

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
MARCH 26, 2019 – REGULAR BOARD MEETING MINUTES

**1903.1 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, Alma Salas (for Paul Hackleman), Kurt Hoefer, Katherine O'Malley, Robert Raw, and Eric Tashman.

Absent: Paul Hackleman.

Alternates present: Susan Lee and Alma Salas.

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

Consultants and speakers: Margaret Jadallah and Joe Abdou (Verus).

**1903.2.1 Oral Communications from the Board:** None.

**1903.2.2 Oral Communications from the Public:** None.

**1903.3.1 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 February 26, 2019.

**Action:** Ms. Salas moved to approve the minutes from the Board Meeting on February 26, 2019. The motion was seconded by Mr. David and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hoefer, O'Malley, Raw, Salas and Tashman all in favor; none opposed.

**1903.4.0 Approval of the Consent Agenda:** Ms. Arnott asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

**Action:** Mr. Tashman moved to approve 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, Hoefer, O'Malley, Raw, Salas and Tashman all in favor; none opposed.

**1903.4.1 Disability Retirements:**

a) The Board found that Gary Justice 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.

b) The Board found that Jerry Justice 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.

c) The Board found that Eleanor Ngantian is (1) permanently incapacitated from the performance of her usual and customary duties as a Senior Accountant, (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.

**1903.4.2 Survivor Death Benefits:** None.

1903.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Aktar, Kalim	January 7, 2019	San Mateo Medical Center
Austen, Valerie	January 5, 2019	Assessor's Office
Batiste, Cheryl	January 26, 2019	Probation
Belova, Lyudmila	January 12, 2019	San Mateo Medical Center
De La Rosa, Renee	January 31, 2019	Family Health Services
Farrell, Barbara	January 17, 2019	Deferred from San Mateo Med Ctr
Gee, Timothy	January 26, 2019	Courts
Hart, Paul	January 25, 2019	QDRO of Faith Fichie
Harven, William	January 31, 2019	Human Services Agency
Heinrich, Anne	February 1, 2019	Health
Hernandez, Christina	January 12, 2019	Courts
Hoffmann, Leslie	January 22, 2019	QDRO of Terence Medina
Honda Tsuye, Julie	January 12, 2019	Probation
Jack, Betsy	January 3, 2019	County Manager
Kremer, Sandra	January 26, 2019	Human Services Agency
Lindner, Jerome	January 5, 2019	Human Services Agency
Lynch, Peter	January 3, 2019	District Attorney's Office
Margulis, Larisa	January 26, 2019	Housing
Medina, Terence	January 13, 2019	Deferred from ARC
Melville, Mark	January 13, 2019	Sheriff's
Modesto, Clarita	January 31, 2019	San Mateo Medical Center
Molas, Ana	January 5, 2019	Human Services Agency
Ortiz, Luis	January 28, 2019	Deferred from Probation
Potter, Gina	February 1, 2019	Courts
Richie, Faith	January 2, 2019	Deferred from Behavioral Health
Rosenmiller, Alan	January 23, 2019	Sheriff's
Tawde, Anuradha	January 9, 2019	Deferred from Public Health
Taylor, Kenneth	February 1, 2019	Sheriff's
Usher, Rebekah	January 5, 2019	Probation
Weiss, Anne	January 4, 2019	Human Resources

1903.4.4 **Continuances:**

The Board ratified the granting of a continuance to the following individuals:

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Berndtson, Silvia	Berndtson, Ted
Duval, Madel	Duval, Kenneth
O' Neill, Marshall	O' Neill, Jeanne

1903.4.5 **Deferred Retirements:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Blake Jr., Larry E	G4, Vested - Reciprocity
Bolich, Beatrice	G7, Vested - Reciprocity
Carlay, Denicia C.	G4, Vested – Auto Defer - Code 31700
Diaz, Lorraine K	G4, Vested – Auto Defer - Code 31700
Duran Leon, Maria Teresa	G4, Vested - Reciprocity
Escobar, Tanya G	G4, Vested – Auto Defer - Code 31700
Hing-Lewis, Janna L	G5, Vested – Auto Defer - Code 31700
Marin, Maria Guadalupe	G4, Vested - Reciprocity
Moreira-Orantes, Eduardo	G4, Vested – Auto Defer - Code 31700
Patel, Nayan	G4, Vested
Sievert, Ann	G4, Vested – Auto Defer - Code 31700
Zalesky, Hannah	G7, Vested – Auto Defer - Code 31700

1903.4.6 **Member Account Refunds:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Biggs, Arter	G7, Non-vested
De la Cruz, Monica	G4, Non-vested
Drane, Leslie	G7, Non-vested
Gonzales, Crystle Mae	G7, Non-vested
Johnson, Tura	G7, Non-vested
Kwok, Anna	G7, Non-vested
Lenvik, Patricia	G2, Non-vested
McCrate, Jody	G7, Non-vested
Morris, Lisa	G2, Non-vested
Patel, Hasmig	G7, Non-vested
Perez, Leonor	G5, Non-vested
Romero-Betancourt, Jose	G7, Non-vested
Venci, Julian	G5, Non-vested
Winchester, Katie	G7, Non-vested
Wood, April	G7, Non-vested

1903.4.7 **Member Account Rollovers:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Breen, Natalie	G7, Non-vested
Levy, Felix	G7, Non-vested

1903.4.8 **Member Account Redeposits:** None.

1903.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Ms. Lee.

- 1903.4.10 **Approval of Resolutions Amending Definitions of Compensation Earnable and Pensionable Compensation:** The Board approved the resolutions amending definitions of compensation earnable and pensionable compensation.
- 1903.4.11 **Report on Proxy Voting Summary for the Period Ended December 31, 2018:** The Board accepted the report of proxy voting summary for the period ended December 31, 2018.
- 1903.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:** None.
- 1903.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended February 28, 2019:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for February 2019 was 1.3%, while the preliminary trailing twelve-month return ending February 2019 was 1.2% net. This item was informational and for discussion only, no action was taken.
- 1903.6.2 **Presentation by Cliff Asness of AQR:** Mr. Asness discussed the roles that hedge fund risk premia can play in a total portfolio and discussed the 2018 performance of these strategies. This item was informational only, no action was taken. This item was taken out of order.
- 1903.6.3 **Report on Cash Overlay (Parametric) Annual Review:** Ms. Ng reviewed the meeting notes from annual review of SamCERA's cash overlay manager, Parametric, which was held on March 7, 2019, at SamCERA's office. Overall program results were in-line with long term expectations. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.
- 1903.6.4 **Report on Global Custodian (Northern Trust) Annual Review:** Ms. Ng review the meeting notes from annual review of SamCERA's custodian bank, Northern Trust, which was held on March 7, 2019, at SamCERA's office. She stated Northern Trust continues to provide consistent and reliable levels of service to staff in accordance with expectations. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.
- 1903.6.5 **Report on Update of Verus Capital Market Assumptions:** Ms. Jadallah reviewed Verus' report on capital market assumptions with the Board, which will form the basis for the upcoming asset allocation review. Ms. Jadallah reviewed methodology, return, risk assumptions, asset classes and forecast changes. This item was informational and for discussion only, no action was taken.
- 1903.6.6 **Report on SamCERA's Plan Liquidity:** Ms. Jadallah and Mr. Abdou reviewed SamCERA's liquidity report with the Board. This item was informational and for discussion only, no action was taken.
- 1903.6.7 **Approval of Resolution Amending the Investment Policy Statement:** Mr. Coultrip discussed the proposed revisions to the Investment Policy Statement.

**Action:** Mr. Battey moved to adopt the resolution approving the proposed revisions to SamCERA's Investment Policy Statement as presented. The motion was seconded by Mr. Tashman and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hoefler, O'Malley, Raw, Salas and Tashman all in favor; none opposed.

The meeting was adjourned for lunch at 11:48 a.m. and reconvened at 12:15 p.m.

- 1903.7.1 **Approval of Resolution Authorizing Contract with Brown Armstrong:** Mr. Hood reported that SamCERA had received four responses for auditing services. Upon the Evaluation Committee's review, they

recommended the CEO enter into contract negotiations with Brown Armstrong. Mr. Hood discussed the details of the proposed agreement with the Board.

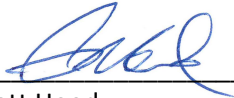
**Action:** Mr. David motioned to approve the resolution authorizing the CEO to execute an agreement with Brown Armstrong for auditing services. The motion was seconded by Mr. Tashman and carried a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hoefer, O'Malley, Raw, Tashman and Salas all in favor; none opposed.

- 1903.7.2 **Report on April 2019 Board-Staff Retreat Planning:** Mr. Hood discussed the proposed agenda for the upcoming Board-Staff Retreat in April and noted the schedule changes made following the Board's discussion at its February meeting. This report was informational and for discussion only; no action was taken.
- 1903.7.3 **Approval to Reschedule the July 23, 2019 Board Meeting:** Mr. Hood discussed the two educational events that conflict with the July Board Meeting. Staff recommended the Board formally change the date of the meeting to July 16 or another appropriate date so staff can publish the meeting notice and reflect the new information on SamCERA's website. Upon discussion from the Board, rather than taking a vote, Mr. Hood will send out a survey to Board members to determine whether rescheduling the July Board meeting is necessary. This item was informational only, no action was taken.
- 1903.7.4 **Approval of SACRS Voting Delegate and Alternates for the SACRS Spring 2019 Business Meeting and Direction to Voting Delegate:** Mr. Hood discussed the upcoming SACRS Spring 2019 Conference and recommended the Board to designate Susan Lee as the Voting Delegate, with Scott Hood as the First Alternate Voting Delegate. The Voting Delegate is authorized to cast votes on behalf of SamCERA at the SACRS business meeting scheduled for Friday, May 17, 2019.
- 1903.8.1 **Chief Executive Officer's Report:** Mr. Hood shared a note of appreciation from the spouse of a deceased member who had received an "Adjourned in Memory" certificate from the Board. Mr. Hood reported he met with San Mateo County Mosquito & Vector Control District to discuss their District Supplementary Contribution Account. He also shared that the Board of Supervisors recently approved the retirement contributions which also included the approval of \$25 million towards the County Supplementary Contribution Account. He mentioned upcoming educational events, Advanced Principles of Trustees, Pension Bridge and SACRS Spring Conference. Mr. Hood commented on a few items that would appear on next month's agenda including the SACRS Business Meeting Packet and Admin Policy on CEO's Authority for Procurement & Contracting for Goods and Services.
- 1903.8.2 **Assistant Executive Officer's Report:** Ms. Smith informed the Board that User Acceptance Testing with regards to the V3 Upgrade project had begun and will continue through May. She also mentioned a departmental only recruitment will be conducted for the two vacant Retirement Analyst positions. Ms. Smith reminded the Board to file their Form 700 by the April 2<sup>nd</sup> deadline and provided an update on the upcoming Board election for expiring seats. Ms. Trujillo shared the upcoming educational events with the Board.
- 1903.8.3 **Chief Investment Officer's Report:** Mr. Coultrip brought to attention the December 2018 Performance Pulse in their Day of Folder. He notified the Board that SamCERA's real estate annual manager reviews will occur on Thursday, April 4, 2019, starting at 8:00 a.m.
- 1903.8.4 **Chief Legal Counsel's Report:** None.

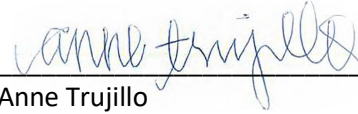
C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.

1903.10 **Adjournment:** Ms. Arnott adjourned the meeting at 12:52 p.m. in memory of the deceased members listed below.

Rogers, Carolyn	February 20, 2018	Human Services Agency
Terwilliger, Mary	February 6, 2019	Controller's
Maddox, William	February 8, 2019	Probation
Greulich, Rudolf	February 9, 2019	Social Services
Underwood, Paul	February 9, 2019	Library
Chetty, Sandra	February 10, 2019	Aging & Adult Services
Loschiavo, Joseph	February 13, 2019	Sheriff
De Klerk, Hans	February 20, 2019	Public Works
Hollenbeck, Luzviminda	February 20, 2019	General Services
Mergens, Kathleen	February 22, 2019	Human Services Agency
Okazaki, John	February 26, 2019	Public Works
Lim, Marie	March 3, 2019	Medical Center
Wiese, Mary	March 10, 2019	Public Health
Lynam, Richard	March 7, 2019	Probation



Scott Hood  
Chief Executive Officer



Anne Trujillo  
Retirement Executive Secretary