

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

January 26, 2010

Agenda Item 3.0

November 19, 2009 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 11 a.m.

1. [Call to Order](#)
2. Roll Call
 - 2.1 [Roll Call](#)
 - 2.2 [Administration of Oath of Office to New Board Members](#)
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](#) (Set for 1 p.m. time certain.*)
 - 5.2 [Consideration of Items Removed from Consent Agenda](#)
 - 5.3 [Acceptance of 2010-2011 Fiscal Year Employer & Employee Contribution Rates](#) (Set for 1:30 p.m. time certain.*)
6. Investment Services (The Investment Committee will meet on Thursday, November 19 at 10 a.m.)
 - 6.1 [Monthly Portfolio Performance Report](#)
 - 6.2 [Quarterly Investment Performance Analysis for Period Ended September 30, 2009](#)
 - 6.3 [Manager Interviews – Fixed Income – Treasury Inflation Protected Securities \(TIPS\) Mandate](#)
 - 6.3a [Brown Brothers Harriman & Company – Inflation Indexed Securities](#)
 - 6.3b [Standish Mellon Asset Management Company, LLC – US TIPS](#)
 - 6.3c [Wellington Asset Management, LLP – TIPS](#)
 - 6.4 [Approval of Criteria for an Investment Manager Search – Credit Opportunities](#)
 - 6.5 [Approval of Authorization to Rescind Capital Redemption Order with INVESCO](#)
 - 6.6 [Report on RFP for Investment Consultant Services](#)
7. Board & Management Support Services
 - 7.1 [Monthly Financial Report](#)
 - 7.2 [Presentation Regarding Use of On Line Election Process](#) (Set for 11:30 a.m. time certain.*)
 - 7.3 [Approval of Board of Retirement and Committee Meeting Dates for Calendar Year 2010](#)
 - 7.4 [Report on RFP for Audit Services](#)
 - 7.5 [Appointment of Ad Hoc Committee to review the Chief Executive Officer](#)
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 [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 [Conference with Legal Counsel – Anticipated Litigation - Initiation of litigation pursuant to subdivisions \(b\)\(c\) of Government Code Section 54956.9 –Two Matters](#)
9. [Report on Actions Taken in Closed Session](#)
10. [Adjournment](#)

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November 19, 2009 – Board Minutes

0911.1 **Call to Order:** Ms. Jadallah, Chair, called the Public Session of the Board of Retirement to order at 11 a.m., November 19, 2009, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California

0911.2.1 **Roll Call:** Ms. Agnew, Mr. Bowler (arr. 1:10 p.m.), Mr. David, Ms. Jadallah, Ms. Kwan Lloyd, Mr. Murphy for Ms. Stuart (arr. 1 p.m), Mr. Spinello and Mr. Tashman (dep 1:48 p.m.). *Excused:* Mr. Buffington. *Other Board Members in Attendance:* None. *Staff:* Mr. Bailey, Mr. Clifton, Ms. Dames, Mr. Hood and Ms. Smith. *Consultants:* Ms. Carlson, Mr. Thomas, Mr. Maserik and Dr. Fracchia. *Retirees:* 0, *Public:* 4.

0911.2.2 **Administration of Oath of Office to New Board Members:** Ms. Agnew and Mr. Tashman swore before Chief Deputy County Counsel Brenda Carlson to serve as faithful fiduciaries for all members, retirees and beneficiaries; to serve as prudent administrators of the County's Retirement System; and to support, defend and bear true faith and allegiance to the Constitutions of the United States of America and the State of California in accordance with *Regulation 2.3.1*.

Ms. Jadallah then took up agenda item 4.1.

0911.3 **Approval of the Minutes:** Ms. Agnew noted a discrepancy between the text and chart of agenda item 0910.6.1. The discrepancy between the text and chart was due to the lag in reporting from the INVESCO Core Real Estate portfolio. The corrections to the minutes are as follows:

0910.6.1: "Mr. Clifton reported that *SamCERA's* ~~3.48~~ 3.00% Total Fund Return for September 2009 ~~out~~ underperformed the Total Plan Policy Benchmark return of ~~3.39~~ 3.19%. The ~~out~~ underperformance is primarily due to ~~the fixed income portfolios~~ the writing down of the INVESCO Core Real Estate portfolio. However, *SamCERA's* three bond portfolios substantially outperformed the Barclays Capital Aggregate Index. The fund's return for the trailing twelve months is ~~-2.26~~ -2.72%, which is ~~1,001~~ 1,047 basis points (bps) below the Actuarial Discount Rate, 7.75%, and ~~303~~ 349 basis points below *SamCERA's* Total Plan Policy Benchmark of ~~0.77~~ 0.57%."

Motion by Spinello, second by David, carried unanimously to approve the board minutes from the October 27, 2009, meeting, as amended.

Ms. Jadallah then took up agenda item 6.1.

0911.4.1 **Oral Communications From the Board:** Ms. Kwan Lloyd reported that she attended the IFEBP Benefits Conference and thought it was very informative, especially the presentations on mortality rates and the societal advantages of a defined benefits plan. Mr. Spinello said that he attended his first SACRS conference. He said the conference had a lot of helpful information, including investment topics and legislative news and updates. Mr. David also attended the SACRS conference and said that it provided a lot of useful information which will help *SamCERA* in its strategic investment planning.

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0911.4.2 **Oral Communications From the Public:** None.

Ms. Jadallah then took up agenda item 6.3.

0911.5 **Benefit & Actuarial Services**

0911.5.1 **Adoption of Consent Agenda:** Ms. Jadallah removed the disability applications of Ms. Bittle (David) and Ms. O'Brien (Jadallah) from the consent agenda to be taken under consideration in closed session. **Motion** by Agnew, second by David, carried unanimously to adopt the day's consent agenda, as amended:

Disability Retirements:

The board finds that **James Stobaugh** is unable to perform his usual and customary duties as a Licensed Psychiatric Technician, finds that his disability is service-connected and grants his application for a service-connected disability retirement.

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

Service Retirements:

| | | |
|----------------------|-------------------|-------------------------------|
| Prosser, Diane | December 31, 2008 | San Mateo Medical Center |
| Rawstron, Merrilynn | January 1, 2009 | Parks Department |
| Hanley, Dennis | January 10, 2009 | Parks Department |
| Wong, Daniel | January 15, 2009 | Def'd from Human Services |
| Gopez, Rodolfo | January 31, 2009 | Public Works |
| Ruperto, Leticia | February 25, 2009 | Def'd from Aging & Adult |
| Johnson, Walter | October 14, 2009 | Def'd from Plan 3 |
| Grimsby, Judy | October 15, 2009 | Def'd from Parks Dept. |
| Webster, Michael | October 22, 2009 | Def'd from Building & Grounds |
| Verbeckmoes, Eugenia | October 26, 2009 | Assessor/ Recorder |
| Maharaj, Dhurap | October 30, 2009 | San Mateo Medical Center |

Rescinded Retirements:

| | |
|------------------|----------------------|
| Beesley, Deborah | Retirement Rescinded |
| Liu, Lee | Retirement Rescinded |

Continuance of Benefits:

| | |
|-------------------|----------------------------------|
| Vergara, Jorge | Beneficiary of Vergara, Narcisca |
| Demma, Gary | Beneficiary of Demma, Wendy |
| Roundsley, George | Beneficiary of Roundsley, Betty |

Deferred Retirements:

| | | |
|----------------|-----------|-------------|
| Wollum, Dennis | S4 Vested | |
| Jower, Bruce | G4 Vested | |
| Lopez, Lori | G4 | Reciprocity |

Refunds:

| | |
|---------------|---------------|
| Lopez, Ronald | G4 Non-Vested |
|---------------|---------------|

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| | |
|------------------|-----------------------|
| Martins, Eduardi | G4 Non-Vested |
| Nerio, Claudia | G4 Non-Vested |
| Oretga, Bill | G4 Non-Vested |
| Robb, Gary | S2 Non-Vested |
| Rohan, Berlita | G4 Non-Vested |
| Roque, Steven | Beneficiary of Roque, |
| Straiten, Mark | G4 Non-Vested |
| Udo, Bernarde | G4 Vested |

Rollovers:

| | |
|----------------------|------------------|
| Colocho, Edgar | G2 Vested |
| Haygood, Imani | G4 Non-Vested |
| Louie, Johnny | G4/S4 Non-Vested |
| Peranich, Michael | G4 Non-Vested |
| Quintanilla, Barbara | G4 Non-Vested |
| Roberts, Amanda | G4 Non-Vested |
| Seaton, Phil | G2 Vested |
| Sherman, Kathleen | G4 Non-Vested |
| Soo-hoo-Ong, Chester | G4 Non-Vested |
| Yam, Sin | G4 Non-Vested |

0911.5.2 **Consideration of Items Removed from Consent Agenda:** This agenda item was taken under consideration in closed session. Please see agenda item 9.0.

0911.5.3 **Acceptance of 2010-2011 Fiscal Year Employer & Employee Contribution Rates:** Nick Collier of Milliman, reviewed the options regarding actuarial methodology changes that would mitigate the planned increase in employer rates from approximately 24 percent of payroll (FY 2009-2010) to 34 percent (FY 2010-2011). County and bargaining unit representatives were invited to attend and provide their perspectives. Mr. Bailey provided a letter from David Boesch, County Manager, who was present at the board meeting. Mr. Boesch recommended that the retirement board accept the contribution rates as recommended by the current actuarial calculation methodology and that the retirement board not adopt any of the mitigation options. He also asks the board to review some of the actuarial assumptions used in the valuation process prior to finalizing next year's valuation. Jim Saco, County Budget Director, echoed Mr. Boesch's recommendation.

David J. Wozniak, President of the Deputy Sheriff's Association, opined that the retirement board should adopt changes in the actuarial methodology in order to mitigate the increase in employer contribution rates and provide the County with budgetary relief. If the board accepts Mr. Boesch's recommendation and allows the employer rates to drastically increase, the County will more than likely cut services to its residents as well as implement employee layoffs in order to save money, he said.

Mr. Bailey said that the financial stability of the retirement system is the ultimate fiscal goal for *SamCERA*.

Motion by Agnew, second by Bowler, carried with 6 ayes to 1 no (Spinello), to adopt **Resolution 09-10-06**, accepting the 2010-2011 Fiscal Year Employer & Employee Contribution rates, as follows:

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“**WHEREAS**, Government Code §31453 mandates the periodic actuarial valuation of the Retirement Fund and requires that the Board...”*shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the Board of Supervisors such changes in the rates of interest, in the rates of contributions of members, and in the county and district appropriations as are necessary...*” and

“**WHEREAS**, the County of San Mateo and its bargaining units have entered into agreements to enhance benefit formulas contingent on supplementing basic member contribution rates with cost sharing percentages and those benefit formulas and cost sharing percentages are assumed to continue, and

“**WHEREAS**, the Board has received, reviewed and approved the reports and recommendations from its Chief Executive Officer and its actuarial firm, Milliman, Inc., setting forth the changes necessary to assure the actuarial soundness of the Retirement Fund.

Therefore, be it

“**RESOLVED** that the Board hereby accepts the employer and member contribution rates as recommended by Milliman, Inc., for the fiscal year 2010-2011.

Be it further

“**RESOLVED** that the board recommends that the Board of Supervisors adopt the actuary's recommended employer contribution rates for fiscal year 2010-2011 for the County of San Mateo and the San Mateo County Mosquito & Vector Control District in accordance with the following schedule, as a percentage of covered salaries, effective July 1, 2010:

| | <u>Tier 1</u> | <u>Tier 2</u> | <u>Tier 3</u> | <u>Tier 4</u> |
|--|---------------|---------------|---------------|---------------|
| <u>COUNTY OF SAN MATEO</u> | | | | |
| <u>General Member Rates:</u> | | | | |
| Employer Normal Cost | 11.04% | 10.94% | 7.80% | 9.81% |
| Contribution to Unfunded Actuarial Accrued Liability | <u>18.40%</u> | <u>18.40%</u> | <u>18.40%</u> | <u>18.40%</u> |
| Total General Member Rates | 29.44% | 29.34% | 26.20% | 28.21% |
| <u>Safety Member Rates:</u> | | | | |
| Employer Normal Cost | 24.37% | 20.42% | none | 18.26% |
| Contribution to Unfunded Actuarial Accrued Liability | <u>51.83%</u> | <u>51.83%</u> | <u>none</u> | <u>51.83%</u> |
| Total Safety Member Rates | 76.20% | 72.25% | | 70.09% |
| <u>Probation Member Rates:</u> | | | | |
| Employer Normal Cost | 24.47% | 22.19% | none | 18.90% |
| Contribution to Unfunded Actuarial Accrued Liability | <u>23.84%</u> | <u>23.84%</u> | <u>none</u> | <u>23.84%</u> |
| Total Probation Member Rates | 48.31% | 46.03% | | 42.74% |

SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT

General Member Rates:

| | | | | |
|----------------------|-------|-------|------|-------|
| Employer Normal Cost | 9.04% | 8.97% | none | 8.04% |
|----------------------|-------|-------|------|-------|

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| | | | | |
|--|---------------|---------------|-------------|---------------|
| Contribution to Unfunded Actuarial Accrued Liability | <u>15.09%</u> | <u>15.09%</u> | <u>none</u> | <u>15.09%</u> |
| Total General M&VCD Member Rates | 24.13% | 24.06% | | 23.13% |

Be it further

"RESOLVED that the Board of Retirement hereby recommends that the Board of Supervisors adopt the actuary's recommended basic entry age member contribution rates for the County of San Mateo and the San Mateo County Mosquito & Vector Control District in accordance with the schedule set forth in the attachment entitled *Basic Member Contribution Rates*, as a percentage of covered salaries, effective July 1, 2010. "Cost sharing" percentages are member contributions in addition to the basic rates. They are not included in the *Basic Member Contribution Rates* table, but are assumed to continue at their current levels in the valuation assumptions. These cost sharing percentages are for members in Plans 1, 2 and 4 and are as follows:

General Members: 3.0%.

Safety Members (except Deputy Sheriffs): 5.0%.

Safety Members (Deputy Sheriffs only): varying rates based on age and service.

If age 45 or older: 4.5%.

If age is less than 45 and:

- Service is less than 5 years: 3.0%.
- Service between 5 & 15 years: 3.5%.
- Service is more than 15 years 4.5%.

Probation Members: 3.5%.

Be it further

"RESOLVED that the Chief Executive Officer is hereby authorized to transmit these rates and recommendations to the Board of Supervisors and to take all actions necessary to provide for their implementation effective July 1, 2010."

Ms. Jadallah then took up agenda item 6.2.

0911.6 **Investment Services**

0911.6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA's* -1.35% Total Fund Return for October 2009 outperformed the Total Plan Policy benchmark return of -1.55%. The outperformance is primarily due to the small cap equity and fixed income portfolios. Both portfolios substantially outperformed their benchmarks. The fund's return for the trailing twelve months is 10.08%, which is 233 basis points (bps) above the Actuarial Discount Rate, 7.75%, and 450 basis points below *SamCERA's* Total Plan Policy Benchmark of 14.58%.

| Asset Class | Market Value | 1-Month | 1-year TTWRR* | 5-year TTWRR* |
|-----------------------------|--------------------|---------|---------------|---------------|
| <i>Domestic Equity</i> | \$776,230,523 | -3.02% | 10.15% | -0.58% |
| <i>International Equity</i> | <u>385,683,250</u> | -1.85% | 20.45% | 6.49% |

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|-----------------------|------------------------|---------------|---------------|--------------|
| Total Equity | \$1,161,713,773 | -2.64% | 13.70% | 1.30% |
| Fixed Income | 468,747,685 | 1.58% | 19.74% | 4.00% |
| Real Estate Aggregate | 110,601,490 | 0.00% | -35.26% | 2.98% |
| Cash Equivalents | 24,034,060 | 0.05% | 1.65% | 2.37% |
| TOTAL FUND | \$1,765,297,008 | -1.35% | 10.08% | 2.35% |
| <i>Benchmark</i> | | <i>-1.55%</i> | <i>14.58%</i> | <i>3.68%</i> |

* Total Time-Weighted Rate of Return

Ms. Jadallah then took up agenda item 5.1.

- 0911.6.2 **Quarterly Investment Performance Analysis for Period Ended September 30, 2009:** Ms. Jadallah reported that Mr. Thomas of Strategic Investment Solutions thoroughly discussed *SamCERA's* quarterly investment performance report for the quarter ended September 30, 2009, with the Investment Committee.

The composite fund returned 12.1% in the third quarter of 2009 and ranked 31st among other public funds greater than \$100 million (median of 11.2%). The fund trailed its policy index (12.5%) during this time period. Longer term, the three and five-year returns of -3.0% (97th percentile) and 3.0% (90th percentile), respectively, were below median among large public plans (-0.5% and 4.2%).

Ms. Jadallah then took up agenda item 6.3b.

- 0911.6.3 **Manager Interviews – Fixed Income – Treasury Inflation Protected Securities (TIPS) Mandate:** Mr. Thomas provided a brief overview of the Treasury Inflated Protected Securities (TIPS) manager search. The board then interviewed the following three finalists for *SamCERA's* TIPS mandate: (1) Brown Brothers Harriman & Company, (2) Standish Mellon Asset Management Company, and (3) Wellington Asset Management Company.

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

Following the three interviews, the board discussed the pros and the cons of each of the three finalists and reviewed their investment profiles.

Motion by Agnew, second by David, carried unanimously to select Brown Brothers Harriman as the Association's TIPS manager, subject to an on-site due diligence visit.

- 0911.6.3a **Brown Brothers Harriman & Company – Inflation Indexed Securities:** Mr. Clifton introduced John Nelson, Managing Director, and James Evans, Senior Vice President, of Brown Brothers Harriman & Company. The firm provided a 30-minute presentation and answered trustee questions and concerns.

Ms. Jadallah then took up agenda item 7.2.

- 0911.6.3b **Standish Mellon Asset Management Company, LLC – US TIPS:** Mr. Clifton introduced Robert Bayston, Director of Liquid Products and Senior Portfolio Manager, and Glenn Hill, Business Development Officer, of Standish Mellon Asset Management Company. The firm provided a 30-minute presentation and answered trustee questions and concerns.

- 0911.6.3c **Wellington Asset Management, LLP – TIPS:** Mr. Clifton introduced Scott Geary, Vice

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President, and Lindsay Thrift Politi, Portfolio Manager, of Wellington Asset Management. The firm provided a 30-minute presentation and answered trustee questions and concerns.

- 0911.6.4 **Approval of Criteria for an Investment Manager Search – Credit Opportunities:** Mr. Thomas and Mr. Maserik were present to review and discuss SIS' proposed preliminary screening criteria for *SamCERA*'s credit opportunity allocation, which will be approximately \$35 million.

Motion by David, second by Spinello, carried unanimously to approve the criteria for *SamCERA*'s credit opportunity manager search.

- 0911.6.5 **Approval of Authorization to Rescind Capital Redemption Order with INVESCO:** As the equity markets declined in value in 2008, *SamCERA*'s real estate allocation increased as a percentage of the total portfolio and exceeded its target range. In order to rebalance *SamCERA*'s portfolio, the association placed a \$70 million capital redemption notice with the core fund. Since the association's redemption notice was put in place, the equity markets have increased in value while real estate values have been written down. *SamCERA*'s real estate allocation is now within its target ranges and there is no need to rebalance.

Motion by David, second by Kwan Lloyd, carried unanimously to authorize staff to execute a letter to INVESCO Realty Advisors rescinding the \$70 million capital redemption order that *SamCERA* has in place with the INVESCO Core Real Estate Fund.

- 0911.6.6 **Report on RFP for Investment Consultant Services:** Mr. Clifton provided a report on the progress of the Request for Proposal (RFP) for Investment Consultant Services. RFP's were distributed to twelve pension investment consultants with a significant fund client base. Mr. Clifton said that RFP responses would be due on November 30th and that the Investment Committee would review the submissions on December 17th and recommend finalists for interview.

0911.7 **Board & Management Support Services**

- 0911.7.1 **Monthly Financial Report:** Mr. Clifton reported that *SamCERA*'s Net Assets Held in Trust for Pension Benefits as of October 31, 2009, totaled \$1,762,915,926. Net assets held in trust for pension benefits decreased by approximately \$24 million, month over month. Even though the market dipped for the month, it appears to be optimistic. The fund increased approximately \$112 million year over year.

- 0911.7.2 **Presentation Regarding Use of On Line Election Process:** Mr. Hood said that the Elections Division approached *SamCERA* staff to discuss conducting trustee elections online, rather than via mail-in ballot as is the current method. Mr. Bailey and Mr. Hood attended a meeting with David Tom, Deputy Assessor-Clerk Recorder and a representative from Everyone Counts, a provider of software that is used to conduct elections via computer voting. Stephen Daniels and Katie Jensen of Everyone Counts was present at the board meeting to conduct a brief presentation on their software and answer trustee questions regarding logistics and security measures. Mr. Tom was also present at the meeting and discussed the county's strict auditing measures to ensure accuracy and legitimacy of casted ballots.

Mr. Bailey said that the next *SamCERA* election will occur in June 2010. The board would

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need to make a decision to go forward with internet voting in early 2010 if they wanted to implement it for the June election.

The presentation was informational. No action was taken.

Ms. Jadallah then took up agenda item 3.0.

- 0911.7.3 **Approval of Board of Retirement and Committee Meeting Dates for Calendar Year 2010:** Mr. Bailey presented the schedule of meeting dates for calendar year 2010. He asked trustees to review the calendar and notify staff of any recommended changes.

Motion by David, second by Kwan Lloyd, carried unanimously to approve the Board of Retirement and Committee Meeting Dates for 2010.

- 0911.7.4 **Report on RFP for Audit Services:** Mr. Clifton provided a report on the progress of the Request for Proposals (RFP) for Audit Services. RFPs were sent to five entities which currently provided audit services for members of the State Association of County Retirement Systems (SACRS) or California Association of Public Retirement Systems (CALAPRS). The RFP submission date is December 7th. Staff will meet on December 14th to review the RFP responses and report back to the board at the January meeting.

Ms. Jadallah **appointed** Mr. Tashman, Mr. Spinello and Ms. Kwan Lloyd to the Ad Hoc Audit Committee for FY 2009-2010.

- 0911.7.5 **Appointment of Ad Hoc Committee to review the Chief Executive Officer:** Ms. Jadallah **appointed** Mr. David, Chair; Ms. Stuart, Ms. Arnott and Ms. Agnew to the Ad Hoc Chief Executive Officer Review Committee.

0911.8 **Management Reports**

- 0911.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that tax attorney, Bob Blum, gave a presentation at the SACRS Fall Conference on the IRS Tax Determination Letter. He also said that CEM, a firm that assesses public pension plans and allows plans to benchmark investment performance and administrative and benefit standards, is trying to form a peer group of 1937 Act counties. Mr. Bailey said that the concept of a negative COLA that would reduce pension amounts was presented at the SACRS conference.

Mr. Bailey is working on a draft survey for the board in preparation of the trustee retreat in January. Staff met with the County's Benefit Department to discuss a web-based program called Financial Soundings which takes retirement-related data to help members with asset allocation advice for their 457 Deferred Compensation portfolios. Allowing the program to take members' *SamCERA* financial data causes legal and liability issues. Currently, *SamCERA* distributes member data to any entity if, and only if, the member permits them to do so. Staff and County Counsel are researching the matter.

- 0911.8.2 **Assistant Executive Officer's Report:** Mr. Hood distributed a flyer from Financial Knowledge Network advertising the next round of financial educational seminars at *SamCERA*'s office.

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0911.8.3 **Chief Investment Officer's Report:** Mr. Clifton reported that Angelo Gordon, the Association's PPIP manager, will be having another capital call for an additional 10%. Mr. Clifton reported that Cambridge Associates notified him that they will not respond to *SamCERA's* Investment Consultant RFP. He said that BlackRock is currently building a trading platform that will lower trading costs via economies of scale. Mr. Clifton also reported that he, along with Ms. Dames, attended the INVESCO Client Conference earlier in the month. The conference was very informative and allowed clients to speak with INVESCO portfolio managers on an individual basis. Mr. Clifton distributed the Summary Annual Financial Report and commended Ms. Wong, Finance Officer, for her work with the document.

0911.8.4 **County Counsel's Report:** None.

0911.9 **Report on Actions Taken in Closed Session:** Ms. Carlson reported that Ms. Jadallah convened the board in closed session at 1 p.m., with all trustees present for roll call in attendance.

The board deferred the disability application of **Cathleen O'Brien** to a hearing officer, with five ayes to two no's (David and Murphy).

Ms. Jadallah then adjourned the closed session and re-convened the meeting in open session at 1:40 p.m. She then took up agenda item 5.3.

Ms. Carlson reported that Ms. Jadallah convened the board in closed session at 2:15 p.m., with all trustees present for roll call, including Ms. Stuart and Mr. Bowler and excluding Mr. Tashman, in attendance.

The board then discussed anticipated litigation – initiation of litigation pursuant to subdivisions (b)(c) of Government Code Section 54956.9 – Two matters.

With regards to the first matter, no reportable actions were taken.

With regards to the second matter, the board directed staff, with six ayes to one no (David), to notify effected retirees through written correspondence, that the names of certain retirees and their benefit amounts had been requested and would be released in response to a public records request.

The board concurred with the opinion of Hearing Officer, Roy C. Abrams, with six ayes to one no (David), and granted **Patricia Bittle** a service-connected disability retirement.

Ms. Jadallah then adjourned the closed session and reconvened the meeting in open session at 2:45 p.m.

0911.10 **Adjournment in Memory of Deceased Members:** There being no further business, Ms. Jadallah adjourned the meeting at 5:22 p.m., in memory of the following deceased members:

| | | |
|----------------|-----------------|-------------------------|
| Roeder, Harvey | August 20, 2009 | Business Administration |
| Gramkan, James | August 24, 2009 | Sheriff's Office |
| Lewis, Lydia | August 30, 2009 | Business Administration |

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| Perritt, Wade | September 8, 2009 | Sheriff's Office |
| Halkyard, Atha | September 29, 2009 | Public Health |
| Reed, David | September 29, 2009 | District Attorney |
| Rose, Bessie | September 30, 2009 | Hospital |
| Thigpen, Tiffany | October 3, 2009 | Child Support Services |
| Brown, June | October 5, 2009 | District Attorney |
| Paridy, Jeannette | October 5, 2009 | Mental Health Services |
| O'Halloran, Winifred | October 6, 2009 | Assessor |
| Hoelscher, Jean | October 14, 2009 | Business Administration |
| Gould, Mary | October 19, 2009 | Social Service |
| Villias, Jiliane | October 23, 2009 | Sheriff's Office |
| Levin, Ann | October 25, 2009 | Library |
| France, Ingeborg | October 28, 2009 | Social Service |
| Wade, Drexel | October 29, 2009 | Social Service |

MARGARET JADALLAH, CHAIR