

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JUNE 4, 2019 – REGULAR BOARD MEETING MINUTES

1906.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Ms. Sandie Arnott, Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler, Al David, Paul Hackleman, Kurt Hoefer, Katherine O'Malley, Robert Raw and Eric Tashman.

Absent: Alma Salas.

Alternates present: Susan Lee.

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

Consultants and speakers: Margaret Jadallah and Faraz Shooshani (Verus).

1906.1.1 Appointment by Chair of Ad Hoc Nominating Committee for Board Officers: Ms. Arnott announced the appointment of Kurt Hoefer, Katherine O'Malley (Chair) and Robert Raw to the Ad Hoc Nominating Committee for Board Officers.

1906.2.1 Oral Communications from the Board: None.

1906.2.2 Oral Communications from the Public: None.

1906.3.1 Approval of the Minutes: Ms. Arnott asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on April 23, 2019.

Action: Mr. David moved to approve the minutes from the Board Meeting on April 23, 2019. The motion was seconded by Mr. Hackleman and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed; and Mr. Bowler abstained.

1906.4.0 Approval of the Consent Agenda: Ms. Arnott removed the disability application of Anna Stock from the Consent Agenda. This item will be continued to next month's Board meeting. Ms. Arnott asked if there were additional items to be removed.

Action: Mr. Hackleman 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 Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

1906.4.1 Disability Retirements:

a) The Board found that Samantha Fireman is (1) permanently incapacitated from the performance of her usual and customary duties as a Deputy Probation Officer III, (2) found that her disability was not a result of an injury/illness arising out of and in the course of her employment, (3) denied her application for a service-connected disability and (4) granted her a non-service-connected disability retirement.

b) The Board found that Diana Herrera is (1) permanently incapacitated from the performance of her usual and customary duties as a Patient Services Assistant II, (2) found that her disability

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

c) The Board found that Eddie McKague is (1) not permanently incapacitated from the performance of her usual and customary duties as a Correctional Officer and (2) denied her application for a service-connected disability retirement.

d) The Board found that Patrick Moran is (1) permanently incapacitated from the performance of his usual and customary duties as a Sheriff Sergeant, (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.

1906.4.2 Survivor Death Benefits: None.

1906.4.3 Service Retirements:

Name	Effective Retirement Date	Department
Aguirre, Alfredo	March 29, 2019	Def'd from Human Services Agency
Alfajora, Francisco	March 31, 2019	Public Works
Bognanno, Antonette	March 30, 2019	Probation
Brasil, Roy	March 30, 2019	Probation
Brown, Marlin	March 28, 2019	Probation
Browne, Daryl	March 30, 2019	Behavioral Health
Burket, Randi	March 30, 2019	Def'd from Aging & Adult Services
Calhoun, Sheree	March 30, 2019	Probation
Carreira, Glynis	March 30, 2019	San Mateo Medical Center
Castle, Nancy Chiao	March 30, 2019	San Mateo Medical Center
Cayabab, Marcela	March 28, 2019	San Mateo Medical Center
Cherniss, David	March 30, 2019	Courts
Christensen, Patrice	March 30, 2019	San Mateo Medical Center
Cogliati, Jane	March 8, 2019	Superior Court
Cowan, Denise	March 29, 2019	Deferred from Sheriff's Office
Cuevas, Leticia	March 30, 2019	Human Services Agency
Echarte, John	March 29, 2019	Human Services Agency
Ednoff, Michael	March 23, 2019	Probation
Ehinger, Chris	March 30, 2019	Human Services Agency
Eppley, Michael	March 24, 2019	Library
Fennelly, Maria	March 29, 2019	Family Health
Fernandez, Federico	March 30, 2019	San Mateo Medical Center
Finck, Peter	March 30, 2019	County Counsel
Fleming, Jacqueline	March 23, 2019	Coroner
Foster, Janet	March 30, 2019	San Mateo Medical Center
Galatolo, Brenda	March 30, 2019	Probation
Garcia, Mark	March 24, 2019	Sheriff's Office
Gonzales, Ceferino	March 13, 2019	Sheriff's Office
Guevara, Maria Cecilia	March 5, 2019	San Mateo Medical Center
Hansell, Mary	March 29, 2019	Def'd from Family Health
Hite, Sharon	March 23, 2019	Probation
Holbrook, David	March 30, 2019	Planning & Building
Holman, Linda	March 30, 2019	Human Services Agency
Holowaty, Janelle	March 16, 2019	Probation

Janjua, Seema	March 30, 2019	Behavioral Health
Jaramillo, Eduardo	March 30, 2019	Superior Court
Jennings, Faye	March 30, 2019	Family Health Services
Jimenez, Martha	March 29, 2019	Human Services Agency
Jimenez-Huffman, Marta	March 29, 2019	Human Services Agency
Johnson, Dewayne	March 29, 2019	Dept. of Public Works
Johnson, William	March 31, 2019	Probation
Jukich, Douglas	March 30, 2019	Sheriff's Office
Kang, Tyrus	March 30, 2019	Parks
Kefu, Fusipala	March 30, 2019	San Mateo Medical Center
Kunst, Jennifer	March 29, 2019	Human Services Agency
Kuwahara, Leonard	March 23, 2019	Agriculture
Kwong, Eddy	March 30, 2019	Information Services
Lepe, Laura	March 30, 2019	Human Services Agency
Limaco, Flor	March 30, 2019	Revenue Services
Littlefield, Nancy	March 30, 2019	Behavioral Health
Magill, Tammy	March 30, 2019	Superior Court
Maher, Richard	April 1, 2019	District Attorney
McKay, Nicole	March 29, 2019	Human Resources
McLain, Virginia	March 30, 2019	Library
McLaughlin, Rita	March 30, 2019	Planning & Building
Melendez Turcios, Rosa	March 30, 2019	Human Services Agency
Membreno, Hugo	March 30, 2019	Human Services Agency
Mendoza, Rosaura	March 29, 2019	Housing Dept.
Meria, Marilou	March 30, 2019	Correctional Health
Montoya, Jorge	March 29, 2019	Behavioral Health
Moore, Roberta	March 29, 2019	Def'd from District Attorney
Mota, Thomas	March 22, 2019	Sheriff's Office
Nabong, Nicolas	March 29, 2019	San Mateo Medical Center
O'Donnell, Sean	March 30, 2019	Sheriff's Office
Patterson, Mary	March 30, 2019	Library
Pharo-Petiti, Marsha	April 1, 2019	Sheriff's Office
Ramirez, Rosa M	March 30, 2019	San Mateo Medical Center
Rothaus, Margaret	March 30, 2019	San Mateo Medical Center
Schumacher, Mary	March 30, 2019	San Mateo Medical Center
Sheets, Lorrie	March 30, 2019	Public Health
Simmons, Diane	March 30, 2019	Superior Court
Smith, Venita	March 9, 2019	District Attorney
Sutter, Henry	April 1, 2019	Sheriff's Office
Swanson, Bob	March 30, 2019	Agriculture
Tatola, Elenoa	March 30, 2019	Sheriff's Office
Taylor, William	March 30, 2019	Correctional Health
Thomas, Carolyn	March 30, 2019	Sheriff's Office
Tovstein, Charles	March 30, 2019	Treasurer
Valencia, Bianca	March 29, 2019	Sheriff's Office
Van Arkel, Julie	March 30, 2019	Information Services
Whitney, Carmen	March 30, 2019	Revenue Services
Wilkinson, Kathleen	March 27, 2019	QDRO of Sharon Henry

1906.4.4 **Continuances:** None.

