

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

April 23, 2013

Agenda Item 3.0

March 26, 2013 – 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

- Disability Retirements
 - Errol Erskine
 - Janell LeBlanc
 - Eric Mertl
 - Shahrokh Pakdaman
- Service Retirements
- Continuances
- Deferred Retirements
- Member Account Refunds
- Member Account Rollovers
- Approve a Resolution Adopting Procedures for Auditing of Employer Data and Information to Determine Correctness of Member's Retirement Benefits, Compensation and Enrollment
- Report on SACRS Recommended Officers
- Approval to Reschedule the Regular April Meeting of the Board of Retirement

5. Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda

6. Investment Services

- 6.1 Preliminary Monthly Portfolio Performance Report
- 6.2 Interview Finalists for SamCERA's Large Cap Growth Manager (Special Meeting Item #4)
- 6.3 Discussion and Selection of Large Cap Growth Manager (Special Meeting Item #5)
- 6.4 Approval of Annual Review Questionnaires for Core Equity
- 6.5 Quarterly Investment Performance Report for the Period Ending December 31, 2012
- 6.6 Approval of Overlay Manager RFP Questions
- 6.7 Approval of DE Shaw 130/30 Strategy
- 6.8 Approval of Resolution Authorizing Contract Extension for Strategic Investment Solutions, Inc.

7. Board & Management Support Services

- 7.1 Presentation of Monthly Financial Report
- 7.2 Report on the Status of *SamCERA's* Annual Board Retreat on April 23 & 24, 2013
- 7.3 Report on Upcoming Trustee Elections and Appointments
- 7.4 Introduction of *SamCERA's Sources, Uses, and Budget Report* for Fiscal Year 2013-2014
- 7.5 Acceptance of Report on the Prepayment of the County's Contribution for Fiscal Year 2013-2014
- 7.6 Approval of Voting Delegate and Alternates for the SACRS Spring 2013 Business Meeting

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 Chief Legal Counsel's Report

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CLOSED SESSION – The Board may meet in closed session prior to adjournment

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda
- C2 Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9, In re: Dendreon Corporation Class Action Litigation, United States District Court Western District of Washington at Seattle, Master Docket No. CII-1291 JLR
- C3 Public Employee Performance Evaluation in accordance with Government Code §54957
Title: Chief Executive Officer

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Hiller, Ruth	January 27, 2013	Public Health
Martin, Paul M.	January 31, 2013	Public Works
Mitchell, Jeanette	February 9, 2013	Purchasing
Stafford, Violet	February 10, 2013	Crystal Springs
Martinet, Raymond	February 13, 2013	Ben. of Blanka Martinet
Marcopulos, Barbara	February 17, 2013	Courts
Juarez, Jose	February 16, 2013	General Services
Fernelius, Betty	February 20, 2013	Ben. of Keith Fernelius
Cooke, Louis	February 5, 2013	Def'd. from Courts
Lowe, Mary	February 3, 2013	Human Services
O'Brien, Edwin	February 15, 2013	Ben. of Linnea O'Brien
Nakanishi, Robert	February 6, 2013	Ben. of Florence Nakanishi
Maruyama, Thomas	February 24, 2013	Def'd. Sheriff's Office
Mora, Bulmaro	February 26, 2013	Public Works

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March 26, 2013– Board Minutes

1303.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Sandie Arnott, Chair, called the Public Session of the Board of Retirement to order at 1:35 p.m.

Roll Call:

Present: Sandie Arnott, Lauryn Agnew, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello and Eric Tashman.

Alternates Present: Christopher Miller, John Murphy.

Excused: Ben Bowler

Staff: David Bailey, Michael Coultrip, Brenda Carlson, Gladys Smith, and Kristina Perez.

1303.2.1 **Oral Communications From the Board:** Ms. Agnew reported her attendance at the IMN Public Funds Summit in Huntington Beach on March 13 – 15, 2013, and the CALAPRS General Assembly in San Francisco on March 3-5, 2013. Ms. Settles also attended the CALAPRS General Assembly and the IMN Public Funds Summit. Mr. Spinello and Mr. Miller reported their attendance at the CALAPRS General Assembly as well.

1303.2.2 **Oral Communications From the Public:** None

1303.3.1 **Approval of the Board Meeting Minutes:**

Action: Mr. Hackleman moved to approve the minutes from the regular Board meeting held on February 26, 2013. The motion was seconded by Mr. David and carried unanimously.

1303.4.0 **Approval of the Consent Agenda:** The Chair asked if there were any items to be removed from the Consent Agenda, and none were taken off.

