



San Joaquin County Employees Retirement Association

MINUTES

BOARD MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT FRIDAY, FEBRUARY 14, 2020 AT 9:00 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 (out at 1:07 p.m.), Katherine Miller (in at 10:24 a.m., out at 12:40 p.m.), Chanda Bassett, Adrian Van Houten (out at 1:22 p.m.), Margo Praus, Raymond McCray, and Michael Restuccia presiding

MEMBERS ABSENT: None

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Investment Officer Chris Wisdom, 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 of Cheiron, Linda Courtright of SJC Superior Court, and Monica Nino and Jerry Becker of the County Administrator's Office

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 January 10, 2020

3.02 Approval of the minutes for the CEO Performance Review Committee Meeting of January 31, 2020

3.03 **The Board voted unanimously (8-0) to approve the Minutes of the Board Meeting of January 10, 2020 and the CEO Performance Review Committee Meeting of January 31, 2020. (Motion: Van Houten; Second: McCray)**

4.0 PUBLIC COMMENT

4.01 There was no public comment.

5.0 CONSENT ITEMS

5.01 Service Retirement (23)

5.02 General (1)

01 Retiree Cost-of-Living Adjustment (COLA) as of April 1, 2020

5.03 **The Board voted unanimously (8-0) to approve the Consent Items. (Motion: Duffy; Second: Weydert)**

6.0 EMERGING MARKET MANAGER PRESENTATIONS

6.01 Driehaus Capital Management LLC

01 Presentation by Richard Thies and Tom Seftenberg

6.02 GQG Partners LLC

01 Presentation by Chulantha DeSilva and Doug Magic

7.0 GLOBAL EQUITY STRUCTURE REVIEW

7.01 Presentation by Meketa Investment Group

7.02 The Board voted unanimously (9-0) to adopt the Consultant's recommendation to use MSCI All Country World Index Investable Market Index (MSCI ACWI IMI) as the policy benchmark for aggregate Global Equity (Traditional Growth) class and directed staff to update policy language as needed. (Motion: Weydert; Second: Keokham)

7.03 NOTE: Agenda Item 14.01 was taken out of order for discussion and action by the Board.

The Chair convened a Closed Session at 10:50 a.m. The Chair adjourned the Closed Session and reconvened the Open Session at 11:30 a.m.

8.0 CONSULTANT REPORTS

8.01 Monthly Investment Performance Updates

01 Receive and File Manager Performance Flash Report - December 2019

02 Receive and File Capital Markets Outlook and Risk Metrics - January 2020

8.02 Real Estate Review

01 Presentation by Peter King

8.03 2020 Capital Market Assumptions

8.04 Board accepted and filed reports.

9.0 EMPLOYER CONTRIBUTION RATE PROJECTIONS

9.01 Presentation by Graham Schmidt, Consulting Actuary

9.02 The Board voted unanimously (9-0) and directed the Consulting Actuary to use 7.0% as the investment return for the economic assumptions for 2020 and phase-in the impact of changes to the Unfunded Actuarial Liability over a period of three years. (Motion: Weydert; Second: Bassett)

10.0 STAFF REPORTS

10.01 Legislative Summary Report

10.02 Trustee and Executive Staff Travel

01 Conferences and Events Schedule for 2020

a CALAPRS General Assembly

b Markets Group West Institutional Real Estate Forum

02 Summary of Pending Trustee and Executive Staff Travel

a Travel Requiring Approval (3)

03 Summary of Completed Trustee and Executive Staff Travel and Travel Reports (1)

a 2020 Visions, Insights and Perspectives (VIP) Conference

10.03 Board accepted and filed reports and approved three pending travel requests as required.

10.04 CEO Report

In addition to the CEO Report, CEO Shick referred to the new SJCERA 2019 Facts at a Glance fact sheet that was provided at the Board dais, which will be added to the website. She also mentioned that new internal training opportunities for staff will begin at the February staff meeting.

01 Declining Employer Payroll Report

02 Pension System Enhancement Project update

11.0 REPORT FROM COMMITTEE

11.01 Committee Chair and staff will provide a brief summary of the outcome of the:

01 CEO Performance Review Committee Meeting - January 31, 2020

Committee Chair Goodman stated there was nothing to report out from the meeting held January 31, 2020.

