

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
APRIL 23, 2024 – REGULAR BOARD MEETING MINUTES**

2404.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Battey, Chair, called the Regular Meeting of the Board of Retirement to order at 9:59 a.m.

Roll Call:

Present: Mark Battey, Al David, Kurt Hoefer, Kimathi Marangu, Katherine O'Malley, Robert Raw, and Alma Salas.

Absent: Sandie Arnott and Elaine Orr.

Alternates: April DeCarsky and Nicole McKay.

Staff: Tat-Ling Chow, Michael Coultrip, Lili Dames, Scott Hood, Jenny Lukan, Elizabeth LeNguyen, Doris Ng, Paul Okada, and Gladys Smith.

Consultants and speakers: Joe Abdou, Marc Gesell, and John Nicolini (Verus)

2404.2.1 Oral Communications from the Board: None.

2404.2.2 Oral Communications from the Public: None.

2404.3.1 Approval of Board Meeting Minutes from March 26, 2024: Mr. Battey asked if there were any changes or corrections, or objections, to the minutes from the regular meeting held on March 26, 2024. There were no changes, corrections, or objections presented.

Action: Mr. David moved to approve the minutes from the March 26, 2024 regular Board meeting. The motion was seconded by Ms. O'Malley and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.4.0 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 Ms. Salas and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.4.1 Disability Retirements:

- a) The Board found that **Daubrey Lindauer** (1) is permanently incapacitated from the performance of his usual and customary duties as Deputy Sheriff, (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.

2404.4.2 Survivor Death Benefits: None.

2404.4.3 Service Retirements:

Name	Effective Retirement Date	Department
Alcala, Jesus	February 17, 2024	Deferred - Human Services Agency
Arechavala, Gustavo	February 18, 2024	Mental Health
Burg, Nadine	February 9, 2024	Deferred - Courts

Chan, Shun	February 3, 2024	District Attorney's Office
Freeman, Dorian	March 1, 2024	Deferred - Probation
Gallegos-Jackson, Elisa	March 1, 2024	Deferred - San Mateo County Health
Hannon, Deneane	February 29, 2024	Deferred - Probation
Henderson, Lance	February 3, 2024	Probation
Hook, David	February 27, 2024	Deferred - San Mateo County Health
Lacson-Kuan, Theresa	February 6, 2024	Deferred - County Counsel
Leus, Alejandro	February 29, 2024	Public Health
LoSchiavo, Joseph	February 29, 2024	Sheriff's Office
Smith, Jay	March 1, 2024	Library
Smith, Sherry	February 28, 2024	Sheriff's Office
Stone, Sharon	February 23, 2024	Human Services Agency
Wozniak, David	February 26, 2024	Sheriff's Office

2404.4.4 **Continuances:**

Survivor's Name

Bond, Richard
 Botti, Susan
 Caton-Darby, Mireille
 Darwazeh, Halah
 Fishell, Sheryl
 Gonzalez, Juan
 Horan, Cheryl
 Love, Kenneth

Beneficiary of:

Wong-Bond, Meiling
 Botti, Lou
 Darby, John
 Evans, Lori
 Alejo, Mary Ann
 Camarena, Blanca
 Horan, Bruce
 Love, Corinne

2404.4.5 **Deferred Retirements:**

Name

Cheng, Chelsi
 Constantino, Andrew
 Deasis, Rudy
 Garcia, Alexandria
 Li Hou, Dong
 Pauselius, Joseph
 Rodriguez, Edith
 Tamayo, Aracely
 Velasquez, Alan

Retirement Plan Type

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

2404.4.6 **Member Account Refunds:**

Name

Corzine, Christina
 Johnson, Darci
 Mashni, Nadia
 Melstad, Eric
 Ramirez Barajas, Saul
 Sandoval, Amaranta
 Vaughn, Dominic
 Wu, Annie

Retirement Plan Type

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

2404.4.7 **Member Account Rollovers:**

Name	Retirement Plan Type
Ardema, Marcela	G7, Non-vested
Boyo, Toritsesan O.	G7, Non-vested
Cahalan Sanghvi, Ashley	G7, Non-vested
Corzine, Christina	G7, Vested
Jones, Kaila	G7, Non-vested

2404.4.8 **Member Account Redeposits:**

Name	Retirement Plan Type
Reed, Rick	G2

2404.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2404.4.10 **Report on Proxy Voting Summary for the Year Ended December 31, 2023:** The Board accepted the Proxy Summary Report for the year ended December 31, 2023.

2404.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2404.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended March 31, 2024:** Mr. Coultrip reported that SamCERA's net preliminary return for March was 1.8%, bringing the preliminary trailing twelve-month net return ending March 2024 to 9.8%. SamCERA's estimated market value as of March was \$6.44 billion, while the actuarial funded ratio as of June 30, 2023 was 88.3%.

2404.6.2 **Report on Currency Hedge Manager Annual Review:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's currency hedge manager, Record Currency Management Limited. The meeting took place on March 7th and included a firm/organizational update, investment process review, performance review and attribution and current positioning/market outlook. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.

2404.6.3 **Report on Cash Overlay (Parametric) Annual Review:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's overlay manager, Parametric Portfolio Associates. The meeting took place on March 7th and included a firm/organizational update, investment process review, performance review and attribution and current positioning/market outlook. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.

2404.6.4 **Report on Custodian (Northern Trust) Annual Review:** Ms. Ng reviewed the meeting notes of the annual review of SamCERA's custodian bank, Northern Trust. The meeting took place on March 6th and included a firm/organizational update, investment process review, performance review and attribution and current positioning/market outlook. There were no major concerns identified during the review. This item was informational and for discussion only, no action was taken.

2404.6.5 **Report on SamCERA's Risk Dashboard as of December 31, 2023:** Marc Gesell of Verus presented the SamCERA Risk Dashboard with data as of December 31, 2023, which highlight various risk exposures of the plan. This item as informational and for discussion only, no action was taken.

2404.6.6 **Report on SamCERA's Annual Portfolio Review:** Mr. Coultrip presented the SamCERA Annual Portfolio Review report for calendar year 2023. The review covered the following areas: total portfolio

absolute and relative performances, composite relative performance, total fund historical performance and risk, a two-stage portfolio assessment, an investment manager dashboard and a summary of rebalancing activities. This item is informational and for discussion only, no action was taken.

2404.6.7 Approval Proposed Updated to the Investment Policy Statement regarding Securities Lending Program Guidelines: Mr. Coultrip reviewed staff's recommendation to modify the securities lending program guidelines to allow for more flexibility within the program. Mr. Battey asked for a motion to approve the resolution amending SamCERA's Investment Policy Statement.

Action: Mr. David moved to approve the resolution amending SamCERA's Investment Policy Statement. The motion was seconded by Ms. Salas and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.6.8 Approval of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §7928.710, see item C2): This item was heard in Closed Session at 11:02 a.m. and Open Session was reconvened at 11:40 a.m. See Closed Session report under C2.

2404.7.1 Approval of SamCERA's Fiscal Year 2024-25 Budget: Ms. Chow presented SamCERA's proposed budget for fiscal year 2024-25 in which she highlighted and explained the need for increases to the budget. Mr. Battey asked for a motion to approve SamCERA's proposed budget for fiscal year 2024-25 totaling \$48.7 million, which is 4% higher than the adopted budget for FY 2023-24.

Action: Mr. David moved to approve the SamCERA's proposed budget for fiscal year 2024-25 totaling \$48.7 million. The motion was seconded by Mr. Raw and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.7.2 Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Actuarial Services: Mr. Hood provided an overview of the Request for Proposals (RFP) for Actuarial Services process and reviewed the reasons for the evaluation committee's recommendation. Mr. Battey asked for a motion to approve the resolution authorizing the Chief Executive Officer to negotiate and execute an agreement with Milliman, Inc. for actuarial services not to exceed \$850,000 for a term of five years.

Action: Mr. Hoefer moved to approve the resolution authorizing the Chief Executive Officer to negotiate and execute an agreement with Milliman, Inc. for actuarial services not to exceed \$850,000 for a term of five years. The motion was seconded by Mr. David and carried with a vote 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.7.3 Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Financial Auditing Services: Mr. Hood provided an overview of the Request for Proposals for Auditing Services process and reviewed the reasons for the evaluation committee's recommendation. Mr. Battey asked for a motion to approve the resolution authorizing the Chief Executive Officer to negotiate and execute an agreement with Brown Armstrong for auditing services.

Action: Ms. Salas moved to approve the resolution authorizing the Chief Executive Officer to negotiate and execute an agreement with Brown Armstrong for auditing services. The motion was seconded by Mr. Marangu and carried with a vote 7-0-0, with trustees Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.7.4 **Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Custodial Services:** Mr. Coultrip provided an overview of the Request for Proposals for Custodial Services process and reviewed the reasons for the evaluation committee’s recommendation. Mr. Battey asked for a motion to approve the resolution authorizing the Chief Executive Officer to negotiate and execute agreements with the Northern Trust Company for Global Custody Services and Securities Lending.

Action: Mr. Marangu moved to approve the resolution authorizing the Chief Executive Officer to negotiate and execute agreements with the Northern Trust Company for Global Custody Services and Securities Lending. The motion was seconded by Mr. Hoefer and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O’Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.7.5 **Selection of and Direction for SamCERA Voting Delegates at the SACRS Spring Business Meeting:** Mr. Hood reminded the Board that prior to each SACRS conference, two trustee and/or staff is chosen by the Board as the voting and alternate voting delegates for the conference business meeting. Mr. Battey asked for a motion to approve the recommendation for the Board to designate Mr. David as the Voting Delegate and Mr. Hood, CEO, as the voting delegate alternate to cast SamCERA’s votes at the SACRS Spring 2024 Conference.

Action: Ms. Salas moved to approve the recommendation for the Board to designate Mr. David as the Voting Delegate and Mr. Hood, CEO, as the voting delegate alternate to cast SamCERA’s votes at the SACRS Spring 2024 Conference. The motion was seconded by Ms. O’Malley and carried with a vote of 7-0-0, with trustees Battey, David, Hoefer, Marangu, O’Malley, Raw, and Salas all in favor; none opposed; none abstained.

2404.8.1 **Chief Executive Officer’s Report:** Mr. Hood reminded the Board about the upcoming SACRS conference, May 7-10th in Santa Barbara. Mr. Hood congratulated Mr. David on his 20 years of service with San Mateo County. Mr. Hood informed the Board that SamCERA will be having its staff planning retreat next week. Mr. Hood informed the Board that for the June Board Meeting, agenda items will include reviewing economic assumptions, discussion on the liability dashboard, board officer nominating committee selection, and renewal of SamCERA’s fiduciary liability insurance policy. Lastly, Mr. Hood thanked Ms. Smith and Ms. Chow for all their work on the RFPs.

2404.8.2 **Assistant Executive Officer’s Report:** Ms. Smith reported to the Board that SamCERA is working with HR on changes to the job description for the Retirement Technology Officer position and a timeline on filling this position is not available at this time. Ms. Smith also reported that SamCERA is currently in the declaration period of the election process for the three open seats – currently held by Ms. DeCarsky, Mr. Raw, and Ms. O’Malley. Ms. Lukan provided the Board with ethics training certificates for their signature regarding the 1-hour ethics training credit they received from the Board-Staff Retreat. Ms. Lukan reported to the Board on upcoming education opportunities including the CALAPRS Trustees Virtual Round Table in May and IFEBP Advanced Trustee and Administrators Institute in June and will send an email with the information. Ms. Smith announced to the Board that the following day is Administrative Professionals Day and recognized Ms. Lukan.

2404.8.3 **Chief Investment Officer’s Report:** Mr. Coultrip informed the Board of upcoming Manager Reviews on April 29, 2024, with BlackRock and PGIM; and on May 23, 2024, with D.E. Shaw and PanAgora. Mr. Coultrip also reported to the Board that SamCERA will partaking on a liquidity analysis. Lastly, Mr. Coultrip reported to the Board that one of the co-leaders of a newer strategy that has been implemented left the firm and they have a call scheduled with the firm later next week.

2404.8.4 **Chief Legal Counsel’s Report:** Mr. Okada reported to the Board that staff is in the process of updating the Board’s policy on portable electronic devices. Mr. Okada informed the Board that staff will be communicating the with Board regarding how each Board member is connecting to SamCERA’s resources, whether it’s through a SamCERA issued device, County issued device, Company issued device, or personally owned device.

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

C2 **Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §7928.710 – see also item 6.8):**

The Board entered Closed Session at 11:02 a.m.

The Board met in Closed Session for the approval of proposed alternative investments:

Regarding a \$30 million follow-on commitment to TPG Angelo Gordon Credit Solutions Fund III, L.P., as part of SamCERA’s growth risk bucket within opportunistic credit (fixed income asset class), there was a motion and a second to approve such commitment.

Ayes: Battey, David, Hoefer, Marangu, O’Malley, Raw, and Salas
Nos: None
Abstain: None
Absent: Arnott and Orr
Motion carried 7-0-0

Regarding a commitment of \$28 million to Kinderhook Capital Fund 8, L.P. as part of SamCERA’s buyout portfolio within Private Equity under the Growth category, there was a motion and second to approve such commitment.

Ayes: Battey, David, Hoefer, Marangu, O’Malley, Raw, and Salas
Nos: None
Abstain: None
Absent: Arnott and Orr
Motion carried 7-0-0

No other matters were heard in Closed Session and the Board exited Closed Session at 11:29 a.m.

2404.9.0 **Reports on Actions Taken in Closed Session:** Mr. Okada reported on Items C1 and C2 above. There were no additional closed session items.

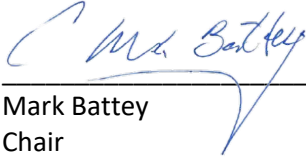
2404.10 **Adjournment:** Mr. Battey extended condolences to Mr. Coultrip regarding the passing of his father and adjourned the meeting at 12:09 p.m. in memory of the deceased members listed below.

Driver, Tedd	November 25, 2020	Information Services
Huffman, Abraham	March 1, 2024	General Services
Farrell, James	March 8, 2024	Sheriff’s
Krenzer, Thomas	March 8, 2024	Public Works
Rogers, Ralph	March 9, 2024	Probation
Whittington, Marie	March 12, 2024	Probation
Burnell, Diana	March 19, 2024	Crystal Springs Rehab Center
Florez, Joseph	March 20, 2024	Public Works

Borg, Susie
Cobry, James
Otten, Constance
Vanderhorst, Gloria
Hood, William
Lumm, George

March 29, 2024
March 19, 2024
March 27, 2024
March 30, 2024
April 2, 2024
April 10, 2024

Human Services
Hospital
Hospital
Human Services
Assessor's
Human Services



Mark Battey
Chair