1906.4.5 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Adair, Tatiana	G4, Vested - Reciprocity
Bautista, Jessica M.	G3, Vested - Reciprocity
Blanc, Brian A.	S7, Vested - Reciprocity
Burns, Olga X.	G7, Non-vested- Reciprocity
Gomez, Francisco J.	G7, Non-vested- Reciprocity
Hosseini-Bidokhti, Eman D.	G7, Non-vested- Reciprocity
Howard, Trisha	G7, Non-vested- Reciprocity
Lambert, Kelly M.	G4, Vested - Reciprocity
Monheit, Juliette C.	G4, Vested - Reciprocity
Morales, Carmelisa J.	G7, Non-vested- Reciprocity
Peterson, Stacy M.	G4, Vested- Reciprocity
Young, David A.	G7, Non-vested- Reciprocity

1906.4.6 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Brogden, Christina	G7, Non-vested
Fuentes, Stefany	G7, Non-vested
Kirkpatrick, Colton	S7, Non-vested
Saah, Rami	G7, Non-vested
Soto, Ana	G7, Vested
Thorpe, Kimberly	G7, Non-vested
Vaquerano, Rafael	G4, Vested

1906.4.7 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Bear, Catrina	G5, Non-vested

1906.4.8 **Member Account Redeposits:** The Board approved a five-year payment period for a redeposit of retirement funds by Roberto Manchia pursuant to Government Code Section 31685.2.

1906.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Paul Hackleman, Susan Lee and Robert Raw.

1906.4.10 **Report on Gov Code Section 7514.7 Annual Disclosure for 2018:** The Board accepted the Report on California Government Code Section 7514.7 Annual Disclosure for 2018.

1906.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** Ms. Arnott removed the disability application of Anna Stock from the Consent Agenda. This item will be continued to next month's Board meeting.

- 1906.5.2 **Discussion of Actuarial Assumptions for the June 30, 2019 Actuarial Valuation:** Mr. Hood reviewed with the Board the informational sheet prepared by Mr. Collier (Milliman). It included the impact of lowering the assumed earning rate from 6.75% to 6.5%, the expected return over the next ten and thirty years and the expected financial impact of lowering the assumed rate of return. Discussion with the Board members followed. The Board requested that Milliman also provide projected contribution rates for a discount rate of 6.25%. Mr. Hood informed the Board that Mr. Collier will be present at the July Board meeting to present additional information. This item was informational and for discussion only, no action was taken.
- 1906.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended April 31, 2019:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for April 2019 was 1.8%, while the preliminary trailing twelve-month return ending April 2019 was 4.0% net. This item was informational and for discussion only, no action was taken.
- 1906.6.2 **Report on Quarterly Investment Performance for the Period Ended March 31, 2019:** Ms. Jadallah discussed the 1st quarter net total return for the SamCERA portfolio was 7.1% which was 60 bps higher than the 6.5% policy benchmark return. Alternatives and Risk Parity were the main sources of relative performance, while Public Equity and Fixed Income were the primary detractors of relative performance during the quarter. This item was informational and for discussion only, no action was taken.
- 1906.6.3 **Report on Real Estate Manager Annual Reviews:** Ms. Ng reported that staff met with real estate managers, INVESCO and PGIM on April 4, 2019. The discussion included a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. There were no significant concerns identified during the portfolio reviews. This item was informational and for discussion only, no action was taken.
- 1906.6.4 **Report on the Core Equity and Passive Manager Annual Reviews:** Ms. Ng reported that staff met with representatives from QMA and Blackrock. The discussion included a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. There were no significant concerns identified during the portfolio review. Ms. Ng reported the annual review for SamCERA's other core equity manager, D.E. Shaw, took place on May 16th and will be reported at the next Board meeting. This item was informational and for discussion only, no action was taken.
- 1906.6.5 **Presentation of Private Asset Semi-Annual Performance Reports as of December 31, 2018:** Mr. Shooshani reviewed the report on private equity and private real assets portfolio in detail with the Board. This item was informational and for discussion only, no action was taken.
- This item was taken out of order.
- 1906.6.6 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code sections 54956.81 and 6254.26, see item C2)**
- 1906.6.7 **Approval of Potential Sale of Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code sections 54956.81 and 6254.26, see item C3)**
- 1906.7.1 **Approval of SamCERA Fiscal Year 2019-20 Budget:** Ms. Chow reviewed the three components of SamCERA's budget (Professional Services, Administrative and Technology) and discussed the changes from last year within each category. SamCERA's FY 2019-20 budget totals \$37 million, which is a 5% increase from the prior fiscal year due to an increase in the professional services budget.

