

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

May 25, 2010

Agenda Item 3.0

**April 27, 2010 – Board Agenda**

**PUBLIC SESSION** – The Board will meet in Public Session at 8 a.m.

1. [Call to Order and Roll Call](#)
2. Oral Communications
  - 2.1 [Oral Communications From the Board](#)
  - 2.2 [Oral Communications From the Public](#)
3. [Approval of the Minutes](#)
4. [Approval of the Consent Agenda](#)
5. Benefit & Actuarial Services
6. Investment Services
  - 6.1 [Monthly Portfolio Performance Report](#)
  - 6.2 [Investment Manager Interviews – Selection of Finalist for \*SamCERA\*'s Credit Opportunities Mandate](#)
    - 6.2a [Brigade Capital Management](#) (Set for 8:15 a.m. time certain.)\*
    - 6.2b [Seix Advisors](#) (Set for 9:15 a.m. time certain.)\*
    - 6.2c [Loomis Sayles & Company, L.P.](#) (Set for 10:15 a.m. time certain.)\*
    - 6.2d [Golden Tree Asset Management](#) (Set for 11:15 a.m. time certain.)\*
  - 6.3 [Selection of Semi-Finalists for \*SamCERA\*'s Global Bonds Mandate](#)
  - 6.4 [Approval to Issue a Request for Proposal for \*SamCERA\*'s Securities Litigation Services](#)
  - 6.5 [Approval of \*SamCERA\*'s Policy Regarding Placement Agents](#)
7. Board & Management Support Services
  - 7.1 [Monthly Financial Report](#)
  - 7.2 [Quarterly Budget Report for the Period Ended March 31, 2010](#)
  - 7.3 [Approval of an Agreement for Audit Services with Brown Armstrong Accountancy Corporation](#)
  - 7.4 [Approval of \*SamCERA\*'s Staffing Plan and Recommendations](#)
  - 7.5 [Status Report on \*SamCERA\*'s 2010/2011 Budgets](#)
  - 7.6 [Approval of MOU Regarding \*SamCERA\* Assets Held in Trust](#)
  - 7.7 [Approval of Amendments to \*SamCERA\*'s Education Policy](#)
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 Labor Negotiations – Government Code section 54957.6](#)

Designated Representative: Brenda B. Carlson  
Unrepresented Employee: Chief Executive Officer
9. [Report on Actions Taken in Closed Session](#)
10. [Adjournment](#)

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**April 27, 2010 – Board Minutes**

1004.1 **Call to Order:** Ms. Jadallah, Chair, called the Public Session of the Board of Retirement to order at 8:05 a.m., April 27, 2010, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California.

**Roll Call:** Ms. Arnott for Mr. Buffington, Ms. Agnew (arr. 8:12 a.m.), Mr. Bowler, Mr. David, Ms. Jadallah (dep. 3p.m.), Ms. Kwan Lloyd, Ms. Stuart, Mr. Spinello and Mr. Tashman. *Other Board Members in Attendance:* Mr. Murphy and Ms. Salas. *Staff:* Mr. Bailey, Mr. Clifton, Ms. Dames and Mr. Hood. *Consultants:* Ms. Carlson. *Retirees:* 1, *Public:* 0.

1004.2.1 **Oral Communications From the Board:** None.

1004.2.2 **Oral Communications From the Public:** Ms. Salas discussed being unable to provide her opinion during the discussion concerning the Investment Consultant finalists at the March 30, 2010, board meeting. Ms. Salas, trustee alternate, was present at the March meeting as a member of the public. Mr. David, who acted as Chair at the March meeting, said that it was not intentional but accepted responsibility and apologized.

Mr. Bailey then asked to add an agenda item to the meeting agenda:

6.6 Discussion and Possible Action – AXA Rosenberg

**Motion** by Arnott, second by David, carried unanimously to add agenda item 6.6 to the agenda. The agenda item will be taken up later in the day.

1004.3 **Approval of the Minutes:** **Motion** by Arnott, second by Kwan Lloyd, carried unanimously to approve the minutes from the March 30, 2010, board meeting, as submitted.

1004.4 **Approval of the Consent Agenda:** **Motion** by Kwan Lloyd, second by David, carried unanimously to approve the day's consent agenda, as submitted:

**5.1 Disability Retirements:**

None.

**5.2 Service Retirements:**

| <b>Member Name</b> | <b>Effective Retirement Date</b> | <b>Department</b>          |
|--------------------|----------------------------------|----------------------------|
| Monroe, Donna      | 2/1/2010                         | Def'd from Sheriff's Dept. |
| Yates, Jean        | 2/6/2010                         | San Mateo Medical Cntr.    |
| Myers, Dennis      | 2/13/2010                        | Human Services Agency      |
| O'Neil, Paul       | 2/15/2010                        | Human Services Agency      |
| Sasaki, Laureen    | 2/15/2010                        | San Mateo Medical Cntr.    |
| Liu-Polczynski, Yi | 2/18/2010                        | Human Services Agency      |
| Bucci, Ellen       | 2/19/2010                        | Human Services Agency      |
| Robinson, Audrey   | 2/20/2010                        | Probation                  |
| Ruccolo, Karen     | 2/22/2010                        | San Mateo Medical Cntr.    |
| Haley, Marge       | 2/23/2010                        | Assessor                   |
| Lezchuk, Kathryn   | 2/27/2010                        | Superior Court             |
| Petriot, Terri     | 2/27/2010                        | Superior Court             |

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**5.3 Continuance of Benefits:**

**Member Name**

|                         |                          |
|-------------------------|--------------------------|
| Bradshaw, Andrew        | Ben. of Bradshaw, Diedra |
| Moropoulos, Christopher | Ben. of Herman, Leigh    |

**5.4 Deferred Retirements:**

**Member Name**

**Retirement Plan Type**

|                 |           |             |
|-----------------|-----------|-------------|
| Wright, Duperly | G4-vested |             |
| Cole, July      | G4        | Reciprocity |

**5.5 Member Account Refunds:**

**Member Name**

**Retirement Plan Type**

|                    |               |
|--------------------|---------------|
| Costa, Joanna      | G4 Non-vested |
| Gloria, Anunsacion | G4 Non-vested |
| Laran, Kriselle    | G4 Non-vested |

**5.6 Member Account Rollovers:**

**Member Name**

**Retirement Plan Type**

|                 |               |
|-----------------|---------------|
| Gardiner, Lynn  | G4 Non-vested |
| Govind, Chandra | G4 Vested     |
| Mihaly, Jessica | G4 Non-vested |

**6.0 Investment Services**

None.

1004.5 **Benefit & Actuarial Services**

None.

1004.6 **Investment Services**

1004.6.1 **Monthly Portfolio Performance Report:** *SamCERA's* 4.35% Total Fund Return for March 2010 slightly underperformed the Total Plan Policy Benchmark return of 4.46%. *SamCERA's* international equities continue to underperform the benchmark. The fund's return for the trailing twelve months is 34.64%, which is 2,689 basis points (bps) above the Actuarial Discount Rate, 7.75%. However, it is 276 basis points below *SamCERA's* Total Plan Policy Benchmark of 37.40%.

| Asset Class                 | Market Value           | 1-Month      | 1-year TTWRR* | 5-year TTWRR* |
|-----------------------------|------------------------|--------------|---------------|---------------|
| <i>Domestic Equity</i>      | <i>\$905,971,425</i>   | <i>6.76%</i> | <i>54.47%</i> | <i>1.15%</i>  |
| <i>International Equity</i> | <i>404,144,532</i>     | <i>5.99%</i> | <i>48.50%</i> | <i>5.13%</i>  |
| Total Equity                | \$1,310,115,957        | 6.52%        | 52.95%        | 2.14%         |
| Fixed Income                | 500,220,286            | 0.45%        | 21.08%        | 4.75%         |
| Real Estate Aggregate       | 105,602,228            | 0.27%        | -24.59%       | 0.19%         |
| Cash Equivalents            | 43,610,098             | 0.06%        | 1.15%         | 2.13%         |
| <b>TOTAL FUND</b>           | <b>\$1,959,548,570</b> | <b>4.35%</b> | <b>34.64%</b> | <b>2.96%</b>  |
| <i>Benchmark</i>            |                        | <i>4.46%</i> | <i>37.40%</i> | <i>4.43%</i>  |

\* Total Time-Weighted Rate of Return

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The board then discussed the underperformance of Artio Global Investors for the trailing one to five year periods. In response to a question from Mr. Bowler, Mr. Thomas said that Artio's underperformance was attributable to its defensive strategies, particularly in Financials. However, Mr. Thomas added that the biggest impact to the underperformance was Artio's macro decisions. SIS recommended that the board watch Artio's portfolio closely for the next three quarters.

Mr. Clifton said that SIS will conduct an introduction to the Asset/Liability Study at the next board meeting.

- 1004.6.2 **Investment Manager Interviews – Selection of Finalist for *SamCERA*'s Credit Opportunities Mandate:** Mr. Thomas provided a brief overview of the Credit Opportunities manager search. The board then interviewed the following four finalists for the *SamCERA*'s Credit Opportunities mandate: (1) Brigade Capital Management, (2) Seix Advisors, (3) Loomis Sayles & Company, and (4) Golden Tree Asset Management.

Please see agenda items 6.2a, 6.2b, 6.2c, and 6.2d for a summary of each interview.

Subsequent to the four interviews, the board discussed the pros and cons of each of the finalists and reviewed their investment profiles. The board extensively discussed the finalists' investment strategies in order to determine which firm would be the best fit in *SamCERA*'s fixed income structure.

**Motion** by Arnott, second by Kwan Lloyd, carried unanimously to select Brigade Capital Management for the Association's credit opportunities mandate, subject to due diligence.

- 1004.6.2a **Brigade Capital Management:** Mr. Clifton introduced Donald Morgan, Founder, Managing Partner, and Rob Brady, Director of Institutional Sales, of Brigade Capital Management. Brigade provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1004.6.2b **Seix Advisors:** Mr. Clifton introduced George Goudelias, Managing Director, Senior Portfolio Manager, and John Cashwell, Managing Director, Senior Relationship Manager, of Seix Advisors. Seix provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1004.6.2c **Loomis Sayles & Company, L.P.:** Mr. Clifton introduced Kevin Kearns, Vice President, and Laurie Deaton, Vice President Institutional Sales, of Loomis Sayles & Company. Loomis Sayles provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1004.6.2d **Golden Tree Asset Management:** Mr. Clifton introduced Frank Jordan, Head of Marketing & Client Service, Frank Benevento, Marketing Director, and Steven Tananbaum, CEO and Chief Investment Officer, of Golden Tree Asset Management. Golden Tree provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1004.6.3 **Selection of Semi-Finalists for *SamCERA*'s Global Bonds Mandate:** Mr. Thomas and Mr. Masarik reviewed the screening process for *SamCERA*'s Global Bonds manager search. SIS then presented a list of ten strategies that passed the screening criteria and recommended that

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the firms receive a Request for Information (RFI) for the Global Bonds mandate.

**Motion** by David, second by Bowler, carried unanimously to approve the list of semi-finalists recommended by SIS to receive an RFI for the mandate search. Finalists are scheduled to be selected at the July board meeting and will be interviewed in August.

- 1004.6.4 **Approval to Issue a Request for Proposal for *SamCERA*'s Securities Litigation Services:** Mr. Bailey discussed *SamCERA*'s option to contract with one or more firms to monitor and evaluate *SamCERA*'s portfolio for potential securities litigation action. Currently, the Association's custodian monitors the portfolio for such actions and files claims on *SamCERA*'s behalf. Staff and counsel believe that contracting with securities litigation firms will provide a more comprehensive service to the fund and would support the board's fiduciary duty in that respect. He presented a Request for Proposal (RFP) to solicit qualifications from such firms.

**Motion** by Kwan Lloyd, second by David, carried unanimously to approve the draft RFP for Securities Litigation Services.

- 1004.6.5 **Approval of *SamCERA*'s Policy Regarding Placement Agents:** Mr. Bailey said that Government Code section 7513.85 requires all California public pension systems to adopt a policy regarding "placement agents" by June 30, 2010. Mr. Bailey and Ms. Carlson presented the draft policy regarding placement agents for the board's consideration. Ms. Agnew and Ms. Jadallah asked counsel several questions regarding some of the language in the policy. The agenda item was deferred to the next board meeting to allow staff and counsel an opportunity to follow up with trustees' concerns.

- 1004.6.6 **Discussion and Possible Action – AXA Rosenberg:** Mr. Clifton introduced Stéphane Prunet, Global CEO, and Michael Wright, Director of Institutional Sales, of AXA Rosenberg. Mr. Prunet and Mr. Wright were present to discuss their firm's recent letter to clients notifying them of an "error affecting the scaling of inputs from [AXA Rosenberg's] risk model into [the] portfolio optimizer." As a result from the failure to escalate the discovery of the error, Dr. Barr Rosenberg, Chief Economist, is taking a 30-day leave of absence and Thomas Mead has decided to resign as Director of the Research Center within one year. The potential impact of the error as it relates to the risk model is currently under investigation. Mr. Prunet and Mr. Wright answered several questions posed by trustees, staff and SIS.

Many trustees felt a decreased vote of confidence in the firm due to management turnover and possible organizational turmoil. After extensive discussion, **motion** by David, second by Spinello, carried unanimously to approve the termination of AXA Rosenberg's Investment Management Agreement and direct staff to transition *SamCERA*'s assets currently held in the AXA Rosenberg portfolio to *SamCERA*'s BlackRock Russell 1000 portfolio via a transition manager as soon as possible.

1004.7 **Board & Management Support Services**

- 1004.7.1 **Monthly Financial Report:** Mr. Clifton reported that *SamCERA*'s Net Assets Held in Trust for Pension Benefits as of March 31, 2010, totaled \$1,957,786,303. Net assets increased by approximately \$75.7 million, month over month. Year over year, *SamCERA*'s assets increased by approximately \$336 million. The increase is mainly attributed to the market

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appreciation of assets, although *SamCERA* also received ~\$142 million in employee and employer contributions year to date.

- 1004.7.2 **Quarterly Budget Report for the Period Ended March 31, 2010:** Mr. Clifton reported the preliminary Third Quarter Budget Reports. He said that with 75% of the fiscal year completed, administrative expenditures to date represent 60.4% of the appropriations. The Salaries & Benefits, Services & Supplies and Capital Assets are all under budget.

***SamCERA's Administrative Budget***

|                     | <b>ADOPTED<br/>BUDGET</b> | <b>YTD<br/>Preliminary</b> |
|---------------------|---------------------------|----------------------------|
| Salaries & Benefits | \$2,287,000               | \$1,464,272                |
| Services & Supplies | \$1,459,100               | \$ 833,708                 |
| Capital Assets      | <u>\$ 200,000</u>         | <u>\$ 86,837</u>           |
| Total               | \$3,946,100               | \$2,384,817                |

The Asset Management Budget encompasses *SamCERA's* in-house expenditures, which are incurred when managing the association's assets. It currently includes the salary and benefits and overhead costs relating to the Chief Investment Officer, Retirement Investment Analyst and a percentage of those costs for the Chief Executive Officer, Assistant Executive Officer, and Finance Officer. The Asset Management Budget is as follows:

***SamCERA's Asset Management Budget***

|                     | <b>ADOPTED<br/>BUDGET</b> | <b>YTD<br/>Preliminary</b> |
|---------------------|---------------------------|----------------------------|
| Salaries & Benefits | \$ 555,000                | \$ 275,883                 |
| Services & Supplies | \$ 186,500                | \$ 84,340                  |
| Capital Assets      | <u>\$ 0</u>               | <u>\$ 13,360</u>           |
| Total               | \$ 741,500                | \$ 373,583                 |

All professional services expenditures are on target in accordance with the budget appropriations. As of March 31, 2010, the aggregate professional services fee was approximately 33.1 basis points. At the beginning of this fiscal year, *SamCERA* converted a portion of BGI's index strategies for additional fundamental asset management, which resulted in an increase of approximately five basis points in overall management expense.

- 1004.7.3 **Approval of an Agreement for Audit Services with Brown Armstrong Accountancy Corporation:** Following a Request for Proposal process, the board selected Brown Armstrong as the firm to be awarded the audit services contract at the March 30, 2010, board meeting. Mr. Clifton presented a three-year audit services agreement with Brown Armstrong Accountancy Corporation.

**Motion** by Agnew, second by Tashman, carried unanimously to approve the agreement for audit services with Brown Armstrong Accountancy Corporation.

- 1004.7.4 **Approval of *SamCERA's* Staffing Plan and Recommendations:** Mr. Bailey presented *SamCERA's* proposed staffing plan. He said that several factors have and will continue to increase *SamCERA's* workload, including (1) frequent changes in law, (2) a much needed

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informational technology project to replace *SamCERA*'s core business system, (3) a pent up demand for retirement services as members have delayed retirement applications due to the recession, and (4) county layoffs which have increased members' communication needs and benefit processing. The Staffing Plan recommends the addition of two positions to assist with current and pending workload: (1) Communications Assistant and (2) Administrative Assistant.

**Motion** by Bowler, second by Spinello, carried unanimously to approve the *SamCERA* 2010 Staffing Plan and direct staff to work with the county Human Resources Department and county leadership to establish the requested positions as part of the *SamCERA* 2010-2011 administrative budget.

1004.7.5 **Status Report on *SamCERA*'s 2010/2011 Budgets:** Mr. Clifton provided an update on the status of *SamCERA*'s 2010/2011 proposed budgets. The final budget will be presented at the next meeting for board approval.

1004.7.6 **Approval of MOU Regarding *SamCERA* Assets Held in Trust:** Mr. Bailey said in preparation for *SamCERA*'s application to the IRS for a tax determination letter, the board should memorialize the terms and existence of *SamCERA*'s trust fund account that is opened upon the books of the County Treasurer. He added that all funds placed by *SamCERA* with the Treasurer are deposited in a trust fund account for the exclusive purposes of providing benefits to *SamCERA*'s participants and their beneficiaries and defraying reasonable expenses of administering the system. Mr. Bailey presented the memorandum of understanding (MOU) memorializing the terms and conditions of this trust account. It authorizes the Treasurer and the Controller to access the funds only upon written instructions of the Chief Executive Officer, Assistant Executive Officer, Chief Financial Officer or Chief Investment Officer for payments in relation to the purposes listed above.

**Motion** by Agnew, second by Arnott, carried unanimously to approve **Resolution 09-10-12**, as follows:

**"WHEREAS**, the Board of Supervisors, pursuant to Government Code § 31500, adopted ordinance code section 2.74.010 and accepted the provisions of the County Employees Retirement Law of 1937, found in Government Code Sections 31500 et seq.; and

**"WHEREAS**, the San Mateo County Employees Retirement Association ("*SamCERA*") is an independent county retirement system created under California Government Code Sections 31540 et seq.; and

**"WHEREAS**, pursuant to California Constitution Article XVI and 17 (a), and Government Code § 31595 and § 31588.2, *SamCERA*'s assets are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system; and

**"WHEREAS**, pursuant to Government Code § 31588, "A trust fund account to be designated as "employees retirement fund" shall be opened upon the books of the retirement board, or treasurer and auditor if authorized by the board, of any county adopting this retirement system"; and

**"WHEREAS**, pursuant to Government Code § 31595.1(a), this board authorizes the

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Treasurer to control and safely keep some or all of the moneys of the retirement system; and

**“WHEREAS**, the Controller issues all warrants drawn from funds held by the Treasurer; Government Code §7513.85 requires the board to develop and implement; and

**“WHEREAS**, this board has determined that entering into this memorandum of understanding is consistent with its fiduciary responsibilities;

**“RESOLVED** that the board hereby authorizes the Chair of this board to execute the attached ‘Memorandum Of Understanding Regarding San Mateo County Employees’ Retirement Association Assets Held In Trust.’”

- 1004.7.7 **Approval of Amendments to *SamCERA*’s Education Policy:** Mr. Bailey said that a few trustees would like the Board of Retirement to consider adding the Chartered Financial Analyst (CFA) Institute and related membership fees to the list of approved educational providers in *SamCERA*’s Education Policy. Mr. Clifton briefly discussed the programs sponsored by the CFA Institute and their estimated costs.

**Motion** by Tashman, second by Bowler, carried unanimously to approve the amendments to **Resolution 98-99-12**, *SamCERA*’s 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 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

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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 CFA Institute (including membership dues), 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 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

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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."

1004.8     **Management Reports**

- 1004.8.1     **Chief Executive Officer's Report:** Mr. Bailey said that staff plans to recommend that the board hire an independent firm to conduct an actuarial audit of the June 30, 2011, experience study, as a matter of normal due diligence.

Mr. Bailey then briefly discussed various issues regarding SACRS.

Mr. Bailey and Ms. Carlson each have a scheduling conflict with the June 22, 2010, board meeting. Mr. Bailey will recommend that the board move the date of the board meeting to Tuesday, June 15<sup>th</sup>. The matter will be taken up at the May meeting. He also said that there will be an Apple iPad demo at the May meeting. The iPad would potentially be used for electronic board packets.

- 1004.8.2     **Assistant Executive Officer's Report:** Mr. Hood provided an update on the June 2010 trustee elections. He then distributed a press notification from Everyone Counts, the vendor that will implement online voting for *SamCERA*'s upcoming elections. Everyone Counts was chosen by the Department of Defense to provide voting systems to military voters abroad.

- 1004.8.3     **Chief Investment Officer's Report:** Mr. Clifton reported that Steve Cianci joined Aberdeen's U.S. Fixed Income Team as a Senior Portfolio Manager. He will be responsible for leading coverage of the CMBS and ABS sectors.

Mr. Clifton said that Marsha Roth, Director of Marketing for Angelo Gordon, will transition to another role in the firm, focusing on strategic initiatives and new business development, specifically in Asia and Australia. Garrett Walls, formerly the Head of Institutional Sales at JPMorgan Asset Management, will join Angelo Gordon and take Ms. Roth's role. Mr. Clifton also said that there was an additional capital call notice from Angelo Gordon with payment due on May 3<sup>rd</sup>. With the additional payment, *SamCERA* will have funded \$20.1 million of the \$35 million total capital commitment in the Angelo Gordon PPIP fund.

- 1004.8.4     **County Counsel's Report:** Ms. Carlson reported on a Government Code Section 1090 case in San Diego. She then discussed a recent lawsuit involving Sacramento County Employees' Retirement System and a specific public record request.

- 1004.9     **Report on Actions Taken in Closed Session:** Ms. Carlson reported that Mr. David took the board meeting into closed session at 3:23 p.m., with all trustees present for roll call, except for Ms. Jadallah, in attendance. The board met in closed session for conference with Legal Negotiations – Government Code Section 54957.6, Designated Representative: Brenda Carlson, Unrepresented Employee: Chief Executive Officer.

No action was taken.

Mr. David adjourned the closed session at 3:53 p.m.

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1004.10     **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 3:54 p.m., in memory of the following deceased members:

|                       |                |                              |
|-----------------------|----------------|------------------------------|
| Avila, Jacklyn        | March 1, 2010  | Probation Department         |
| Howland, Melvin       | March 1, 2010  | Architectural & Engineering  |
| Hutson, Marion        | March 1, 2010  | Probation Dept               |
| Nottke, Ilda          | March 1, 2010  | County Library               |
| Adams, Rachelle       | March 5, 2010  | Social Service               |
| Johnson, Frances P    | March 8, 2010  | Crystal Springs Rehab Center |
| Harmon, Muriel        | March 11, 2010 | Ben of Harmon, Benjamin      |
| Jones, Elsie          | March 11, 2010 | Assessor                     |
| Nichols, David        | March 11, 2010 | County Manager's Office      |
| Bradshaw, Diedra      | March 14, 2010 | Human Services Agency        |
| Cook, Girtha          | March 14, 2010 | Canyon Hospital              |
| De La Cruz, Eduarda   | March 14, 2010 | Chope Community Hospital     |
| Kludt, Florence       | March 16, 2010 | Social Service               |
| Berglund, Hector      | March 23, 2010 | Parks and Recreation         |
| McClymonds, Stephanie | March 24, 2010 | General Hospital             |
| Burdick, Norma        | March 25, 2010 | Dept of Public Works         |
| Liuzza, Esther        | March 26, 2010 | Social Service               |
| Cronin, Edith         | March 27, 2010 | Assessor                     |
| Howard, Janice        | March 28, 2010 | Probation Dept               |
| Scharman, Janice      | March 31, 2010 | County Library               |

MARGARET JADALLAH, CHAIR