



Medicare Reimbursement Extended One More Year

The Board of Retirement voted to extend the Medicare Part B Premium Reimbursement program for one more fiscal year during its March 23rd meeting.

The Reimbursement program was initiated by the Board of Retirement in January of 1993. It provides a \$33 per month premium reimbursement to retirees over 65 and to those who receive a disability retirement. The payments are made from the Retirement Fund's Unallocated Fund Balance.

In extending the program for another year, the Board members made it clear that they want to work with the County to create a permanent health care program for retirees. The County administration argued against continuing the program.

In the *above-and-beyond-the-call-of-duty-category*, Bette Perroton bought herself a ticket on the "red-eye" and flew in from her Hawaiian vacation to vote for the program. "The Medicare Part B reimbursement has become so important for so many of our retirees that I felt I just had to be present to defend the program and to vote to continue the reimbursement for another year," Perroton explained.

Hot Off the Press

By the time you receive this newsletter, your new SamCERA member booklet should be back from the printer. We received many excellent suggestions for improving the original draft and hope that the final version will provide you with a lot of helpful information. We will send one copy to each member and retiree. Hopefully, yours will be in the mail around June 1st. Please take the time to read about your excellent retirement benefits.

County Jobs Spared, Funding Ratio Improved, as County Contributions to the Retirement Fund are Increased

The Board of Retirement listened carefully to the recommendations of SEIU, AFSCME, the Sheriff, Chief Probation Officer and Assistant County Manager during its deliberations over next year's contribution rates. The unions and management were unanimous in their concern that the County budget is so tight that fifty or more jobs would be eliminated, if the Board fully implemented the recommended contribution rates. Most of the positions would have been lost in the Sheriff's Office.

After reviewing the situation with their actuary, the Board voted to phase the new rates in over the next three years. In voting for the phase-in, Tom Bryan noted that an important part of the compromise is the fact that the unfunded liability will still be paid off over the next 16.5 years, while providing a little breathing room for beleaguered County employees.

William M. Mercer, Incorporated, evaluated the actuarial strength of the Retirement Fund for the Board. Mercer's report concluded that the health of the Fund **improved** last year by the two measures most often evaluated. The Actuarial Assets divided by the Actuarial Accrued Liabilities **improved** 1.9% to 67.3% and the Government Accounting Standards Board Funding Ratio **improved** 0.8% to 73.5%. The actuary reported that SamCERA should be 100% funded in 16.5 years.

NEW COUNTY EMPLOYER CONTRIBUTION RATES

95-96	PLAN 1	PLAN 2	PLAN 3
GENERAL	20.91%	19.55%	15.16%
SAFETY	35.06%	31.18%	
PROBATION	31.35%	28.31%	

Member contribution rates will also increase on July 1st by an average of approximately 1/10 of 1%.

Board Hires Investment

Managers The Board has completed its selection of investment management firms for SamCERA's stock and bond portfolios. The Retirement Fund is being managed by the following firms (amounts in millions):

Wells Fargo Investment Trust	Passive Stocks	\$231.0
	Passive Bonds	201.6
Independence Investment Associates	Active Large Cap Stocks	45.0
RCM Capital Management	Active Small Cap Stocks	40.0
Morgan Grenfell Investment Services	Active Bonds	50.0
Bank of New York	Interim Mgmt.	60.0

Wells Fargo, Independence and RCM are now fully invested. The Morgan Grenfell contract will not be funded until the signing of a global master custody agreement. The balance is being managed by the County's master custodian, the Bank of New York.

Manager Selection based on Close Scrutiny of Professionals and Performance

A four step process was used to assure that the Board of Retirement hired the best firms to manage your Retirement Fund. **First**, SamCERA's staff used computer data bases to screen thousands of potential managers, in a search designed to identify those with a strict adherence to their investment style, a superior track record and outstanding professional staff. **Second**, SamCERA's staff spent more than five hundred hours evaluating the proposals of more than one hundred of the most highly respected pension investment management firms in the world which had been invited to submit proposals. **Third**, Wyatt Investment Consulting conducted additional due diligence and validated the qualifications of the finalists selected by staff. **Fourth**, the Board of Retirement interviewed five finalists in each of four investment specialties and selected four firms to manage SamCERA's assets.

Future issues of *SamCERA Times* will include profiles on your investment managers.

Rising Markets Help SamCERA

While 1994 was the worst year in history for bonds and a mediocre year for stocks, 1995 has started off with a roar. The investment markets have been very strong during the first quarter of the year.

Wells Fargo reported that they earned \$19 million on the passive portfolio during the first two months of their contract. Unrealized capital gains in the bond arena were up \$11.8 million, while the stock funds posted a gain of \$7.2 million.

The strength of the market also allowed Independence Investment Associates to report a \$1.4 million gain for the three weeks that they were managing \$45 million for SamCERA.

The other new manager's were not funded during the first quarter. As soon as the portfolio is fully invested, we plan to include summaries from the comparative reports which the Board receives from the Master Custodian and consultant in future editions of *SamCERA Times*.

Real Estate Next Wyatt Investment Consulting will present a workshop on pension fund investments in real estate during the May 25th meeting at SamTrans in San Carlos. The Investment Plan allocates 10% of the Retirement Fund for investment in real estate, but the Board wants to have very explicit and realistic guidelines before selecting an investment manager for this area. The workshop will be the first step in the development of a plan for adding real estate to the portfolio.

Diversification is Critical to Controlling Risk

When asked about SamCERA's new Investment Program, Tom Bryan reminded us that, "It all comes down to 'don't put all your eggs in one basket'". He noted that SamCERA would be much stronger today, if the assets in the Fund had been diversified over the last 10 years.