Action: Mr. Hackleman moved to approve the Consent Agenda, and the motion was seconded by Ms. Kwan Lloyd and carried unanimously, with Ms. Arnott abstaining.

1303.4.0

Consent Agenda

Disability Retirements

1. The Board found that Errol Erskine is (1) disabled from performing his usual and customary duties as a Medical Service Assistant I, (2) found that his disability was a 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.
2. The Board found that Janell LeBlanc is (1) disabled from performing her usual and customary duties as a Senior Retirement Analyst, (2) found that her disability was a result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.
3. The Board found that Eric Mertl is permanently disabled from the duties of a Deputy Sheriff and granted survivor benefits, pursuant to Government Code Section 31762, to the member's spouse, Susan Bowie.
4. The Board found that Shahrokh Pakdaman is (1) not permanently incapacitated for the performance of his duties as a Revenue Collector II and (2) denied his application for a service-connected disability retirement.

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1303.4.0 **Service Retirements**

The Board ratified the actions as listed below for the following members regarding service retirements:

Aguilar, Freddy	January 17, 2013	Hospital
Becker, Joan	January 3, 2013	Def'd. from Mental Health
Bogatz, Lawrence	January 31, 2013	HSA
Cook, Violet	January 2, 2013	Def'd. from Public Health
Dames, Elizabeth	January 17, 2013	Library
Garvey, G. C.	January 5, 2013	Medical Ctr.
Jacobs Gibson, Rose	January 8, 2013	Board of Supervisors
Keller, Debra	January 19, 2013	Probation
Lee, Marlene	January 17, 2013	Library
Luebke, Brenda	January 19, 2013	HSA
Seguine, Richard	January 26, 2013	Sheriff
Rodriguez, Maria	January 7, 2013	QDRO
Washington, Tony	January 5, 2013	Medical Center
Raffaelli, Patricia	January 6, 2013	Sheriff's Dept.
Lim, Paquito	January 19, 2013	Public Works
Price, Anna	January 16, 2013	Def'd. from HSA
Van Wassenhove, Rhonda	February 12, 2013	QDRO
Tyler, Timothy	February 12, 2013	QDRO

1303.4.0 **Continuances**

The Board ratified the actions as listed below for the following members regarding continuances:

Survivor's Name	Beneficiary of
Giannini, Carla	Giannini, Louis
Brothers, Betty	Brothers, Ronald
Mills, Alice	Mills, Leighton
Piotti, Beverly	Piotti, John
Price, William	Price, Barbara
Struffenegger, Anna	Struffenegger, Hans

1303.4.0 **Deferred Retirements**

The Board ratified the actions as listed below for the following members regarding deferred retirements:

Member Name	Retirement Plan Type
Petty, Andrea	P4 Vested
Walsh, Heather	G4 Vested - Reciprocity
Watt, Maricela	G4 Vested – Auto Defer
Simbe, Robert	G4 Vested – Auto Defer
Sarto, Ariel	G4 Vested – Auto Defer
Rodriguez, Sandra	G4 Vested – Auto Defer
Rodas, Carmen	G2 Vested – Auto Defer
Picazo, Cristina	G4 Vested – Auto Defer
Perttula, Kelsi	G4 Vested – Auto Defer
Ow, Jennifer	G4 Vested – Auto Defer

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1303.4.0 **Deferred Retirements** (con't)

Member Name	Retirement Plan Type
Minter, Kimberly	G4 Vested – Auto Defer
Lineman, Nancy	G4 Vested – Auto Defer
Leonor, Cheryl	G4 Vested – Auto Defer
Harris, Cecily	G4 Vested – Auto Defer
Francis, Albert	G4 Vested – Auto Defer
Cloud, Carmen	G4 Vested – Auto Defer
Chi, Carlin	G4 Vested – Auto Defer
Alonzo, Connie	G4 Vested – Auto Defer
Baker, Glenda	G3 Vested – Auto Defer
Gherman, Maria	G2 Vested – Auto Defer

Member Account Refunds

The Board ratified the actions as listed below for the following members regarding refunds:

Member Name	Retirement Plan Type
Sanchez-Arias, Rodrigo	G4 Non-vested
Cola, Mila	G4 Vested
DeLos Reyes, Rene	G4 Vested
Villena, Marilyn	G4 Vested
Sacdalari, Kenneth	G4 Non-vested
Ingram, Gareth	G4 Non-vested
Phyllis Collins	G5
Fletcher, Kimberly	G4 Non-vested
Blanchard, Michael	G4 Non-vested
Liongitau, Moses	P4 Vested
Doreza, Mae	G4 Vested
Locke, Luisa	Ben. of Ray Locke

1303.4.0 **Other Consent Agenda Items:**

- The Board adopted a resolution establishing “Board of Retirement Procedures for Auditing of Employer Data and Information to Determine Correctness of Member’s Retirement Benefits, Reportable Compensation, Enrollment In and Reinstatement to, the Retirement System.”
- The Board received a memo from the SACRS Nominating Committee, with the committee’s recommended officers for FY 2013-2014.
- The Board approved a change to the time and duration of the regularly scheduled April 2013 meeting of the Board of Retirement to facilitate the annual Board/Staff Retreat and to conduct regular business.

