

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

February 24, 2009

Agenda Item 3.0

**January 27, 2009 – Board Agenda**

**PUBLIC SESSION** – The Board will meet in Public Session at 1 p.m.

1. [Call to Order](#)
2. Roll Call
  - 2.1 [Roll Call](#)
3. [Approval of the Minutes](#)
4. Oral Communications
  - 4.1 [Oral Communications From the Board](#)
  - 4.2 [Oral Communications From the Public](#)
5. Benefit & Actuarial Services
  - 5.1 [Adoption of Consent Agenda](#)
  - 5.2 [Consideration of Items Removed from Consent Agenda](#)
  - 5.3 [Adoption of Cost of Living Adjustments \(COLAs\) for 2009](#)
6. Investment Services
  - 6.1 [Monthly Portfolio Performance Report](#)
  - 6.2 [Select Finalists for Interviews for Large Cap Domestic Growth Manager Mandate](#)
  - 6.3 [Determination of Large Cap Structure and Mandates](#)
  - 6.4 [Acceptance of Certification of Compliance – Artio Global Investors](#)
  - 6.5 [Acceptance of Certification of Compliance – Mondrian Investment Partners](#)
7. Board & Management Support Services
  - 7.1 [Monthly Financial Report](#)
  - 7.2 [Quarterly Budget Report](#)
  - 7.3 [Delegation of Authority to Chief Executive Officer to Initiate Appropriations Transfer Requests](#)
  - 7.4 [Introduction of SamCERA's Sources, Uses & Budget for Fiscal year 2009/2010](#)
  - 7.5 [Annual Review & Reaffirmation of SamCERA's Mission, Goals and Objectives](#)
  - 7.6 [Annual Review & Revision of SamCERA's Code of Fiduciary Conduct](#)
  - 7.7 [Approval of Amendments to SamCERA's Conflict of Interest Code](#)
  - 7.8 [Annual Review & Reaffirmation of SamCERA's Strategic Services Resolution](#)
  - 7.9 [Annual Review & Reaffirmation of SamCERA's Internal Controls Policy](#)
  - 7.10 [Approval of Amendments to SamCERA's Travel Policy](#)
  - 7.11 [Approval of Amendments to SamCERA's Education Policy](#)
  - 7.12 [Approval of the Audit Committee's Plan for Fiscal Year 2009/2010](#)
8. Management Reports
  - 8.1 [Chief Executive Officer's Report](#)
  - 8.2 [Assistant Executive Officer's Report](#)
  - 8.3 [Investment & Finance Manager's Report](#)
  - 8.4 [County Counsel's Report](#)

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

- C1 [Consideration of items, if any, removed from the Consent Agenda](#)
9. [Report on Actions Taken in Closed Session](#)
10. [Adjournment](#)

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**January 27, 2009 – Board Minutes**

0901.1 **Call to Order:** Ms. Tashman, Chair, called the Public Session of the Board of Retirement to order at 1:01 p.m., January 27, 2009, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California.

0901.2.1 **Roll Call:** Mr. Bowler, Mr. David, Mr. Hooley, Ms. Jadallah, Ms. Kwan Lloyd, Mr. Murphy for Ms. Stuart (arr. 1:05 p.m.), Ms. Tashman and Ms. Salas (arr. 2:03 p.m.) for Mr. Wozniak. *Excused:* Mr. Buffington. *Staff:* Mr. Bailey, Mr. Clifton, Ms. Dames, Mr. Hood and Ms. Smith. *Consultants:* Ms. Bennett, Ms. Carlson, Dr. Fracchia, Mr. Brody and Mr. Thomas. *Retirees:* 0, *Actives:* 2.

0901.3 **Approval of the Minutes: Motion by** Kwan Lloyd, second by David, carried unanimously to approve the minutes from the November 25, 2008, Audit Committee meeting, as submitted.

**Motion by** Bowler, second by Jadallah, carried unanimously to approve the minutes from the November 26, 2008, Board of Retirement meeting, as submitted.

0901.4.1 **Oral Communications From the Board:** None.

0901.4.2 **Oral Communications From the Public:** None.

0901.5 **Benefit & Actuarial Services**

0901.5.1 **Adoption of Consent Agenda:** Christopher Gaynor, attorney, spoke on behalf of Thomas Marriscolo, the disability applicant on the day's consent agenda. Mr. Marriscolo was also present at the meeting.

