

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
APRIL 24, 2018 – SPECIAL BOARD MEETING MINUTES

1804.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Mark Battey, Chair, called the Special Meeting of the Board of Retirement to order at 8:32 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Albert David, Paul Hackleman, Kurt Hoefler, Susan Lee (for David Spinello), Eric Tashman and Shirley Tourel.

Absent: Ben Bowler and David Spinello.

Alternates present: Susan Lee and Alma Salas.

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

Consultants and speakers: Margaret Jadallah and Jeff MacLean (Verus); Sonal Desai and Bill Deakyne (Franklin Templeton); and Tom Iannucci (Cortex Applied Research).

1804.2.1 Oral Communications from the Board:

None.

1804.2.2 Oral Communications from the Public:

Ms. Elizabeth LeNguyen, SamCERA Retirement Benefits Manager, introduced Raymund Concordia, SamCERA's newest Retirement Analyst, to the Board.

1804.2.3 Retreat Presentations and Discussions:

Retreat presentations were heard after agenda item 9.0.

1804.3.0 Approval of Board Meeting Minutes: Mr. Battey asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on March 27, 2018.

Action: Mr. David moved to approve the minutes from the Regular Meeting on March 27, 2018. The motion was seconded by Ms. Lee and carried with a vote of 5-0, with trustees Battey, David, Hoefler, Lee, Tashman, all in favor; none opposed; and Ms. Arnott, Mr. Hackleman and Ms. Tourel abstained.

1804.4.0 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. Hackleman moved to approve the Consent Agenda, and the motion was seconded by Ms. Arnott. The motion carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman Hoefler, Lee, Tashman and Tourel, all in favor; none opposed.

1804.4.1 Disability Retirements: The Board found Honora Miller is (1) permanently incapacitated from the performance of her usual and customary duties as a Program Coordinator II, (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.

1804.4.2 Survivor Death Benefits: None.

1804.4.3 **Service Retirements:**

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

<u>Member Name</u>	<u>Effective Retirement Date</u>	<u>Department</u>
Aines, Cheryl	February 15, 2018	Retired G2, starting G3 pension
Boesch, David	January 31, 2018	Deferred County Manager's Office
Garcia, Wilhelmina	February 24, 2018	HOS - Acute Psychiatric
Gayle, Linford	February 12, 2018	Behavioral Health
Huguet, Walter	February 16, 2018	Behavioral Health
Iverson, Rita	February 21, 2018	Deferred from Medical Center
Kearnan, Jeffrey	February 24, 2018	Sheriff's
Lederer, Joseph	February 9, 2018	Aging & Adult Services
Nevarez, Araceli	February 1, 2018	Family Health Services
Ngantian, Eleanor	February 17, 2018	Human Services Agency
O'Brien, Daniel	February 3, 2018	Deferred from ISD
Peyrot, Sheila	February 24, 2018	Courts
Puccetti, Consuelo	February 28, 2018	Deferred from Social Services
Taylor, Marney	November 17, 2017	Public Works
Tippins, Rick	February 24, 2018	Sheriff's
Villanueva, Michael J.	February 21, 2018	Deferred from Probation
Wilmes, Mary	February 28, 2018	Library

1804.4.4 **Continuances:**

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

<u>Survivor's Name</u>	<u>Beneficiary of:</u>
Donegan, Charmion	Donegan, Michael
Glass, Michael	Glass, Sharon
Osburn, Bernadine	Bairfield, Barbara

1804.4.5 **Deferred Retirements:**

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

<u>Member Name</u>	<u>Retirement Plan Type</u>
Ashkinaziy, Elaine	G4, Vested
Hamilton, Nicole	G4, Vested
Meza, Justin M.	G4, Vested– Auto Defer - Code 31700
Travis, Adonis J.	G4, Vested– Auto Defer - Code 31700
Yee, Theresa A.	G4, Vested– Auto Defer - Code 31700

1804.4.6 **Member Account Refunds:**

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

<u>Member Name</u>	<u>Retirement Plan Type</u>
Bermudez, Maria	G7, Non-vested
Catambay, Milagros	G4, Vested
Cordero, Rachel Anne	G7, Non-vested
Dichoso, Jesse	G7, Non-vested
Figueroa-Zepeda, Bertha	G4, Vested
Lara, Monica	G7, Non-vested
McDonald, Tina	G4, Vested
Toschik, Joseph	G4, Vested

1804.4.7 **Member Account Rollovers:**

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

<u>Member Name</u>	<u>Retirement Plan Type</u>
Figueroa-Zepeda, Bertha	G4, Vested

1804.4.8 **Member Account Redeposit:** None.

1804.4.9 **Acceptance of Trustees' Reports of Educational Activities Through Outside Provider:**

The Board accepted the submitted report for the educational activities attended by trustee Lee.

1804.4.10 **Approval to Renew Fiduciary Liability Insurance Policy:**

The Board approved authorizing staff to work with the County's Risk Manager to renew SamCERA's fiduciary liability insurance coverage.

1804.4.11 **Approval of Resolution Authorizing the Change in Law Firms for Tax Counsel Services:**

The Board approved authorizing the SamCERA's CEO to terminate the agreement with Steptoe & Johnson LLP and execute an agreement with Reed Smith LLP for tax counsel services.

1804.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.

1804.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended March 31, 2018:**

Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for March 31, 2018 was -0.6%, while the preliminary trailing twelve-month return ending March 31, 2018 was 8.8% net. He also reported that the twelve-month net return is below SamCERA's Plan Benchmark return of 10.1%, but higher than SamCERA's Actuarial Assumed Earnings Rate of 6.75%. This item was informational and for discussion only, no action was taken.

1804.7.1 **Approval of Direction for Voting Delegate at SACRS Spring Conference Business Meeting:**

Mr. Hood discussed the upcoming SACRS Spring 2018 Conference. He noted the slate of officers recommended by the SACRS Nominating Committee and whether SACRS should sponsor proposed bill (SB1270).

Action: Mr. David moved to direct Ms. Arnott, voting delegate, to approve the slate of officers and oppose support of SB1270 and Mr. Hackleman second the motion. The motion carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefler, Lee, Tashman and Tourel in favor; none opposed.

1804.8.1 **Chief Executive Officer's Report:**

Mr. Hood addressed items in trustees' "Day Of" folder. He mentioned an article from the Daily Post, a flyer regarding Boards and Commissioners recognition event, and the upcoming SACRS' UC Berkeley Public Pension Investment Management Program and Wharton's Alternative Investment Strategies in San Francisco. In addition, Mr. Hood addressed some comments from the Strategic Planning survey regarding staff reviews of Form 700s and the timing of a retiree's first benefit payment. Mr. Hood mentioned agenda items for next month's Board meeting including the formation of the Ad Hoc Nominating Committee, a presentation from Nick Collier, Milliman, Inc. and next fiscal year's budget.

1804.8.2 **Assistant Executive Officer's Report:**

Ms. Smith informed the Board that all the bios and presentations for the day's retreat can be found in the SamCERA folder. She also provided an update on the SamCERA elections and informed those that attended Pension Bridge that she has the education form for them to complete. In addition, she notified the Board that Anne Trujillo has accepted the position of Retirement Executive Secretary position and Natasha Jeong accepted the Retirement Communication Specialist position. Furthermore, she notified

the Board that they will need to provide a \$25 check to SamCERA for their non-recourse fiduciary insurance.

1804.8.3 **Chief Investment Officer's Report:**

Mr. Coultrip reported his attendance at Tennenbaum Capital Partners' (TCP) Investor Day and informed the Board that on Thursday, May 3, BlackRock, D.E. Shaw and QMA will be at the office for their annual manager review. Lastly, he noted that at next month's meeting, a recommendation will be brought to the Board on changing the private equity and private real asset policy benchmark.

1804.8.4 **Chief Legal Counsel's Report:**

Ms. Carlson announced dates and times for Ethics training for those that missed the training at last month's Board meeting.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.

1804.9.0 **Report on Actions Taken in Closed Session:** There was no Closed Session.

The meeting was adjourned for a break at 8:58 a.m. and reconvened at 9:05 a.m.

1804.2.3 **Board/Staff Retreat Presentations:**

High level look at the Global Economy – Sonal Desai, PH.D., Senior Vice President, Portfolio Manager Director of Research Templeton Global Macro Franklin Advisers, Inc., discussed macro imbalances and opportunities pertaining to the pressure for rising US rates, European vulnerabilities, the opportunity in emerging markets and positioning for rising rates.

Mr. Tashman joined the meeting at 9:30 a.m.

The meeting was adjourned for a break at 9:55 a.m. and reconvened at 10:07 a.m.

Deep Dive – Mr. Coultrip and Ms. Jadallah presented SamCERA's Annual Assessment of Portfolio for calendar year 2017. They reviewed SamCERA's total portfolio absolute and relative performance, composite relative performance, total fund drawdown analysis, individual manager performance, risk dashboard, summary of rebalancing activities and total portfolio liquidity profile.

The meeting was adjourned for lunch at 11:35 a.m. and reconvened at 12:05 p.m.

Portfolio Risk and Discussion – Mr. Jeff MacLean, Verus' CEO, provided a Risk Management Education session to the Board. He reviewed SamCERA's portfolio, discussed risk and SamCERA's investment objectives and beliefs and risk parity.

The meeting was adjourned for a break at 1:20 p.m. and reconvened at 1:30 p.m.

Strategic Planning Workshop – Mr. Hood and Mr. Iannucci, Cortex Applied Research President, provided a review of strategic planning orientation overview and presented the results of the Board's strategic planning survey. They discussed a preliminary analysis of the information, current vs. alternative strategies, external and internal review, the next step processes and milestone dates.

1804.10.0 **Adjournment:** Mr. Battey adjourned the meeting at 2:55 p.m. in memory of the deceased members listed below:

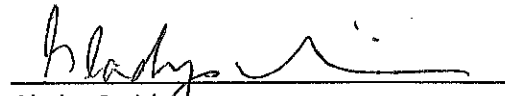
Howard, Donald
Taylor, Norma
Rogg, Francine
Kiliona, Robert
Goth, Theodore
Heinaman, Barbara
Hoffman, Nancy
Brake, Karen
Starr, Barbara
Armanino, Elaine
Howard, Charles
Kumetat, Harriet
Harper, Gerald
Seto, Anthony
McDonald, Bernice

March 3, 2018
March 9, 2018
March 12, 2018
March 16, 2018
March 17, 2018
March 17, 2018
March 17, 2018
March 18, 2018
March 18, 2018
March 23, 2018
March 23, 2018
March 25, 2018
March 27, 2018
March 27, 2018
March 30, 2018

Chope
Chope
Social Services
Parks
Sheriff
County Manager's Office
Employment & Training
Superior Court
Library
District Attorney's Office
Hospital
Human Services Agency
Probation
Public Works
Controller's Office



Scott Hood
Chief Executive Officer



Gladys Smith
Assistant Executive Officer