



# San Joaquin County Employees Retirement Association

---

## MINUTES

**BOARD MEETING  
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
FRIDAY, JULY 12, 2019  
AT 9:30 AM**

Location: SJCERA Board Room  
6 S. El Dorado Street, Suite 400, Stockton, California

### 1.0 ROLL CALL

**1.01 MEMBERS PRESENT:** Phonxay Keokham, J.C. Weydert, Jennifer Goodman, Michael Duffy, Katherine Miller (out at 12:00 p.m.), Chanda Bassett, Adrian Van Houten (out at 12:56 p.m.), Raymond McCray, and Michael Restuccia presiding

**MEMBERS ABSENT:** Margo Praus

**STAFF PRESENT:** Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Financial Officer Lily Cherng, Management Analyst III Greg Frank, Department Information Systems Analyst II Lolo Garza, and Retirement Administrative Assistant Andrea Bonilla

**OTHERS PRESENT:** Deputy County Counsel Jason Morrish, David Sancewich and Ryan Lobdell of Meketa Investment Group, Graham Schmidt and Anne Harper of Cheiron, Monica Nino of the County Administrator's Office, and Gene Neely of Lathrop Manteca Fire District

### 2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Phonxay Keokham

### 3.0 APPROVAL OF MINUTES

3.01 Approval of the minutes for the Board Meeting of June 7, 2019

3.02 Approval of the minutes for the Administrative Committee Meeting of June 20, 2019

3.03 **The Board voted unanimously (9-0) to approve the Minutes of the Board Meeting of June 7, 2019 and the Administrative Committee Meeting of June 20, 2019. (Motion: Bassett; Second: McCray)**

### 4.0 PUBLIC COMMENT

4.01 Gene Neely of Lathrop Manteca Fire District commented on agenda item 6.0 and said it was a great idea to provide the CEO incentive compensation for exceeding objectives and noted that the Board is doing a good job. He also commented on agenda item 7.0 and stated as the retirement system becomes more expensive, it is getting harder as an employer to retain employees because he is losing them to other systems since he cannot afford to offer pay increases.

### 5.0 CONSENT ITEMS

5.01 **Service Retirement (13)**

5.02 **Mid-Year Administrative Budget Update**

5.03 **Board Policy Amendments**

01 **Age Verification Policy**

a Proposed revisions to Age Verification Policy - Mark-up

- b Proposed revisions to Age Verification Policy - Clean
  - 02 **Communications Policy**
    - a Proposed revisions to Communications Policy - Mark-up
    - b Proposed revisions to Communications Policy - Clean
  - 03 **Computer Equipment Policy**
    - a Proposed revisions to Computer Equipment Policy - Mark-up
    - b Proposed revisions to Computer Equipment Policy - Clean
  - 04 **Conflict of Interest Policy**
    - a Proposed revisions to Conflict of Interest Policy - Mark-up
    - b Proposed revisions to Conflict of Interest Policy - Clean
  - 05 **Disability Retirement Policy and Procedure**
    - a Proposed revisions to Disability Retirement Policy and Procedure - Mark-up
    - b Proposed revisions to Disability Retirement Policy and Procedure - Clean
  - 06 **Dissolution of Marriage or Registered Domestic Partnership Policy**
    - a Proposed revisions to Dissolution of Marriage or Registered Domestic Partnership Policy - Mark-up
    - b Proposed revisions to Dissolution of Marriage or Registered Domestic Partnership Policy - Clean
  - 07 **Employer Termination Policy**
    - a Proposed revisions to Employer Termination Policy - Mark-up
    - b Proposed revisions to Employer Termination Policy - Clean
  - 08 **Staff Transportation and Travel Policy**
    - a Proposed revisions to Staff Transportation and Travel Policy - Mark-up
    - b Proposed revisions to Staff Transportation and Travel Policy - Clean
  - 09 **Trustee Education Policy**
    - a Proposed revisions to Trustee Education Policy - Mark-up
    - b Proposed revisions to Trustee Education Policy - Clean
  - 10 **Trustee and Executive Staff Travel Policy**
    - a Proposed revisions to Trustee and Executive Staff Travel Policy - Mark-up
    - b Proposed revisions to Trustee and Executive Staff Travel Policy - Clean
- 5.04 Proposed Resolution 2019-07-01 titled "Board Policy Amendments"
- 5.05 After discussion, the Board approved the Consent Items in five separate motions as follows:
- 01 **The Board voted unanimously (9-0) to approve Consent Items 5.01 5.02, 5.03 -02 thru 5.03-04, 5.03-06, 5.03-08 and 5.03-10 and adopted Resolution 2019 -07-01. (Motion: McCray; Second: Duffy)**

