

San Mateo County Employees' Retirement Association  
**Minutes of the Meeting of the Board of Retirement**

February 22, 2011

Agenda Item 3.0

**January 25, 2011 – Board Agenda**

**PUBLIC SESSION** – The Board will meet in Public Session at 1 p.m.

1. Call to Order and Roll Call
2. Oral Communications
  - 2.1 Oral Communications From the Board
  - 2.2 Oral Communications From the Public
3. Approval of the Minutes
4. Approval of the Consent Agenda

(Any items removed from the Consent Agenda for discussion will be inserted into the Regular Agenda and considered in the order chosen by the board chair.)

  - Disability Retirements
    - Normita Ferretti
    - Lissa Kaye
    - Linda Fitzgibbon
    - Debra Morris-Singh
  - Continuances
  - Deferred Retirements
  - Member Account Refunds
  - Member Account Rollovers
  - Trustee Request for Conference Approval
5. Benefit & Actuarial Services
  - 5.1 Adoption of Cost of Living Adjustments (COLAs) for 2011
6. Investment Services
  - 6.1 Monthly Portfolio Performance Report
  - 6.2 Approval of Amendment to Policy Regarding Placement Agents
  - 6.3 Approval of Search Criteria for a Commodity Allocation Mandate
  - 6.4 Educational Presentation – Hedge Fund Investment Opportunities
  - 6.5 Approval of Policy Regarding Securities Litigation
7. Board & Management Support Services
  - 7.1 Monthly Financial Report
  - 7.2 Quarterly Budget Report for Period Ended December 31, 2010
  - 7.3 Report on Status of Board/Staff Retreat –Ad Hoc Committee Report
  - 7.4 Approval of Amendments Updating Board Resolution Regarding Compensation Earnable
  - 7.5 Approval of Resolution Authorizing Submission of Tax Determination Letter Application
8. Management Reports
  - 8.1 Chief Executive Officer's Report
  - 8.2 Assistant Executive Officer's Report
  - 8.3 Chief Investment Officer's Report
  - 8.4 County Counsel's Report

**CLOSED SESSION** – The board will meet in closed session prior to adjournment

- C1 Consideration of disability items, if any, removed from the Consent Agenda and appropriate for closed session
9. Report on Actions Taken in Closed Session
10. Adjournment

**January 25, 2011 – Board Minutes**

- 1101.1 **Call to Order:** Mr. David, Chair, called the Public Session of the Board of Retirement to order at 1:03 p.m., January 25, 2011, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California.

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**Roll Call:** Ms. Agnew, Mr. Bowler, Mr. David, Mr. Hackleman, Ms. Kwan Lloyd, Mr. Spinello and Mr. Tashman. *Excused:* Ms. Arnott. *Other Board Members in Attendance:* Ms. Salas. *Staff:* Mr. Bailey, Mr. Hood, Ms. Dames, Mr. Clifton, Ms. LeBlanc and Ms. Smith. *Consultants:* Ms. Carlson, Dr. Fracchia, Mr. Brody, Mr. Masarik and Mr. Thomas. *Retirees:* 0, *Public:* 0.

On behalf of the board, Mr. David offered condolences to Ms. Smith.

Mr. Bailey then requested that the board add two additional items to the day's agenda:

5.1 Adoption of Cost of Living Adjustments (COLAs) for 2011

5.3a Approval of Dates of Board/Staff Retreat

**Motion** by Spinello, second by Agnew, carried unanimously to add the two agenda items to the day's agenda.

1101.2.1 **Oral Communications From the Board:** None.

1101.2.2 **Oral Communications From the Public:** Ms. Salas attended a conference hosted by Opal Financial Group. The conference included sessions on hedge funds and securities litigation. She has an electronic copy of the presentations for *SamCERA*'s records.

1101.3 **Approval of the Minutes: Motion** by Hackleman, second by Bowler, carried unanimously to approve the minutes from the December 14, 2010, board meeting, as submitted.

1101.4 **Approval of the Consent Agenda: Motion** by Agnew, second by Spinello, carried unanimously to approve the day's consent agenda, as submitted.

**Disability Retirements:**

The board found that **Normita Ferretti** is unable to perform her usual and customary duties as a Medical Services Assistant and granted her application for a service connected disability retirement.

The board found that **Lissa Kaye** is unable to perform her usual and customary duties as a Community Program Specialist II and granted her application for a service-connected disability retirement.

The board found that **Linda Fitzgibbon** is unable to perform her usual and customary duties as a Superior Courtroom Clerk II, denied her application for a service-connected disability retirement; and granted her a non-service disability retirement.

The board found that **Debra Morris-Singh** is not disabled from the performance of her usual and customary duties as a Medical Services Assistant and denied her application for a service-connected disability retirement.

**Service Retirements:**

**Member Name**

**Effective Retirement Date**

**Department**

Gonzalez, Manuel

October 18, 2010

Def'd from San Mateo Medical

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Burns, Mary	November 2, 2010	Def'd from Parks
Kamir, Barbara	November 6, 2010	Human Services Agency
Leuten, Sally	November 6, 2010	San Mateo Medical Center
Aquino, Amelia	November 9, 2010	Def'd from Superior Court
Jiminez, Gloria	November 13, 2010	Human Services Agency
Gasior, Tadeusz	November 27, 2010	Sheriff's Office
Hillhouse, Janet	November 27, 2010	Human Services Agency
Brosamle, Lydia	November 28, 2010	Superior Court
Foster, Jenny	November 28, 2010	San Mateo Medical Center
Liongitau, Ana	November 30, 2010	San Mateo Medical Center
Livengood, Robert	November 30, 2010	Sheriff's Office
Veley, Debra	December 1, 2010	Superior Court
Wilkins-Howard, Ida	December 1, 2010	Information Services
Gordon, Richard	December 7, 2010	Board of Supervisors

**Continuance of Benefits:**

<b>Member Name</b>	<b>Beneficiary of:</b>
Axelrad, Claire	Berenberg, Felix
Raynes, Katherine	Raynes, Sheldon
Yee, Herman	Yee, Dorothy

**Deferred Retirements:**

<b>Member Name</b>	<b>Retirement Plan Type</b>	
Thornton, Leon	P4-vested	
Raggio, Glen	S4-vested	
Encinas, Jeffrey	G2-vested	
Reinhard, Steven	G4-vested	
Valencia, Silvia	G4-vested	
Kapadia, Mita	G2-3-S2-vested	
Wan, Carmen	G4-vested	
Altman, Susan	G4	Reciprocity
Peterson, Robin	G4	Reciprocity

**Member Account Refunds:**

<b>Member Name</b>	<b>Retirement Plan Type</b>
Carriger, Barbara	G4 Non-vested
Escalona, Magdalena	G2 Vested
Hernandez, Nancy	G4 Non-vested
Ugbaja, Chika	G4 Vested

**Member Account Rollovers:**

<b>Member Name</b>	<b>Retirement Plan Type</b>
Medaglia, Suzy	G4 Non-vested

**Trustee Request for Conference Approval**

Mr. David then took up agenda item 6.2.

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1101.5 **Benefit & Actuarial Services**

1101.5.1 **Adoption of Cost of Living Adjustments (COLAs) for 2011:** Mr. Bailey said that Milliman, Inc. has calculated the annual COLA for each retirement category for 2011. According to Milliman, for 2010, the Bay Area consumer price index (CPI) provided by the Bureau of Labor Statistics increased by 1.37%. Rounded to the nearest one half of one percent, this yields a COLA for most members who retire on or before April 1, 2011, equal to 1.5%. All COLA's will be paid beginning with the April 2011 benefit payments.

**Motion** by Hackleman, second by Bowler, carried unanimously to adopt **Resolution 10-11-12**, adopting the Cost of Living Adjustments as recommended by Milliman, Inc., as follows:

“**WHEREAS**, Government Code §31870, §31870.1, §31870.2 and §31874.4 empower the Board to grant cost of living adjustments on an annual basis to recipients of *SamCERA* benefits; and

“**WHEREAS**, the Board has retained Milliman, Inc. to provide actuarial services to the Board; and

“**WHEREAS**, Milliman, Inc., by its letter dated January 24, 2011, and accompanying exhibits has reported the appropriate annual cost of living adjustments for members based on each member's retirement tier, date of retirement; and the applicable rules of the 1937 Act, therefore, be it

“**RESOLVED**, that the Board adopts the schedules of cost of living adjustments set forth in the Milliman, Inc. letter dated January 24, 2011, addressed to Chief Executive Officer David Bailey from Milliman Consulting Actuary Nick J. Collier, and the letter's accompanying exhibits entitled “*Plan 1 COLA Bank Accumulations, General and Safety*” and “*Plan 1 COLA Bank Accumulations, Probation.*” Be it further

“**RESOLVED**, that the Board hereby adopts said cost of living adjustments effective April 1, 2011. Be it further

“**RESOLVED**, that the Chief Executive Officer is hereby empowered to take all actions necessary to provide for the payment of cost of living adjustments in accordance with the adopted schedules.”

1101.6 **Investment Services**

1101.6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA*'s 4.35% Total Fund Return for December 2010 underperformed the Total Plan Policy Benchmark return of 4.83%. The 48 basis point underperformance is largely attributed to the underperformance of *SamCERA*'s two international portfolios.

The fund's return for the trailing twelve months is a robust 13.55%, which is 532 basis points (bps) above the Actuarial Discount Rate of 7.75%. However, the total fund return is 33 basis points behind *SamCERA*'s Total Plan Policy Benchmark of 13.88%. Again, largely attributed to the international portfolios.

Mr. Clifton reported that the investment committee discussed the re-balancing of the portfolio, funding the risk parity mandate and the second pre-payment from the County. The committee

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unanimously decided to keep \$50 million from the pre-payment in cash prior to the funding of the risk parity mandate scheduled during the first week in March. Although it is the association's policy to not hold excess cash, the committee acknowledged that holding the amount in cash would be prudent due to technical and timing issues. The rest of the mandate will be funded by \$20 million from each of *SamCERA's* long-term fixed income portfolios and \$30 million from the BlackRock Russell 1000 Index portfolio. Mr. Clifton also reported that the committee discussed the use of an alternatives benchmark although the alternatives portfolio will not be fully funded for approximately 36 months. The committee recognized that there will be a performance mismatch due to the timing of alternatives funding. Ms. Agnew said that it was important to be able to differentiate under- or over-performance of the fund versus that of the alternatives under-allocation.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
<i>Domestic Equity</i>	\$990,710,060	6.72%	18.25%	1.54%
<i>International Equity</i>	434,716,184	6.11%	6.99%	3.67%
Total Equity	1,425,426,244	6.54%	14.58%	2.05%
Private Equity	250,000	0.00%	N/A	N/A
Fixed Income	619,421,418	-0.35%	11.55%	5.64%
Real Estate Aggregate	122,302,877	4.62%	16.70%	0.47%
Cash Equivalents	2,928,640	0.07%	1.08%	1.83%
<b>TOTAL FUND</b>	<b>\$2,170,329,180</b>	<b>4.35%</b>	<b>13.55%</b>	<b>3.18%</b>
<i>Benchmark</i>		4.83%	13.88%	4.60%

\* Total Time-Weighted Rate of Return

Mr. David then took up agenda item 6.3.

1101.6.2 **Approval of Amendment to Policy Regarding Placement Agents:** Mr. Bailey said that California law regarding placement agents was amended by AB 1743 to modify the definitions of "External Manager", "Placement Agent" and other related terms. To conform to these changes, *SamCERA* must modify its policy regarding placement agents. Mr. Bailey then highlighted the changes to the board. Mr. Clifton said that all IMA's will require changes and investment managers will be notified of the amendments and penalty fees contained in *SamCERA's* placement agent policy. Ms. Carlson said that the board will have to wait and see how investment managers react to the amended policy. She said that the language incorporated in the new policy is considered standard and that she has not heard of any push back from managers from other 1937 Act counties.