12.0 CORRESPONDENCE

12.01 Letters Received

01 January 22, 2020 SACRS Board of Director Elections

12.02 Letters Sent

12.03 Market Commentary/Newsletters/Articles

01 NCPERS The Monitor January 2020

02 Daily Journal California Rule January 8, 2020

03 Fin Daily Article: SJCERA Real Estate Consultant January 16, 2020

13.0 COMMENTS

13.01 Comments from the Board of Retirement

01 Trustee Weydert requested additional information on the potential income flow generated by dividends.

02 Trustee Keokham requested an updated chart of retirement systems' investment return assumptions.

14.0 CLOSED SESSION

THE CHAIR CONVENED A CLOSED SESSION AT 12:47 P.M. THE CHAIR ADJOURNED THE CLOSED SESSION AND RECONVENED THE OPEN SESSION AT 1:26 P.M.

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

01 Counsel reported that on January 13, 2020, the Board unanimously approved Resolution 2020-01-01 titled "Blackrock Direct Lending Fund IX" and authorized the CEO to sign the necessary documents to invest \$100 million in the Fund.

**14.02 PERSONNEL MATTERS
CALIFORNIA GOVERNMENT CODE SECTION 54957
EMPLOYEE DISABILITY RETIREMENT APPLICATIONS (5)**

01 Disability Retirement Consent (5)

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

- a Senior Office Assistant
Service & Nonservice-Connected Disability

The Board voted unanimously (7-0) to dismiss the disability retirement application for applicant's failure to pursue the application. (Motion: Bassett; Second: Van Houten)

- b Equipment Operator II
Service-Connected Disability

The Board voted unanimously (7-0) to grant the applicant a Service-Connected Disability Retirement. (Motion: Bassett; Second: Van Houten)

- c Juvenile Detention Officer
Service-Connected Disability

The Board voted unanimously (7-0) to grant the applicant a Service-Connected Disability Retirement. (Motion: Bassett; Second: Van Houten)

- d Communications Dispatcher II
Service-Connected Disability

The Board voted unanimously (7-0) to grant the applicant a Service-Connected Disability Retirement and refer to Human Resources pursuant to Government Code Section 31725.65. (Motion: Bassett; Second: Van Houten)

- e Eligibility Worker II
Service & Nonservice-Connected Disability

The Board voted unanimously (7-0) to dismiss the disability retirement application for applicant's failure to pursue the application. (Motion: Bassett; Second: Van Houten)

**14.03 CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION
CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(4)**

01 Initiation of Litigation (1 Case)

Counsel noted there was nothing to report from closed session regarding this subject.

**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

Counsel noted there was nothing to report from closed session regarding this subject.

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

**14.05 PUBLIC EMPLOYEE PERFORMANCE EVALUATION
CALIFORNIA GOVERNMENT CODE SECTION 54957
TITLE: RETIREMENT ADMINISTRATOR/CHIEF EXECUTIVE OFFICER**

01 *Counsel noted there was nothing to report from closed session regarding this subject.*

**14.06 CONFERENCE WITH LABOR NEGOTIATOR
CALIFORNIA GOVERNMENT CODE SECTION 54957.6**

Agency Designated Representative: None

Unrepresented Employee: Retirement Administrator/Chief Executive Officer

01 *Counsel noted there was nothing to report from closed session regarding this subject.*

15.0 CALENDAR

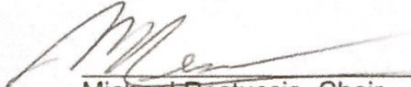
15.01 Board Meeting, March 13, 2020 at 9:00 AM

15.02 Audit Committee Meeting, March 13, 2020 upon adjournment of the Board Meeting

16.0 ADJOURNMENT

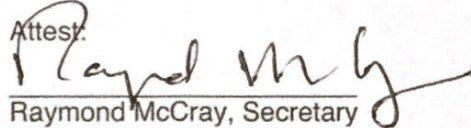
16.01 There being no further business the meeting was adjourned at 1:27 p.m.

Respectfully Submitted:



Michael Restuccia, Chair

Attest:



Raymond McCray, Secretary