1303.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda: None.**

The Chair called for agenda item 6.7 to be heard out of order. The remaining items were heard in the order below. Items 6.2 and 6.3 were not heard at the Regular Board Meeting but rather in the Special Meeting and minutes for those items are included in the Special Meeting minutes.

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1303.6.0 **Investment Services**

1303.6.7 **Approval of DE Shaw 130/30 Strategy:** Mr. Coultrip discussed his due diligence trip to D.E. Shaw's offices in New York. An updated report was included in the "Day of Meeting" folder and distributed to Board members. Mr. Coultrip reported that personnel transitions at D.E. Shaw warrant taking time to assess the stability of the new team; and he recommended delaying implementation of the proposed transition to the 130/30 strategy for a period of up to three months. Mr. Coultrip affirmed that SamCERA would stay in D.E. Shaw's "long-only" strategy.
Action: Mr. David moved to delay the implementation of the 130/30 strategy for three months; the motion was seconded by Ms. Kwan Lloyd and carried unanimously.

1303.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the report and summarized the fund and market performance.

1303.6.4 **Approval of Annual Review Questionnaires for Core Equity:** Mr. Coultrip reviewed the annual review process with the Board. The questionnaires will be sent to the core equity managers once approved by the Board.
Action: Ms. Agnew moved to approve the proposed annual review questionnaires for SamCERA's Core Equity Managers. The motion was seconded by Mr. David and carried unanimously.

1303.6.5 **Quarterly Investment Performance Report for the Period Ending December 31, 2012:** Mr. Coultrip and Mr. Thomas went over the report with the Board members. It was noted that new reporting features are now being utilized by SIS, and are included in the report starting this month.

1303.6.6 **Approval of Overlay Manager Request for Proposal (RFP) Questions:** Mr. Coultrip presented the staff report and asked if the Board members had any questions to add to the list compiled for the overlay manager RFP. There were no changes made to the RFP questions.
Action: Mr. David moved to approve the sample Request for Proposal (RFP) questions for overlay management services, and to authorize SIS to submit the RFP to a number of overlay management service providers. The motion was seconded by Mr. Spinello and carried unanimously.

1303.6.8 **Approval of Resolution Authorizing Contract Extension for Strategic Investment Solutions, Inc.:** Mr. Coultrip discussed consideration of a one-year extension to the contract with SIS to allow time to work on the asset allocation/ asset liability study. He noted the recent evaluation and review of SIS' services were positive.
Action: Mr. Hackleman moved to approve a resolution authorizing the Chief Executive Officer to execute a First Amendment to the agreement with Strategic Investment Solutions, Inc. ("SIS") for investment consulting services, extending the term by one year to August 31, 2014. The motion was seconded by Ms. Settles and carried unanimously.

1303.7.0 **Board & Management Support Services**

1303.7.1 **Monthly Financial Report:** Ms. Smith presented the report. This item was informational only and no action was taken.

1303.7.2 **Report on the Status of SamCERA's Annual Board Retreat on April 23 & 24, 2013:** Mr. Bailey reviewed the updated schedule of presentations and speakers with Board members. This item was informational only and no action was taken.

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1303.7.3 **Report on Upcoming Trustee Elections and Appointments:** Ms. Smith reported terms are expiring on June 30, for three elected seats (Natalie Kwan Lloyd, Paul Hackleman and John Murphy) and two appointed seats (Michal Settles and Ben Bowler) on the Board of Retirement. She reviewed the election time line with the Board and stated that the election would be held on June 10, 2013. This item was informational and no action was taken.

Mr. Tashman was excused at 2:52 pm for the remainder of the meeting.

1303.7.4 **Introduction of SamCERA's Sources, Uses, and Budget Report for Fiscal Year 2013-2014:** Ms. Smith presented the staff report and explained the County will be transitioning to a 2-year budget. This item was informational and no action was taken.