**Motion** by Tashman, second by Kwan Lloyd, carried unanimously to approve the amendment to **Resolution 09-10-14**, *SamCERA's* policy regarding placement agents, as follows:

**"WHEREAS**, Government Code §7513.85 requires the board to develop and implement, a policy requiring the disclosure of payments to placement agents in connection with system investments in or through external managers; and

**"WHEREAS**, Government Code §7513.85 mandates that the policy include certain requirements and this board having read the attached policy "Requiring Disclosure of Placement Agent Fees, Gifts, and Campaign contributions" determined that all such requirements are included in the policy;

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“**WHEREAS**, Government Code §7513.8 was amended in August 2010 to change certain definitions; and

“**WHEREAS**, this board has determined that adopting this amendment to the current policy is consistent with its fiduciary responsibilities;

“**RESOLVED** that the board hereby adopts the attached ‘Policy Requiring Disclosure of Placement Agent Fees, Gifts, and Campaign Contributions.’”

Mr. David then took up agenda item 6.5.

- 1101.6.3 **Approval of Search Criteria for a Commodity Allocation Mandate:** Mr. Clifton reported that Mr. Thomas reviewed the search criteria and timeline with the investment committee. The mandate is set for \$60 million and the selection of finalists will be scheduled to occur in June. Mr. Thomas said that SIS recommends that *SamCERA* fund the commodity allocation mandate in two stages. The first stage this year and the second stage next year. Mr. Thomas highlighted the screening steps and said that the commodity manager search was more conventional in that there is a database of providers unlike most other alternatives managers.

Ms. Agnew suggested to add a minimum firm size of \$300 million assets under management so that *SamCERA*'s \$30 million mandate will not be more than 10% of the firm's AUM. Mr. Thomas said that SIS could make the change.

**Motion** by Agnew, second by Kwan Lloyd, carried unanimously to approve the search criteria for the commodity allocation mandate, as amended.

- 1101.6.4 **Educational Presentation – Hedge Fund Investment Opportunities:** Mr. Clifton reported that the investment committee had a great discussion regarding SIS' educational presentation on hedge funds. Mr. Clifton said that the investment committee will primarily conduct the due diligence work for all investments going forward. Staff and committee members will adequately recap the topics discussed during the committee level at each board meeting. All trustees are encouraged to ask as many questions as possible to be comfortable with the investment topic. Mr. Masarik then conducted a brief educational presentation on hedge funds for the board and answered several trustee questions and concerns. Mr. Masarik discussed a beta product, replication products and hedge fund of funds. The committee had requested staff to invite a provider of the beta product and a hedge fund of funds manager to provide additional education at the March meeting.

This agenda item was informational. No board action was taken.

Mr. David then took up agenda item 7.1.

- 1101.6.5 **Approval of Policy Regarding Securities Litigation:** *SamCERA* retained three firms to monitor the investment portfolio and make recommendations regarding when *SamCERA* should pursue lead or named plaintiff status in fraud litigation. Mr. Bailey said that staff presented a draft policy regarding the evaluation of the firms' recommendations at the December board meeting but no action was taken at that time. Mr. Bailey presented a revised policy that incorporated input from a discussion between Ms. Agnew, Mr. Tashman and Ms. Kwan Lloyd at the ad hoc impact investing committee. The policy sets a higher standard for

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*SamCERA*'s involvement and attempts to reduce the likely amount of board time required to evaluate board cases.

**Motion** by Bowler, second by Agnew, carried unanimously to adopt **Resolution 10-11-13**, approving *SamCERA*'s policy regarding securities litigation, as follows:

“**WHEREAS**, from time to time, some of the *SamCERA* fund investments may be the subject of securities litigation; and

“**WHEREAS**, this board has determined that in addition to the board, the Chief Executive Officer in consultation with County Counsel, should have the independent authority to determine whether *SamCERA* will take an active role in a securities class action, or decline to do so; and

“**WHEREAS**, the board has determined that *SamCERA* should have procedures and guidelines to assist in the Chief Executive Officer's determination as to whether *SamCERA* should actively participate, in addition to or in lieu of being a passive class member, in certain class actions; and

“**WHEREAS**, this board has determined that adopting this policy is consistent with its fiduciary responsibilities;

*“Therefore, be it*

“**RESOLVED**, that the board hereby adopts the attached ‘Securities Litigation Policy.’”

Mr. David then took up agenda item 7.4.

