

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 8, 2020 – REGULAR BOARD MEETING MINUTES

2012.1 Call to Order, Roll Call and Miscellaneous Business

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

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: Joe Abdou, Margaret Jadallah, John Nicolini and Faraz Shooshani (Verus); Ashley Casey (Brown Armstrong).

2012.2.1 Oral Communications from the Board: Ms. Salas shared with the Board that she completed the SACRS Virtual Sexual Harassment training.

2012.2.2 Oral Communications from the Public: Mr. David asked if there was any public comment from those individuals participating on the telephone or via Zoom. There were no public comments. Ms. Trujillo reported there were no written comments received ahead of the meeting.

2012.3.1 Approval of Regular Board Meeting Minutes from October 27, 2020: Mr. David asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on October 27, 2020.

Action: Mr. Hackelman moved to approve the minutes from the Board meeting on October 27, 2020. The motion was seconded by Ms. Arnott and 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.

2012.3.2 Approval of Audit Committee Minutes from October 27, 2020: Mr. David asked if there were any changes or corrections, or objections, to the meeting minutes from the Audit Committee meeting held on October 27, 2020.

Action: Mr. Bowler moved to approve the minutes from the Audit Committee meeting on October 27, 2020. The motion was seconded by Mr. Raw and 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.

2012.4.0 Approval of the Consent Agenda: Mr. David 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 items on the Consent Agenda. The motion was seconded by Mr. Hoefer and 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.

2012.4.1 Disability Retirements: None.

2012.4.2 Survivor Death Benefits: None.

2012.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Armsby, Aimee	September 12, 2020	County Counsel
Ayala, Janine	September 28, 2020	Human Resources
Corkery, John	September 6, 2020	Sheriff's Office
Dayter, Zoya	October 1, 2020	San Mateo County Health
Guier, Brent	October 1, 2020	Environmental Health
Hernandez, Rosemarie	September 21, 2020	QDRO
Horne, Gary	September 5, 2020	San Mateo County Health
Kennedy, Catherine	September 22, 2020	Def'd - Human Services Agency
Lee Lung, Fung	September 26, 2020	San Mateo County Health
Luna, Anna	September 22, 2020	Human Services Agency
Macaraeg, Girley	October 1, 2020	Public Health
Martin, Lenda	September 28, 2020	Def'd - San Mateo County Health
Masis, Agnes	September 23, 2020	San Mateo County Health
Parnainfar, Saman	September 27, 2020	Probation
Spiller, Denise	September 18, 2020	Sheriff's Office
Thompson, Barry	October 1, 2020	Probation
Willers, Patricia	September 19, 2020	San Mateo County Health
Wong-Sing, Douglas	September 11, 2020	Deferred - Health Services

2012.4.4 **Continuances:**

Survivor's Name	Beneficiary of:
Lesui, Ato	Lesui, Clark
Liikane, Meeri	Liikane, Juhan

2012.4.5 **Deferred Retirements:**

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

Name	Retirement Plan Type
Chung, Diana	G4, Vested - Auto Defer - Code 31700
Duffy, Danae	G7, Non-vested - Reciprocity
Elliot, Robin	G4, Vested
Giovannoni, Kevin	S4, Vested - Auto Defer - Code 31700
Harte, Virginia	S7, Vested - Reciprocity
Hirst, Deborah	G4, Vested - Auto Defer - Code 31700
Huynh, Michael	G7, Vested - Reciprocity
Kmak, Rocelia	G1, Vested - Reciprocity
Leos, Monica	G7, Vested - Auto Defer - Code 31700
McCulley, Dylan	G5, Vested - Auto Defer - Code 31700
Mon, Kristen	G7, Vested
Pasini, Nicole	G4, Vested - Auto Defer - Code 31700
Sandoval, Patricia	G4, Vested - Auto Defer - Code 31700
Sharma, Shaneil	G7, Vested - Auto Defer - Code 31700
Silva, Teresa	G5, Vested - Reciprocity
Velasquez, Jose	S4, Vested

2012.4.6 **Member Account Refunds:**

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

Name	Retirement Plan Type
Allee, Andrew (FBO: Allee, Robert)	G4, Vested
Dabbagh, Elizabeth	G7, Non-vested
O'Leary, Brandon	S7, Non-vested
Solis, Gabriela	G7, Non-vested
Tyrell, Jolly	G4, Vested
Villanueva, Christine	G7, Vested

2012.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Bunoan, Tomas (FBO: Eufrecina Bunoan)	G4, Non-vested
Coke, Simone	G4, Non-vested
Dahlberg, Christina	G7, Non-vested
Martinez, Virginia (FBO: Isidro Martinez) <i>Marriage license submitted to prove surviving spouse entitled to lump sum.</i>	G7, Non-vested
Pagarigan, Rey (FBO: Maria Gina Pagarigan)	G4, Vested

2012.4.8 **Member Account Redeposits:** None.

2012.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2012.4.10 **Reaffirm Education Policy:** The Board reaffirmed the Board's Education Policy.

2012.4.11 **Reaffirm Procedures for Auditing Employer Data:** The Board reaffirmed the "Board of Retirement Procedures for Auditing of Employer Data and Information to Determine Correctness of Member's Retirement Benefits, Reportable Compensation, Enrollment in and Reinstatement to, the Retirement System."

2012.4.12 **Reaffirm Procedure for Assessment of Elements of Compensation:** The Board reaffirmed the "Board Procedures for Assessment and Determination of Whether an Element of Compensation Was Paid to Enhance a Member's Pension Benefit."

2012.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2012.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended October 31, 2020:** Mr. Coultrip reported that SamCERA's net preliminary return for October was 1.0% bringing the preliminary trailing twelve month return ending October 2020 to 4.3% net, which is above SamCERA's Plan Benchmark return of 4.1% but below SamCERA's Actuarial Assumed Earnings Rate of 6.5%. This item was informational and for discussion only, no action was taken.

2012.6.2 **Report on Quarterly Investment Performance for the Period Ended September 30, 2020:** Mr. Coultrip reported that the 3rd quarter net total return for the SamCERA portfolio was +5.2%, which was 20 bps lower than the +5.4% policy benchmark return. Alternatives and fixed income were the main contributors of performance, while domestic equity and inflation hedge (private real assets)

were the main detractors. Ms. Jadallah and Mr. Abdou provided further analysis of the quarterly performance report for the period ended September 30, 2020. This item was informational and for discussion only, no action was taken.

- 2012.6.3 **Approval of Change to SamCERA's Policy Benchmark:** Mr. Coultrip discussed staff's recommendation to change the absolute return benchmark and the absolute return portion of the policy benchmark from LIBOR +4% to SOFR +4% and answered questions from the Board.

Action: Mr. Hackleman motioned to approve changing the absolute return benchmark and the absolute return portion of the policy benchmark from LIBOR +4% to SOFR +4%. The motion was seconded by Mr. Raw and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

- 2012.6.4 **Approval of Resolution Amending the Investment Policy Statement:** Mr. Coultrip highlighted the proposed amendments to the Investment Policy Statement.

Action: Ms. Arnott motioned to approve a resolution amending the SamCERA Investment Policy Statement. The motion was seconded by Ms. O'Malley and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman all in favor; none opposed.

- 2012.6.5 **Presentation of Private Asset Semi-Annual Performance Reports as of June 30, 2020:** Ms. Dames reported that as of June 30, 2020, SamCERA's private equity portfolio had a total market value of \$342.4 million (7.3% of SamCERA's total fund). She also reported that as of fiscal year end, SamCERA's private real assets portfolio had a total market value of \$96.1 million (2.1% of SamCERA's total fund). Mr. Shooshani and Mr. Nicolini further discussed the private equity and private real asset performance report as of June 30, 2020. This item was informational and for discussion only, no action was taken.

The Board was adjourned for break at 11:27 a.m. and reconvened at 11:35 a.m.

- 2012.6.6 **Report on Investment Consultant Annual Review:** Ms. Ng went over the results of Verus' annual review. She reported that Verus received average/high ratings from Board and staff. Ms. Ng also shared strategic and educational topics suggested for the upcoming year. This item was informational and for discussion only, no action was taken.

- 2012.6.7 **Approval of Proposed Alternative Investments (to be heard in Closed Session):** The Board adjourned into Closed Session at 11:41 a.m. to hear item 6.6 then reconvened in Open Session at 12:02 p.m. See Closed Session report under C2.

- 2012.7.1 **Annual Review of Brown Armstrong:** Ms. Smith shared the results of Brown Armstrong's annual performance report to Ms. Casey and the Board. Ms. Smith reported that Brown Armstrong received above average ratings overall from both Board and staff. She and Mr. Hood thanked Ms. Casey and her team for the great work they have done for SamCERA this year. This item was informational only, no action was taken.

- 2012.7.2 **Discussion of 2021 Board-Staff Retreat Topics:** Mr. Hood went over a list of suggested retreat topics for the 2021 Board-Staff Retreat and gave the Board an opportunity to provide their feedback. This item was informational only, no action was taken.

- 2012.7.3 **Report on 2020 Legislative Update and Direction to Staff:** Mr. Hood reviewed the five CERL amendments and noted the legislation will become effective January 1, 2021. This item was informational only, no action was taken.
- 2012.8.1 **Chief Executive Officer’s Report:** Mr. Hood shared that the PAFR is now available and thanked staff for their efforts in putting it together. He noted that the County had reverted to a “Purple” status, Tier 1 of the state’s four-tiered, color-coded reopening system. He added that San Mateo County is one of the few that have not implemented the early lockdown and that staff is prepared to readjust office procedures pertaining to mail if County guidance changes. Mr. Hood shared a few items for the January meeting including the COLA, continued discussion of topics for the Board-Staff Retreat and noted that the budget report will be presented at the February meeting.
- 2012.8.2 **Assistant Executive Officer’s Report:** Ms. Smith informed the Board that during the last round of negotiations, the County agreed to providing employees with 16 hours of winter recess (holiday) therefore, the SamCERA office will be closed on December 28th and 31st. She reported that staff is in preparation of year-end tasks such as 1099’s. Ms. Smith thanked Ms. Salas for her participation with the mobile app testing. She also shared that the County will be holding a virtual Service Awards ceremony at 3 p.m. which includes honoring two of SamCERA staff members, Mr. Hood and Ms. Amacker, for their 20 years of service. Ms. Trujillo informed Board members about upcoming educational events.
- 2012.8.3 **Chief Investment Officer’s Report:** Mr. Coultrip informed the Board of rebalancing activities in the portfolio during the past month. He informed the Board that pursuant to the Board’s process for certain alternative investments purchases, a potential private equity opportunity was discussed with Mr. David and Mr. Battey via phone on November 9th and that a \$15 million commitment was made to Canvas Ventures III. Mr. Coultrip stated that staff plans to discuss the portfolio’s asset allocation with the Board in the coming months.
- 2012.8.4 **Chief Legal Counsel’s Report:** None.
- C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.
- C2 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item 6.6):** Ms. Carlson reported that the Board approved a motion to invest \$20 million in Endeavor Fund VIII, L.P. 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. The Board also approved a motion to increase the current investment in Blackrock Direct Lending Fund IX from \$35 million to \$45 million. 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.
- C3 **Public Employee Performance Evaluation, in accordance with Gov. Code § 54957, Title: Chief Executive Officer (to be heard in Closed Session Confidential Under Gov. Code §54957):** The Board adjourned into Closed Session at 12:18 p.m. to hear item C3 then reconvened in Open Session at 1:00 p.m.
- Ms. Carlson reported that no reportable action was taken.
- 2012.10 **Adjournment:** Mr. David adjourned the meeting at 1:01 p.m. in memory of the deceased members listed below.

Allen, Geraldine
Ruiz, Christina

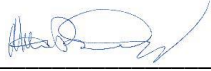
September 9, 2020
October 5, 2020

Mental Health
DPW

King, Violet
Logue, Amelia
Moore, Dorothy
Ferrando, Orlene
Noerager, Gloria
Abramson, Catherine
Dodson, Martha
Nodson, Julie
Grossetti, Judy
Bixby, Patricia

October 8, 2020
October 10, 2020
October 15, 2020
October 19, 2020
October 19, 2020
October 22, 2020
October 27, 2020
November 11, 2020
November 11, 2020
November 22, 2020

Probation
Chope Hospital
Hospital
Controller's
Engineering - Roads
Library
Library
Human Services
DPW
Mental Health



Al David
Board Chair