

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
FEBRUARY 27, 2018 – REGULAR BOARD MEETING MINUTES

1802.1 **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: Mark Battey, Ben Bowler, Albert David, Kurt Hoefer, Susan Lee (for David Spinello), Alma Salas (for Paul Hackleman) Eric Tashman and Shirley Tourel.

Absent: Paul Hackleman and David Spinello.

Alternates present: Susan Lee and Alma Salas.

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

Consultants: Margaret Jadallah, John Nicolini and Scott Whalen (Verus).

1802.2.1 **Oral Communications from the Board:** None.

1802.2.2 **Oral Communications from the Public:** None.

1802.3.0 **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 January 23, 2018.

Action: Mr. David moved to approve the minutes from the Regular Meeting on January 23, 2018. The motion was seconded by Ms. Salas and carried with a vote of 8-0, with trustees Battey, Bowler, David, Hoefer, Lee, Salas, Tashman and Tourel all in favor; Arnott abstained; none opposed.

1802.4.0 **Approval of the Consent Agenda:** Mr. Battey removed the disability application of Samantha Fireman from the Consent Agenda and asked if there were additional items to be removed. No additional items were removed. The disability application of Samantha Fireman was heard in closed session.

Action: Mr. Hoefer moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. Bowler. The motion carried with a vote of 9-0, with trustees Battey, David, Hoefer, Salas, Tashman, and Tourel, all in favor; none opposed.

1802.4.1 **Disability Retirements:**

- a) The Board found that Meghan Selig is (1) not permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer II and (2) denied her application for a non-service-connected disability retirement.
- b) The Board found that Tom Sheppard is (1) permanently incapacitated from the performance of his usual and customary duties as a Correctional Officer, (2) found that his disability was a result of an injury rising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.
- c) The Board found that Robert Stiavetti is (1) permanently incapacitated from the performance of his usual and customary duties as a Stationary Engineer, (2) found that his disability was a result of an injury rising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.

1802.4.2 **Survivor Death Benefits:** None.

1802.4.3 **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>
Ammerman, Mark	December 26, 2017	Sheriff's
Anaya, Roberto	December 18, 2017	Deferred from Human Resources
Burr, Letecia	December 8, 2017	H.S.A.
Dellamonica, Laura	January 1, 2018	Deferred from Medical Center
Himmist, Marja	December 30, 2017	Aging and Adult Services
Jimenez, Maria	December 28, 2017	Family Health
McDougall, Michael	December 9, 2017	Deferred from General Services
Mucha, Jerome	December 30, 2017	H.S.A.
Pineda, Edgardo	December 30, 2017	Courts
Pineda, Veronica	December 30, 2017	Family Health Services
Preston, Helen	December 16, 2017	Aging and Adult Services
Rashed, Shawna	December 2, 2017	Courts
Thomas, John	December 3, 2017	Medical Center
Toy-Wong, Valerie	December 28, 2017	Deferred from Social Services
Yamamoto, Conrad	December 3, 2017	Library

1802.4.4 **Continuances:**

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

<u>Survivor's Name</u>	<u>Beneficiary of:</u>
Dillon, Nola	Dillon, Rex
O'Donnell, Noreen	Fasshauer, Nora
Rackham, Elaine	Rackham, Don
Serverian, Hasma	Serverian, Aram
Fields, Elridge	Fields, Margie

1802.4.5 **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>
Anicete, Maria Theresa	G4, Vested– Auto Defer - Code 31700
Johnson, Lauren K.	S4, Vested– Auto Defer - Code 31700
McCracken, Elizabeth E.	G5, Vested– Auto Defer - Code 31700
Paraiso, Jenifer Helise	G4, Vested– Auto Defer - Code 31700
Quan, Jennifer	G4, Vested– Auto Defer - Code 31700
Robinson, Stephen	S4, Vested

1802.4.6 **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>
Arguello, Carlos	G2, Non-vested
Armenta, Casandra	G7, Non-vested
Briseno Sahagun, J Jesus	G7, Non-vested
Cano, Ciara	G7, Non-vested
Carpio, Jose	G7, Non-vested
Chambers, Nicole	G7, Non-vested

Foz, Angela	G7, Non-vested
Gomez, Sandra	G4, Vested
Haimowicz, Andrea	G7, Non-vested
Lerchin, Harvey	G1, Vested
Lodin, Farhad	G7, Non-vested
Mahoney, Brian	G7, Non-vested
Panaligan, Gil-John	G7, Non-vested
Prowitt, Sarah	G7, Non-vested
Rose, Brian (QDRO)	G3/G4, Non-vested
Tunchez, Maria	G7, Non-vested

1802.4.7 **Member Account Rollovers:**

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

Boeldt, Angela	G7, Non-vested
Brasel, Leslie	G7, Non-vested
Cheng, James	G7, Non-vested
Collison, Amanda	G7, Non-vested
Gray, Seth	G7, Non-vested
Hayes, Rosario	G7, Non-vested
Hsu, Sheng	G5, Non-vested
Lerchin, Harvey	G1, Vested
Ochoa, Veronica	G5, Vested
Salmeron, Daisy	G7, Non-vested
Stanton, Kristine	G7, Non-vested
Teo Aukusitino, Myra	G4, Non-vested

1802.4.8 **Member Account Redeposit:** None.

1802.4.9 **Acceptance of Trustees' Reports of Educational Activities Through Outside Provider:** None.

1802.4.10 **Acceptance of Semi-Annual Compliance Certification Statements for the Period Ended December 31, 2017:** The Board accepted the semi-annual Compliance Certification Statements for the Period Ended December 31, 2017 for the Western Asset Management Total Return Unconstrained Bond Fund and Franklin Templeton Global Multisector Plus Bond Fund.

1802.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** The Board adjourned into closed session at 10:02 a.m. to consider the disability application of Samantha Fireman. The Board reconvened into open session at 10:10 a.m. Ms. Carlson reported the action taken, see Agenda Item 9.

1802.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ended January 31, 2018:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for January 2018 was 2.5%, while the preliminary trailing twelve-month return ending January 2018 was 15.5% net. He also reported that the twelve-month net return is below SamCERA's Plan Benchmark return of 16.8%, but higher than SamCERA's Actuarial Assumed Earnings Rate of 6.75%. This item was informational and for discussion only, no action was taken.

1802.6.2 **Quarterly Investment Performance Report for the Period Ended December 31, 2017:** Mr. Coultrip reported that the 4th quarter net total return for the SamCERA portfolio was +3.2%, which was 60 bps lower than the +3.8% policy benchmark return and that private and international equity were the main detractors of relative performance during the quarter.

Ms. Jadallah presented Verus Advisory's quarterly performance report for the period ended December 31, 2017. She discussed the economic climate, portfolio impacts, investment climate and asset allocation issues. This item was informational only, no action was taken.

1802.6.3 Educational Presentation on Risk Parity:

Mr. Whalen and Margaret Jadallah, from Verus, provided an overview on risk parity, discussed the potential plan level impact of various portfolio allocations to risk parity along with the potential roles of risk parity within SamCERA's portfolio going forward.

The Board adjourned for lunch at 11:47 a.m. and the meeting reconvened at 12:12 p.m. and went into closed session to hear Agenda Item 6.4. The Board reconvened once again at 12:39 p.m.

Mr. Bowler left the meeting at 11:57 a.m.

1802.6.4 Approval of Proposed Alternative Investments:

Heard in closed session, C2. Confidential Under Government Code §54956.81 and §6254.26. Ms. Carlson reported the action taken after the Board resumed open session. See summary under Agenda Item 9.

1802.7.1 Acceptance of Preliminary Semi-Annual Financial Report for Period Ended December 31, 2017:

Ms. Chow reported SamCERA's preliminary financial statements for the six-month period ended December 31, 2017. She reported SamCERA's financial position improved modestly over the six-months ended December 31, 2017 and its net position increased \$294 million, or 7% to \$4.3 billion, fueled mainly by an appreciation of investments. This item was informational and for discussion only, no action was taken.

1802.7.2 Acceptance of Preliminary Semi-Annual Budget Report for Period Ended December 31, 2017:

Ms. Chow reported that SamCERA's overall budget is on track with regard to the preliminary report on budget-to-actual for the six-months ended December 31, 2017. This item was informational and for discussion only, no action was taken.

Mr. Hood took the opportunity to recognize Ms. Chow, along with other staff members, on the great job producing SamCERA's Popular Annual Financial Report (PAFR), which was awarded the Certificate of Achievement for Excellence in Financial Report by GFOA.

1802.7.3 Report on April 24 and 25, 2018 Board-Staff Retreat Planning:

Mr. Hood reviewed and discussed the proposed agenda on the upcoming Board-Staff Retreat in April with the Board. This item was informational and for discussion only, no action was taken.

1802.8.1 Chief Executive Officer's Report:

Mr. Hood reported on the upcoming CALAPRS General Assembly and Advanced Principles of Pension Management for Trustees, Pension Bridge Conference and SACRS Spring Conference. He also informed the Board that he met with Mosquito and Vector Control District's (M&VCD) finance committee and Board and provided them a status on their supplemental contribution account and that M&VCD is considering whether to provide additional money towards paying down their unfunded liability. Mr. Hood also informed the Board that he scheduled a meeting with the new Deputy County Manager and new Budget Director for the County to provide an overview of SamCERA. He also mentioned that at next month's Board meeting, Tom Iannucci from Cortex will be present to provide an overview of the Strategic Planning process, and Mr. Hood will present the nomination slate for SACRS.

1802.8.2 Assistant Executive Officer's Report:

Ms. Smith reminded the Board to sign their education forms found in their Day of Folder. She also provided dates for upcoming training and conferences, along with an update on SamCERA's current

recruitments. In addition, she also informed the Board that they should have received emails regarding the online sexual harassment prevention training and FPPC Form 700 filing.

1802.8.3 Chief Investment Officer's Report:

Mr. Coultrip informed the Board about the upcoming annual manager review with Parametric and Northern Trust, SamCERA's custodian.

1802.8.4 Chief Legal Counsel's Report:

Ms. Carlson reported that three petitions for review to the California Supreme Court have been filed in the matter of *Alameda County Sheriff's Association et al., v. Alameda County Employees' Retirement Association et al.*

C1 Consideration of Disability Items, if any, removed from the Consent Agenda:

Samantha Fireman's application was removed from the consent agenda and heard in closed session, see Agenda Item 9.

1802.9 Report on Actions Taken in Closed Session:

C-1 Consideration of Disability Items, if any removed from the Consent Agenda:

Ms. Carlson reported that the Board met in closed session regarding the service-connected disability application of Samantha Fireman. The Board found that Ms. Fireman is (1) not permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III and (2) denied her application for a service-connected disability retirement with a vote of 8-1, with trustees Arnott, Battey, Bowler, David, Hoefer, Salas, Tashman and Tourel in favor; Lee opposed.

C-2 Approval of Proposed Alternative Investments:

Ms. Carlson reported that the Board met in closed session regarding a proposed alternative investment. A motion to invest \$20 million in the LS Power IV was carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hoefer, Lee, Salas, Tashman and Tourel in favor; none opposed.

1802.10 Adjournment: Mr. Battey adjourned the meeting at 12:57 p.m. in memory of the deceased members listed below.

Musante, Andrew	December 30, 2017	Fire Warden
Crouch, Michael	December 30, 2017	Chope Hospital
Sbragia, Roy	January 4, 2018	Long Term Care
Enis, Shirley	January 5, 2018	Crystal Springs Rehab Center
Jones, Mary	January 6, 2018	Courts
Turner, Mary	January 7, 2018	Coroner
Lovisa, Rosemary	January 9, 2018	Human Resources
Summey, Lemuel	January 9, 2018	District Attorney
McKercher, Roy	January 11, 2018	Sheriff's
Ferguson, Neal	January 17, 2018	Sheriff's
Ford, Marjorie	January 18, 2018	Board of Supervisors
Shoemaker, Gerard	January 19, 2018	Coroner
Bennett, Lorena	January 20, 2018	General Hospital
Sprague, Yulanda	January 20, 2018	Probation
Lavaki, Halamako	January 22, 2018	Hospital
Toschik, Joseph	January 23, 2018	Library
Sandoval, Julian	January 24, 2018	Probation
Nelson, Gertrude	January 25, 2018	Crystal Springs Rehab Center

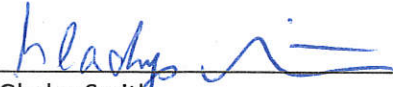
Rojas, Concordia
Daniels, Margie
Cutts, Gordon
Glass, Sharon
Kashiwahara, Rosa

January 27, 2018
January 30, 2018
February 1, 2018
February 1, 2018
February 2, 2018

Public Works
Crystal Springs Rehab Center
Mental Health
Courts
Medical Center



Scott Hood
Chief Executive Officer



Gladys Smith
Assistant Executive Officer