1101.7 **Board & Management Support Services**

1101.7.1 **Monthly Financial Report:** Mr. Clifton reported that *SamCERA*'s Net Assets Held in Trust for Pension Benefits as of December 31, 2010, totaled \$2,161,195,553. Net assets held in trust for pension benefits increased by approximately \$77.4 million, month over month, mostly attributed to market appreciation.

1101.7.2 **Quarterly Budget Report for Period Ended December 31, 2010:** Mr. Clifton reviewed the preliminary Second Quarter Budget Reports. He said that with 50% of the fiscal year completed, administrative expenditures to date represent only 32.6% of the appropriations. The Salaries & Benefits, Services & Supplies and Capital Assets are all under budget.

***SamCERA*'s Administrative Budget**

	<b>ADOPTED BUDGET</b>	<b>YTD Preliminary</b>
Salaries & Benefits	\$2,640,000	\$1,043,860
Services & Supplies	\$2,343,000	\$ 582,393

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Capital Assets	\$ 000	\$ 000
Total	\$4,983,000	\$1,626,253

The Asset Management Budget encompasses *SamCERA's* in-house expenditures, which are incurred when managing the association's assets. It currently includes percentages of the salary and benefits and overhead costs of specific employees in relation to their job responsibilities supporting investment functions. The Asset Management Budget is as follows:

***SamCERA's* Asset Management Budget**

	ADOPTED BUDGET	YTD Preliminary
Salaries & Benefits	\$ 550,000	\$ 226,499
Services & Supplies	\$ 430,700	\$ 96,069
Capital Assets	\$ 000	\$ 000
Total	\$ 980,700	\$ 322,568

All professional expenditures are on target in accordance with the budget appropriations. As of December 31, 2010, the aggregate professional services fee was approximately 33.9 basis points, which is lower than the 39.7 basis points reported in September. The decrease is attributed to an increase in assets under management per manager. Contracts are written such as to reduce fees as assets under management grow.

- 1101.7.3 **Report on Status of Board/Staff Retreat –Ad Hoc Committee Report:** Ms. Agnew, chair of the Ad Hoc Impact Investing Committee reported that the committee decided that it was not the appropriate time to investigate the possibility of adding impact investing to the association's portfolio. The committee did come up with other investment-related topics that would be more pertinent for the board for its upcoming retreat. Ms. Agnew, also chair of the Ad Hoc CEO Performance Evaluation Committee, said that she distributed a CEO 360 evaluation questionnaire to all trustees, staff and some county management. She requested that trustees complete the form and return it to her as soon as possible.

Mr. Bailey said that the Ad Hoc Impact Investing Committee recommended that an educational presentation on the history of *SamCERA's* portfolio would be beneficial for the board. Mr. Clifton and Mr. Thomas will conduct the presentation.

- 1101.7.3a Mr. Bailey said that staff has had some difficulty to schedule speakers for a March 21<sup>st</sup> and 22<sup>nd</sup> board/staff retreat. He requested that the board move the retreat to April 25<sup>th</sup> and 26<sup>th</sup> and change the regular board meeting to March 29<sup>th</sup>.

**Motion** by Hackleman, second by Kwan Lloyd, carried unanimously to approve the date changes of the March and April board meetings.

Mr. David then took up agenda item 8.1.

- 1101.7.4 **Approval of Amendments Updating Board Resolution Regarding Compensation Earnable:** Mr. Bailey said that this agenda item was a housekeeping measure needed to complete *SamCERA's* submission of a Tax Determination Letter request to the Internal



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Revenue Service. The item requests that the board update a 2003 resolution defining compensation earnable. The amendments to the resolution will have no effect on *SamCERA's* current practices.

