

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

February 28, 2012

Agenda Item 3.0

**January 24, 2012 – Board Agenda**

**PUBLIC SESSION** – The Board will meet in Public Session at 1:00 p.m.

1. Call to Order, Roll Call and Miscellaneous Business
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
    - David Lewis
  - Service Retirements
  - Continuances
  - Deferred Retirements
  - Member Account Refunds
  - Member Account Rollovers
  - Placement Agent Disclosure Report
5. Benefit & Actuarial Services
  - 5.1 Consideration of agenda items, if any, removed from the Consent Agenda
  - 5.2 Adoption of Cost of Living Adjustments (COLAS) for 2012
6. Investment Services (The Investment Committee will meet on January 24 at 10 a.m.)
  - 6.1 Presentation of the Preliminary Monthly Portfolio Performance Report
  - 6.2 Approval of SamCERA's Template Investment Management Agreement
  - 6.3 Approval of SamCERA's Updated Investment Policy
  - 6.4 Discussion and Direction to Staff as to Process for Alternative Investment Review
7. Board & Management Support Services
  - 7.1 Presentation of the Monthly Financial Report
  - 7.2 Quarterly Budget Report
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 may meet in closed session prior to adjournment

- C1 Consideration of disability items, if any, removed from the Consent Agenda and appropriate for closed session
- C2 Placement Agent Disclosure Report
9. Report on Actions Taken in Closed Session
10. Adjournment in memory of the following deceased members

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

**January 24, 2012 – Board Minutes**

0112.1 **Call to Order:** Mr. David, Chair, called the Public Session of the Board of Retirement to order at 1:01 p.m., January 24, 2012, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 160, Redwood Shores, California.

0112.2 **Roll Call:** Ms. Arnott, Mr. David, Mr. Tashman, Mr. Bowler, Ms. Agnew, Mr. Hackleman, Ms. Settles, and Mr. Murphy. *Excused:* Ms. Kwan Lloyd and Mr. Spinello. *Staff:* Mr. Hood, Mr. Clifton, Ms. Carlson, Ms. Smith, Ms. Meitz and Ms. Perez. *Consultants:* Mr. Brody, Strategic Investment Solutions. *Retirees:* 0, *Public:* 0.

0112.2.1 **Oral Communications From the Board:** Ms. Settles reported the confidential CEO review survey had been sent out to the Board, *SamCERA* management and staff and three members of the County staff. The deadline for response is February 9. A report on results will be given at a future meeting.

Mr. Tashman watched a SACRS presentation and suggested rate stability and long term planning as a topic for future discussion.

Ms. Agnew stated she will be attending the Clifton Group luncheon and will be meeting with the presenters afterwards to discuss rebalancing and overlay strategies. She invited those who would be at the lunch meeting to join her.

0112.2.2 **Oral Communications From the Public:** None.

0112.3 **Approval of the Minutes:**

**Action:** Ms. Arnott moved to approve the minutes from the Regular Board of Retirement meeting held on December 13, 2011. The motion was seconded by Ms. Salas and carried unanimously without objection.

0112.4 **Approval of the Consent Agenda:** Ms. Agnew asked for a discussion regarding the Placement Agent Disclosure Report and it was removed from the consent agenda. An error was corrected in the list of retiree names, and Ms. Smith confirmed a disbursement amount for the Board.

**Action:** Ms. Agnew moved to approve the consent agenda, with the exception and correction as noted; the motion was seconded by Ms. Arnott and carried unanimously without objection.

**Disability Retirements:** The board found David Lewis permanently disabled from the duties of a Community Program Specialist II and granted survivor benefits, pursuant to Government Code Section 31762.

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

**Service Retirements:**

<u>Member Name</u>	<u>Effective Retirement Date</u>	<u>Department</u>
Romero, Barbara	October 26, 2011	Correctional Health
Carbonel, Marisol	November 10, 2011	Def'd from Mental Health
Clare, Ronald	November 10, 2011	Human Services Agency
Blanchard, Larry	December 1, 2011	Aging & Adult Services
Buckwalter, Katherine	December 1, 2011	Probation
Jernigan, Deborah	December 1, 2011	San Mateo Medical Center
Prentiss, Diane	December 1, 2011	Def'd from San Mateo Medical Ctr

**Continuance of Benefits:**

<u>Survivor's Name</u>	<u>Beneficiary of:</u>
Jordan, Charles	Jordan, Charlotte
Morris, Peggy	Morris, Travoyie

**Deferred Retirements:**

<u>Member Name</u>	<u>Retirement Plan Type</u>
Boesch, David	Vested with Incoming Reciprocity
Bollentini, Danielle	G4 Vested
Guerrero, Ignacio	G2 Vested - Reciprocity
Filia, Richard	G4 Non Vested - Reciprocity
Ferris, Stephanie	G4 Non Vested - Reciprocity
Welch, Carolyn	G4 Vested - Reciprocity
Hansell, Mary	G2 Vested - Reciprocity
Siu, Wing-Yin	G4 Non Vested - Reciprocity
Alton, Angela	G2 Vested - auto defer Government Code §31700
Burg, Nadine	G4 Vested - auto defer Government Code §31700
Chiu, Deborah	G4 Vested - auto defer Government Code §31700
Schrader, Sarah	G4 Vested - auto defer Government Code §31700

**Member Account Refunds:**

<u>Member Name</u>	<u>Retirement Plan Type</u>
Eguilos, Teofilo	G4 Vested
Franchi, Shenay	G4 Non-vested
Francisco-Harra, Imee	G4 Non-vested
Granados, Michelle	G4 Vested
Hicks, Schynell	P4 Vested
Idea, Mateo	G4 Vested
Muckel, Eric	G4 Vested
Nau, Vaimoana	G4 Non-vested
Rios, Joline	G4 Non-vested

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

**Member Account Rollovers:**

<u>Member Name</u>	<u>Retirement Plan Type</u>
Alsadir, Sadick	G4 Non-vested
Caldwell, Damion	G4 Non-vested
Campbell, Loretta	G4 Non-vested
Jardon, Gloria	G4 Non-vested

0112.5 **Benefit & Actuarial Services**

0112.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:**

Ms. Carlson presented the staff report and the Board discussed the Placement Agent Disclosure Report, which had been taken off the consent agenda. The item was tabled until the end of the meeting.

0112.5.2 **Adoption of Cost of Living Adjustments (COLAs) for 2012:** Mr. Hood presented the amended COLA figures as provided by Milliman. The text of the resolution considered is 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.

**Action:** Mr. Bowler moved to adopt Resolution 11-12-14 approving the cost of living adjustments; effective April 1, 2012. The motion was seconded by Ms. Salas and carried unanimously without objection.

0112.6 **Investment Services:** Mr. Bowler reported the Investment Committee had met earlier on the same day. He reported on Items 6.1, 6.2, 6.3 and 6.4, and provided the Committee's recommendations to the Board.

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

0112.6.1 **Presentation of the Preliminary Monthly Portfolio Performance Report:** Mr. Bowler reported the Investment Committee had received the monthly investment report.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
Domestic Equity	830,306,082	0.33	- 0.48	-1.47
International Equity	348,150,952	-1.64	-12.25	-4.37
Total Equity	1,178,457,034	-0.26	-4.25	-2.35
Private Equity	11,457,184	-0.64	-80.21	
Risk Parity	145,443,102	1.91		
Hedge Fund	67,967,565	-0.46		
Fixed Income	580,690,591	0.96	5.26	5.70
Real Estate Aggregate	138,282,516	0.00	13.38	-0.54
Commodities	65,911,934	-2.90		
Cash Equivalents	94,603,289	0.05	0.72	1.14
<b>TOTAL FUND</b>	<b>2,282,813,215</b>	<b>0.13</b>	<b>-0.06</b>	<b>0.32</b>
Benchmark		0.35	0.51	1.85

0112.6.2 **Approval of SamCERA's Template Investment Management Agreement:**  
**Action:** Ms. Arnott moved to approve the revised Investment Management Agreement template with inclusion of the placement agency policy as recommended by the Investment Committee. The motion was seconded by Ms. Salas and carried unanimously without objection.

0112.6.3 **Approval of SamCERA's Updated Investment Policy:**  
**Action:** Mr. Bowler moved to approve the amended investment policy, as recommended by the Investment Committee and reflecting the Committee's discussion on Section 13 – 17. The motion was seconded by Ms. Salas and carried unanimously without objection.

