

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

October 23, 2012

Agenda Item 3.0

September 25, 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 Retirement Applications
 - Heikoti Fakava
 - Herlin Gomez
 - Fereshteh Harirchi
- Service Retirements
- Continuances Deferred Retirements
- Member Account Refunds
- Member Account Rollovers
- Approval of Western Asset Request to Implement Emerging-Debt Allocation via Commingled Fund
- Revision of the Minutes of the May 22, 2012 Board of Retirement Meeting

5. Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
- 5.2 Presentation of the June 30, 2012, Actuarial Valuation Report by Milliman, Inc.
- 5.3 Acceptance of the Fiscal Year 2013-2014 Employer and Member Contribution Rates and Recommendations
- 5.4 Annual Review of SamCERA's Actuarial Services Firm, Milliman, Inc.
- 5.5 Presentation Regarding AB 340 and AB 197 Legal and Actuarial Impacts

6. Investment Services (Investment items were considered at the Sept. 25 Special Meeting.)

7. Board & Management Support Services

- 7.1 Monthly Financial Report
- 7.2 Report on Status of the Annual Financial Audit for Fiscal Year 2011-12
- 7.3 Approval of Authorization for the Chief Executive Officer to Execute Documents and Take Certain Actions In Relation to Investments and Certain Securities Litigation Matters
- 7.4 Approval of SamCERA's Strategic Plan Update
- 7.5 Approval of Voting Delegate and Alternates for the SACRS Fall 2012 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

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

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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 in Memory of the Following Deceased Members:

Bruch, Gloria	August 12, 2012	Library
Cookson, Paul	August 9, 2012	Crystal Springs
Goff, Linda	August 2, 2012	Superior Court
Jones, Carmen	August 5, 2012	Social Services
Joy, Eleanor	August 26, 2012	Social Services
Julian, L J	August 9, 2012	Crystal Springs
Larsen, Alfred	August 24, 2012	Fire Warden
Smith, Roderick	August 4, 2012	District Attorney
Wallace, Marjorie	August 12, 2012	Library

David Bailey, Chief Executive Officer

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September 25, 2012– Board Minutes

0912.1 **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 1:02 p.m.

Roll Call:

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

Excused: Natalie Kwan Lloyd, Ben Bowler, John Murphy

Alternates Present: Christopher Miller (for Natalie Kwan Lloyd)

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

0912.2.1 **Oral Communications From the Board:** Ms. Arnott thanked the members of the Board for selecting her as the Chair for this term.

0912.2.2 **Oral Communications From the Public:** There were no comments from the public.

0912.3 **Approval of the Minutes:** Ms. Arnott asked if there were any changes to the minutes. A typographical error was noted, and Ms. Arnott asked that the minutes for agenda item 0812.5.1 be revised to include more specificity such as a name, if applicable, or the nature of the matter.

Action: Mr. David moved to approve the minutes from the regular meeting held on August 28, 2012, with the corrections as discussed. The motion was seconded by Ms. Agnew, and carried unanimously.

0912.4 **Approval of the Consent Agenda:** Ms. Arnott asked if there were any items to be taken off the Consent Agenda, and none were removed.

Action: Mr. Hackleman moved to approve the Consent Agenda items as listed below. The motion was seconded by Mr. Spinello and carried unanimously.

0912.4 **Consent Agenda**

Disability Retirements

The Board found that Heikoti Fakava is (1) permanently incapacitated for the performance of his duties as Deputy Sheriff, (2) found that his disability was a result of an illness arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement filed on his behalf.

The Board found that Herlin Gomez is (1) permanently incapacitated for the performance of her duties as a Medical Services Assistant II, (2) found that her disability was not a result of an illness arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.

The Board found that Fereshteh Harirchi is (1) not permanently incapacitated for the performance of her duties as a Staff Nurse and (2) denied her application for a service-connected disability retirement.

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0912.4

Consent Agenda (con't)

Service Retirements

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

Member Name	Effective Retirement Date	Department
Petrini, Martha	June 30, 2012	Def'd from Food Services
Louie, Allan	July 3, 2012	Behavioral Health
Chi, Adrian	July 12, 2012	Information Services
Laurentz, Elena	July 12, 2012	Aging and Adult Services
Najdawi, Nena	July 12, 2012	San Mateo Medical Center
Welling, Patricia	July 12, 2012	San Mateo Medical Center
Hafalia, Sol	July 15, 2012	San Mateo Medical Center
Garcia, Toni	July 17, 2012	Human Service Agency
Mulkerin, Mary	July 17, 2012	Def'd from Probation
Newcomb, Carmen	July 21, 2012	Planning and Building
Dionisio, Erlinda	July 25, 2012	San Mateo Medical Center
Purcell, Sheila	July 28, 2012	Superior Court

Continuances

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

Survivor's Name	Beneficiary of:
Garrett, Shellie	Garrett, Anne
Peterson, Stewart	Stivala, Mary
Vincent, Elaine	Vincent, John

Deferred Retirements

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

Member Name	Retirement Plan Type
Pearson, Kimberly	G2, 3 Vested - Reciprocity
Blakely, Michelle	G4 Vested
Lucero, Ruben	G4 Vested
Siapno, Ofelia	G4 Vested
Andres, Adeline	G4 Vested
Garza, Alvaro	G4 Vested
Vite, Emie	G4 Vested
Gacayan, Cres	G4 Vested
Epler, Frances	G4 Vested
Saggese, Amy	G4 Vested – Auto Defer
Bissada, Phillip	G4 Vested – Auto Defer
Lorenzini, Joseph	G4 Vested – Auto Defer
Jacobs, Matthew	G4 Vested – Auto Defer
Gonzalez, Laura	G4 Vested – Auto Defer
Freirez, Elena	G4 Vested – Auto Defer
Ruiz, Raymond	G4 Vested – Auto Defer
Kelley, Janinie	G4 Vested – Auto Defer
Jacobson, Adam	G4 Vested – Auto Defer

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0912.4 **Member Account Refunds**

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

Member Name	Retirement Plan Type
Arzadon, Alexander	G4 Vested
Balbuena, Paul	G4 Vested
Boccone-Gallo, Juliet	Beneficiary of Smylie, Alice
Bresler, Lorelei	G4 Non-vested
Cruz, Marilou	G4 Non-vested
Cuadra, Virginia	G4 Vested
Estipona, Anastacia	G4 Vested
Fononga, Kalala	G4 Vested
Goff, LaFaidra	Beneficiary of Goff, Linda
Goff, Shelton	Beneficiary of Goff, Linda
Goff, Stanley	Beneficiary of Goff, Linda
Govind, Angeline	G4 Non-vested
Hom, Richard	G5 Non-vested
Johnson, Janet	G4 Vested
Julian, David	Beneficiary of Julian, LJ
Larsen, Jamie	G4 Non-vested
Mansueto, Mansueto	G4 Vested
McShan, Monique	G4 Vested
Osorio, Maria	G4 Vested
Puapuaga, Alofaaga	G4 Vested
Reisinger, Judith	G4 Vested
Segun-Abugan, Ibukun	G4 Non-vested
Silva, Mary	G4 Non-vested
Taumua, Ofeira	G4 Vested
Tonga, Veisia	G4 Non-vested
Trinidad, Maria	G5 Non-vested
Uluave, Feiva	G4 Vested
Uy, Joyce	G4 Non-vested
Vara, Rosaleen	G4 Non-vested
Wells, Marjeana	G4 Non-vested
Wild, Gregory	G4 Non-vested
Wong, Peter	G4 Non-vested

Member Account Rollovers

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

Member Name	Retirement Plan Type
Abinader, Stephanie	G4 Non-vested
Agiewich, Eve	G4 Non-vested
Blackmore, Craig	G4 Non-vested
Castillo, Ana	G4 Non-vested
Cesista, Luz	G4 Vested
Corbin, Danielle	G4 Non-vested
Isip, Teresa	G4 Non-vested
Lam, Mei	G4 Non-vested
Lee, Tiffany	G4 Non-vested

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Member Account Rollovers (con't)

Member Name	Retirement Plan Type
Lokotui, Silia	G4 Vested
Malacaman, Maria	G4 Non-vested
Martinez, Aracely	G4 Non-vested
Palconit, Elizabeth	G4 Non-vested
Prudente, Ana	G4 Vested
Ramos, Arnel	G4 Vested

- 0912.4 **Approval of Western Asset Request to Implement Emerging-Debt Allocation via Commingled Fund:** The Board authorized staff to execute the required fund subscription forms for the Western Asset Opportunistic Emerging Markets Portfolio, L.L.C.

Revision of the Minutes of the May 22, 2012, Board of Retirement Meeting: The Board approved changes to the May 22nd meeting minutes as recommended by Milliman, Inc. The changes add a detailed list of actuarial assumptions that were approved at the May 22, 2012, meeting.

- 0912.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.
- 0912.5.2 **Presentation of the June 30, 2012, Actuarial Valuation Report by Milliman, Inc.:** Mr. Nick Collier, from Milliman Inc., presented the Actuarial Valuation Report. Mr. Collier discussed each slide and explained changes from last year. Bargaining unit negotiations resulted in an amendment to the report, and a revised exhibit will be created. Mr. Bailey stated rates reflecting pension reform changes will be returned for Board review prior to year-end. This item was for discussion only and no action was taken.
- 0912.5.3 **Acceptance of the Fiscal Year 2013-2014 Employer and Member Contribution Rates and Recommendations:** Mr. Bailey presented the staff report and recommended that the Board adopt a resolution accepting the contribution rates as presented by Mr. Collier. Board members discussed the changing demographics in the County's workforce; the number of active and retired members; and the corresponding effects on cash flow. **Action:** Mr. Hackleman moved to adopt a resolution and recommend to the County Board of Supervisors the accepting employee and member contribution rates for the 2013-2014 fiscal year. The motion was seconded by Mr. David and carried unanimously.
- 0912.5.4 **Annual Review of SamCERA's Actuarial Services Firm, Milliman, Inc.:** Mr. Bailey discussed the findings from the review of SamCERA's actuarial services firm, Milliman, Inc. Mr. Bailey stated Milliman's ratings were high and the comments received were positive. He had no concerns and was complimentary of the good relationship SamCERA has with Milliman. This item was for discussion only and no action was taken.
- 0912.5.5 **Presentation Regarding AB 340 and AB 197 Legal and Actuarial Impacts:** Ms. Carlson gave a comprehensive presentation on recent legislation, AB 340 and AB 197. She reviewed the multiple changes that would be required by the new law by January 2013, and detailed impacts on new and existing members. This item was informational and no action was taken.

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Ms. Arnott adjourned the meeting for a break at 2:24 p.m., and the meeting reconvened at 2:35 p.m.

0912.6 **Investment Services** (Investment items were considered at the Sept. 25 Special Meeting)

0912.7 **Board & Management Support Services**

0912.7.1 **Monthly Financial Report:** Ms. Wong presented the preliminary report and noted that both contributions and the market value had increased.
This item was informational and no action was taken.

0912.7.2 **Report on Status of the Annual Financial Audit for Fiscal Year 2011-12:** Ms. Wong reported on the status of the audit. She reviewed two potential findings with the Board and discussed corrective actions taken by staff. Ms. Wong noted that the term of the auditor's contract was expiring, and the final audit would be brought to the Board in October.
This item was informational and no action was taken.

0912.7.3 **Approval of Authorization for the Chief Executive Officer to Execute Documents and Take Certain Actions In Relation to Investments and Certain Securities Litigation Matters:** Mr. Bailey presented the staff report and reviewed situations where time limitations would require this type of authorization. Board members and staff discussed several points including: limits on authority; alternative approaches to handling time constraints in closing of funds; notification of the Board Chair and Investment Committee Chair; and review of Brown Act restrictions. Board members suggested a change in the resolution to require that the Chief Executive Officer consult with the Board Chair, or if the Chair is not available, the Vice Chair, and one member of the Investment Committee to make investment decisions for those Alternative Investments of \$25 million or less, if a decision must be made before the date of the next regularly scheduled Board meeting.

