	Sheriff's
Saraza, Feliciana	March 1, 2016	Deferred from Medical Center
Stanfield, Timothy	February 27, 2016	Public Works
Tsang, Raymond	February 27, 2016	Assessor's

1604.4.3 **Continuances:**

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

Survivor's Name	Beneficiary of:
Browning, Linda Marsh	Browning Jr., James
De Angelis, Antoinette	De Angelis, Gennaro
Ferree, Janet	Ferree, David
Forbes, Phillys	Forbes, Glenn
Fristup, Jean	Fristup, Carroll
O'Rourke, Marie	O'Rourke, Thomas
Overstreet, Lorraine	Sims, Lorraine
Sims-Bzoskie, Lisanne	Sims, Lorraine
Springer, Richard	Springer, Gerda

1604.4.4 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Antony Anthanatt, Anupama	G4, Vested
Carr, Kacy	G4, Vested - Reciprocity
Cassidy-White, Nicole	G4, Non-Vested - Reciprocity
Espinoza, Cirilo C.	G4, Vested
Fischer, Jacqueline A.	G4, Vested
Hassel Shearer, Meaghan	G5, Non-Vested - Reciprocity
Hernandez, Hector A.	G7, Non-Vested - Reciprocity
Jimenez, Chellee L.	G4, Vested
Mahoney, Brian	G7, Non-Vested - Reciprocity
Melendrez, Jorge	G4/S4, Vested
Pasos, Addy K.	G4, Vested
Rusmisel, Benjamin	G4, Vested
Torres, Jane M.	G4, Vested
Webb, Tequila L.	P4, Vested

1604.4.5 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Bevis, Donna	G7, Non-vested
Bradshaw, Charlotte	G2/Plan 3, Vested
Chuey, Mandy	G4, Vested
Fathi, Maryam	G7, Non-vested
Flores, Lydia	G5, Non-vested
Giannini, Michael (FBO: Hope Firenze)	G4, Vested
Jurow, Jason	S4, Vested
Misculin, Guido (FBO: Lavinia Accioly)	G4/Plan 3, Vested
Misculin, Guido (FBO: Lorena Misculin)	G4/Plan 3, Vested
Misculin, Guido (FBO: Marina Misculin)	G4/Plan 3, Vested
Mroz, Matthew	S7, Non-vested
Sonntag, Roberta	G2, Non-vested
Stillwell, Debra	G7, Non-vested
Williams, Sara	G4, Vested
Zamora, Yecenia	G7, Non-vested

1604.4.6 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Enriquez, Robert	G7, Non-vested
Hinkamp, James	G7, Non-vested
Miller, Christina	G5, Non-vested

1604.4.7 **Report on Audit Work Plan for the 2015-16 Fiscal Year Financial Audit:** The Board accepted the Financial Audit Work Plan for the fiscal year ending June 30, 2016 as outlined in the staff report.

1604.4.9 **Approval of Fiduciary Liability Insurance Policy:** The Board authorized the County's Risk Manager to renew the fiduciary liability insurance coverage with AIG (National Union Fire Insurance Company) through May 27, 2017.

1604.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:**

The Board adjourned into closed session at 2:28 p.m. to consider the disability application of Tully Vogt.

Mr. Bowler was excused at 2:57 p.m. and left during the closed session.

The meeting reconvened into public session at 3:07 p.m., and Ms. Carlson reported the following action, related to Ms. Vogt, taken by the Board in closed session.

Action: Ms. Carlson reported there were two motions made on this matter.

- 1) Mr. Spinello moved to grant Ms. Vogt's application for a service-connected disability retirement; and the motion was seconded by Ms. Salas. The motion failed with a vote of 4-4; with trustees Salas (for Hackleman), Settles, Spinello, and Tashman, in favor; and trustees Arnott, Battey, Kwan Lloyd and Tourel, opposed.
- 2) Ms. Arnott moved to approve staff's recommendation to refer this matter to a hearing officer for proposed findings and recommendations; and the motion was seconded by Mr. Battey. The motion carried with a vote of 6-2; with trustees Arnott, Battey, Kwan Lloyd, Settles, Tashman and Tourel, in favor; and trustees, Salas (for Hackleman) and Spinello opposed.

- 1604.4.8 **Approval of Required Documentation for Baillie Gifford Overseas Limited’s Separate Account for Investments in Indian Securities:** Mr. Hood explained that the resolution in the agenda packet was slightly changed, to meet the criteria required by SamCERA’s custodian. The revised resolution was presented in the “Day of Meeting” folder to the Board.
Action: Mr. Battey moved to approve the revised resolution authorizing investments in securities in India and authorizing the Chief Executive Officer to execute documents necessary to effectuate such investments, and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 8-0; with trustees Arnott, Battey, Kwan Lloyd, Settles, Tashman and Tourel, all in favor; none opposed.
- 1604.6.2 **Educational Presentation on Mining Opportunities in Private Real Assets:** John Nicolini from Verus, provided an educational overview presentation on mining opportunities. He discussed the risks and benefits with the Board and answered questions. This presentation was informational and for discussion only; no action was taken.
- 1604.6.3 **Discussion of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2):** While the Board was in closed session from 3:48 p.m. to 3:56 p.m., the Board discussed Item 6.3.

 After the meeting was reconvened into public session, Ms. Carlson reported that the Board discussed item 6.3 in the closed session but that no reportable action was taken.
- 1604.7.3 **Report on Status of SamCERA’s 2016-17 Strategic Plan:** Mr. Hood presented SamCERA’s 2016-17 Strategic Plan to the Board. This report was informational and for discussion only; no action was taken.
- 1604.8.1 **Chief Executive Officer's Report:** Mr. Hood updated the Board on the status of lease negotiations with the landlord of 100 Marine Parkway, and stated that additional space will not be sought at this time. He alerted the Board to upcoming items expected on the June 7th Board meeting agenda.
- 1604.8.2 **Assistant Executive Officer’s Report:** Ms. Smith reminded Board members to submit payment for non-recourse insurance. She also provided an update on the upcoming Board Elections and Appointments.
- 1604.8.3 **Chief Investment Officer’s Report:** Mr. Coultrip reported that staff had received the questionnaires from the small cap finalists and would be reviewing them. He also reported that he and Verus had on-site due diligence meetings with both opportunistic credit candidate managers, and that the meetings were productive.
- 1604.8.4 **Chief Legal Counsel's Report:** None.

CLOSED SESSION

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda:** None.
- C2 **Discussion of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2) –** No reportable action was taken, see item 6.3.
- 1604.9 **Report on Actions Taken in Closed Session:** See items 6.3, and 5.1.
- 1604.10 **Adjournment:** Ms. Settles adjourned the meeting at 4:14 p.m. in memory of the deceased members listed below.

Schowengerdt, Harold	March 3, 2016	Courts
Kennon, Lana	March 11, 2016	Probation
McReynolds, Sol	March 14, 2016	Public Works
Wilcox, Dorothy	March 17, 2016	County Clerk
Scotch, George	March 19, 2016	Controller's
Hanson, Mildred	March 20, 2016	Social Services
Kato, Grayce	March 27, 2016	Human Services Agency
Schmidt, Paul	March 27, 2016	Planning & Building
Pedrini, Pamela	March 30, 2016	Superior Court
Caldwell, Karen	March 31, 2016	Superior Court
Glomb, Margaret	March 31, 2016	Library



Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary