

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

April 24, 2012

Agenda Item 4.0

March 27, 2012 – Board Agenda

- 1.0 Call to Order, Roll Call and Miscellaneous Business
- 2.0 Oral Communications
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
- 3.0 Approval of the Minutes
- 4.0 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
 - Jeffrey Kosmala
 - Service Retirements
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
- 5.0 Benefit & Actuarial Services
 - 5.1 Consideration of agenda items, if any, removed from the Consent Agenda
- 6.0 Investment Services *(There is no investment committee meeting this month)*
 - 6.1 Acceptance of the Preliminary Monthly Portfolio Performance Report
 - 6.2 Ratification of the execution of agreement with Emergence Capital Partners III L.P.
 - 6.3 Approval of Investment Management Agreement with Baillie Gifford Overseas Limited
- 7.0 Board & Management Support Services
 - 7.1 Acceptance of the Monthly Financial Report
 - 7.2 Approval of Amendments to SamCERA's Conflict of Interest Code
 - 7.3 Approval of Estimated Employer Contribution Amount for Fiscal Year 2012/2013
 - 7.4 Discussion of SamCERA's Sources, Uses & Budget for Fiscal Year 2012/2013
 - 7.5 Report on the Status of SamCERA's Annual Board Retreat on April 24 & 25, 2012
- 8.0 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 and appropriate for closed session
9. Report on Actions Taken in Closed Session
10. Adjournment

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

March 27, 2012 – Board Minutes

- 0312.1 **Call to Order:** Mr. David, Chair, called the Public Session of the Board of Retirement to order at 1:00 p.m.
- 0312.1 **Roll Call:** *Present:* Ms. Arnott, Mr. David, Mr. Tashman, Ms. Agnew, Mr. Hackleman, Ms. Salas (for Mr. Spinello) and Mr. Murphy. Mr. Bowler and Ms. Kwan Lloyd arrived after roll was called.
Excused: Ms. Settles and Mr. Spinello.
Staff: Mr. Hood, Mr. Clifton, Ms. Carlson, Ms. Smith, Ms. Wong and Ms. Perez.
Consultants: Mr. Thomas and Mr. Shooshani from Strategic Investment Solutions.
- 0312.2.1 **Oral Communications From the Board:** Mr. David presented Gary Clifton with a resolution from the Board commemorating Mr. Clifton's career and achievements at *SamCERA*. Mr. Clifton thanked the Trustees and staff. Mr. David extended an invitation for everyone to enjoy cake and coffee after the meeting. Mr. Hackleman reported on his attendance at the CALAPRS General Assembly on March 4 - 6; other staff and Board members Ms. Arnott, Ms. Salas, Mr. Spinello and Ms. Settles were also in attendance. Ms. Agnew reported her attendance at a conference on real assets.
- 0312.2.2 **Oral Communications From the Public:** None.
- 0312.3 **Approval of the Minutes:** Ms. Arnott requested an addition be made to the February 28 minutes on item 8.1-8.2, clarifying that applications received were for the "Chief Investment Officer" position.
Action: Ms. Arnott moved to approve the minutes from the regular meeting held on February 28, 2012 with the noted addition, and to approve the minutes of the special meeting held on March 15, 2012. The motion was seconded by Ms. Salas, and carried unanimously.
- 0312.4 **Approval of the Consent Agenda:** Mr. David asked if there were any items to be removed from the consent calendar, there were none.
Action: Mr. Hackleman moved to approve the following items listed on the consent agenda. The motion was seconded by Ms. Agnew and carried unanimously.

Consent Agenda

Disability Retirements

The Board found that Jeffery Kosmala is (1) unable to perform his usual duties as a Carpenter, (2) found that his disability is service-connected and (3) granted his application for a service-connected disability retirement.

