

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 5, 2017 – REGULAR BOARD MEETING MINUTES

1712.1 **Call to Order, Roll Call and Miscellaneous Business**

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

Roll Call:

Present: Sandie Arnott, Mark Battey, Albert David, Paul Hackleman, Kurt Hoefer, 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, Lili Dames, Elizabeth LeNguyen, Barbara Edwards, and Kristina Perez.

Consultants: Margaret Jadallah, Joe Abdou and John Nicolini (*Verus*); Andrew Paulden (via telephone, *Brown Armstrong*).

1712.2.1 **Oral Communications from the Public:** None.

1712.2.2 **Oral Communications from the Board:** None.

1712.3.0 **Approval of Board Meeting Minutes:** Mr. Battey asked if there were any changes, corrections or objections to the meeting minutes from the Board meeting held on September 26, 2017, and the Audit Committee meeting held on October 26, 2017.

1712.3.1 **Action:** Hearing no corrections or objections, Mr. Battey deemed that the Board Meeting minutes from 1712.3.2 September 26, and the Audit Committee minutes from October 26, are both accepted as presented.

1712.3.3 **Action:** Mr. Hackleman moved to approve the minutes from the Regular Meeting on October 31, 2017. The motion was seconded by Mr. Tashman and carried with a vote of 6-0-2, with trustees Battey, David, Hackleman, Hoefer, Spinello, and Tashman, all in favor; none opposed; Arnott and Tourel, abstained as they were not in attendance at the October 31 meeting.

1712.4.0 **Approval of the Consent Agenda:** Mr. Battey asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. David moved to approve the items on the Consent Agenda, and the motion was seconded by Mr. Hackleman. The motion carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, Spinello, Tashman, and Tourel, all in favor; none opposed.

1712.4.1 **Disability Retirements:**

a) The Board found that Andrew Allee is (1) permanently incapacitated from the performance of his usual and customary duties as an Information Technology Technician, (2) found that his disability was not the result of an illness arising out of and in the course of his employment and (3) granted his application for a non-service-connected disability retirement.

b) The Board found that Janet Hansen is (1) permanently incapacitated from the performance of her usual and customary duties as a Correctional Officer, (2) found that her disability was not the

result of an illness arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.

1712.4.2 **Survivor Death Benefits:** None.

1712.4.3 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Ailand, Kathryn	September 30, 2017	Tax Collector's Office
Bedolla, Maria	September 30, 2017	Fair Oaks Clinic
Bee, Michael	September 1, 2017	Deferred County Manager's Office
Birnie, Greg	September 9, 2017	Public Works
Frank, Olivia	September 9, 2017	Courts
Garcia, Gustavo	October 1, 2017	Hospital Food & Nutrition Services
Geary, Christopher	September 30, 2017	Public Works
Halpern, Kent	September 9, 2017	Behavioral Health
Kaplan, Stephen	September 30, 2017	Behavioral Health
Kohler, Terry	September 9, 2017	Deferred from Probation
Lang, Hoa	September 30, 2017	Aging and Adult Services
Mabie, Charles	September 12, 2017	Deferred from Probation
Mauzey, Matthew	September 14, 2017	Retiree activating G3 pension
Oceguera, Rosamaria	September 9, 2017	Behavioral Health
Parham-Malcolm, Victoria	September 9, 2017	Courts
Rodriguez, Beatriz	September 26, 2017	Family Health Services
Yoch, Owen	September 27, 2017	Sheriff's

1712.4.4 **Continuances:**

Survivor's Name:	Beneficiary of:
Ginilo, Janet	Ginilo, George
Gudaitis, George	Gudaitis, Donna

1712.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Ahmed, Aiysha	G7, Non-vested - Reciprocity
Brown, Veronica	G7, Vested - Reciprocity
Chandler, Barry	G5, Vested
Diaz, Maria C.	G4, Vested - Reciprocity
Forth, Rebecca	G5, Vested - Reciprocity - Auto Defer - Code 31700
Garner, Jessica	G7, Non-vested - Reciprocity
Guillermo, Gemma	G5, Non-vested - Reciprocity
Hernandez, Carlos	G4, Vested
Ignacio, Mary	G5, Non-vested - Reciprocity
Kryukova, Tatiana	G7, Non-vested - Reciprocity
Latu, Malene Kai	P4, Vested
Magers, Jason	G7, Non-vested - Reciprocity
Martinez, Ginger	G4, Vested
Melghem, Gladys	G4, Vested - Auto Defer - Code 31700
Murphy-Becerra, Marissa	G4, Vested - Reciprocity
Nguyen, Loc	G5, Vested
Perras, Mpho	P4, Vested
Reyles-Derry, Rachelle	G4, Vested

Rohrer, Jason G4, Vested - Auto Defer – Code 31700
Saulog, Nylette G4, Vested

Deferred Retirements (con't):

Member Name	Retirement Plan Type
Shabatura, Sam	S4, Vested
Sherman, Chonne	G4, Vested
St. Pierre, Karla	G7, Non-vested - Reciprocity
Swaminathan, Meen	G4, Vested - Reciprocity
Tang, Gregory	G7, Non-vested - Reciprocity
Wemple, Jesse	G4, Vested
Zahiri, Nayer	G4, Vested – Reciprocity

1712.4.6 Member Account Refunds:

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

Member Name	Retirement Plan Type
Bottjer, Jeffrey	G2, Vested
Brown, Michelle (QDRO)	S2, Vested
Burns, Christian	G4, Non-vested
Craven, Jacqueline	G7, Non-vested
Garduno, Esteban	G7, Non-vested
Ortiz Soto, Xaviera	G7, Non-vested
Saucedo, Flor	G7, Non-vested
Umarhayat, Naseer	G4, Non-vested
Villela Rocha, Rosangela	G7, Non-vested
Wilson, Sterling	G5, Vested

1712.4.7 Member Account Rollovers:

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

Member Name	Retirement Plan Type
Aoki, Ellen	G7, Non-vested
Beaver, Grace	G7, Non-vested
Contreras, Victoria	G7, Non-vested
Hammill, Ashley	G7, Non-vested
Taillant, Paula	G4, Non-vested
Tumalan, Jacqueline	G4, Non-vested

1712.4.8 Member Account Redeposit: None.

1712.4.9 Acceptance of Trustees' Reports of Educational Activities: The Board accepted the submitted reports for the educational activities attended by trustees Bowler, Hackleman, Lee, Spinello and Tashman.

1712.5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda: None.

1712.6.1 Preliminary Monthly Portfolio Performance Report for the Period Ended October 31, 2017:

Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for October 2017 was 1.3%, while the preliminary trailing twelve-month return ending October 2017 was 14.7% net. This item was informational and for discussion only, no action was taken.

1712.6.2 Report on Quarterly Investment Performance: Mr. Coultrip and Ms. Jadallah reviewed the quarterly report with the Board. They reviewed manager performance and discussed market trends and other information from the report. The 3rd quarter net total return for the SamCERA portfolio was +3.3%,

which was 40 bps lower than the +3.7% policy benchmark return. This item was informational and for discussion only; no action was taken.

1712.6.3 **Report on Absolute Return and Risk Parity Manager Annual Reviews:** Ms. Dames reviewed the meeting notes from the annual reviews of SamCERA's absolute return and risk parity managers. Staff and consultant met at SamCERA's office with AQR and PanAgora on October 12, 2017. Ms. Dames reported there were no significant concerns identified during the portfolio reviews. This item was informational only, no action was taken.

1712.6.4 **Report on Opportunistic Credit Manager Annual Review:** Ms. Dames reviewed the meeting notes from the annual review of SamCERA's opportunistic credit manager, Brigade Capital Management. Staff and consultant met at SamCERA's office with representatives from Brigade Capital on October 18, 2017. Ms. Dames reported there were no significant concerns identified during the portfolio review. This item was informational only, no action was taken.

The next agenda items were taken out of order, and were heard in the order they appear below.

1712.7.2 **Approval of a Resolution Amending Education Policy:** Mr. Hood reviewed the proposed changes to the Education Policy that would include sexual harassment training as part of the required education for SamCERA trustees. Further discussion about the education policy resulted in two motions being put forward.

Action: Mr. David made a motion to amend the education policy to include sexual harassment training as a requirement. The motion was seconded by Mr. Tashman and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, Spinello, Tashman, and Tourel, all in favor; none opposed.

Action: Ms. Arnott moved to add the Government Finance Officers Association (GFOA) to the list of approved providers of trustee education, found within the education policy. The motion was seconded by Mr. Spinello, and failed with a vote of 3-5, with trustees Arnott, Hoefer and Spinello, in favor; Battey, David, Hackleman, Tashman and Tourel, opposed.

The Board adjourned into Closed Session at 10:40 a.m. to hear item 6.5. The meeting was reconvened at 11:15 a.m.

1712.6.5 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2):** Ms. Carlson reported that there was no reportable action taken by the Board during the closed session.

1712.7.1 **Annual Review of SamCERA's Auditor, Brown Armstrong:** Ms. Smith reviewed the survey responses and reported Brown Armstrong had again received high ratings from staff and trustees. Andrew Paulden, from Brown Armstrong, joined the conversation via telephone, and gave his comments. This item was informational only, no action was taken.

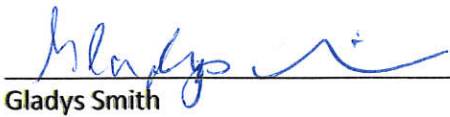
1712.7.3 **Discussion of Board/ Staff Retreat Topics:** Mr. Hood reviewed a proposed agenda and topics of discussion for the Board/Staff retreat, and received feedback from Board members. This item was informational and for discussion only, no action was taken.

1712.8.1 **Chief Executive Officer's Report:** Mr. Hood stated that the RV Kuhns report could be found in DropBox and encouraged the trustees to review it. He reported that LRWL finished their work on the PASS project and submitted their final report. He noted that Elizabeth LeNguyen, Benefits Manager, received a Wellness Leadership award from the County; and recognized Chief Legal Counsel Brenda Carlson's 30 years of service.

- 1712.8.2 **Assistant Executive Officer's Report:** Ms. Smith stated the PAFR was completed and could be found in the trustees' folders. She also announced that Sue Thompson, Retirement Analyst, will be retiring January 2018.
- 1712.8.3 **Chief Investment Officer's Report:** Mr. Coultrip called the Board's attention to items in their folders, and reviewed SamCERA's performance summary. He reported visiting a solar park facility, as part of due diligence; and reported that SamCERA's AB 2833 fees disclosure report for calendar year 2017, will occur in mid-2018 after all of the data has been received from the applicable managers.
- 1712.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board on pension related court cases and legislation. She noted that staff is monitoring the final provisions of the Tax Cuts and Jobs Act in relation to Unrelated Business Income Tax and its potential effects on certain SamCERA investments.
- C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.
- C2 **Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.26 – see also item 6.5):** No reportable action was taken, see item 6.5 above.
- C3 **Public Employee Performance Evaluation, in accordance with Gov. Code § 54957, Title: Chief Executive Officer (Confidential Under Gov. Code §54957):** The Board adjourned into Closed Session at 11:50 a.m. and the meeting reconvened at 12:44 p.m. Ms. Carlson reported that no reportable action was taken by the Board in Closed Session.
- 1712.9 **Report on Actions Taken in Closed Session:** None.
- 1712.10 **Adjournment:** Mr. Battey adjourned the meeting at 12:45 p.m. in memory of the deceased members listed below.

Radetich, Ronald	October 9, 2017	Sheriff's
Bell, Daniel	October 14, 2017	Public Works
Grinnell, George	October 15, 2017	Assessor's
Beldi, Lino	October 17, 2017	Probation
Linaja, Violeta	November 2, 2017	Medical Center
Molinar, Adolfo	November 3, 2017	General Services
Simonson, Donald	November 8, 2017	Health & Welfare
Lundquist, John	November 11, 2017	Assessor
Flynn, Sharon	November 11, 2017	Health Dept


 Scott Hood
 Chief Executive Officer


 Gladys Smith
 Assistant Executive Officer