- 02 **The Board voted unanimously (9-0) to approve Consent Item 5.03-01, with revisions to list Real ID as acceptable proof of age documentation and to include a state-issued driver's license/ID to the list requiring two documents. (Motion: Weydert; Second: Goodman)**
- 03 **The Board voted unanimously (9-0) to approve Consent Item 5.03-05 and directed staff to research the Board's role in denying applications to determine if future policy amendments would be recommended. (Motion: McCray; Second: Van Houten)**
- 04 **The Board voted unanimously (9-0) to approve Consent Item 5.03-07, with revisions to clarify the policy applies to all participating employers other than the County. (Motion: Van Houten; Second: Bassett)**
- 05 **The Board voted unanimously (9-0) to approve Consent Item 5.03-09 following clarification that the County's Sexual Harassment Prevention training meets the policy's requirement. (Motion: Van Houten; Second: Weydert)**

## **6.0 CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW POLICY**

- 6.01 Proposed revisions to Chief Executive Officer Performance Review Policy - Mark-up
- 6.02 Proposed revisions to Chief Executive Officer Performance Review Policy - Clean
- 6.03 Proposed Resolution 2019-07-02 titled "Chief Executive Officer Performance Review Policy"
- 6.04 **The Board voted unanimously (9-0) to approve the policy, with the revision to include that any incentive compensation shall not exceed 10 percent of the CEO's annual base salary, and adopted Resolution 2019-07-02. (Motion: Weydert; Second: Goodman)**

## **7.0 2019 PRELIMINARY VALUATION RESULTS AND EXPERIENCE STUDY**

- 7.01 Presentation by Graham Schmidt of Cheiron on preliminary results of Triennial Experience Study for the three years ended 12/31/2018 and the Annual Actuarial Valuation as of January 1, 2019
- 7.02 **The Board discussed and directed the actuary to keep the assumed rate of return at 7.25 percent.**

## **8.0 2019 ASSET LIABILITY STUDY**

- 8.01 Presentation by David Sancewich on modeling and proposed portfolio options
- 8.02 **The Board gave direction to the consultant to bring back a recommended asset allocation for approval at the August Board meeting.**

## **9.0 CONSULTANT REPORTS**

### **9.01 Monthly Investment Performance Updates**

- 01 Manager Performance Flash Report - May 2019 with a verbal update on June 2019 performance
- 02 Capital Markets Outlook and Risk Metrics - June 2019

### **9.02 Manager Due Diligence Meetings and Reports**

- 01 Due Diligence Memo on meeting with AQR - July 2019

### **9.03 Emerging Markets Request for Information - Verbal Update**

#### **9.04 Investment Fee Transparency Report**

- 01 Trustee Van Houten asked for clarification on Ocean Avenue Fund II numbers in the report. Mr. Sancewich reviewed and noted that the report provided to the Board contained an error and he will send an updated version to SJCERA.

#### **9.05 Board accepted and filed reports**

### **10.0 ACTUARIAL SERVICES CONTRACT EXPIRATION**

- 10.01 Cheiron Memo: Proposed Contract Extension

- 10.02 **The Board discussed and directed staff to issue a Request for Proposal for actuarial services.**

### **11.0 STAFF REPORTS**

- 11.01 **Pending Retiree Accounts Receivable - Second Quarter 2019**

- 11.02 **Legislative Summary Report**

- 11.03 **Trustee and Executive Staff Travel**

- 01 Conferences and Events Schedule for 2019

- a Nossaman Annual Fiduciaries' Forum

- 02 Summary of Pending Trustee and Executive Staff Travel

- a Travel Requiring Approval (2)

- 03 Summary of Completed Trustee and Executive Staff Travel

- 11.04 **Board accepted and filed reports and approved two pending travel requests as required.**

- 11.05 **CEO Report**

In addition to the CEO Report, CEO Shick reported that the new Service Credit Purchase fact sheet was completed and posted to the website. She also pointed out the Superior Court's additional contribution to the unfunded liability and said the Court will review their budget each year in hopes to continue making additional contributions.