0112.6.4 **Discussion and Direction to Staff as to Process for Alternative Investment Review:** Mr. Bowler reported that after discussion, the Investment Committee recommends the Board direct staff to adopt a hybrid approach, keeping exempted materials and documents confidential, while continuing open deliberations; and requested that staff provide an annual report to reflect the position of other systems in regard to this matter, including case law or other changes. This item was for discussion and staff direction only, no action was taken.

0112.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda (con't):**  
 Ms. Smith provided the Board a copy of a Placement Agency Disclosure form and discussion continued regarding the Placement Agent Disclosure Report. Ms. Carlson indicated copies of actual disclosure forms can be included in future Placement Agent Disclosure Reports, in addition to the table.

**Action:** Ms. Settles moved to accept the report of information from the Placement Agency Disclosure forms and recommended that this report be placed on the consent agenda each month to ensure a timely reporting of information. The motion was seconded by Mr. David and carried with a vote of 6 -1, with Ms. Agnew dissenting.

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

0112.7 **Board & Management Support Services**

0112.7.1 **Presentation of the Monthly Financial Report:** Mr. Clifton presented the monthly financial report to the Board.

0112.7.2 **Quarterly Budget Report:** Mr. Clifton reported that the Request for Proposals for the IT modernization project is moving forward.

0112.8 **Management Reports**

0112.8.1 **Chief Executive Officer/ AEO's Report:** Mr. Hood reported that LRWL was selected by staff as a result of the RFP to select a vendor for the IT Modernization Project. He will bring a contract to the Board at the next meeting. Succession planning for the CIO continues and the committee has been meeting. The draft agenda for the Board retreat was given to Board members and Mr. Hood requested feedback from the Board. A report on the status of elections and appointments of trustees will be on the next agenda. Mr. Hood announced several upcoming conferences, and asked Board members to alert staff if they were planning on attending any of the following or had questions: CALAPRS Roundtable, CALAPRS General Assembly, SACRS officer nomination, Pension Bridge, SACRS Spring Conference in May.

0112.8.3 **Chief Investment Officer's Report:** Mr. Clifton reported that SIS is working on two additional private equity managers.

0112.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported she was in the process of responding to two public records requests from news media organizations. She will be attending two conferences before the next meeting and will report about them on her return.

0112.9 **Report on Actions Taken in Closed Session:** There were no closed session items.

0112.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 2.23 p.m., in memory of the following deceased members:

Bangal, Fernand	June 14, 2011	Hospital
Kristensen, Kaare	October 21, 2011	Ben of Kristensen, Ruth
Quey, Betty	October 24, 2011	District Attorney
Glueck, Mary	November 3, 2011	Mental Health
Nugent, Patricia	November 3, 2011	Social Services
Cohenour, Olive	November 5, 2011	Sheriff's Office
Floyd, Carol	November 9, 2011	Chope
Meyer, Virginia	November 14, 2011	Ben of Meyer, Alexander
Jordan, Charlotte	November 17, 2011	Human Services Agency
Lynds, Ada	November 17, 2011	Ben of Lynds, Robert
Espanola, Angel	November 18, 2011	Public Works
Morrison, Barbara	November 20, 2011	Library
Sumner, Aimee	November 20, 2011	Mental Health
Morris, Travoyie	November 27, 2011	Environmental Health
Honda, Namiko	November 30, 2011	Sheriff's Office
Mack, Joan	November 30, 2011	Information Services

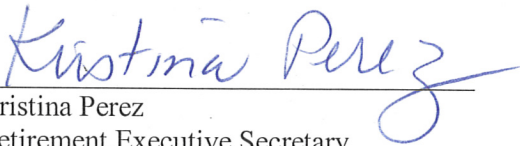
San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

Gonzalez, Maria	December 5, 2011
Wallis, Georgette	December 6, 2011
Buffington, Lee	December 7, 2011
Day, Nora	December 12, 2011
Frederick, Corieann	December 18, 2011
Manzo, Mary	December 19, 2011
Little, Mary	December 20, 2011
O'Brien, Marjorie	December 22, 2011
Feldheym, Betty	December 25, 2011
Majors, Amanda	December 25, 2011
Andersen, John	December 29, 2011

Controller  
Sheriff's Office  
Tax Collector  
Probation  
Human Service Agency  
District Attorney  
Elections  
Hospital  
Public Health  
Canyon Hospital  
Assessor



\_\_\_\_\_  
Scott Hood  
Assistant Executive Officer



\_\_\_\_\_  
Kristina Perez  
Retirement Executive Secretary