Mr. Gaynor requested that the board allow the applicant an additional 30 days before considering his disability application. Mr. Gaynor claimed that Mr. Marriscolo's job duties currently presented in the disability application are not accurate. Without objection, Ms. Tashman allowed Mr. Marriscolo and his counsel to submit additional information to his disability application with a deadline of March 1<sup>st</sup>.

**Motion by** David, second by Bowler, carried unanimously to adopt the day's Consent Agenda, as amended, as follows:

**Disability Retirements:** None.

**Routine Actions** taken by staff pursuant to the board's *Delegation of Authority* and the *Regulations of the Board of Retirement*:

**Service Retirements:**

Constantz, Mark	November 1, 2008	Library
Hill, Jerry	December 1, 2008	Board of Supervisors
Itaya, Adrian	December 2, 2008	Def'd from Coroner
Sanders, Marshall	December 2, 2008	Planning and Building

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Jaeger, Candace	December 6, 2008	Coroner
Crawford, Kaye	December 9, 2008	Def'd from Info. Services
Dias-Bados, Marina	December 19, 2008	Public and Family Health
Rothrock, Mark	December 19, 2008	Def'd from Behavioral Health
Hayward, Richard	December 20, 2008	Behavioral Health
Schowengerdt, Harold	December 22, 2008	Superior Court
Nordman, James	December 27, 2008	Probation
Provan, Carol	December 27, 2008	San Mateo Medical Center
Chikasuye, Masako	December 27, 2008	Superior Court
White, Mary	December 27, 2008	Probation
Pickens, William	December 30, 2008	Sheriff's Office
Maltbie, John	December 30, 2008	County Manager's Office
Amjadi, Shanin	December 31, 2008	San Mateo Medical Center
Bishop, Betty	December 31, 2008	Human Services Agency
Huhn, Roy	January 1, 2009	QDRO of Huhn, Dayna
Amjadi, Shahin	January 6, 2009	San Mateo Medical Center
Ferrando, Orlene	January 19, 2009	Controller
Peterson, Stewart	January 24, 2009	Probation
Titus, Theresa	January 24, 2009	Library
Chen, Thomas	January 25, 2009	Def'd from SM Medical Center
Zents, Cheryl	January 25, 2009	Library
Burris, Denver	January 31, 2009	Sheriff's office
Ferrando, Richard	January 31, 2009	Superior Court
Katsanes, Donald	January 31, 2009	Parks Department
Patel, Dilip	January 31, 2009	Treasurer

**Continuance of Benefits:**

Davidson, Leila	Beneficiary of Davidson, Leonard
Ford, Connie	Beneficiary of Ford, George
Gardner, Rachel	Beneficiary of Watson, James
Maxwell, Karen	Beneficiary of Maxwell, Howard
Parsons, Margaret	Beneficiary of Parsons, Philip
Plante, Janet	Beneficiary of Plante, Stanley
Springs, Harriet	Beneficiary of Springs, Dolph
Waldvogel, Doris	Beneficiary of Waldvogel, Jack

**Deferred Retirements:**

Maruyama, Thomas	3-Vested	auto defer code 31700
Villafan, Mario	3-Vested	auto defer code 31700 auto
Thomas, Victoria	3-Vested	auto defer code 31700
Hebert, Michelle	3-Vested	auto defer code 31700
Pace, Jacqueline	G2-Vested	auto defer code 31700
Holmes, Irene	G2-Vested	auto defer code 31700
Lim, Michael	G2/P2-Vested	auto defer code 31700
Thill, Laura	G2-Vested	Defer
Wixon, Rebecca	G4-Vested	Defer
Baker, Russell	G4-Vested	Defer
Jovel, Mirna	3-Vested	Defer
Dunham, April	G4-Vested	Defer

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Londono, Miriam	G4-Vested	Defer
Haug, Donald	G4-Vested	Reciprocity
Echarte, Catherine	G2-Vested	Reciprocity
Hernandez, Sonya	G4	Reciprocity

**Refunds:**

Alvarez, Renee	G4-Vested
Avila Metcalke, Raquel	G4-Nonvested
Campos, Dulce	G4-Nonvested
Cendana, Benedict	QDRO of Cendana, Melody
Coutant, Sylvie	G4-Nonvested
Datta, Melanie	G4-Nonvested
De La Pena, Constacio	G4-Nonvested
Domingo, Jose	G4-Nonvested
Gould, LaVeta	G4-Nonvested
Jaochico, Rolando	G4-Nonvested
Kang, Soon	G4-Nonvested
Lashgari, Arya	G4 Vested with Reciprocity
Moore, Jerry Lee Jr.	Beneficiary of Moore, Jerry Lee
Moore, Kathryn	QDRO of Moore, Jerry Lee
Moore, Sherry	Beneficiary of Moore, Jerry Lee
Nunez-Casillas, Soledad	G4-Nonvested
Mercado, Eric	G4-Nonvested
Mroz, Laura	G4-Nonvested
Petrehn, Sharon	G4-Nonvested
Reeder, Brenton	S4-Nonvested
Ruiz, Gelmy	G4-Vested

**Rollovers:**

Chan, Jennifer	G4-Vested
Llewelyn, Leila	G4-Vested
Montgomery, Roy	G4-Nonvested
Patel, Janet	G4-Nonvested
Scears, Patricia	G4-Vested
Schlarb, Craig	G4-Nonvested
Schneider, Michael	G4-Nonvested
White, Khalid	G4-Nonvested

0901.5.2 **Consideration of Items Removed from Consent Agenda:** None.

0901.5.3 **Adoption of Cost of Living Adjustments (COLAs) for 2009:** Mr. Bailey presented a letter from the Association's actuary, Milliman, Inc., calculating the annual Cost of Living Adjustments (COLAs) for each retirement category for 2009. According to Milliman, for 2008, the Bay Area consumer price index (CPI) provided by the Bureau of Labor Statistics increased by 3.11%. Rounded to the nearest one half of one percent, this will yield a COLA for most members who retired by April 1, 2009, equal to 3.0%. All COLA's will be paid beginning with the April 2009 benefit payments.

Mr. Murphy inquired on the difference in the Social Security Administration's 2009 COLA of 5.8% to *SamCERA's* COLA of 3.0%. Mr. Bailey indicated that Social Security and the 1937

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Act use different calculations in determining cost of living adjustments.

**Motion** by Kwan Lloyd, second by Bowler, carried unanimously to adopt **Resolution 08-09-07**, adopting the Cost of Living Adjustments as recommended by Milliman, Inc., as follows:

“**WHEREAS**, Government Code §31870, §31870.1, §31870.2 and §31874.4 empower the Board to grant cost of living adjustments on an annual basis to recipients of *SamCERA* benefits; and

“**WHEREAS**, the Board has retained Milliman, Inc. to provide actuarial services to the Board; and

“**WHEREAS**, Milliman, Inc., by its letter dated January 21, 2009, and accompanying exhibits has reported the appropriate annual cost of living adjustments for members based on each member’s retirement tier, date of retirement; and the applicable rules of the 1937 Act, therefore, be it

“**RESOLVED**, that the Board adopts the schedules of cost of living adjustments set forth in the Milliman, Inc. letter dated January 21, 2009, addressed to Chief Executive Officer David Bailey from Milliman Consulting Actuary Karen I. Steffen, and the letter’s accompanying exhibits entitled “*Tier 1 COLA Bank Accumulations, General and Safety*” and “*Tier 1 COLA Bank Accumulations, Probation.*” Be it further

“**RESOLVED**, that the Board hereby adopts said cost of living adjustments effective April 1, 2009. Be it further

“**RESOLVED**, that the Chief Executive Officer is hereby empowered to take all actions necessary to provide for the payment of cost of living adjustments in accordance with the adopted schedules.”

0901.6     **Investment Services**

0901.6.1     **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA*’s 3.16% Total Fund Return for December 2008 underperformed the Total Plan Policy Benchmark return of 3.32%. The fund’s return for the trailing twelve months is -27.71%, which is -1,996 basis points below the Actuarial Discount Rate, 7.75%, and 89 basis points below *SamCERA*’s Total Plan Policy Benchmark of -26.82%.

Mr. Clifton reported that battered investors managed to piece together a minor rally in the final month of the most challenging year in a quarter century. Underlying economic conditions continued to deteriorate and investor sentiment remained downbeat. The unemployment rate increased to 6.7% and consumer confidence hit new lows. The Federal Reserve slashed its funds rate to near zero and continued its quantitative easing program that began in September. Monetary authorities also experienced a degree of success in their efforts to ease strains in interbank funding markets. Fiscal authorities at the Treasury provided funds to the ailing auto industry.

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Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
<i>Domestic Equity</i>	\$603,909,576	2.47%	-38.27%	-2.97%
<i>International Equity</i>	<u>\$360,779,814</u>	5.62%	-42.01%	3.64%
Total Equity	\$964,689,390	3.62%	-39.32%	-1.26%
Fixed Income	\$462,655,280	3.52%	-9.03%	1.60%
Real Estate Aggregate	\$171,049,910	0%	4.09%	15.02%
Cash Equivalents	\$11,150,278	0.22%	-1.98%	2.55%
<b>TOTAL FUND</b>	<b>\$1,609,544,859</b>	<b>3.16%</b>	<b>-27.71%</b>	<b>0.96%</b>
<i>Benchmark</i>		3.32%	-26.82%	1.68%

\* Total Time-Weighted Rate of Return

- 0901.6.2 **Select Finalists for Interviews for Large Cap Domestic Growth Manager Mandate:** Mr. Brody and Mr. Thomas of Strategic Investment Solutions presented the list of eleven semi-finalists for the large cap domestic growth manager search. SIS reviewed each of the semi-finalists with the board and answered trustee questions. Ms. Jadallah reported that the committee thoroughly discussed the pros and cons of each of the semi-finalists. She added that, although a quorum was not present, those members present recommended four managers to be considered finalists for the mandate. She said the four managers selected provided a good mix of investment management philosophies for the board to consider.

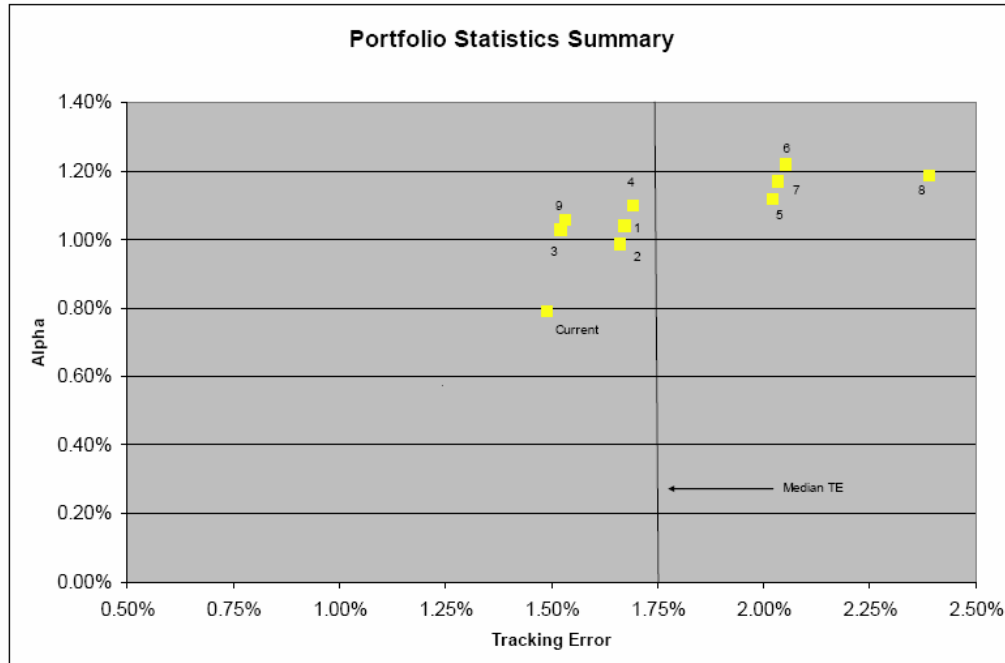
**Motion** by Jadallah, second by David, carried unanimously to approve the four finalists for interviews for the large cap domestic growth manager mandate: (1) BlackRock, (2) Delaware, (3) Waddell & Reed, and (4) Wells Capital Management. The interviews will be held at the February board meeting.

- 0901.6.3 **Determination of Large Cap Structure and Mandates:** Mr. Thomas and Mr. Brody presented SIS' report on *SamCERA's* large cap current manager structure and alternatives. SIS provided nine large cap alternatives and thoroughly discussed the alternatives with the investment committee:

- I) 20% Passive, 50% Enhanced, 30% Active
- II) 30% Passive, 40% Enhanced, 30% Active
- III) 15% Passive, 60% Enhanced, 25% Active
- IV) 10% Passive, 60% Enhanced, 30% Active
- V) 20% Passive, 40% Enhanced, 40% Active
- VI) 0% Passive, 60% Enhanced, 40% Active
- VII) 10% Passive, 50% Enhanced, 40% Active
- VIII) 20% Passive, 30% Enhanced, 50% Active
- IX) 10% Passive, 65% Enhanced, 25% Active

Below is where these alternatives appear in a risk/reward space:

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Mr. Thomas provided an overview of the development of *SamCERA*'s current manager structure and the recent issues that have developed, resulting in the board's desire to review the U.S. equity manager structure. He then discussed the various alternatives with the board and answered trustee questions. The guiding principles of the manager structure review are: i) implementation of asset allocation, ii) objectives: diversification and risk control, iii) combination of active and passive styles, iv) index funds will generally be median performers in appropriate peer groups, v) diversify managers across investment styles, vi) maintain style neutrality, vii) alpha from active risk, not style risk, and viii) minimize risks taken to achieve fund performance objectives. The board expressed a preference for Alternative 5, considering *SamCERA*'s needs.

After extensive discussion, **motion** by Salas, second by Bowler, carried unanimously to select Alternative 5 as the optimal manager allocation.

Mr. Clifton said that the selection of a manager structure will allow staff to notify the recently hired enhanced managers of the approximate size of each of their mandates and begin contract negotiations, with estimated implementation in April.

0901.6.4 **Acceptance of Certification of Compliance – Artio Global Investors:** Mr. Clifton presented the Compliance Certification Statement from Artio Global Investors. **Motion** by Jadallah, second by Salas, carried unanimously to accept Artio Global Investors' Compliance Certification Statement, as submitted.

0901.6.5 **Acceptance of Certification of Compliance – Mondrian Investment Partners:** Mr. Clifton presented the Compliance Certification Statement from Mondrian Investment Partners. **Motion** by Salas, second by Stuart, carried unanimously to accept Mondrian Investment Partners' Compliance Certification Statement, as submitted.

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0901.7      **Board & Management Support Services**

0901.7.1      **Monthly Financial Report:** Mr. Clifton reported that the Net Value of Assets Held in Trust for Pension Benefits is \$1,652,316,297. The net assets held in trust for pension benefits decreased by approximately \$247.3 million, month over month. The decrease is a result of the precipitous drop in the value of the capital market assets.

0901.7.2      **Quarterly Budget Report:** Mr. Clifton presented the preliminary Second Quarter Budget Reports. He reported that with 50% of the fiscal year completed, administrative expenditures represent 56.2% of the total appropriations. All major categories are under budget, including the use of extra help monies budgeted for special projects. Under today's agenda item 7.3 the trustees will consider an Appropriations Transfer Request (ATR), which will transfer certain appropriations for IT infrastructure from Services & Supplies to Capital Assets. If the ATR is approved, certain expenditures classified as Property & Equipment will be reclassified as Capital Assets. Under *SamCERA's* 2008-2009 administrative budget all projects were projected to be expensed, not capitalized. Therefore, the budget contains no monies for Capital Assets. Staff now recommends that certain IT infrastructure projects be reclassified as capital asset expenditures.

***SamCERA's* Administrative Budget**

	<b>ADOPTED BUDGET</b>	<b>YTD Preliminary</b>
Salaries & Benefits	\$2,487,200	\$1,179,583
Services & Supplies	\$1,812,400	\$ 703,733
Capital Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total	\$4,299,600	\$1,883,316

All professional services expenditures are on target in accordance with the budget appropriations. As of December 31, 2008, the aggregate professional services fee is approximately 23.2 basis points.

0901.7.3      **Delegation of Authority to Chief Executive Officer to Initiate Appropriations Transfer Requests:** Mr. Clifton requested that trustees adopt a resolution which amends appropriations for Salaries & Benefits, Services & Supplies and Capital Assets. The resolution also delegates authority to the CEO to prepare and execute Appropriations Transfer Requests (ATRs). Due to concerns over some of the language in the resolution and per Ms. Carlson's recommendation, Ms. Tashman deferred the adoption of the Resolution to the February board meeting, without objection.

0901.7.4      **Introduction of *SamCERA's* Sources, Uses & Budget for Fiscal year 2009/2010:** Mr. Clifton introduced *SamCERA's* Sources, Uses and Budget Report for FY 2009/2010. Mr. Clifton reminded trustees to complete and return their FY 2009/2010 educational conference request form to him for budget planning purposes.

0901.7.5      **Annual Review & Reaffirmation of *SamCERA's* Mission, Goals and Objectives:** Mr. Clifton presented an amended version of Resolution 95-96-05. The amendments were recommended by staff during their strategic planning retreat. **Motion** by David, second by Kwan Lloyd, carried unanimously to approve the amendments to **Resolution 95-96-05**, as follows:



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**“WHEREAS**, Article XVI, '17(a) of the Constitution of the State of California states in part that "the retirement board...shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system...;" &

**“WHEREAS**, Article XVI, '17(b) of the Constitution of the State of California states in part that "the members of the retirement board...shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty...;" &

**“WHEREAS**, Article XVI, '17(c) of the Constitution of the State of California states in part that "the members of the retirement board... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims;" &

**“WHEREAS**, Government Code '31520 vests the management of *SamCERA* in the Board;  
&

**“WHEREAS**, the Board wishes to define its mission and goals so as to direct its efforts and the efforts of its staff in concert with the spirit of the law. Now, therefore, be it

**“RESOLVED**, that the Board hereby adopts the following:

***“Mission***

*SamCERA* exists to serve as loyal fiduciary for its members and as prudent administrator of the retirement system.

“Be it further

**“RESOLVED**, that the Board hereby agrees, and directs the Chief Executive Officer, to adhere to the principles set forth herein in the management of the resources of the Association”

- 0901.7.6     **Annual Review & Revision of *SamCERA*'s Code of Fiduciary Conduct:** Mr. Clifton presented *SamCERA*'s Code of Fiduciary Conduct, Resolution 96-97-02, as amended on July 27, 2004. Mr. Clifton briefly reviewed the three sections of the Code.

Ms. Carlson recommended to remove the addendum from the document because it contains information that can be easily outdated, such as dollar amounts that are routinely changed by the FPPC. She also noted that the ethics training is not discussed in the current document and suggested that the board consider adding language into the document related to the training. Staff will return with an amended version of the Code of Fiduciary Conduct at a future board meeting.

- 0901.7.7     **Approval of Amendments to *SamCERA*'s Conflict of Interest Code:** Mr. Clifton presented *SamCERA*'s Conflict of Interest Code, Resolution 98-99-15, as amended February 26, 2008. The document will require amendments once the large cap manager search

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process has been completed.

**Motion** by David, second by Bowler, carried unanimously to approve the Conflict of Interest Code, as presented.

- 0901.7.8     **Annual Review & Reaffirmation of *SamCERA*'s Strategic Services Resolution:** Mr. Clifton presented Resolution 95-96-06, *SamCERA*'s Strategic Services Resolution, as amended March 22, 2005. Following review, no changes were recommended by the board. **Motion** by Salas, second by Kwan Lloyd, carried unanimously to reaffirm *SamCERA*'s Strategic Services Resolution.
- 0901.7.9     **Annual Review & Reaffirmation of *SamCERA*'s Internal Controls Policy:** Mr. Clifton presented Resolution 95-96-16, *SamCERA*'s Internal Controls Policy, as amended April 22, 2003. Following review, no changes were recommended by the board. **Motion** by Bowler, second by David, carried unanimously to reaffirm *SamCERA*'s Internal Controls Policy.
- 0901.7.10    **Approval of Amendments to *SamCERA*'s Travel Policy:** Mr. Clifton presented *SamCERA*'s Travel Policy. Ms. Carlson recommended that the Travel Policy be amended to only apply to board members and not to employees. Mr. Clifton briefly discussed the contents of the travel policy. The policy will be brought back to the board with amendments at a future board meeting.
- 0901.7.11    **Approval of Amendments to *SamCERA*'s Education Policy:** Mr. Clifton presented *SamCERA*'s Educational Policy. Ms. Jadallah noted that The Pension Bridge was not included in the Educational Policy. Without objection, the Educational Policy was amended to include The Pension Bridge. **Motion** by Bowler, second by David, carried unanimously to approve the amendment to Resolution 98-99-12, the Educational Policy, as follows:

