

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AUGUST 23, 2022 – REGULAR BOARD MEETING MINUTES**

2208.1 Call to Order, Roll Call and Miscellaneous Business

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

Roll Call:

Present: Sandie Arnott, Mark Battey, Al David, Kurt Hoefer, Kimathi Marangu, Elaine Orr, Robert Raw, and Alma Salas.

Absent: Katherine O'Malley.

Alternates: Nicole McKay.

Staff: Michael Coultrip, Lili Dames, Scott Hood, JulieAnne Nagal, Doris Ng, Paul Okada, Gladys Smith, and Anne Trujillo.

Consultants and speakers: Joe Abdou, Garrett Dinsmore, Margaret Jadallah, and John Nicolini (Verus).

2208.1.1 Announcement of Appointment of Board Committees: Mr. Battey announced the committee appointments for FY 22-23 on Ms. O'Malley's behalf.

Standing Committees:

Audit Committee: Al David, Elaine Orr, Kimathi Marangu and Sandie Arnott, Chair

Investment Committee: Mark Battey, Kurt Hoefer and Robert Raw, Chair

Ad Hoc Committee:

CEO Evaluation Committee: Katherine O'Malley, Nicole McKay and Alma Salas, Chair

2208.2.1 Oral Communications from the Board: None.

2208.2.2 Oral Communications from the Public: Mr. Battey 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.

2208.3.1 Approval of Special Board Meeting Minutes from July 26, 2022: Mr. Battey asked if there were any changes or corrections, or objections, to the meeting minutes from the special Board meeting held on July 26, 2022. There were no changes, corrections, or objections presented.

Action: Mr. Raw moved to approve the minutes from the special Board meeting on July 26, 2022. The motion was seconded by Mr. David and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefer, Marangu, Orr, Raw, and Salas all in favor; none opposed.

2208.3.2 Approval of Board Meeting Minutes from July 26, 2022: Mr. Battey requested a correction to agenda item 2207.3.1 to reflect his and Mr. Marangu's abstention. He asked if there were any additional changes or corrections, or objections, to the meeting minutes from the regular Board meeting held on July 26, 2022. There were no additional changes.

Action: Ms. Salas moved to approve the minutes from the regular Board meeting on July 26, 2022, as corrected. The motion was seconded by Mr. David and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefer, Marangu, Orr, Raw, and Salas all in favor; none opposed.

2208.4.0 **Approval of the Consent Agenda:** Mr. Battey 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. The motion was seconded by Mr. Kimathi and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefer, Marangu, Orr, Raw, and Salas all in favor; none opposed.

2208.4.1 **Disability Retirements:**

- a) The Board terminated the disability retirement application submitted by the Public Health department on behalf of **Judith Ochoa** per Article VI, section 6.5 and 6.6 of the Board Regulation regarding Disability Retirement.

2208.4.2 **Survivor Death Benefits:** None.

2208.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Aguirre, Gail	June 11, 2022	Mental Health
Apecechea, Rick	July 1, 2022	Sheriff's Office
Arredondo, Rebecca	April 1, 2022	Correctional Health
Asselin, Robert	July 1, 2022	Probation
Booker, Anita	June 11, 2022	Public Health
Brooks, Susan	June 30, 2022	Deferred - Aging & Adult Services
Buada, Maria	June 10, 2022	San Mateo County Health
Cheung, David	June 11, 2022	San Mateo County Health
Furman, John	June 18, 2022	Behavioral Health
Grant Mann, Laika	June 18, 2022	Superior Court
Gurkovic, Jesse	June 11, 2022	Sheriff's Office
Hegney, Julie	March 16, 2022	Deferred – Environmental Health
Jiron, Carlos	July 1, 2022	Sheriff's Office
Johnson, Linda S	June 14, 2022	Mental Health
Kim, Joyce	June 4, 2022	San Mateo County Health
Kiner, Rochelle	June 3, 2022	Public Works
Lake, Jane	July 1, 2022	Human Services Agency
Lomax, Eric	June 14, 2022	San Mateo County Health
Martinez Yano, Elizabeth	June 3, 2022	Deferred - Sheriff's Office
Pavon, Ana-Elba	June 18, 2022	Deferred - Library
Pena, Lorena	June 3, 2022	Human Services Agency
Pidlaoan, Shirley	July 1, 2022	Human Services Agency
Renderos, Edith	June 4, 2022	Human Services Agency
Shirkhani, Alireza	June 2, 2022	Human Services Agency
Smiley-Klingler, Lori	June 10, 2022	Probation
Wood, Bernadette	June 15, 2022	Human Services Agency
Yee, Karen	June 4, 2022	Human Services Agency

2208.4.4 **Continuances:**

Survivor's Name:

Davidson, Lawrence
Duncan, Ollie
Letona, Augusto
Prasad, Nalini
Pugliese, Linda

Beneficiary of:

Dekker-Davidson, Beverly
Duncan, Betsy
Letona, Bertha
Prasad, Ramendra
Pugliese, Michael

