

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

APRIL 28, 2020 – REGULAR BOARD MEETING MINUTES

**2004.1 Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Mr. Hoefer, Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m. via teleconference.

**Roll Call:**

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

Absent: None.

Alternates present: Susan Lee and Alma Salas.

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

Consultants and speakers: Nick Collier and Craig Glyde (Milliman, Inc.); Joe Abdou, Margaret Jadallah and John Nicolini (Verus).

**2004.2.1 Oral Communications from the Board:** Ms. Salas requested that future Board packets be combined into one packet for easier viewing.

**2004.2.2 Oral Communications from the Public:** Ms. Trujillo reported that there were no public comments submitted by the public for today's meeting.

**2004.3.1 Approval of Regular Board Meeting Minutes from March 24, 2020:** Ms. Salas commented there was a clerical error on Item 4.5 of the March Board meeting minutes. Mr. Hoefer asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on March 24, 2020 other than the correction on Item 4.5.

**Action:** Mr. Hackleman moved to approve the remaining minutes from the Board meeting on March 24, 2020. The motion was seconded by Mr. David and carried with a vote of 7-0, with trustees Battey, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; Arnott abstained; none opposed.

**2004.3.2 Approval of Special Board Meeting Minutes from April 6, 2020:** Mr. Hoefer asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on April 6, 2020.

**Action:** Mr. David moved to approve the minutes from the Special Board meeting on April 6, 2020. 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.

**2004.4.0 Approval of the Consent Agenda:** Mr. Hoefer asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

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

2004.4.1 **Disability Retirements:**

- a) The Board found that **Imelda Barlaan** (1) is permanently incapacitated from the performance of her usual and customary duties as a Charge Nurse, (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.

2004.4.2 **Survivor Death Benefits:**

- a) The Board found that **Robert Cabaj**, would have been entitled to a non-service-connected disability but has died, and Bennie Ferma, the surviving spouse, has elected to receive an optional death allowance pursuant to Government Code § 31781.1.

2004.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Abbeduto, James	February 29, 2020	Deferred - Aging & Adult Services
Berbano, Elizabeth	March 1, 2020	San Mateo Medical Center
Chu, Hung-Ming	February 28, 2020	Behavioral Health & Recovery Services
Costa, Antonino	February 4, 2020	Sheriff's Office
Flores, Pedro	February 22, 2020	Behavioral Health & Recovery Services
Gutierrez, Grace	February 29, 2020	San Mateo Medical Center
Hori, Richard	February 22, 2020	Probation Dept.
Hurst, Roslyn	February 29, 2020	Human Services Agency
Khan, Khairul	February 29, 2020	San Mateo Medical Center
Markrow, Sherry	March 1, 2020	Library
Ozan, Julieta	February 14, 2020	Def'd - Behavioral Health & Recovery Srvs
Rude, Theresa	February 8, 2020	Deferred – Human Services Agency
Salazar, Ron	February 28, 2020	Sheriff's Office
Slusser, Lester	February 28, 2020	Sheriff's Office
Walker, Pamela	February 15, 2020	Probation Dept.
Watson, Victoria	February 8, 2020	San Mateo Medical Center
White, William	February 29, 2020	Library
Wilcox-Rittgers, Terry	February 21, 2020	Behavioral Health & Recovery Services
Wuslich, Kristina	February 27, 2020	Deferred – Parks & Recreation
Young, Robert	February 28, 2020	Deferred – Probation Dept

2004.4.4 **Continuances:**

**Survivor's Name**

Bernstein, Diana  
Buddress, Patricia  
Cuadra, Vickie  
Duignan, Sue  
Koenig, Lois

**Beneficiary of:**

Bernstein, Allen  
Buddress, Loren  
Cuadra, Manuel  
Duignan, James  
Koenig, Paul

2004.4.5 **Deferred Retirements:**

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

**Name**

Arteaga, Manuel  
Belous, Sheila  
Cai, Selina  
Cisco, Kristine  
Cota, Mara  
Derespini, Ronald  
Gongon, Arlen  
Hernandez, Marta  
Jewett, Rebecca  
Perez, Ashley  
Robinson, Sharma  
Porter, Karl  
Sharma, Jasneet  
Susantin, Danny  
Trajano, Jeannette  
Weaver, Jeff

**Retirement Plan Type**

G4, Vested - Auto Defer - Code 31700  
G4, Vested  
G7, Vested  
G7, Non-vested - Reciprocity  
G5, Vested - Auto Defer - Code 31700  
S4, Vested  
G4, Vested  
G5, Vested - Reciprocity  
G5, Vested - Reciprocity  
G7, Vested - Auto Defer - Code 31700  
G4, Vested - Reciprocity  
G2, Vested - Auto Defer - Code 31700  
G7, Vested - Reciprocity  
G7, Non-vested - Reciprocity  
G2, Vested - Auto Defer - Code 31700  
G7, Vested - Reciprocity

2004.4.6 **Member Account Refunds:**

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

**Name**

Davis, Cynthia  
Delgado, Annmarie  
Lewis, Vernon  
Masuoka, Nicole  
Moran, Alexis  
Almendrala, Richie  
Espinoza, Juan  
Gulde, Sairo Mel  
Roberts, Fran  
Tan, Bernard

**Retirement Plan Type**

G7, Non-vested  
G7, Non-vested  
G4, Vested  
G7, Non-vested  
G7, Non-vested  
G7, Vested  
S7, Non-vested  
G7, Non-vested  
G4, Non-vested  
G7, Non-vested

2004.4.7 **Member Account Rollovers:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Almendrala, Richie	G7, Vested
Meehan, Patrick	G7, Non-vested
Zhu, Allison	G7, Non-vested

2004.4.8 **Member Account Redeposits:** None.

2004.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activity attended by Ms. Lee.

2004.4.10 **Correction of Monthly Payment:** The Board ratifies the correction in underpaid benefits for the following individuals:

<b>Name</b>	<b>Retirement Plan Type</b>
Lindecker, Joan	G1
O'Meara, Christine	G1
Robinson, Audrey	P2
Vega, Aurora	G1

2004.4.11 **Approval to Renew Fiduciary Liability Insurance Policy:** The Board authorized the County's Risk Manager to renew fiduciary liability insurance coverage with RLO Insurance Services through May 27, 2021.

2004.4.12 **Approval of 10<sup>th</sup> Amendment to Contract with Vitech Systems Group, Inc.:** The Board approved the resolution authorizing the Chief Executive Officer to execute a Tenth Amendment to the agreement with Vitech Systems Group, Inc. up to \$12,500,000 for all services through December 31, 2022.

2004.4.13 **Approval of Resolutions that Define Comp Earnable and Pensionable Comp:** The Board approved the amendments to (1) the two Resolutions defining Compensation Earnable, pursuant to Government §31461 for members who are not subject to Government Code §7522.34 and (2) the two Resolutions defining Pensionable Compensation for members who are subject to Government Code §7522.34.

2004.5.2 **Discussion of Actuarial Assumption for the June 30, 2020 Actuarial Valuation:** Mr. Collier and Mr. Glyde discussed the assumptions to be used for this year's valuation and the impact that the current market downturn may have on the employer contribution rates. They also addressed SamCERA's expected return over the next 10 and 30 years and answered questions from the Board. This item was informational and for discussion only, no action was taken.

Mr. Bowler joined the teleconference at 10:20 a.m.

2004.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended March 31, 2020:** Mr. Coultrip reported that SamCERA's net preliminary return for March was down -8.6% bringing the preliminary trailing twelve month return ending March 2020 to -4.6% net. This item was informational and for discussion only, no action was taken.

2004.6.2 **Report on Cash Overlay (Parametric) Annual Review:** Ms. Ng reviewed the meeting notes from the annual review of SamCERA's overlay manager. Staff spoke with Parametric on March 5<sup>th</sup> via

conference call. The overlay program results were in line with long-term expectations and there were no significant concerns identified during the review. This item was informational and for discussion only, no action was taken.

