

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JULY 28, 2020 – REGULAR BOARD MEETING MINUTES

2007.1 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 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: Nick Collier and Craig Glyde (Milliman, Inc.); Graham Schmidt and Anne Harper (Cheiron); Joe Abdou and Margaret Jadallah (Verus).

- 2007.1.1 Election of Board Officers:** Ms. O'Malley, Chair of the Ad Hoc Nominating Committee reported to the Board that the committee, consisting of Mr. Battey, Mr. Raw and herself, discussed candidates for the officer positions. They recommended the following slate of officers for the term ending June 30, 2021: Al David, Chair; Robert Raw, Vice-chair; and Katherine O'Malley, Secretary. There were no other nominations made.

Action: Mr. Hackleman moved to approve the nominations of Al David, Chair; Robert Raw, Vice-chair; and Katherine O'Malley, Secretary. The motion was seconded by Mr. Battey and carried with a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley, Raw and Tashman; none opposed.

The remainder of the meeting was chaired by Mr. David.

- 2007.1.2 Announcement of Appointment of Board Committees:** Mr. David announced that he will provide the Board committees for FY 20-21 at the August Board meeting.

- 2007.2.1 Oral Communications from the Board:** Mr. Raw commented on an article in the Wall Street Journal pertaining to ransomware.

- 2007.2.2 Oral Communications from the Public:** Mr. David asked if there was any public comment from those individuals participating on the telephone or via Zoom and Ms. Trujillo reported that there were no public comments submitted by the public for today's meeting.

- 2007.3.1 Approval of Regular Board Meeting Minutes from June 2, 2020:** Mr. David asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on June 2, 2020.

Action: Mr. Hoefer moved to approve the minutes from the Board meeting on June 2, 2020. The motion was seconded by Ms. Arnott and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, O'Malley and Raw all in favor; Mr. Tashman abstained; none opposed.

2007.4.0 **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. Raw moved to approve the items on the Consent Agenda, and the motion was seconded by Ms. Arnott. The motion 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.

2007.4.1 **Disability Retirements:** None.

2007.4.2 **Survivor Death Benefits:** None.

2007.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Abrams, Emina	April 1, 2020	Deferred - Superior Court
Aguirre-Alberto, Sylvia	May 23, 2020	Deferred – Probation
Boesseneker, Mark	May 15, 2020	Def'd from District Attorney's Office
Carlos, Hector	May 1, 2020	Planning
Dunbar-Street, Linda	May 21, 2020	Deferred - Superior Court
Fernandez, Irene	May 1, 2020	Aging & Adult Services
Galassi, Patrick	April 25, 2020	Information Services Dept (Plan 3)
Grado, Ronald	April 29, 2020	Dept. of Public Works
Javier, Maristella	May 31, 2020	Def'd – Human Services Agency
Lynch, Angela	May 12, 2020	Deferred - Probation
Marion, William	May 26, 2020	Already Retired - Plan 3 Portion
Melendez, Reina	April 11, 2020	San Mateo County Health
Mullane, Jenell	May 30, 2020	Superior Court
O'Laughlin, Leroy	May 16, 2020	Sheriff's Office
Ramirez, Luz	March 28, 2020	Public Health
Torrea, Nora	May 16, 2020	San Mateo County Health
Trujillo, Miguel	May 2, 2020	Deferred - Environmental Health
Vermillion, David	April 8, 2020	Sheriff's
Vitalicio, Gloria	May 1, 2020	San Mateo County Health

2007.4.4 **Continuances:**

Survivor's Name	Beneficiary of:
Boyle, James	Boyle, Gretchann
Doran, Merlanne	Doran, John
Gates, Angelika	Gates, David
Hoover, Perry	Hoover, Dorothy
Moore, Dorothy	Moore, Joseph
Rojas, Marcia	Rojas, Donald

2007.4.5 **Deferred Retirements:**

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

Name	Retirement Plan Type
Menjivar, Ana	G4, Vested
Meola, Kathryn	G2, Vested - Reciprocity
Morris, Geoffrey	S7, Vested - Auto Defer - Code 31700
Reyes, Katherine	G4, Vested - Auto Defer - Code 31700
Wendler, Michael	G4, Vested
Wright, Jason	G7, Non-vested - Reciprocity

2007.4.6 **Member Account Refunds:**

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

Name	Retirement Plan Type
Dickinson, Rebecca	G7, Non-vested
Ferreyra, Timothy	G7, Non-vested
Guereca, Sandra	G5, Vested
Hawkins, Ofelia	G4, Non-vested
Lycett, Blake	S5, Vested
Reilly, Julie (FBO: Silva, Jody)	G4, Vested
Senger, Carolyn	G7, Non-vested
Wonacott, Kathleen	G7, Non-vested

2007.4.7 **Member Account Rollovers:**

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

Name	Retirement Plan Type
Abenojar, Jimmark	G4, Non-vested
Bahrami, Sanaz	G7, Non-vested
Cecil, Cameron	G7, Non-vested
Council, Katherine (QDRO)	S4, Non-vested
Senger, Carolyn	G7, Non-vested

2007.4.8 **Member Account Redeposits:**

Name	Retirement Plan Type
Biggs, Arter	G7, Non-vested

2007.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2007.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2007.5.2 **Acceptance of Milliman Inc.'s Investigation of Experience July 1, 2017 – April 30, 2020:** Mr. Collier and Mr. Glyde of Milliman, Inc. presented the triennial Investigation of Experience Report and answered questions from the Board. This item was for discussion only; and with no objections, this report was accepted.

2007.5.3 **Acceptance of Cheiron Inc's Actuarial Audit of Experience Study July 1, 2017 – April 30, 2010:** Mr. Schmidt, of Cheiron, discussed their findings and observations from the audit of Milliman's Experience Study. He reported that the assumptions recommended by Milliman were all reasonable to use in SamCERA's actuarial valuation and provided potential considerations for future studies. This item was for discussion only; and with no objections, this report was accepted.

2007.5.4 **Approval of Resolution Adopting Recommended Changes to Assumptions Based on Milliman's Investigation of Experience, July 1, 2017 – April 30, 2020:** Following the discussion of items 5.2 and 5.3, the Board took the following action:

Action: Mr. Hackleman motioned to approve the resolution adopting recommended changes to the assumptions based on Milliman's Investigation of Experience for July 1, 2017 - April 30, 2020. The motion was seconded by Mr. Hoefer 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.

The Board was adjourned for a short break at 11:15 a.m. and reconvened into open session at 11:20 a.m.

2007.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended June 30, 2020:** Mr. Coultrip reported that SamCERA's net preliminary return for June was 1.8% bringing the preliminary trailing twelve month return ending June 2020 to 0.70% net. This item was informational and for discussion only, no action was taken.

2007.6.2 **Report on Core Equity and Low Volatility Equity Manager Annual Reviews:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's core equity manager, D.E. Shaw, and low volatility equity managers, Acadian and PanAgora held on May 21st via teleconference. 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.

2007.6.3 **Report on International Equity Manager Annual Reviews:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's international equity managers, Baillie Gifford and Mondrian held on June 4th via teleconference. 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.

2007.6.4 **Approval of Resolution Amending the Investment Policy Statement:** Ms. Ng discussed the proposed changes to the Investment Policy Statement with the Board.

Action: Mr. Raw motioned to approve the resolution amending the 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.

2007.6.5 **Approval to Change FIAM Core Bond and QMA Small-Cap Equity to Separate Account Structure:** Mr. Coultrip discussed staff's recommendation to change the FIAM Core Bond and QMA Small-Cap from commingled fund to separate account structure. He also discussed how the transition will provide more customization of investment guidelines, along with real-time visibility into account holdings and performance, which will help in managing the plan especially in times of market volatility.

Action: Mr. Hackleman motioned to approve staff's recommendation to change FIAM Core Bond and QMA Small-Cap from commingled fund to separate account structure. The motion was seconded by

Mr. Battey 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.

2007.7.1 **Surplus Property Policy:** Mr. Hood provided an overview of the County's Surplus Property Program and discussed SamCERA's proposed Surplus Property Policy.

Action: Mr. Hackleman motioned to approve the resolution adopting a Surplus Property Policy for SamCERA. The motion was seconded by Mr. Raw and carried by a vote of 9-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, O'Malley, Raw Tashman and all in favor; none opposed.

2007.8.1 **Chief Executive Officer's Report:** Mr. Hood reported that staff is continuing to work from home, hold weekly check-ins and execute all required business functions. He mentioned the Day Of folder can now be found in Dropbox. Mr. Hood reported that the remaining CALAPRS courses for the year are expected to be online and that he has signed up for the online SACRS UC Berkeley Course. Mr. Hood mentioned a few agenda items for next month's Board meeting including the financial and budget report and the recommendation to change the September Board meeting to the 29th providing additional time for staff, Milliman and Cheiron to complete the Actuarial Valuation Report.

2007.8.2 **Assistant Executive Officer's Report:** Ms. Smith shared that SamCERA's auditor, Brown Armstrong, is currently conducting their interim audit and reported no significant findings based on their audit so far. Ms. Trujillo informed Board members about upcoming educational events.

2007.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported staff will be holding annual manager reviews on Thursday, August 6th with PIMCO at 8:00 a.m. and Beach Point at 10:00 a.m. via Zoom. Mr. Coultrip added that staff will be conducting additional manager reviews on Tuesday, August 11th with Templeton at 8:00 a.m. and FIAM at 9:30 a.m. Mr. Coultrip also reported that staff and Verus have been researching absolute return manager prospects and have four upcoming video review calls and expect to present a recommendation to the Board within the next two months.

2007.8.4 **Chief Legal Counsel's Report:** None.

2007.10 **Adjournment:** Mr. David adjourned the meeting at 12:10 p.m. in memory of the deceased members listed below.

Doran, John	May 14, 2020	Sheriff's
Dorris, Jimmy Lee	May 20, 2020	Sheriff's
Whitmer, Irene	May 22, 2020	Sheriff's
McNary, Darlene	May 23, 2020	Social Services
Engeli, Miriam	May 20, 2020	DAO
Hernandez, Frank	May 24, 2020	Probation
Pagmanua, Roberto	May 30, 2020	Planning
Kauscha, Theresa	June 2, 2020	SMMC
Nygren, Marilyn	June 6, 2020	Courts
Skalisky, Beverly	June 16, 2020	ISD
Grover, Maureen	June 24, 2020	ACRE
Mendoza, Charles	June 29, 2020	ISD
Tomita, Helen	July 8, 2020	Health and Welfare
Seager, Linda	July 11, 2020	Social Services



Al David
Board Chair