1303.7.5 **Acceptance of Report on the Prepayment of the County's Contribution for Fiscal Year 2013-2014:** Ms. Smith reviewed the report with Board members, and recommended the Board accept the report on the prepayment of \$145,138,538 employer contributions for fiscal year 2013/2014. Discussion followed and with no objections, the report was accepted.

1303.7.6 **Approval of Voting Delegate and Alternates for the SACRS Spring 2013 Business Meeting:** Mr. Bailey presented the proposed slate of voting delegates for SACRS. Following past years' practice, the highest-ranking Board member in attendance at the conference is selected as SamCERA's voting delegate, with the next senior Board member as the alternate. The CEO typically serves as the second alternate, however, Mr. Bailey stated he will not be in attendance, and suggested Ms. Smith be designated as the second alternate.

Action: Ms. Agnew moved to approve the designation of Sandie Arnott, Chair, as the Voting Delegate, Lauryn Agnew, Secretary, as the First Delegate Alternate, and Gladys Smith, Acting Assistant Executive Officer, as the Second Delegate Alternate to cast SamCERA's votes at the Spring 2013 SACRS Conference.

1303.8 **Management Reports**

1303.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported on the progress of the document-imaging project and discussed the need for a retention schedule, which will come before the Board at a future meeting. Mr. Bailey stated the Board room would be used for the back file scanning and the Board meeting scheduled in May would be held off-site. He also informed Board members that the County has made changes to its travel policy. Mr. Bailey explained that staff would update SamCERA's policy to comply with the County and IRS regulations, and bring the updated policy to the Board for consideration next month.

1303.8.2 **Assistant Executive Officer's Report:** None.

1303.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported meetings with International Managers (Franklin, Pyramis and Eaton Vance) were scheduled for next week. He informed Board members of a recent capital call.

Mr. Spinello was excused at 3:10 pm for the remainder of the meeting. Mr. Miller then assumed the role of Safety member at the meeting.

1303.8.4 **Chief Legal Counsel's Report:** Mr. Carlson reported there are several legislative bills regarding PEPRA. She is continuing to keep informed of these bills and other legal issues regarding PEPRA.

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Ms. Arnott adjourned the public session of the meeting at 3:14 p.m. to closed session and the room was cleared of all staff and audience members; with the exception of Mr. Bailey and Ms. Carlson who attended for item C2 only.

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda – None**
- C2 **Conference with Legal Counsel - Existing Litigation:** Pursuant to subdivision (a) of Government Code Section 54956.9, In re: Dendreon Corporation Class Action Litigation, United States District Court Western District of Washington at Seattle, Master Docket No. CII-1291 JLR
- C3 **Public Employee Performance Evaluation** in accordance with Government Code §54957
Title: Chief Executive Officer.

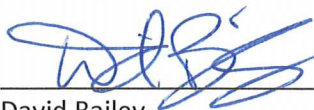
Ms. Arnott reconvened the meeting at 4:47 p.m. , into open session.

Ms. Carlson reported there was no action taken on item C2 regarding existing litigation.

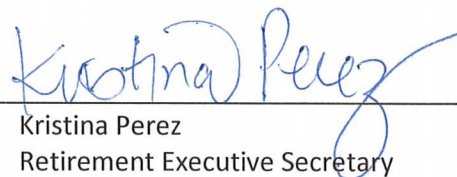
Ms. Settles reported the Board met in closed session to review Mr. Bailey's performance and there was no reportable action taken on item C3.

1303.10 **Adjournment:** With no further business, Ms. Arnott adjourned the meeting at 4:18 p.m. in memory of the following deceased members:

Hiller, Ruth	January 27, 2013	Public Health
Martin, Paul M.	January 31, 2013	Public Works
Mitchell, Jeanette	February 9, 2013	Purchasing
Stafford, Violet	February 10, 2013	Crystal Springs
Martinet, Raymond	February 13, 2013	Ben. of Blanka Martinet
Marcopulos, Barbara	February 17, 2013	Courts
Juarez, Jose	February 16, 2013	General Services
Fernelius, Betty	February 20, 2013	Ben. of Keith Fernelius
Cooke, Louis	February 5, 2013	Def'd. from Courts
Lowe, Mary	February 3, 2013	Human Services
O'Brien, Edwin	February 15, 2013	Ben. of Linnea O'Brien
Nakanishi, Robert	February 6, 2013	Ben. of Florence Nakanishi
Maruyama, Thomas	February 24, 2013	Def'd. Sheriff's Office
Mora, Bulmaro	February 26, 2013	Public Works



David Bailey
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary