

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

May 28, 2013

Agenda Item 3.0

April 23-24 2013 – Board Agenda

Day 1: Agenda for Tuesday, April 23, 2013

PUBLIC SESSION - The Board will meet in Public Session at 9:00 A.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
 - 2.3 Retreat Presentations and Discussions *(see attached agenda and list of presenters)*
- 3. Approval of the Minutes** *(Set for 2:30 p.m. time certain. *)*
- 4. Approval of the Consent Agenda** *(Items removed from the Consent Agenda will be taken up during the Regular Agenda under Item 5.1 and in the order determined by the Board Chair.)*
 - 4.1 Member Benefit and Account Actions
 - Disability Retirements
 - Jerome Wethington
 - Liza Dea
 - Ana Sapling
 - Service Retirements
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
 - 4.2 Approval of Final SACRS Officers Nominating Committee Slate of Candidates
 - 4.3 Approval of Annual Manager Review Questionnaires for Value Managers
 - 4.4 Trustee Conference Request
- 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 Report on the Annual Review of SamCERA's International Managers (Eaton Vance, Franklin Templeton, and Pyramis)
- 7. Board & Management Support Services**
 - 7.1 Presentation of Monthly Financial Report
 - 7.2 Presentation of Quarterly Budget Report
 - 7.3 Adopt a Resolution establishing a "Board of Retirement Records Retention Policy"
 - 7.4 Adopt a Resolution creating a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff"
 - 7.5 Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement
- 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

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

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda
- 9. Report on Actions Taken in Closed Session**

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10. Recess *(the meeting/retreat will reconvene at 9:00 a.m. on Wednesday, April 24, 2013)*

Day 2: Agenda for Wednesday, April 24, 2013

PUBLIC SESSION - The Board will reconvene at 9:00 a.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
- 2.3 Retreat Presentations and Discussion *(Continued from Tuesday, April 23, 2013, see attached agenda and list of presenters)*

3. Adjournment in Memory of the Following Deceased Members:

Hardy, Isaac	October 8, 2012	Public Health
Locke, Ray	December 6, 2012	Ag. Commission
Mertl, Eric	January 30, 2013	Sheriff's Department
Simbe, Robert	February 25, 2013	Human Services Agency
Mateo, Jaime	March 5, 2013	Sheriff's Department
Wilder, Shirley	March 5, 2013	Controller's Office
Howey, Viola	March 5, 2013	Social Services
Henderson, Teresa	March 10, 2013	Human Resources
Blackwell, Winfrey	March 12, 2013	Ben. of Blackwell, William
Johnson, Adrienne	March 14, 2013	Ben. of Ralph Johnson
Knorr, Bernice	March 23, 2013	Courts
Gainer, Frances	March 12, 2013	Ben. of Gainer, Kenneth
Shaver, Syble	March 12, 2013	Ben. of Shaver, George
Bell, Christine	March 19, 2013	Collections
Cruz, Alfonso	March 20, 2013	Human Services Agency
Espen, Irving	March 29, 2013	Ben. of Espen, Elsie
Stephens, Cherie	March 29, 2013	Public Health
Manley, Frances	March 25, 2013	Sheriff's Office
Berrier, Ellen	March 29, 2013	Public Health
Stanton, Florence	March 31, 2013	Mental Health

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April 23 – 24, 2013– Board Minutes

Day 1: Minutes for Tuesday, April 23, 2013

1304.1 **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 9:08 a.m.

Roll Call:

Present: Sandie Arnott, Lauryn Agnew, Ben Bowler, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello and Eric Tashman (arrived at 2:41 pm).

Alternates Present: Christopher Miller, John Murphy.

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

1304.2.1 **Oral Communications From the Board:** Ms. Settles reported her attendance at Pension Bridge in San Francisco, on April 16 -17, 2013. Mr. Hackleman reported his attendance at the IFEBP Benefits Conference for Public Employees in Sacramento, April 15 – 17, 2013.

1304.2.2 **Oral Communications From the Public:** None.

1304.2.3 **Retreat Presentations**

Expectations for the US and World Economies – John Bellows from Western Asset Management gave a presentation and discussed the topic with Board members.

Asset- Liability Study Overview –Patrick Thomas and John Meier of SIS, discussed the Asset-Liability Study with the Board.

The Board meeting was adjourned for lunch at noon, and reconvened at 1:15 p.m.

Real Assets – John Nicolini from SIS gave a presentation to the Board members and answered questions on this topic.

1304.3.1 **Approval of the Board Meeting Minutes:**

Action: Mr. Hackleman moved to approve the minutes from the Special Meeting and the Regular Meeting, both held on March 26, 2013. The motion was seconded by Ms. Kwan Lloyd and carried unanimously.

1304.4.0 **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. Settles and carried unanimously.

1304.4.1 **Disability Retirements**

1. The Board found that Jerome Wethington is (1) disabled from performing his usual and customary duties as a Food Service Worker, (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 Liza Dea is (1) disabled from performing her usual and customary duties as a Medical Services Assistant, (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.

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Disability Retirements (con't)

3. The Board found that Ana Sapling is (1) not permanently incapacitated from the performance of her duties as a Systems Engineer and (2) denied her application for a service-connected disability retirement.

1304.4.1 **Service Retirements**

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

Member Name	Effective Retirement Date	Department
Barrett, Martin	February 1, 2013	Probation
Casares, Raul	January 18, 2013	Def'd. from HSA
Fornes, Kevin	February 27, 2013	ISD
Young, Sheryl	February 28, 2013	Def'd. from Health Dept.
Goldstone, Jay	January 11, 2013	Def'd. from Community Svcs.
Hein, John	February 28, 2013	Sheriff's Office
Maguire, Sharon	February 27, 2013	Probation
McCoy, Janett	March 1, 2013	Human Services Agency
Medeiros, Linda	February 2, 2013	Def'd. from Public Health
Rich, Leon	February 26, 2013	Def'd. from ISD
Runneals, Robert	February 16, 2013	Sheriff's Office
Stoll, Arthur	March 1, 2013	Human Services Agency

1304.4.1 **Continuances**

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

Survivor's Name	Beneficiary of
Bomberger, David	Bomberger, Carolann
Cooke, Maria	Cooke, Louis
Martin, Eleanor	Martin, Paul
Bowie, Susan	Mertl, Eric

1304.4.1 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Miranda, Ma M.	G4 Vested
Turner, Alice	G4 Vested
Womack, Kathleen	G4 Vested
Espinoza, Françoise	G4 Vested
Boyd, Areda	P4 Vested
Wong, Sherrie	G4 Vested - Reciprocity
Owen, Peter	G4 Vested - Reciprocity
Dallamaria, Katie	G4 Vested - Reciprocity
Clipper, Marguerite	G4 Vested – Reciprocity

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1304.4.1 **Member Account Refunds**

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

Member Name	Retirement Plan Type
Pahutan, Rachelle	G4 Vested
Leslie, William	G4 Vested
Yraola, Aileen	G4 Vested
Burton, Darrell	P4 Vested
DaCosta, Douglas	G4 Non-vested
Holzman, Cindy	G4 Non-vested
Hartford, Adrienne	G2 Non-vested
Henderson, Teresa	G2 Vested
Mateo, Jaime	G5
Shehee, Terry	P4 Non-vested
Flores Uribe, Mireya	G4 Non-vested

1304.4.1 **Member Account Rollovers**

The Board ratifies the actions as listed below for the following members regarding rollovers:

Member Name	Retirement Plan Type
DuSaint, Robin	G4 Non-vested
Sachs, Neil	G4 Non-Vested

1304.4.2 **Approval of Final SACRS Officers Nominating Committee Slate of Candidates** – The Board approved the “SACRS Board of Directors Elections 2012-2013 – Final Ballot.”

1304.4.3 **Approval of Annual Manager Review Questionnaires for Value Managers** - The Board approved the proposed annual review questionnaires for SamCERA’s Value Managers (Barrow Hanley, Mondrian Investment Partners, and The Boston Company).

1304.4.4 **Trustee Conference Request** - The Board approved the attendance of Trustee Lauryn Agnew at SOCAP13 (Social Capital Markets 13), an educational event.

1304.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.

1304.6.0 **Investment Services**

1304.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the monthly portfolio performance report and summarized the fund and market performance. This item was informational only and no action was taken.

Mr. Tashman arrived at 2:41 p.m., at this point in the meeting.

1304.6.2 **Report on the Annual Review of SamCERA’s International Managers:** Mr. Coultrip reported that the annual review of SamCERA’s International Managers (Eaton Vance, Franklin Templeton, and Pyramis) went well and there were no areas of concern. This item was informational only and no action was taken.

1304.7.1 **Presentation of Monthly Financial Report:** Ms. Wong presented the monthly financial report to the Board. This item was informational only and no action was taken.