Service Retirements

Member Name	Effective Retirement Date	Department
Ramos, Leticia	January 5, 2012	Def'd from San Mateo Med Ctr
Armenta, Cathy	January 6, 2012	Def'd from Treasurer/Tax Collector
Mabubay, Melinda	January 6, 2012	Plan 3 Only
Ho, Maggie	January 7, 2012	Dept. of Child Support Services
Jew, Vanessa	January 7, 2012	Human Services Agency
Sundar, Roshini	January 7, 2012	Dept. of Child Support Services
Schmeidel, Cheryl	January 12, 2012	Plan 3 Only
Lunny, Raymond	January 28, 2012	Sheriff's Office
Curran, Florencia	January 30, 2012	Def'd from District Attorney

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

Service Retirements (Continued)

Member Name	Effective Retirement Date	Department
Devoy, Michael	January 31, 2012	Def'd from District Attorney
Calivo, Kathleen	February 1, 2012	Human Services Agency
Hennen, Patrice	February 1, 2012	QDRO of Hennen, Joseph
Quinlan, Gerald	February 1, 2012	Sheriff's Office

Continuances

Survivor's Name	Beneficiary of
Burnett, Deborah	Burnett, Charles
Giannini, Celeste	Giannini, Roland
Koelling, Betty	Koelling, Ervin
Mack, Stephen	Mack, Joan

Deferred Retirements

Member Name	Retirement Plan Type
Durand, Lori	G4 Vested
Zialcita, Patricia	3 Non-vested - Reciprocity

0312.4 **Member Account Refunds**

Member Name	Retirement Plan Type
Lucero, Gilbert	G4 Non-vested
Mathews, Jeffrey	G4 Non-vested
May, April	Beneficiary of May, Sharen
May, Gina	Beneficiary of May, Sharen
May Joseph	Beneficiary of May, Sharen
Newbury, Jennifer	G4 Vested
Nunez-Avila, Aracela	G4 Vested
Orbeta, Cristina	Beneficiary of Orbeta, Ireneo
Orbeta, Ricardo	Beneficiary of Orbeta, Ireneo
Orbeta, Roberto	Beneficiary of Orbeta, Ireneo
Wenceslao, Priscilla	G4 Vested

Member Account Rollovers

Member Name	Retirement Plan Type
Aguilar, Paolo	G4 Non-vested
Helena, Eric	G4 Non-vested
Leddy, Linda	G2 Vested
Lopez, Marian	G4 Non-vested
Paul, Adam	G4 Non-vested

0312.5 **Benefit & Actuarial Service**

0312.5.1 **Consideration of Agenda Items, if any, removed from the Consent Agenda:**
 No items were removed from the Consent Agenda.

Investment Services

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

0312.6

0312.6.1 **Presentation of the Preliminary Monthly Portfolio Performance Report:** Mr. Clifton presented the monthly performance report to the Board. With no objections noted, the report was accepted.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
Domestic Equity	957,234,051	4.68	3.70	0.42
International Equity	382,805,230	4.85	-6.03	-2.65
Total Equity	1,340,039,281	4.73	0.59	-0.51
Private Equity	12,652,769	6.18	-78.82	
Risk Parity	151,726,680	4.32		
Hedge Fund	69,270,600	1.92		
Fixed Income	601,939,649	1.90	7.63	6.22
Real Estate	142,552,672	0.00	16.91	0.07
Aggregate				
Commodities	71,972,730	4.61		
Cash Equivalents	39,325,037	0.07	0.77	1.00
TOTAL FUND	2,429,479,418	3.54	3.41	1.60
Benchmark		0.62	7.75	7.75

0312.6.2 **Ratification of the Execution of an Agreement with Emergence Capital Partners III L.P.**

Mr. Faraz Shooshani, from Strategic Investment Solutions, presented the report on Emergence Capital Partners and answered questions from Board members.

Action: Mr. Bowler moved to adopt a resolution ratifying the execution of an agreement with Emergence Capital Partners III L.P. for private equity investment management services, and authorizing the Chief Investment Officer to take all actions necessary to initiate, implement and monitor the agreement. The motion was seconded Mr. Hackleman and carried unanimously.

0312.6.3 **Approval of Investment Management Agreement with Baillie Gifford Overseas Limited**

Mr. Clifton presented the staff report, stating the Board had approved an agreement with Baillie Gifford in February. He explained after Board approval and prior to execution of the document, Baillie Gifford had requested changes to the conditions of the agreement; and the revised agreement is being presented for Board approval at this meeting. Board members discussed the changes with Mr. Clifton.

Action: Mr. Bowler moved to adopt a resolution approving the agreement with Baillie Gifford and Company, and authorizing the Board Chair, the Vice Chair and the Chief Executive Officer to execute the agreement. The motion was seconded by Ms. Agnew and carried unanimously.

0312.7 **Board & Management Support Services**

0312.7.1 **Acceptance of the Monthly Financial Report**

Ms. Wong presented the monthly financial report to the Board. With no objections noted, the report was accepted.

0312.7.2 **Approval of Amendments to SamCERA's Conflict of Interest Code**

Ms. Carlson presented the staff report. She explained the minor changes in SamCERA's Conflict of Interest Code, which will clarify the language regarding identification by designated consultants of which of their staff will be Form 700 filers.

Action: Ms. Agnew moved to approve the amendments to SamCERA's Conflict of Interest Code. The motion was seconded by Mr. Tashman and carried unanimously.

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

- 0312.7.3 **Approval of Estimated Employer Contribution Amount for Fiscal Year 2012/2013**
Ms. Wong presented the staff report. She discussed the County's prepayment and discounted rate and answered questions from Board members. With no objections noted, the report was accepted.
- 0312.7.4 **Discussion of SamCERA's Sources, Uses & Budget for Fiscal Year 2012/2013**
Ms. Wong gave Board members an update on staff's work on the FY 2012/2013 budget. This item was for discussion only and no action was taken.
- 0312.7.5 **Report on the Status of SamCERA's Annual Board Retreat on April 24 & 25, 2012**
Mr. Hood went over the agenda for the upcoming retreat with the Board members. He noted that staff members of the County Manager's and Controller's offices will be sitting in on portions of the retreat. He further noted that there is time built into the retreat schedule for "open discussion".
- 0312.8 **Management Reports**
- 0312.8.1 – 8.2 **Chief Executive Officer/ AEO's Report:**
Mr. Hood reminded Board members to file their Form 700 statements by April 2. He updated the Board on the work of the succession committee, stating interviews for the CIO position would be held April 18 and 19. Mr. Hood announced several upcoming events and noted more information could be found in the "day of" meeting folders.
- 0312.8.3 **Chief Investment Officer's Report:** None
- 0312.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that she is working with Colin Bishop, Retirement Communications Specialist on revising member forms and pamphlets addressing several issues including divorce and splitting member benefits and purchasing of service credit.

CLOSED SESSION

- C1 **Consideration of disability items, if any, removed from the Consent Agenda and appropriate for closed session:** None
- 0312.9 **Report on Actions Taken in Closed Session:** There was no closed session.
- 0312.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 1:32 p.m., in memory of the following deceased members:

Merritt, Lester	January 6, 2012	Beneficiary of Merritt, Bertha
Nelson, Janet	January 18, 2012	Social Services
De La Vega, Bruno	January 31, 2012	Aging & Adults Services
Jensen, Olga	February 8, 2012	Public Health
Alaimo, Robert	February 11, 2012	Public Works
Barauk , Alice	February 14, 2012	Behavioral Health
Howell, Mavis	February 16, 2012	Coroner
Orbeta, Ireneo	February 19, 2012	Health Services
Woodward, Billie	February 23, 2012	Probation
Willemsen, Johanna	February 25, 2012	Behavioral Health
Pierce, Veronica	February 29, 2012	Behavioral Health

Scott Hood
Assistant Executive Officer

Kristina Perez
Retirement Executive Secretary