\$100 million invested on 12/31/84 in:	100% Bonds	50% Bonds 50% Stocks	Diversification would have added:
Worth on 12/31/94:	\$259	\$316	22%

"That extra 22% would have lowered contribution rates and left more bargaining room for both the unions and retirees", Bryan concluded.

Administrator's First Annual Report to the Membership

I am proud to be a San Mateo County employee and I am proud to be working for you and your Retirement Board. This has been a challenging year for your Retirement Board and for me.

Since March 31, 1994, the Board has met twenty-four times and accomplished a great deal. Working together, the Board and staff have made substantial progress in a multitude of areas:

BENEFIT SERVICES: We have eliminated disability application backlogs, improved response times for most member services, issued four newsletters, established a quarterly review of unreported deaths, reengineered the new member enrollment process, strengthened our pre-retirement planning presentations and redesigned the member booklet.

INVESTMENT SERVICES: We have drafted and adopted SamCERA's Investment Plan, hired an Investment Consultant, actuary and four investment managers.

HUMAN RESOURCES: We have initiated professional training for staff so that they can better serve your needs, proposed the reclassification of our current positions and managed the office with the same number of staff that was here two years ago.

MANAGEMENT & INFORMATION SERVICES: We have implemented internal controls to protect the integrity of your assets and the confidentiality of your personal data, documented most procedures, installed county-issue work stations and a local area network and begun the automation of office functions...**all while reducing our current year administrative budget to \$750,000.**

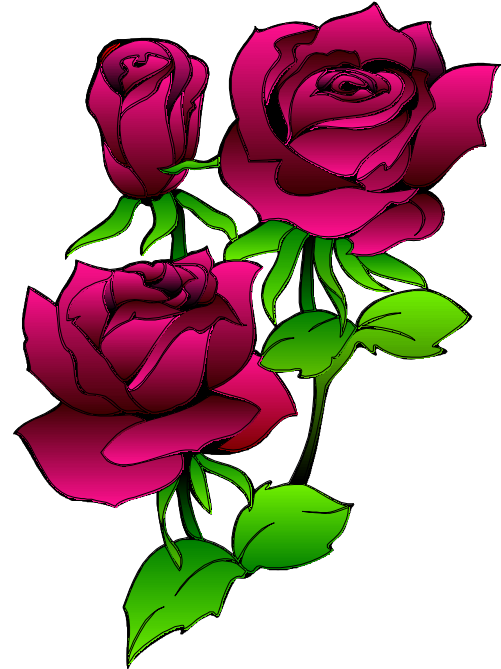
We are here to serve you. We are proud of what we have accomplished and excited and challenged by the complexity of the tasks ahead. During the next fiscal year, we must install new data base management systems to assure that the information upon which your benefits and your investment portfolio rely is maintained in as accurate and secure a manner as is technically and economically feasible.

I am honored to serve you and hope you will call anytime you have a suggestion on how we can help.

--Sid McCausland

Board of Retirement

John J. Carberry, Chairman
Bette A. Perroton, Vice Chairwoman
Tom E. Bryan, Secretary & Finance Vice Chair
Todd D. Doersch, Finance Chairman
Hon. Lee Buffington, Treasurer
Lauryn Agnew Bierdeman
Michael E. McMahon
John Segall



Board Reviews Administrator's Performance

The Board appointed an Ad Hoc Annual Review Committee to evaluate the Administrator's first year on the job. The review included a survey of other California public retirement systems, as well as an analysis of how well the Board's objectives were achieved. The Committee concluded that SamCERA had accomplished far more in one year than anyone had hoped for, in terms of improved member services, implementation of the Investment Plan and creation of internal controls and office procedures. **The Committee determined that SamCERA is the most cost-effective independent public retirement system in the State.** Lauryn Bierdeman, Todd Doersch and Tom Bryan served on the Ad Hoc Committee.

Published & Distributed by the
San Mateo County Employees' Retirement Association
Attn: Sid McCausland, Retirement Administrator
2317 Broadway, Suite 115, Redwood City, California 94063
Address Correction Requested

Brown Bag Lunches are In

SamCERA will sponsor Brown Bag Pre-Retirement Planning Lunches once a month beginning in July. Members of all ages are encouraged to attend one of these work shops.

These one hour sessions will review the basic elements of retirement planning, outline SamCERA's benefits and respond to your individual questions. Personal benefit estimates will be provided to members who sign up in advance.

Please give us a call at 363-4821, if you would like us to schedule a meeting near your workplace.

Board meeting dates The Board of Retirement is scheduled to meet on the following **Thursdays** during 1995: May 25, June 22, July 27, September 28, October 26 and November 30. All other tentative meeting dates have been cancelled.

Meetings begin at 9:00 a.m. in the 2nd Floor Auditorium in the SamTrans building at 1250 San Carlos Avenue, San Carlos. Parking is free in the basement. A Closed Session will be held at 9:00, with the **Public Session beginning around 9:20.** The Board may change the schedule, so please call 363-4581 to confirm the dates and location.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Elections for Trustees to Represent the Members of the System on the Board of Retirement

The following candidates are running for election to the Board of Retirement:

TO REPRESENT GENERAL MEMBERS:

- Sandie Arnott
- Celia C. Bautista
- Tom Bryan (Incumbent)
- Jo Ann Graf
- Philip J. Weise
- Ken Wood

TO REPRESENT RETIRED MEMBERS:

- Leland (Hank) Derner
- Asghar (Oscar) Hamid
- Bette A. Perroton (Incumbent)

TO REPRESENT SAFETY MEMBERS:

- Bryan Cassandro
- Dennis J. Cosgrove

Ballots will be mailed to your home on May 9th.
Ballots must be cast by June 13th.