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- 1304.7.2 **Presentation of Quarterly Budget Report:** Ms. Wong presented the budget report to the Board and reviewed the professional, administrative and technology budgets. This item was informational only and no action was taken.
- 1304.7.3 **Adopt a Resolution establishing a "Board of Retirement Records Retention Policy":** Mr. Bailey discussed the proposed records retention policy with the Board and gave an update on the electronic content management conversion project.
Action: Mr. Hackleman moved to approve a resolution establishing a "Board of Retirement Records Retention Policy." The motion was seconded by Ms. Settles and carried unanimously.
- 1304.7.4 **Adopt a Resolution creating a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff":** Mr. Bailey presented the staff report and reviewed the proposed changes with the Board. He explained that SamCERA's travel and expense reimbursement policies would now be combined into a single policy, and would reflect compliance with IRS regulations. The Board discussed how exceptions to the policy would be handled and requested that the language in the policy specify the person with the authority to approve exceptions. In the case of exceptions for staff, the CEO would have approval authority; the Chair would approve exceptions for the Trustees; any exceptions for the Board Chair would be approved by the Vice Chair; and exceptions for the CEO would be approved by the Chair.
Action: Mr. Tashman moved to approve a resolution rescinding the Travel Policy contained in Resolution 06-07-01 and rescinding the Expense Reimbursement Policy adopted by Resolution 09-10-10 and adopting a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff" with the noted changes regarding approval of exceptions. The motion was seconded by Ms. Kwan Lloyd and carried unanimously.
- Mr. Spinello was excused at 3:00 p.m. for the remainder of the meeting.
- 1304.7.5 **Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement:** Mr. Bailey discussed changes to three regularly scheduled meetings with Board members. Changing the location of the May 28, 2013, meeting to 30 Twin Pines Lane in Belmont; cancelling the June 25 meeting; and rescheduling the July meeting from Tuesday, July 23, to Tuesday, July 16, 17, 18 or another date chosen by the Board were discussed, and it was determined that the rescheduling of the July meeting would be continued until May.
Action: Ms. Settles moved to change the location of the May 28, 2013, meeting to 30 Twin Pines Lane in Belmont and cancel the June 25 meeting. The motion was seconded by Ms. Agnew and carried unanimously.
- 1304.8 **Management Reports**
- 1304.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that Brown Armstrong partner Andrew Paulden is now advising SamCERA staff directly regarding how to value and account for private equity holdings. He let the Board know a response to the Grand Jury report was being prepared and would be presented at the May meeting.
- 1304.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported the candidate nomination period for the SamCERA Board elections opened on April 14 and will close May 6. She noted that SCORPA dues will now be deducted from retirees, who have signed an authorization form, once per year. Ms. Smith also reported that Assistant Executive Officer Scott Hood would be returning to work in June.

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1304.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported the large-cap growth transition to Brown Advisory was in process and that 98% of assets had been transferred. He notified the Board that Lili Dames would be attending Sheridan's annual meeting.

1304.8.4 **Chief Legal Counsel's Report:** No report from Ms. Carlson.

Mr. Tashman reported his attendance at the CALAPRS Principles for Trustees training at Stanford.

Ms. Arnott adjourned the meeting at 3:48 p.m., concluding the first day of the retreat.

Day 2: Minutes for Wednesday, April 24, 2013

1304.1 **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 9:02 a.m.

Roll Call:

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

Excused: Ben Bowler

Alternates Present: Christopher Miller, John Murphy.

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

1304.2 **Oral Communications**

1304.2.1 **Oral Communications From the Board** – None.

1304.2.2 **Oral Communications From the Public** – None.

1304.2.3 **Retreat Presentations and Discussion**

Ethics, Fiduciary Duties, and Investment Decisions – presented by Brenda Carlson.

Risk Analysis – Presented Patrick Thomas and John Meier from SIS.

The meeting was adjourned for lunch at 12:00 noon, and reconvened at 1:15 p.m.

Ready to Retire – Retirement Analyst, Elizabeth LeNguyen, gave SamCERA's educational presentation that is given to members prior to retirement.

Annual Assessment of the Portfolio – presented by Michael Coultrip.

Evaluation Non-Traditional Investment Guidelines – presented by Chad Spittler, from BlackRock.

1304.3.0 **Adjournment:** With no further business, Ms. Arnott adjourned the meeting at 4:50 p.m. in memory of the following deceased members:

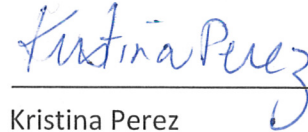
Hardy, Isaac	October 8, 2012	Public Health
Locke, Ray	December 6, 2012	Ag. Commission
Mertl, Eric	January 30, 2013	Sheriff's Department
Simbe, Robert	February 25, 2013	Human Services Agency
Mateo, Jaime	March 5, 2013	Sheriff's Department
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Howey, Viola	March 5, 2013	Social Services
Henderson, Teresa	March 10, 2013	Human Resources
Blackwell, Winfrey	March 12, 2013	Ben. of Blackwell, William
Johnson, Adrienne	March 14, 2013	Ben. of Ralph Johnson
Knorr, Bernice	March 23, 2013	Courts
Gainer, Frances	March 12, 2013	Ben. of Gainer, Kenneth
Shaver, Syble	March 12, 2013	Ben. of Shaver, George
Bell, Christine	March 19, 2013	Collections
Cruz, Alfonso	March 20, 2013	Human Services Agency
Espen, Irving	March 29, 2013	Ben. of Espen, Elsie
Stephens, Cherie	March 29, 2013	Public Health
Manley, Frances	March 25, 2013	Sheriff's Office
Berrier, Ellen	March 29, 2013	Public Health
Stanton, Florence	March 31, 2013	Mental Health



David Bailey
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary

Agenda & Presenters

Board / Staff Retreat

April 23 & 24, 2013



San Mateo County Employees'
Retirement Association

SamCERA

**BOARD / STAFF RETREAT AGENDA
Day One—Tuesday, April 23, 2013**

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
	Coffee and Refreshments
9:00 a.m.	Welcome <i>David Bailey, Chief Executive Officer, SamCERA</i>
9:15 a.m.	Expectations for the US and World Economies <i>Presenter: John L. Bellows, Investment Management Strategy Analyst, Western Asset Management Company</i>
10:15 a.m.	Break
10:30 a.m.	Asset-Liability Study Overview - When would be the best time to conduct an asset-liability study of the fund and what would be involved in the process? <i>Presenters: Patrick Thomas, Vice President, SIS and Michael Coultrip, Chief Investment Officer, SamCERA</i>
11:30 a.m.	Open Discussion
12 Noon	Lunch
1:15 p.m.	Real Assets - Should real assets be considered for the SamCERA portfolio? If so, how should it be structured? Role of liquid vs. illiquid strategies. <i>Presenters: John Nicolini, Strategic Investment Solutions and Michael Coultrip, Chief Investment Officer, SamCERA</i>
2:15 p.m.	Break
2:30 p.m.	Return to Regular Board Meeting Agenda

AGENDA ITEM 2.3

BOARD / STAFF RETREAT AGENDA Day Two—Wednesday, April 24, 2013

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
	Coffee and Refreshments
9:00 a.m.	Ethics, Fiduciary Duties and Investment Decisions <i>Presenter: Brenda Carlson, Chief Legal Counsel, SamCERA</i>
10:15 a.m.	Break
10:30 a.m.	Risk Analysis - Looking at different ways to view the risks of the fund. Economic risk factors, leverage, liquidity, etc. <i>Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions</i>
11:30 a.m.	Open Discussion
12 noon	Lunch (Board and SamCERA Staff)
1:15 p.m.	Ready to Retire – SamCERA’s presentation provided to members planning to retire soon. Elizabeth will also talk about who attends, what the evaluations show, and what we may change in future presentations. <i>Presenter: Elizabeth LeNguyen, SamCERA Retirement Analyst</i>
2:15 p.m.	Break
2:30 p.m.	Annual Assessment of the Portfolio - Compare total fund performance against investment objectives; compare each investment manager’s performance against their stated benchmark, evaluate risk exposures, evaluate portfolio rebalancing activity for the year, and evaluate the fund’s liquidity requirements. <i>Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions</i>
3:30 p.m.	Evaluating Non-Traditional Investment Guidelines - Should non-traditional investment guidelines, such as Environmental, Social, Governance (ESG), United Nations Guidelines, or other factors play a role in SamCERA’s investment approach, and, if so, how? What is the Board’s fiduciary duty in this area? <i>Presenter: Chad E. Spitler, Managing Director PMG - Corporate Governance & Responsible Investment, BlackRock</i>
4:30 p.m.	Open Discussion
5:00 p.m.	End of Retreat – Adjournment in the Memory of Our Deceased Members