- 01 Pension System Enhancement Project

#### **11.06 Report from Committees**

- 01 Committee Chair and staff provided a brief summary of the outcome of the:

- a Real Estate Committee Meeting, June 7, 2019

The meeting provided a quarterly update on the Real Estate portion of the portfolio.

- b Administrative Committee Meeting, June 20, 2019

The Committee reviewed policies that were proposed to the full Board at today's meeting.

- c Real Estate Committee Meeting, July 12, 2019

Direction was given at the meeting to write a memo to the Real Estate Consultant outlining the expectations from the Committee and to reiterate the consultant's responsibility.

### **12.0 CORRESPONDENCE**

**12.01 Letters Received**

**12.02 Letters Sent**

**12.03 Market Commentary/Newsletters/Articles**

- 01 NCPERS                      The Monitor                      June 2019
- 02 Research Affiliates                      June 2019

**13.0 COMMENTS**

- 13.01** Trustee Duffy suggested SJCERA look into affordable housing, Real Estate investment opportunities as there will be many investment opportunities in California over the next year.
- 13.02** Trustee Weydert commended staff for being below budget and stated he was impressed with the savings.

**14.0 CLOSED SESSION**

**THE CHAIR CONVENED A CLOSED SESSION AT 12:38 P.M. THE CHAIR ADJOURNED THE CLOSED SESSION AND RECONVENED THE OPEN SESSION AT 1:03 P.M.**

**14.01 PURCHASE OR SALE OF PENSION FUND INVESTMENTS  
CALIFORNIA GOVERNMENT CODE SECTION 54956.81**

**14.02 PERSONNEL MATTERS  
CALIFORNIA GOVERNMENT CODE SECTION 54957  
EMPLOYEE DISABILITY RETIREMENT APPLICATIONS (2)**

- 01 Disability Retirement Consent (2)

Counsel reported that in Closed Session the Board took the following action on personnel matters:

- a Food Service Worker I  
Service-Connected Disability

**The Board voted unanimously (8-0) to dismiss the disability retirement application for applicant's failure to pursue the application. (Motion: Bassett; Second: Van Houten)**

- b Engineering Assistant II  
Nonservice-Connected Disability

**The Board voted unanimously (8-0) to grant the applicant a Nonservice-Connected Disability Retirement. (Motion: Bassett; Second: Van Houten)**

**14.03 PERSONNEL MATTERS  
CALIFORNIA GOVERNMENT CODE SECTION 54957**

- 01 Public Employee Appointment  
Title: Retirement Investment Officer
- 02 **This item was removed from the agenda by the Chair, subject to being reset in the future.**

**14.04 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
CALIFORNIA GOVERNMENT CODE SECTION 94956.9(d)(1)**

- 01 *Allum, et al. v. San Joaquin County Employees' Retirement Association et al.*  
San Joaquin County Superior Court Case No. STK-CV-UBC-2017-10696

02 Due to a conflict of interest, Trustee Van Houten recused himself for this item.

**15.0 ELECTION OF OFFICERS**

15.01 Board to select officers for 2019-2020

15.02 The Chair called for nominations for each office of the Board of Retirement.

15.03 The Board voted unanimously (8-0) to re-elect Michael Restuccia as Chairperson. Motion: Duffy; Second: Keokham)

15.04 The Board voted unanimously (8-0) to re-elect Michael Duffy as Vice Chairperson and Raymond McCray as Secretary. (Motion: Bassett; Second: Duffy)

**16.0 CALENDAR**

16.01 Board Meeting, August 21, 2019 at 9:30 AM

16.02 Special Meeting, August 22, 2019 - Lodi, CA at 8:00 AM

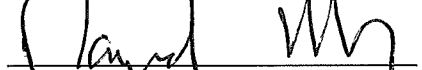
**17.0 ADJOURNMENT**

17.01 There being no further business the meeting was adjourned at 1:07 p.m.

Respectfully Submitted:

  
\_\_\_\_\_  
Michael Restuccia, Chair

Attest:

  
\_\_\_\_\_  
Raymond McCray, Secretary