Action: Mr. David motioned to approve the budget as presented for FY 2019-20. The motion was seconded by Mr. Hoefler and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

The meeting then went into closed session at 11:36 a.m. and reconvened in open session at 12:44 p.m. to consider items 1906.6.6 and 1906.6.7. See reports C2 and C3 below.

1906.7.2 **Approval to Reschedule the Regular July Meeting of the Board of Retirement:** Mr. Hood and the Board discussed rescheduling the Board of Retirement regular meeting date from July 23rd to July 16th due to two pre-approved educational activities taking place the week of the 22nd. Staff surveyed the Board members and found that rescheduling the meeting to July 16th would allow for more Board members to attend the July meeting and also allow them to attend either course.

Action: Mr. Battey motioned to approve a change to the date of the July 23, 2019 meeting to July 16, 2019. The motion was seconded by Mr. David and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.

The meeting was adjourned for a break at 11:01 a.m. and reconvened at 11:07 a.m. At that time, item 7.1 was heard out of order.

1906.8.1 **Chief Executive Officer's Report:** Mr. Hood called attention to the SACRS magazine in the Board's Day of folder. He mentioned two educational courses taking place during the week of July 22nd. Mr. Hood noted a few topics for next month's meeting, including the Election of Board Officers and Appointment of Committees, further discussion of actuarial assumptions by Milliman, Inc. and an update on SamCERA's lease status.

1906.8.2 **Assistant Executive Officer's Report:** Ms. Smith updated the Board on SamCERA's recruitment for two Retirement Support Specialists. Ms. Smith provided an update on the Board elections and announced Mr. David, Mr. Hackleman and Ms. Salas ran unopposed and will be deemed elected to the Board of Retirement as of election day, June 10, 2019. She also mentioned appointed members, Mr. Bowler and Mr. Hoefler have been reappointed by the Board of Supervisors. Ms. Smith announced SamCERA will be celebrating its 75th anniversary next month. Ms. Trujillo shared the upcoming educational events with the Board.

1906.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reminded the Board to complete the Enterprise Risk Tolerance Survey that was sent out last week. He informed the Board that SamCERA staff will be meeting with international equities strategies, Baillie Gifford, Parametric and Mondrian this Thursday. Mr. Coultrip also mentioned that there may be a potential recommendation for a real estate manager at next month's Board meeting.

1906.8.4 **Chief Legal Counsel's Report:** None.

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

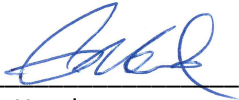
C2 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code sections 54956.81 and 6254.26):** Ms. Carlson reported that the Board (1) approved a re-up commitment of \$20 million in Great Hill Partners VII. The motion unanimously passed with a vote of 9-0. Ayes: Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman. Noes: None. (2) approved an investment of \$10 million in Altas Partners III. The motion carried with a vote of 9-0.

Ayes: Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman. Noes: None.
(3) approved a re-up commitment of \$35 million in BlackRock Direct Lending Fund IX. The motion carried with a vote of 9-0. Ayes: Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman. Noes: None.

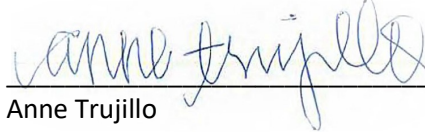
C3 Approval of Potential Sale of Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code sections 54956.81 and 6254.26): No reportable action was taken.

1904.10 **Adjournment:** Ms. Arnott adjourned the meeting at 12:53 p.m. in memory of the deceased members listed below.

Dunnick, Barbara	April 19, 2019	Aging & Adult Services
Gatchel, Barbara	May 8, 2019	Health Services
Longbehn, John	May 22, 2019	County Clerk
Maze, Joann	April 26, 2019	Sheriff's
McCormick, Michael	May 5, 2019	DPW
Mercado, Genoveva	April 1, 2019	Medical Center
Miraglia, James	May 12, 2019	Chope Hospital
Obayashi, Taihei	May 1, 2019	Assessor
Supplee, Alice	April 28, 2019	Chope
Walton, James	April 19, 2019	Sheriff's
Wright, Donnie	May 3, 2019	Sheriff's



Scott Hood
Chief Executive Officer



Anne Trujillo
Retirement Executive Secretary