2208.4.5 **Deferred Retirements:**

Name

Aponte, Allan
Carlos, Jessica
Daly, Walter
Engle, Theresa
Giangerelli, Janelle
Henry, Rose
Higuera, Diana
Johnson, Jack
Kempel, Chad
Kenevan, Bridget
Kinsella, Ashlee
Lei, Katie
Ng, Bonny
Ortiz, Marisa
Ramos, Dulce
Ross-Perkins, Melissa
Sosa, Alexis
Susa, Samantha Mae

Retirement Plan Type

G7, Vested – Auto Defer – Code 31700
G7, Vested – Auto Defer – Code 31700
S7, Vested – Auto Defer – Code 31700
G7, Vested - Reciprocity
G3/G4, Vested – Auto Defer – Code 31700
G7, Vested
G7, Vested – Auto Defer – Code 31700
G7, Non-Vested - Reciprocity
G7, Vested – Auto Defer – Code 31700
G4, Vested – Auto Defer – Code 31700
G7, Vested – Auto Defer – Code 31700
G7, Non-Vested - Reciprocity
G7, Non-Vested - Reciprocity
G4, Vested
G7, Vested – Auto Defer – Code 31700
G4, Vested
G5, Vested – Auto Defer – Code 31700
G7, Non-Vested - Reciprocity

2208.4.6 **Member Account Refunds:**

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

Name

Daskam, Zaria
Dingus, Sidney
Jackson, Randi
Pena, Ofelia
Santos, Dennis

Retirement Plan Type

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

2208.4.7 **Member Account Rollovers:**

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

Name

Afsar, Khalid
Chavarria, Vilma
Weiss, Elizabeth

Retirement Plan Type

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

2208.4.8 **Member Account Redeposits:**

The Board ratified the rollovers as listed below for the following individuals:

Name	Retirement Plan Type
Vergara, Luis	G4

2208.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2208.4.10 **Adopt a Resolution Finding that Conducting In-Person Meetings Would Present an Imminent Risk to the Health and Safety of Attendees:** The Board approved a resolution finding that the COVID-19 pandemic state of emergency continues to present imminent risks to the health or safety of in-person attendees and authorizing the use of teleconferencing for Board and Committee meetings pursuant to Government Code Section 54953(e).

2208.4.11 **Report on California Government Code Section 7514.7 Annual Disclosure for 2021:** The Board accepted the Report on California Government Code Section 7514.7 Annual Disclosure for 2021.

2208.4.12 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ended June 30, 2022:** The Board accepted the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers as of June 30, 2022.

2208.4.13 **Ratification of Legal Services Agreement:** The Board approved a resolution ratifying a legal services agreement with Mullen Coughlin, LLP.

2208.4.14 **Report on Securities Lending Program:** The Board accepted the report on SamCERA's Securities Lending Program as of June 30, 2022.

2208.4.15 **Report on Preliminary Financial Statements for the Fiscal Year Ended June 30, 2022:** The Board accepted the Preliminary Financial Statements for the Fiscal Year Ended June 30, 2022.

2208.4.16 **Report on Budget-to-Actual for the Fiscal Year Ended June 30, 2022:** The Board accepted the Preliminary Report on Budget-to-Actual for the fiscal year ended June 30, 2022.

2208.4.17 **Reaffirm Policy and Procedures for Interest Crediting:** The Board reaffirmed the Board's Interest Crediting Policy with minor language edits for clarity and ease of administration.

2208.4.18 **Reaffirm Policy for Use of Electronic Signatures:** The Board reaffirmed the "Policy Allowing for the Use and Acceptance of Electronic Signatures for Documents Submitted by a Member."

2208.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2208.5.2 **Approval of Resolution Adopting the Proposed Board Funding Policy:** Mr. Hood presented the proposed funding policy from last month's meeting and requested formal adoption from the Board.

Action: Mr. Raw moved to adopt the proposed funding policy. The motion was seconded by Mr. Hoefer and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefer, Marangu, Orr, Raw, and Salas all in favor; none opposed.

2208.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended July 31, 2022:** Mr. Coultrip reported that SamCERA's net preliminary return for July was 2.9% bringing the preliminary trailing twelve month return ending July 2022 to -2.2% net, matching the return of the policy

benchmark. He reported most asset classes were higher in July as market participants bet that weaker economic growth and cooling inflation expectations would allow the U.S. Fed to pivot to a more dovish posture. As a result, longer-duration growth assets and risk assets in general appreciated during the month. This item was informational and for discussion only, no action was taken.

- 2208.6.2 **Report on Quarterly Investment Performance Report for Period ended June 30, 2022:** Mr. Coultrip reported that the 2nd quarter net total return was -6.3%, which was 90 bps higher than the -7.2% policy benchmark return. Public equity (U.S equity) and alternatives (absolute return) were the main contributors of relative performance, while inflation hedge was the main detractor. Mr. Nicolini and Mr. Abdou presented the quarterly performance report and answered questions from the Board.
- 2208.6.3 **Report on Core Fixed Income Manager Annual Reviews:** Ms. Ng reported that staff and consultant held annual review meetings with core bond managers, NISA Investment Advisors, FIAM and DoubleLine LP, on June 23rd; and Western Asset on June 30th. Each meeting consisted of 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.
- 2208.6.4 **Report on Opportunistic Credit Manager Annual Reviews:** Ms. Ng reviewed the meeting notes from the annual reviews with opportunistic credit bond managers, Franklin Templeton (June 30th), PIMCO, Beach Point, and Brigade Capital Management (July 28th). This item was informational and for discussion only, no action was taken.
- 2208.6.5 **Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2):** This item was heard in Closed Session at 10:53 a.m. and reconvened in Open Session at 11:11 a.m. See Closed Session report under C2.
- 2208.7.1 **Approval to Reschedule the October 25, 2022 Board Meeting:** Mr. Hood informed the Board that based on the survey results received, staff recommends the October Board meeting be changed to November 1st or another appropriate date so staff can publish the meeting notice and reflect the new information on SamCERA's website. There were no other dates suggested.
- Action:** Mr. Raw moved to approve a change to the date and time of the regularly scheduled October 25, 2022 meeting to November 1st. The motion was seconded by Ms. Arnott and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefler, Marangu, Orr, Raw, and Salas all in favor; none opposed.
- 2208.8.1 **Chief Executive Officer's Report:** Mr. Hood reported that staff is working on updates to their strategic plan and also provided an update on the boardroom technology upgrade. He informed the Board that a special meeting will take place at 9:55 a.m. before the September regular meeting. He previewed a few items on the agenda which includes a presentation on the annual valuation and contribution rates from Milliman, Inc. and the proposed Board schedule for 2023.
- 2208.8.2 **Assistant Executive Officer's Report:** Ms. Smith informed the Board that the Elections Office did not receive any candidacy paperwork for the vacant Seventh Member Alternate seat and that a request for another Special Election will likely take place early next year. Ms. Smith answered questions from the Board regarding the Special Election process. She also reported that she will be sending out the survey link to the annual actuarial survey for Milliman, Inc. Ms. Trujillo shared upcoming educational opportunities with the Board.

2208.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that Verus will be conducting enterprise risk tolerance interviews with each trustee as part of the asset liability study. He also shared rebalancing activities that took place in the month.

2208.8.4 **Chief Legal Counsel's Report:** Mr. Okada provided the Board with an update on the proposed legislative bills, AB 1944 and AB 2449, which concern Brown Act teleconference/remote participation.

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 C2):** The Board met in Closed Session regarding the approval of proposed alternative investments:

Regarding a follow-on commitment of \$15 million to Angelo Gordon Credit Solutions Fund 2A (Annex) Dislocation Fund LP, as part of SamCERA's growth risk-bucket within opportunistic credit (fixed income asset class), there was a motion by David, seconded by Hoefer, to approve by a vote of 8-0-0.

Ayes: Arnott, Battey, David, Hoefer, Marangu, Orr, Raw, and Salas
Nos: None
Abstain: None
Absent: O'Malley
Motion carried 8-0-0

Additionally, Mr. Okada reported that the Board, at its April 28, 2022 meeting, authorized the sale of SamCERA's interests in three funds -- Angeles Equity Partners I L.P., JLL Partners Fund VII L.P., and New Enterprise Associates 14 L.P. -- in the secondary marketplace.

Regarding the proposed secondary sale, a motion was made by Battey and seconded by Orr, to authorize and direct the Chief Executive Officer to sell the above-referenced non-strategic funds and to authorize the Chief Executive Officer to negotiate and execute all documents in connection with such transaction(s); provided that such sales, in the aggregate, must equal or exceed 87% of funds' aggregate NAV -- as of December 31, 2021 for JLL and NEA, and as of September 30, 2021, for Angeles given that updated information beyond September 30, 2021, was not yet available for Angeles.

The motion was approved by a vote of 7-0-0:


Ayes: Trustees Arnott, Battey, Bowler, Hoefer, Orr, Raw, and Salas (voting for 2nd Member (O'Malley) pursuant to Cal. Govt Code 31520.6)
Nos: None
Abstain: None
Absent: Trustees David, Hackleman, and O'Malley were absent

Mr. Okada reported that the investment transaction has closed and that the reporting of this Closed Session action is pursuant to Government Code Section 54957.1(a)(7) which provides for the reporting of the approval of sales of investments at the first open meeting following the closing of such transactions.

No other reportable action was taken.

2208.10 **Adjournment:** Mr. Battey adjourned the meeting at 11:23 a.m. in memory of the deceased members listed below.

Kirkpatrick, Sandra	June 28, 2022	Assessor's Office
Muscio, Helen	July 6, 2022	Probation
Turner, Leslie	July 8, 2022	Hospital
Abbott, Barbara	July 14, 2022	Courts
Damante, Lawrence	July 21, 2022	General Services
Collaco, Angela	July 22, 2022	Social Services
Keegan, Virginia	July 25, 2022	Information Services
Galleguillos, Roy	July 30, 2022	Sheriff's
Lyle, Norma	July 24, 2022	District Attorney's Office
Alsterlind, Keith	July 27, 2022	Probation
Byczkowski, Hedwiga	August 3, 2022	Behavioral Health
Schroyer, Donald	August 3, 2022	Controller's



Mark Battey
Acting Chair