**"WHEREAS**, Article XVI, §17(c) of the Constitution of the State of California states in part that

*The members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims; and*

**"WHEREAS**, Government Code §31520 vests the management of *SamCERA* in the Board; and

**"WHEREAS**, the board acknowledges the vital importance of making informed judgments on all matters which come before it and has adopted a *Code of Fiduciary Conduct* to guide its actions; and

**"WHEREAS**, Associations and institutes exist which offer specialized training for pension fund trustees and staff; and

**"WHEREAS**, the board wishes to encourage its trustees and staff to become as expert as is cost-effective in the matters of pension fund investments, service and disability retirements and plan administration. Now, therefore, be it

**"RESOLVED**, that the board hereby stipulates that all trustees and staff shall participate to the fullest extent possible in approved educational activities, and that each trustee and staff member shall be expected to complete at least three endorsed educational activities each

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year. Be it further

**“RESOLVED**, that the board hereby authorizes the participation of trustees and staff in the educational activities of the State Association of County Retirement Systems (SACRS), the California Association of Public Retirement Systems (CALAPRS), the Government Finance Officers Association (GFOA), the Institute for Fiduciary Education (IFE), International Foundation of Employee Benefit Plans (IFEBP), the California Retired County Employees' Association, the Pacific Pension Institute (PPI), the Pension Real Estate Association (PREA) and the Wharton program for pension fiduciaries, to the extent that the budget provides funds for such participation. Be it further

**“RESOLVED**, that the board hereby approves the following recommended progression of courses for new trustees to complete within their first three-year term: (1) SACRS Fall or Spring Conference &/or CALAPRS General Assembly, (2) CALAPRS' Trustee Roundtables, (3) CALAPRS @ Stanford Principles of Pension Management, (4) SACRS Public Pensions Investment Management Program (5) IFEBP Certificates of Achievement in Public Plan Policy and (6) Wharton Pension Fund and Investment Management Program. Be it further

**“RESOLVED**, that the board hereby also approves the following programs for trustees with the recommendation that trustees complete the programs listed above in the 3<sup>rd</sup> Resolve Clause prior to participation in the following: Fiduciary Institute @ Stanford, IFEBP Public Funds Annual Conference, GFOA Annual Conference, Pension Real Estate Association Annual Conference and US-based programs of IFE & PPI. Be it further

**“RESOLVED**, that the board hereby authorizes the participation of trustees and staff in the educational activities of the Institute for International Research, the Public Pension Fund Forum, Investors Press, the Investment Risk Institute, the Institutional Investor Institute, the Information Management Network, Opal Financial Group, Frank Russell Company, Milliman USA, The Pension Bridge, and Callan Associates, to the extent that the budget provides funds for such participation. Be it further

**“RESOLVED**, that participants may provide the board with a summary oral report on the content of educational activities, including a recommendation regarding *SamCERA's* participation in future activities offered by the same sponsor. Be it further

**“RESOLVED**, that, in addition to the organizations listed above, other educational activities which may be counted toward the board's educational requirement are subscriptions to *Pensions & Investments*, the *Public Retirement Journal*, or other pension, investment or financial publications; completion of recommended readings from SACRS or *SamCERA* reading lists; participation in due diligence activities to meet with and monitor service providers; and/or participation in SACRS or *SamCERA* sponsored mentoring programs. Be it further,

**“RESOLVED**, that the board authorizes the chief executive officer to enroll *SamCERA* as a pension fund member of the organizations set forth above and the National Conference of Public Employees Retirement Systems and to submit recommendations to the Board for additional educational activities, to the extent that the budget provides funds for such activities. Be it further,

**“RESOLVED**, that the board hereby authorizes the chief executive officer to allocate \$15,000 for each new trustee's education during each of his or her first two years in office and \$7,500 for each trustee's education during each subsequent year. Trustees who wish to exceed these allocations may request board approval for their participation in additional educational

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activities when placed on the agenda of a public meeting of the board. Be it further

**“RESOLVED**, that the board hereby authorizes the chairman to approve the participation and associated travel for trustees, the Treasurer’s Constitutional alternate, the Safety Member alternate, the Retired Member alternate, and the chief executive officer in the educational activities of the organizations set forth above, to the extent that the budget provides funds for such activities. Be it further,

**“RESOLVED**, that the board hereby authorizes the chief executive officer to approve a progression of courses for staff, to approve the participation and associated travel of staff in the educational activities of the organizations set forth above, to the extent that the chief executive officer finds that such participation will contribute to the staff member’s ability to perform her or his duties and the budget provides funds for such activities. Be it further

**“RESOLVED**, that the board may approve participation in additional educational activities when placed on the agenda of a public meeting of the board.”

- 0901.7.12    **Approval of the Audit Committee’s Plan for Fiscal Year 2009/2010:** Mr. Clifton presented the Audit Committee’s Plan for Fiscal Year 2009/2010. **Motion** by Kwan Lloyd, second by Stuart, carried unanimously to approve the Audit Committee’s Plan for Fiscal Year 2009/2010.

0901.8        **Management Reports**

- 0901.8.1     **Chief Executive Officer’s Report:** Mr. Bailey reported that staff along with Bob Blum, tax counsel, Hanson Bridgett, will meet with an IRS auditor the next two days. Eight other dates have been scheduled for possible follow-up meetings.

Mr. Bailey then discussed the requirement to request an updated tax determination letter from the IRS. SACRS counties had initially planned to submit information to the IRS in two phases. However, the IRS will not permit this approach. All counties have to comply with the requirement by 2011.

At the most recent Executive Council meeting, Mr. Bailey notified department heads of the rules against hiring newly retired employees without a bona-fide break in service. Employees should not return to work without a minimum break in service of 90 days.

The County intends to hire Milliman, Inc. to conduct a study of retirement costs. Milliman will review the possibility of hybrid plans, Pension Obligation Bonds, new tiers and other retirement cost-related issues. The Board of Retirement will be asked to approve Milliman’s use of *SamCERA*’s data to conduct this study for the County. Mr. Bailey said that Milliman is a good reputable firm and he would recommend approval of Milliman’s request to perform the study.

Mr. Bailey mentioned that Ms. Arnott is still recovering from a neck operation and seems to be healing well.

- 0901.8.2     **Assistant Executive Officer’s Report:** Mr. Hood reported that Financial Knowledge Network will be providing a series of financial planning courses at *SamCERA*’s offices starting in February.

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- 0901.8.3     **Investment & Finance Manager's Report:** Mr. Clifton reported that BGI informed them that *SamCERA* would have access to 100% liquidity in the Russell 1000 Alpha Tilts product the next day.
- 0901.8.4     **County Counsel's Report:** Ms. Carlson said that staff and counsel have been diligently working with Bob Blum of Hanson Bridgett, in preparation of *SamCERA*'s IRS audit for the 2007 tax year. The IRS audit and the cost of Mr. Blum's legal services was unanticipated for the association and staff may initiate a budget adjustment request before the fiscal year is completed.
- 0901.9        **Report on Actions Taken in Closed Session:** None.
- 0901.10      **Adjournment in Memory of Deceased Members:** There being no further business, Ms. Tashman adjourned the meeting at 3:29 p.m., in memory of the following deceased members:

Dodd, Caryl	October 2, 2008	Social Services
Behrens, Richard	November 5, 2008	Beneficiary of Behrens, Jean
Brison, Vivian	November 9, 2008	Beneficiary of Brison, Donald
Maxwell, Howard	November 9, 2008	Parks Department
Anderson, Edwina	November 10, 2008	Mental Health Services
Insalaco, Cosmo	November 10, 2008	Agricultural Commission
Cullinen, Richard	November 11, 2008	Assessor's Office
Whitfield, Bernice	November 11, 2008	Crystal Springs Rehab Center
Lebish, Paul	November 25, 2008	Coroner's Officer
Crum, Pauline	November 29, 2008	Department of Social Services
Hanes, Fred	November 30, 2008	Probation Department
Bligh, Hildren	December 5, 2008	Mental Health Services
Britton, Clyde	December 13, 2008	Beneficiary of Britton, Julie
McGarview, Merlene	December 23, 2008	Superior Court
Garner, Ruth	December 25, 2008	Sheriff's Department
Brennan, Irene	December 26, 2008	Beneficiary of Brennan, Jack
Thomas, Lila	December 29, 2008	Superior Court

EMILY TASHMAN, CHAIR