

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

March 24, 2009

Agenda Item 3.0

February 24, 2009 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 9 a.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 [Approval for Milliman, Inc. to use SamCERA Data For County Retirement Costs Study](#)
6. Investment Services
 - 6.1 [Monthly Portfolio Performance Report](#)
 - 6.2 [Quarterly Investment Performance Analysis for Period Ended December 31, 2008](#)
 - 6.3 [Finalist Interviews – Large Cap Fundamental Growth Mandate](#)
 - 6.3 a [BlackRock – Fundamental Large Cap Growth](#) (Time Estimate 9:15 a.m.)
 - 6.3 b [Delaware – Large Cap Growth Equity](#) (Time Estimate 10:00 a.m.)
 - 6.3 c [Waddell & Reed – Large Cap Growth](#) (Time Estimate 10:45 a.m.)
 - 6.3 d [Wells – Fundamental Large Cap Select Growth](#) (Time Estimate 11:30 a.m.)
 - 6.4 [Approval of Semi-Finalists for a Large Cap Domestic Equity Value Manager Search](#)
 - 6.5 [Approval of Semi-Finalists for a Small Cap Domestic Equity Value Manager Search](#)
 - 6.6 [Approval of Investment Committee's Plan for Fiscal Year 2009/2010](#)
 - 6.7 [Acceptance of Certification of Compliance – Brandes Investment Partners](#)
 - 6.8 [Acceptance of Certification of Compliance – Chartwell Investment Partners](#)
 - 6.9 [Acceptance of Certification of Compliance – Jennison Associates](#)
7. Board & Management Support Services
 - 7.1 [Monthly Financial Report](#)
 - 7.2 [Approval of Regulations Regarding Post Retirement Employment](#)
 - 7.3 [Approval of an Appropriation Transfer Request from Services & Supplies to Capital Assets](#)
 - 7.4 [Approval of an Agreement with Brown Armstrong for Audit Services](#)
 - 7.5 [Approval of Amendments to SamCERA's Code of Fiduciary Conduct Resolution](#)
 - 7.6 [Acceptance of a Report on SamCERA's Upcoming Trustee Elections and Appointments](#)
 - 7.7 [Annual Review of SamCERA's Chief Executive Officer](#) (Item C2 in Closed Session)
 - 7.8 [Approval of Conference Attendance Request](#)
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](#)
- C2 [Public Employee Performance Evaluation in accordance with Government Code section 54957](#)
Title: Chief Executive Officer
9. [Report on Actions Taken in Closed Session](#)

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10. [Adjournment](#)

February 24, 2009 – Board Minutes

0902.1 **Call to Order:** Mr. Wozniak, Vice Chair, called the Public Session of the Board of Retirement to order at 9:11 a.m., February 24, 2009, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California.

0902.2.1 **Roll Call:** Mr. Bowler, Ms. Arnott for Mr. Buffington, Ms. Salas for Mr. David (arr. 10:27 a.m. dep. 3:10 p.m.), Mr. Hooley, Ms. Jadallah, Ms. Kwan Lloyd, Mr. Murphy for Ms. Stuart (arr. 10:40 a.m.) and Mr. Wozniak. *Excused:* Ms. Tashman. *Staff:* Mr. Clifton, Ms. Dames, Mr. Hood, Ms. LeBlanc and Ms. Smith. *Consultants:* Ms. Carlson, Dr. Fracchia, Mr. Brody and Mr. Thomas. *Retirees:* 1, *Actives:* 1.

0902.3 **Approval of the Minutes: Motion** by Arnott, second by Hooley, carried unanimously to approve the minutes from the January 27, 2009, Investment Committee meeting, as submitted.

Motion by Arnott, second by Hooley, carried unanimously to approve the minutes from the January 27, 2009, Board of Retirement meeting, as submitted.

0902.4.1 **Oral Communications From the Board:** Ms. Jadallah reported that she no longer will be able to attend the Pension Bridge Annual conference in April. She invited trustees to attend the conference in her place. The conference registration is free.

0902.4.2 **Oral Communications From the Public:** None.

Mr. Wozniak then took up agenda item 6.3.

0902.5 **Benefit & Actuarial Services**

0902.5.1 **Adoption of Consent Agenda: Motion** by David, second by Bowler, carried unanimously to adopt the day's Consent Agenda, as submitted, as follows:

Disability Retirements:

The board finds that **Steven Verber** is unable to perform his usual and customary duties as a Carpenter, (b) finds that his incapacity is permanent, and (c) **GRANTS** his application for a service-connected disability retirement.

The board finds that **Maria Barbaria** is unable to perform her usual and customary duties as a Deputy Sheriff, (b) finds that her incapacity is permanent, and (c) **GRANTS** her application for a service-connected disability retirement.

The board finds that **Jemyma Aldeguer** is unable to perform her usual and customary duties as a Staff Nurse, (b) finds that her incapacity is permanent, and (c) **GRANTS** her application for a service-connected disability retirement.

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

Service Retirements:

Bardales, Judyt	January 10, 2009	Human Services Agency
Talavera, Diana	January 24, 2009	Human Services Agency
Barrett, David	January 28, 2009	Sheriff's Office
Hernal, Peter	January 31, 2009	Medical Center
Holquin, Carlo	February 3, 2009	Public Works
Diggins, John	February 11, 2009	Sheriff's Office
Wiggins, Jesse	February 12, 2009	Retirement from Plan 3
Silva, Charlene	February 22, 2009	Admin & Medical Services
Bach, Kathleen	February 28, 2009	Elections
Chu, Annie	February 28, 2009	Human Services Agency
Cuneo, Paula	February 28, 2009	Assessor
Ritter, Bernard	February 28, 2009	San Mateo Medical Center
Wagner, Carol	February 28, 2009	Human Services Agency

Continuance of Benefits:

Ferne, Arthur	Beneficiary of Ferne, Sevey
Insalaco, Linda	Beneficiary of Insalaco, Cosmo
Mizuno, Gary	Beneficiary of Mizuno, Chiyo
Ruddell, Gloria	Beneficiary of Ruddell, George

Deferred Retirements:

Prentiss, Diane	G4/Vested	
Boyd, Penny	G4/Vested	
Games, Marc	G4/Vested	
Charnas, Kelly	G4/Vested	
Dukatz, Denise	G4/Vested	
Romero, Kimberly	G4/P4/Vested	
Miller, Francene	G2/Vested	
Ibarra, Lynn	3/Vested	
Smylie, Alice	G4/Vested	Reciprocity

Refunds:

Caldera, Deyanira	G4 Nonvested
DeLaCruz, Ronnel	G4 Nonvested
Destin, Josephine	G4 Nonvested
Espinoza, Cynthia	G4 Vested
Gregorio, Wilmina	G4 Nonvested
Joyner, Lindsey	Beneficiary of Joyner, Evan
Julian, Brigitte	G4 Nonvested
Klimas, Joseph	G4 Nonvested
Lilomaiaava, Tafao	G4 Vested
Naves, Jaclyn	G4 Nonvested
Nguyen, Kim	G4 Nonvested
Pitco, Alfonso	G4 Nonvested
Raphael, Tina	G4 Nonvested

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Rollovers:

Good, Robert	G4 Nonvested
Mirfattah, Saeed	G4 Nonvested
Sermeno, Carlos	G4 Nonvested

0902.5.2 **Consideration of Items Removed from Consent Agenda:** None.

0902.5.3 **Approval for Milliman, Inc. to use *SamCERA* Data For County Retirement Costs Study:** Peter Bassett, Benefits Manager, San Mateo County Human Resources Department, was present to briefly discuss and answer questions from the board regarding the county's plan to contract Milliman, Inc. for the purpose of conducting a Retirement Costs Study. In a letter presented to the board, Karen Steffen of Milliman asked for the board's permission to use data from *SamCERA*'s June 30, 2008, actuarial valuation for purposes of this study. Staff recommended that the board allow Milliman to use existing *SamCERA* actuarial valuation data for purposes of the County's Retirement Cost Study. Mr. Bassett said that given the structural deficit and an expected 30% increase in retirement contribution costs, the county would like to explore options for cost saving measures for FY 2011/2012. The study will be conducted in two phases and the results will be publicly available throughout the process.

Mr. Wozniak asked staff whether or not the county has requested information regarding changing *SamCERA*'s actuarial smoothing method. Mr. Clifton said they have not. Mr. Wozniak then opined that the county should first look into options such as pension obligation bonds and actuarial smoothing methods. Mr. Bassett said that such options will be reviewed as part of this Retirement Costs Study. In response to a question from Mr. David, Mr. Bassett said that the County would like to commence the study as soon as possible in order to discuss various options with employee organizations in the fall. Mr. Wozniak said he did not want to condone the lowering of pension benefits.

After extensive discussion, **motion** by Wozniak, second by Stuart to deny Milliman's request to use *SamCERA*'s data from the 2008 actuarial valuation for the purposes of the county's Retirement Study and to submit a letter with an explanation of the denial, failed with two ayes and five no's.

Ms. Arnott opined that the request is merely for permission to conduct the gathering of information. **Motion** by Arnott, second by Jadallah, carried with five ayes to two no's, to allow Milliman permission to use data from *SamCERA*'s 2008 actuarial valuation for the purposes of the study.

0902.6 **Investment Services**

0902.6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA*'s -5.35% Total Fund Return for January 2009 outperformed the Total Plan Policy Benchmark return of -6.11%. The fund's return for the trailing twelve months is -29.22%, which is -2,147 basis points below the Actuarial Discount Rate, 7.75%, and 75 basis points below *SamCERA*'s Total Plan Policy Benchmark of -28.47%.

Real Gross Domestic Product (GDP) fell 3.8% in the fourth quarter of 2008, which was the sharpest quarterly contraction in 26 years. In mid-January, the Senate authorized the release of \$350 billion to new Treasury Secretary, Timothy F. Geithner, for use in the effort to free up

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the credit markets, as part of the Troubled Asset Relief Program (TARP). The Federal Open Market Committee (FOMC) left the federal funds rate target unchanged at a range of 0.00% to 0.25%. The accompanying statement said that the Federal Reserve “continues to purchase large quantities of agency debt and mortgage-backed securities to provide support to the mortgage and housing markets” and “stands ready to expand the quantity of such purchases and the duration of the purchase program as conditions warrant.” The committee also is “prepared to purchase longer-term Treasury securities if evolving circumstances indicate that such transactions would be particularly effective in improving conditions in private credit markets.” The statement implied that deflation risks outweigh inflation risks in the foreseeable future. Negative trends in the housing, consumer spending, manufacturing, and consumer confidence showed no signs of abating. Non-manufacturing activity and the index of leading economic indicators improved slightly.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
<i>Domestic Equity</i>	\$552,959,875	-8.44%	-40.00%	-5.12%
<i>International Equity</i>	<u>322,503,259</u>	-10.61%	-42.88%	0.90%
Total Equity	875,463,135	-9.25%	-40.81%	-3.61%
Fixed Income	466,362,120	0.80%	-9.49%	1.57%
Real Estate Aggregate	157,670,492	0.00%	-4.50%	13.01%
Cash Equivalents	6,678,224	0.15%	-2.18%	2.50%
TOTAL FUND	\$1,506,173,971	-5.35%	-29.22%	-0.69%
<i>Benchmark</i>		-6.11%	-28.47%	-0.03%

* Total Time-Weighted Rate of Return

0902.6.2 **Quarterly Investment Performance Analysis for Period Ended December 31, 2008:** Mr. Thomas presented the quarterly investment performance report for the period ended December 31, 2008. The composite fund returned -15.2% in the fourth quarter of 2008 and ranked 80th among other public funds greater than \$100 million (median of -13.4%). The fund trailed its policy index (-14.9%) during this time period. Longer term, the three and five-year returns of -4.7% (85th percentile) and 0.8% (80th percentile), respectively, were below median among large public plans (-2.8% and 1.9%).

Mr. Thomas reported that *SamCERA*’s international managers as well as BGI performed relatively well in the quarter. Artio Global’s quarterly result of -19.3% and Mondrian’s return of -16.4% both beat the MSCI ACWI ex US Index (-22.3%), and ranked in the 46th and 23rd percentile, respectively, among peers. The BGI Russell 1000 Alpha Tilts Fund depreciated -22.3%, ranking 57th among large cap managers and beat the benchmark return of -22.5%. The BGI Russell 1000 Index Fund ranked in the 60th percentile among large cap managers and matched its benchmark (-22.1%).

Fourth quarter results were hindered by Brandes’ return of -49.6% which ranked in the bottom percentile in the small cap value manager universe. In response to a question from Ms. Jadallah, Mr. Thomas discussed Brandes’ most illiquid positions.

Another detractor from performance was Aberdeen Asset’s -9.2% return which significantly lagged the Barclays Aggregate Index (4.6%) and ranked well below the median core bond manager (2.8%). Its significant allocation to CMBS, non-agency hybrid ARM mortgage holdings, and an overall corporate exposure detracted from relative performance. Gary Bartlett, head of the firm’s fixed income operations, has left the firm and been replaced with

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Credit Suisse's Paul Griffiths. Warren Davis, a senior portfolio manager in the fixed income team, has stepped down and will be leaving the firm. Mr. Thomas expressed SIS' concern over Aberdeen's changes and recommended that the board revisit Aberdeen's strategy and organizational structure for the purpose of due diligence.

- 0902.6.3 **Finalist Interviews – Large Cap Fundamental Growth Mandate:** The board interviewed the following four finalists for *SamCERA*'s large cap fundamental growth mandate: (1) BlackRock, (2) Delaware Investments, (3) Waddell & Reed, and (4) Wells Capital Management.

Please see agenda items 6.3a, 6.3b, 6.3c and 6.3d for a summary of each interview.

Following the four interviews, the board thoroughly discussed the pros and cons of each of the four finalists.

After extensive discussion and risk comparison, **motion** by Arnott, second by Jadallah, carried with six ayes to one no, to select BlackRock as *SamCERA*'s large cap fundamental growth manager, contingent on fee negotiation and a due diligence visit.

Mr. Wozniak then took up agenda item 6.4.

- 0902.6.3a **BlackRock – Fundamental Large Cap Growth:** Mr. Clifton introduced Jeffery Lindsey, Manager Director; Anthony Freitas, Managing Director; and Dan McLaughlin, Managing Director, of BlackRock.
- 0902.6.3b **Delaware – Large Cap Growth Equity:** Mr. Clifton introduced Jeffrey Van Harte, Senior Vice President, CIO; Chris Ericksen, Portfolio Manager; and Trevor Blum, Vice President, of Delaware Investments.
- 0902.6.3c **Waddell & Reed – Large Cap Growth:** Mr. Clifton introduced Philip Sanders, Senior Vice President, Portfolio Manager; and T. Clayton Johnston, Vice President, of Waddell & Reed.
- 0902.6.3d **Wells – Fundamental Large Cap Select Growth:** Mr. Clifton introduced Thomas Pence, Manager Director, Portfolio Manager; and Ozo Jaculewicz, Associate Portfolio Manager, Product Specialist, of Wells Capital Management.

Mr. Wozniak then recessed the meeting at 12:45 p.m. and reconvened the meeting at 1:15 p.m. He then took up agenda item 5.1.

- 0902.6.4 **Approval of Semi-Finalists for a Large Cap Domestic Equity Value Manager Search:** Mr. Brody and Mr. Thomas of Strategic Investment Solutions presented the list of eleven semi-finalists for the large cap value manager search. SIS reviewed the semi-finalists with the board and answered trustee questions. The board thoroughly discussed the pros and cons of the top semi-finalists. **Motion** by Bowler, second by David, carried unanimously to approve four finalists for interviews for the large cap domestic equity value manager mandate: (1) Barrow, Hanley, Mewhinney & Strauss, (2) Cohen & Steers Capital Management, (3) Evergreen Investment Management, and (4) Wellington Management Company.

The interviews will be conducted in April.

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- 0902.6.5 **Approval of Semi-Finalists for a Small Cap Domestic Equity Value Manager Search:** Mr. Brody and Mr. Thomas of SIS then presented the list of fourteen semi-finalists for the small cap value manager search. SIS reviewed the semi-finalists with the board and answered trustee questions. The board thoroughly discussed the pros and cons of the top semi-finalists. **Motion** by David, second by Kwan Lloyd, carried unanimously to approve four finalists for interviews for the small cap domestic equity value manager mandate: (1) Netols Asset Management, (2) Mesirow Financial Investment Management, (3) The Boston Company Asset Management, and (4) Denver Investment Advisors.

The interviews will be conducted in March.

- 0902.6.6 **Approval of Investment Committee's Plan for Fiscal Year 2009/2010:** Mr. Clifton presented the Investment Committee Plan for Fiscal year 2009/2010. **Motion** by Bowler, second by Salas, carried unanimously to approve the Investment Committee Plan for the upcoming fiscal year.
- 0902.6.7 **Acceptance of Certification of Compliance – Brandes Investment Partners:** Mr. Clifton presented the Compliance Certification Statement from Brandes Investment Partners. **Motion** by Salas, second by Stuart, carried unanimously to accept Brandes Investment Partners' Certification of Compliance, as submitted.
- 0902.6.8 **Acceptance of Certification of Compliance – Chartwell Investment Partners:** Mr. Clifton presented the Compliance Certification Statement from Chartwell Investment Partners. **Motion** by Jadallah, second by Kwan Lloyd, carried unanimously to accept Chartwell Investment Partners' Certification of Compliance.
- 0902.6.9 **Acceptance of Certification of Compliance – Jennison Associates:** Mr. Clifton presented the Compliance Certification Statement from Jennison Associates. **Motion** by Arnott, second by Stuart, carried unanimously to accept Jennison Associates' Certification of Compliance.

0902.7 **Board & Management Support Services**

- 0902.7.1 **Monthly Financial Report:** Mr. Clifton presented the monthly financial report for the period ending January 31, 2009. *SamCERA's* Net Assets Held in Trust for Pension Benefits as of January 31, 2009, totaled \$1,504,375,772. The net assets held in trust for pension benefits decreased by approximately \$90.1 million, month over month. The decrease is primarily due to the decreased value of the capital market assets.
- 0902.7.2 **Approval of Regulations Regarding Post Retirement Employment:** Mr. Hood said that IRS code and state law set forth requirements that must be met in order to allow *SamCERA* retirees to return to work as Extra Help for the County or any other employer whose employees are members of *SamCERA*. Staff requested the board approve a resolution that will forward regulation changes to the Board of Supervisors for ratification and inclusion in the Regulations of the Board of Retirement. Mr. Hood then briefly discussed the three requirements that must be met for retirees to return to work as Extra Help employees and answered trustee questions.

Motion by Stuart, second by Bowler, carried unanimously to adopt **Resolution 08-09-08**, approving the regulations regarding post retirement employment, as follows:

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“**WHEREAS**, *SamCERA* is an Internal Revenue Code § 401(a) tax-qualified retirement system; and

“**WHEREAS**, the Internal Revenue Service (IRS) has stated that a pension plan may not permit the distribution of employer-provided benefits to a retired participant who has not attained normal retirement age as defined in the plan unless the participant has a “bona fide separation” from employment; and

“**WHEREAS**, generally, a bona fide separation from employment requires that no predetermined arrangement, either oral or written, for the reemployment of a member who retires at an age younger than normal retirement age, as defined, may exist between the member and the County or other *SamCERA* employer prior to the member’s retirement ;and

“**WHEREAS**, *SamCERA* has already established normal retirement ages of 53 f or safety members and 60 for general members; and

“**WHEREAS**, the County Employees Retirement Law of 1937 is silent with respect to the definition of “bona fide separation”; and

“**WHEREAS**, a break in service of a stated number of months is evidence (but not conclusive evidence) that there is no predetermined arrangement for reemployment; and

“**WHEREAS**, this Board has determined that there shall be at least a continuous 90-day break in service from the date of the member’s retirement prior to being reemployed; and

“**WHEREAS**, Government Code §31525 provides that this Board, with the approval of the Board of Supervisors, may establish regulations that govern the operation of *SamCERA* that are not inconsistent with the California Employees' Retirement Law of 1937; and

“**WHEREAS**, other government entities such as (but not limited to) the Legislature, Congress, and Internal Revenue Service may establish rules regarding separation of service which take precedence over actions by the Retirement Board and the Board of Supervisors of San Mateo County; now therefore be it

“**RESOLVED** that sections 4.13 and 4.14 be added to the Regulations of the Board of Retirement, Article IV, Membership Duties and Rights, and shall read as follows:

4.13 No Pre Arrangement of Post-Retirement Employment: A member who retires at an age younger than normal retirement age, as defined in section 4.12, may not, prior to the date the member’s retirement commences, enter into an agreement, either oral or written, to be reemployed while retired by the County or any other employer whose employees are members of *SamCERA*, regardless of the length of the member’s break in service after retirement.

4.14 Required Break In Service Prior to Post Retirement Employment: A member who retires at an age younger than normal retirement age, as defined in section 4.12., must have at least a continuous 90-day break in service from the date of the member’s retirement prior to being reemployed while retired by the County or any other an employer whose employees are members of *SamCERA*.

“**IT IS FURTHER RESOLVED** that, the Chief Executive Officer is hereby authorized

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under Government Code §31525 to transmit these amended regulations to the Board of Supervisors and to take all actions necessary to provide for their implementation upon approval by the Board of Supervisors.”

- 0902.7.3 **Approval of an Appropriation Transfer Request from Services & Supplies to Capital Assets:** Mr. Clifton presented an administrative budget amendment transferring monies from Services & Supplies to Capital Assets. Staff would like the monies originally appropriated to Services & Supplies for an information technology infrastructure project to be reclassified as a Capital Asset expenditure. The reclassification will align this *SamCERA* budget item with the county’s purchasing requirements.

Motion by Arnott, second by Bowler, carried unanimously to adopt **Resolution 08-09-09**, approve the Appropriations Transfer Request from Services & Supplies to Capital Assets, as follows:

“WHEREAS, Resolution 07-08-13 approved *SamCERA*’s administrative budget for fiscal year 2008-2009; and

“WHEREAS, after adoption of the administrative budget staff recommended reclassifying certain information technology infrastructure expenditures from Service and Supplies to Capital Assets; and

“WHEREAS, neither of these actions will impact the overall administrative budget expenditures; Therefore, be it

“RESOLVED that the board hereby amends Resolution 07-08-13, as follows:

<u>BUDGET ITEM</u>	<u>Fiscal Year 2008-2009</u>		
	Adopted Budget	Proposed Amended Amount	Amended Budget
Salaries & Benefits	\$2,487,200		\$2,487,200
Services & Supplies	\$1,812,400	\$ 80,000	\$1,732,400
Capital Assets	\$ 0	\$ 80,000	\$ 80,000
TOTAL	<u>\$4,299,600</u>	<u>\$ 0,000</u>	<u>\$4,299,600</u>

“Be it further

“RESOLVED that the board hereby authorizes the Chief Executive Officer to implement the provisions of this Resolution. Be it further

“RESOLVED that the Controller is hereby authorized to disburse funds on behalf of the board for expenditures that are in accordance with this adopted budget.”

- 0902.7.4 **Approval of an Agreement with Brown Armstrong for Audit Services:** Mr. Clifton presented a one-year contract for audit services with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Group. Brown Armstrong has performed financial audits for *SamCERA* since June 30, 2003. Management and staff are very satisfied with the level of services provided by Brown Armstrong and recommends that the board contract with the firm for one year to provide time to solicit proposals from other providers as well as Brown Armstrong for services that would commence after the one-year contract expires.

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Motion by Kwan Lloyd, second by Bowler, carried unanimously to approve the agreement with Brown Armstrong for Audit Services.

0902.7.5 **Approval of Amendments to *SamCERA*'s Code of Fiduciary Conduct Resolution:** Mr. Clifton presented a red-lined version of the Code of Fiduciary Conduct. Following a discussion of the changes to the document, **motion** by Stuart, second by Kwan Lloyd, carried unanimously to approve the amendments to *SamCERA*'s Code of Fiduciary Conduct.

0902.7.6 **Acceptance of a Report on *SamCERA*'s Upcoming Trustee Elections and Appointments:** Mr. Hood provided an informational report on the upcoming trustee elections and appointments. The terms of the Second Member, currently Mr. David, Seventh Member, currently Mr. Wozniak, and the Seventh Member Alternate, currently Ms. Salas, expire on June 30, 2009. Elections must be held for those seats. The election will take place on June 8th.

The Board of Supervisors is scheduled to appoint the Fourth Member, currently Ms. Tashman, and the Sixth Member, currently Mr. Hooley, whose terms also expire on June 30, 2009. Staff will remind the appropriate county staff of the need of these appointments.

0902.7.7 **Annual Review of *SamCERA*'s Chief Executive Officer (Item C2 in Closed Session):**
This agenda item was deferred to the March board meeting.

0902.7.8 **Approval of Conference Attendance Request:** Mr. Hood reported that Ms. Arnott and Mr. Wozniak are requesting to attend the Investment Institute of the International Foundation of Employee Benefit Plans (IFEBP). The board's Educational Policy states that each trustee will be allocated \$7,500 towards education each fiscal year. Staff estimates that attendance in the conference will exceed the Educational Policy limit by between approximately \$200 and \$1,000. Ms. Arnott is currently a member of the Investment Committee and Mr. Wozniak is currently Vice Chair of the Board of Retirement. **Motion** by Salas, second by Jadallah, carried unanimously to approve the requests for Ms. Arnott and Mr. Wozniak to attend the IFEBP Investment Institute.

0902.8 **Management Reports**

0902.8.1 **Chief Executive Officer's Report:** In Mr. Bailey's absence, Mr. Hood reported that the Travel Policy, draft Strategic Plan and *SamCERA* newsletter will be brought to the board at the March meeting. Mr. Hood said that SACRS has selected Bob Palmer as its interim director. Mr. Hood then said that trustees will be asked to provide input regarding topics for the trustee educational retreat. He also noted that Ms. Carlson and Mr. Clifton have reached 21 and 20 years of service with the county, respectively.

0902.8.2 **Assistant Executive Officer's Report:** Mr. Hood reported that *SamCERA*'s first financial educational class will be held the Thursday following the board meeting. There will be three classes on different financial topics held with a limit of 40 individuals per class. The courses have filled up very quickly. The next financial education sessions are scheduled for March 10th and 26th.

0902.8.3 **Investment & Finance Manager's Report:** Mr. Clifton reported that Gary Bartlett and Steve Illot of Aberdeen Asset Management have departed the firm. Mr. Clifton then

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reminded trustees to submit their Form 700 and educational request forms to Ms. Dames as soon as possible.

0902.8.4 **County Counsel's Report:** Ms. Carlson reported that the auditor from the IRS will be visiting *SamCERA*'s office on March 4th and 5th.

0902.9 **Report on Actions Taken in Closed Session:** None.

0902.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. Wozniak adjourned the meeting at 3:42 p.m., in memory of the following deceased members:

ESTANISLAO, RUBEN	NOVEMBER 17, 2008	CRYSTAL SPRINGS REHAB CENTER
BALDRIDGE, VERNELL	DECEMBER 28, 2008	SHERIFF'S OFFICE
KERDEMAN, ARTHUR	DECEMBER 28, 2008	BEN. OF KERDEMAN, ESTER
MIZUNO, CHIYO	JANUARY 2, 2009	PUBLIC HEALTH
MOURA, LORRAINE	JANUARY 3, 2009	COUNTY CLERK
HELBUSH, DONALD	JANUARY 6, 2009	PROBATION
SEVEY, FERNE	JANUARY 6, 2009	SOCIAL SERVICES
LOW, DELIA	JANUARY 7, 2009	BENEFICIARY OF LOW, GEORGE
MARES, MIRIAM	JANUARY 8, 2009	SOCIAL SERVICES
KASWORM, MARTIN	JANUARY 9, 2009	RECORDER
FABER, MARY	JANUARY 14, 2009	BENEFICARY OF FABER, RAY
RUDELL, GEORGE	JANUARY 20, 2009	BUILDING & GROUNDS
BURTON PATRICIA	JANUARY 22, 2009	PLANNING COMMISSION
ALVES, RICHARD	JANUARY 24, 2009	BUILDING & GROUND MAINTENANCE
BAILEY, ARTHUR	JANUARY 27, 2009	PROBATION DEPARTMENT
GIANNOTTI, SALVATORE	JANUARY 30, 2009	ADMINISTRATION & BUSINESS

DAVID J. WOZNIAK, VICE CHAIR