- 2004.6.3 **Annual Review of Northern Trust Custodial Bank:** Ms. Ng reviewed the meeting notes from the annual review of SamCERA's custodial bank, Northern Trust. Staff met at SamCERA's office with Northern Trust on March 5th. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.
- 2004.6.4 **Approval of Public Real Asset Restructuring:** Mr. Nicolini presented the recommendation of adding a passive U.S. TIPS allocation to SamCERA's public real assets strategy.
- Action:** Mr. Hackleman moved to approve the public real asset restructuring. The motion was seconded by Mr. David and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.
- 2004.6.5 **Approval of Core Bond Fixed Income Manager:** Ms. Jadallah reviewed the core fixed income manager search process with the Board and answered their questions.
- Action:** Mr. Bowler moved to approve the recommendation to invest 4% of plan assets (approximately \$180 million) in the NISA core fixed income strategy in a separate account structure. The motion was seconded by Mr. David and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.
- 2004.6.6 **Approval of International Equity Manager Structure:** Mr. Coultrip presented the recommended changes to the current international manager structure, better aligning the portfolio to the international equity policy benchmark.
- Action:** Mr. Raw moved to approve the proposed International Equity manager structure. The motion was seconded by Ms. Arnott and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed.
- 2004.6.7 **Approval of Potential Sale of Alternative Investment (to be heard in Closed Session, Confidential under Gov. Code §54956.81 and §6254.26, see item C2):** The Board adjourned into Closed Session using SamCERA's 2<sup>nd</sup> AT&T teleconference line at 11:45 a.m. to hear item 6.7. and reconvened in Open Session at 12:08 p.m. See Closed Session report under C2.
- 2004.8.1 **Chief Executive Officer's Report:** Mr. Hood informed the Board that the County is continuing weekly teleconferences with Department Heads regarding COVID-19 and that he anticipates the June Board Meeting will also be held via teleconference. Mr. Hood reported that staff had processed 95 retirements, along with COLAs this month and gave kudos to those involved in getting the job done. He also reported that staff is working with Cheiron to complete the triennial study. Mr. Hood mentioned a few agenda items for next month's Board meeting including the formation of the Ad Hoc Nominating Committee, economic assumptions and next fiscal year's budget.
- 2004.8.2 **Assistant Executive Officer's Report:** Ms. Smith requested that Board members submit their \$25 non-recourse renewal check. She informed the Board that she has submitted SamCERA's remobilization plan to the County and is also in the process of purchasing Personal Protective Equipment for staff. She also informed the Board that closed captioning is now available for Financial Knowledge Network classes online.

- 2004.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff will be holding two annual manager review meetings via teleconference on May 7th with Blackrock at 8:00 a.m. and QMA at 10:00 a.m.
- 2004.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that the California Supreme Court will hold oral argument in the *Alameda County Deputy Sheriff's Assn. v. Alameda County Employees' Retirement Assn.* case which addresses whether statutory amendments to the County Employees Retirement Law (CERL) made by the Public Employees' Pension Reform Act (PEPRA) reduces the scope of the pre-existing definition of pensionable compensation and impairs employees' vested rights protected by the federal and state Constitutions. She also added that the oral argument will be online on May 5<sup>th</sup>.
- C2 **Approval of Potential Sale of Alternative Investment (Confidential under Gov. Code §54956.81 and §6254.26 – see also item 6.7)** Ms. Carlson reported that the Board voted to terminate SamCERA's investment in AQR Delta XN. The motion passed a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw and Tashman all in favor; none opposed. No other reportable action was taken.
- 2004.10 **Adjournment:** Mr. Hoefler adjourned the meeting at 12:10 p.m. in memory of the deceased members listed below.

Williams, Maria	March 18, 2020	Crystal Springs Rehab Center
Moore, Joseph	March 19, 2020	Sheriff's
Brown, George	March 22, 2020	Supt of Schools
Werner, May	March 22, 2020	Health
Charles, Edwina	March 27, 2020	Library
Emert, Loretta	March 29, 2020	Sheriff's

  
 Kurt Hoefler  
 Board Chair