**Motion** by Bowler, second by Hackleman, carried unanimously to approve amendments to **Resolution 03-04-07**, ratifying current practices, all of which are consistent with the law, regarding what is and is not included in compensation earnable, as follows:

“**WHEREAS**, Government Code §31461 provides that this Board determine which items of remuneration earned by members shall constitute “compensation earnable”; and

“**WHEREAS**, the Board has reviewed the current pay items and has determined which of those items are to be included in “compensation earnable” and which items are not to be included; and

“**WHEREAS**, it will be necessary for this Board from time to time to amend its determinations of compensation due to changes made by the County in its compensation schedule. Therefore be it

“**RESOLVED** that pursuant to Government Code §31461, the Board hereby makes the following determinations as what is included in “compensation earnable and items of remuneration are not included:

“1. Compensation earnable shall include:

“A. All base pay (001) and 001 replacement pay which the Board defines as compensation paid to employees when they are off work and paid for those hours under County leave programs for which the County provides compensation, including sick leave with pay (035), vacation pay (041), holiday regular pay (043), holiday hours used (048), compensatory time used (052), administrative leave (054), jury duty (055), military leave (056), educational leave with pay (057), other leave with pay (058), disability leave with pay (059), management overtime (064), employee incentives (84), voluntary time off (090), bereavement leave (112), and annual in-service management administrative leave cash-outs (102).

“B. Pay for special duties or as an incentive paid as an addition to base pay for all hours worked or as a percentage of base pay, including ~~experience pay (008)~~, night/evening shift differential (013), special night shift differential (014), special duty hours (015), charge nurse shift differential (019), split shift (020), bilingual pay (021), staffing differential (022), weekend pay (023), on-call hours (027), bomb squad [flight/observer/pilot] (033), holiday hours worked at time and one-half (044) as part of the employee's normally required schedule mandated by the County, holiday hours worked at straight time (045) as part of the employee's normally required schedule mandated by the County, bi-weekly special pay (087), miscellaneous compensation (088), ~~and~~ long term care pass through (104), mandatory furlough (93) (contributions are taken but no pay is received), and compulsory time off (110).

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“C. Payments made as reimbursements for expenses related to employment where such payments are made without reference to the actual expense incurred and are paid automatically to designated employees, including uniform/tool allowance (080) and transportation allowance (081).

“D. Compensation for overtime hours above forty hours per week where such overtime was the employee's normally required schedule mandated by the County for the Sheriff's Office deputies, sergeants and correctional officers and compensated as straight time (006).

“2. Compensation earnable, at a minimum, shall not include:

“A. Other over-time, including relief nurse shift differentials (007) & (009), ~~Other over time, including call-call~~ back pay (025), part-time double shift differential (026) & (029), overtime training hours (065), time and one-half (066), overtime special duty desk officer (069), overtime special duty (070), overtime special duty night shift (073), overtime night shift premium hours (075), rest period differential (076), ~~bilingual overtime pay (077)~~ special shift differential (079), ~~special overtime rate (089)~~ and overtime at straight time (107).

“B. Refunds or compensation paid on a one time basis upon termination of employment, including layoff sick leave (037), terminal vacation (040), terminal holiday pay (049), terminal compensatory pay (050), terminal MOT pay (063), terminal VTO pay (091) ~~and~~ miscellaneous terminal pay (097) and terminal compulsory time off (111).

“C. Miscellaneous subsidies (105).

“~~CD~~. Payments associated with the provision of insurance benefits, or other third party payments such as professional membership dues, that are not received in cash by a member.

“~~DE~~. Payments by the County of member-required contributions to the retirement system under Government Code sections 31581.1, 31630, 31639.85 or under a memorandum of understanding (MOU) between members (or their representatives) and the County.”

1101.7.5 **Approval of Resolution Authorizing Submission of Tax Determination Letter Application:** Mr. Bailey requested that the board authorize the CEO to sign the Tax Determination Letter Application on behalf of *SamCERA* and approve the payment of \$26,000 in costs for the application and the Voluntary Compliance Program submission. Mr. Bailey commended Mr. Hood, Ms. Wong and Ms. Carlson on their diligent efforts to complete the necessary steps for the Tax Determination Letter. He opined that their hard work has helped create a high quality submission to the IRS.

**Motion** by Agnew, second by Spinello, carried unanimously to adopt **Resolution 10-11-14**, approving the resolution authorizing the submission of the Tax Determination Letter application to the IRS, as follows:

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“**WHEREAS**, in 1988 *SamCERA* applied for and received a Tax Determination Letter from the United States Internal Revenue Service (“IRS”); and

“**WHEREAS**, recently the IRS informed public sector retirement plans that they should re-submit their plans for review by January 31, 2011, in order to receive a determination letter reflecting that *SamCERA*’s plan appears to be operating in compliance with applicable laws and tax regulations; and

“**WHEREAS**, the income from plans such as *SamCERA* is tax exempt, and the IRS wants to assure that such plans are operating properly under all applicable laws and regulations; and

“**WHEREAS**, this board has determined that submitting an application for an IRS Tax Determination Letter on behalf of *SamCERA* is consistent with its fiduciary responsibilities;

*“Therefore, be it*

“**RESOLVED THAT:**

“A) The Chief Executive Officer is authorized to execute *SamCERA*’s Application for a Tax Determination Letter and any other documents related to the application; and

“B) The Chief Executive Officer is authorized to pay the U.S. Treasury \$26,000 in application related fees and costs.”

Mr. David then took up agenda item 5.1.

1101.8 **Management Reports**

1101.8.1 **Chief Executive Officer’s Report:** Mr. Bailey said that the county has restarted its recruitment for the vacant seat on the Board of Retirement. Mr. Bailey then said that, in light of recent events, Mr. Spinello brought up the possible need for a deputy sheriff at board meetings. Mr. Bailey will survey what other 1937 Act counties are currently doing in regards to security at meetings and will also research the associated costs.

Mr. Bailey said that SCORPA has requested that *SamCERA* provide identification cards for retirees as a means to access possible retiree discounts. The board opposed the idea citing that AARP and other organizations already provide several senior discounts.

Mr. Bailey also distributed a memo from SACRS regarding elections. He then reported that First 5, an early childhood development program in San Mateo County may be eliminated by budget cuts. Staff is working to calculate the program’s associated unfunded liability so that it may be paid.

1101.8.2 **Assistant Executive Officer’s Report:** Mr. Hood distributed flyers for the upcoming Financial Knowledge Network educational workshops. Mr. Hood then reported that staff has attempted to amend its current lease to acquire the office space across the hall from *SamCERA*. Mr. Hood has asked for advice from the county and INVESCO for opinions regarding the matter. Mr. Hood then commended Ms. Wong, Mr. Ali and Mr. Hawkins for

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their hard work with the Benesyst payroll integration into Pension Gold.

1101.8.3 **Chief Investment Officer's Report:** Mr. Clifton reported that Angelo Gordon has issued distribution and capital call notices. He then said that Chartwell Investment Partners issued a letter notifying him of a small trading error which resulted in a \$720.37 loss for *SamCERA*. The loss will be deducted from the 4<sup>th</sup> Quarter 2010 invoice. BlackRock announced that Blake Grossman, former CEO of BGI, will be leaving BlackRock to explore new opportunities. Mr. Clifton also reported that Pyramis Global Advisers will terminate its Federal Deposit Insurance Corporation ("FDIC") deposit insurance coverage effective 3/31/2011. Pyramis had relocated from Massachusetts to New Hampshire. The state of Massachusetts required Fidelity Management Trust Company to carry the insurance but New Hampshire law does not require Pyramis to maintain the insurance. The termination of the FDIC insurance will have no effect on *SamCERA*'s investments. Mr. Clifton said that the county will pay the second half of the employer contribution pre-payment on January 28<sup>th</sup>.

1101.8.4 **County Counsel's Report:** None.

1101.9 **Report on Actions Taken in Closed Session:** None.

1101.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 3:35 p.m., in memory of the following deceased members:

Hamid, Asghar	November 7, 2010	Assessor
Johnson, Hubert	November 20, 2010	Ben of Johnson, Rosetta
Murphy, Marjorie	November 21, 2010	General Services
Bruning, Patricia	November 28, 2010	Courts
Hanson, Madeline	November 29, 2010	Courts
Hachey, Ernest	December 1, 2010	Social Services
Pearson, Charles	December 14, 2010	Weights & Measures
Thomas, Billie	December 22, 2010	Business Administration
Marbury, Evelyn	December 23, 2010	Treasurer
Koziol, Mary	December 27, 2010	Sheriff's Office
Markham, Dorothy	December 30, 2010	General Hospital
Ray, George	December 31, 2010	Ben of Ray, Mayme

ALBERT P. DAVID, CHAIR