Ms. Carlson discussed securities litigation with the Board, and affirmed that active litigation is directed by the Board and this item addresses passive litigation. Board members requested an annual report from counsel to detail time and money spent on litigation.

Note: Two actions were taken on this item.

Action: Mr. Hackleman moved to approve a resolution authorizing the Chief Executive Officer to execute documentation for investments, with additional language regarding consultation as discussed. The motion was seconded by Mr. David and carried by the following vote:

AYES: Arnott, Agnew, David, Hackleman, Settles, Tashman and Miller (For Kwan Lloyd)

NOES: Spinello

ABSENT: Bowler

Action: Mr. Hackleman moved to approve the amendment to the Securities Litigation policy to authorize the Chief Executive Officer to file claims in certain routine asset recovery matters, if the Chief Executive Officer, in consultation with the Chief Legal Counsel and Chief Investment Officer, determines that it is in the best interest of SamCERA to do so. The motion was seconded by Mr. David, and carried unanimously.

0912.7.4 **Approval of SamCERA's Strategic Plan Update:** Mr. Bailey reviewed the progress of SamCERA's strategic plan with the Board, noting that more items will be added due to pension reform legislation. Board members asked questions, discussed and provided opinions regarding disability retirement processing and the use of sub rosa video.

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0912.7.4 **Action:** Ms. Agnew moved to approve the Strategic Plan Update. The motion was seconded by Ms. Settles and carried unanimously.

0912.7.5 **Approval of Voting Delegate and Alternates for the SACRS Fall 2012 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.

Action: Mr. Spinello moved to approve Ms. Kwan Lloyd as the voting delegate; Ms. Agnew as the alternate; and Mr. Bailey as the second alternate. The motion was seconded by Mr. David and carried unanimously.

0912.8 **Management Reports**

0912.8.1 **Chief Executive Officer's Report:** Mr. Bailey said he would bring a request to the Board in October to postpone the November meeting until December 11, and cancel the December meeting as it falls on Christmas. He stated that a request to hire an IT tech would come before the Board in October, and reported that Susan Fong joined SamCERA's Finance Division. He informed the Board that Tariq Ali was voted to the board of PRISM, a nationwide organization. Mr. Bailey let the Board know of new babies recently born to staff's families, and sadly reported on the passing of Peter Mingoa, husband of Chezelle Milan.

0912.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that member statements were going out soon, and they were slightly late due to interest crediting.

0912.8.3 **Chief Investment Officer's Report:** Mr. Coultrip had nothing to report.

0912.8.4 **Chief Legal Counsel's Report:** Ms. Carlson had nothing to report.

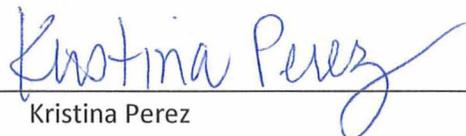
0912.9 **Report on Actions Taken in Closed Session:** None.

0912.10 **Adjournment:** With no further business Ms. Arnott adjourned the meeting at 4:05 p.m. in memory of Peter Mingoa, and the following deceased members:

Bruch, Gloria	August 12, 2012	Library
Cookson, Paul	August 9, 2012	Crystal Springs
Goff, Linda	August 2, 2012	Superior Court
Jones, Carmen	August 5, 2012	Social Services
Joy, Eleanor	August 26, 2012	Social Services
Julian, L J	August 9, 2012	Crystal Springs
Larsen, Alfred	August 24, 2012	Fire Warden
Smith, Roderick	August 4, 2012	District Attorney
Wallace, Marjorie	August 12, 2012	Library
Bruch, Gloria	August 12, 2012	Library
Cookson, Paul	August 9, 2012	Crystal Springs
Stafford, Arlene	July 30, 2012	Aging and Adult Services



David Bailey
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary