

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

August 24, 2010

Agenda Item 3.0

July 27, 2010 – Board Agenda

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

1. Call to Order and Roll Call
 - 1.1 Welcome and Swearing In of Board Members
 - 1.2 Report from Ad Hoc Nominating Committee and Election of 2010-2011 Board Officers
 - 1.3 Appointment of Committees
2. Oral Communications
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
3. Approval of the Minutes
4. Approval of the Consent Agenda

(Any items removed from the Consent Agenda for discussion will be inserted into the Regular Agenda and considered in the order chosen by the board chair.)

 - Disability Retirements
 - David Brady
 - Caroline Vinluan
 - Service Retirements
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
 - Topics for Annual Actuarial Firm's Review
 - Topics for Annual Auditing Firm's Review
 - Topics for Manager Review – D.E. Shaw
 - Topics for Manager Review – Barrow Hanley
 - Topics for Manager Review – T. Rowe Price
5. Benefit & Actuarial Services
 - 5.1 Consideration of Items Removed from the Consent Agenda
6. Investment Services
 - 6.1 Monthly Portfolio Performance Report
 - 6.2 Investment Manager Interviews – Selection of Finalist for *SamCERA*'s Global Bond Mandate
 - 6.2a Brandywine: Global Opportunistic Fixed Income (Set for 8:15 a.m. time certain on Tuesday, July 27.*)
 - 6.2b Franklin Templeton: Global Multi-Sector Plus (Set for 9:15 a.m. time certain on Tuesday, July 27.*)
 - 6.2c Loomis, Sayles: Global Bonds (Set for 10:15 a.m. time certain on Tuesday, July 27.*)
 - 6.2d PIMCO: Global Government Unhedged (Set for 11:15 a.m. time certain on Tuesday, July 27.*)
 - 6.3 Annual Investment Manager Review – International Equity mandate
 - 6.3a Artio Global Investors (Set for 9:15 a.m. time certain on Monday, July 26.*)
 - 6.3b Mondrian Investment Partners (Set for 10:15 a.m. time certain on Monday, July 26.*)
 - 6.4 Asset Liability Study – Determine Suitable Asset Classes, Constraints, and Weighting Scheme for Integration of Sub-Classes
 - 6.5 Approval of Private Equity Implementation Strategy
 - 6.6 Semi-Annual Report on the Strategic Investment Solutions' Capital Market & Inflation Outlook
 - 6.7 Approval of Brigade Capital Management LP Agreement
7. Board & Management Support Services
 - 7.1 Monthly Financial Report
 - 7.2 Quarterly Budget Report for Period Ended June 30, 2010
 - 7.3 Discussion and Action regarding *SamCERA*'s Education Policy
 - 7.4 Approval of Firms to Provide Securities Litigation Services

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- 7.5 Information Technology Presentation on Electronic Delivery of Board Materials
- 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 disability items, if any, removed from the Consent Agenda and appropriate for closed session
- 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

July 27, 2010 – Board Minutes

- 1007.1 **Call to Order:** Ms. Jadallah, Chair, called the Public Session of the Board of Retirement to order at 8 a.m., July 27, 2010, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood City, California.

Roll Call: Ms. Arnott for Mr. Buffington, Ms. Agnew, Mr. Bowler (dep. 4:43 p.m.), Mr. David, Mr. Hackleman, Ms. Jadallah, Ms. Kwan Lloyd, Mr. Spinello and Mr. Tashman. *Other Board Members in Attendance:* Mr. Murphy and Ms. Salas. *Staff:* Mr. Bailey, Mr. Hood, Mr. Clifton and Ms. Dames. *Consultants:* Ms. Carlson, Dr. Fracchia, Mr. Masarik, Mr. Gesell, Mr. Shooshani, and Mr. Thomas. *Retirees:* 0, *Public:* 1.

Mr. Bailey requested that the Chair add an additional agenda item C4 “Anticipated Litigation – One Matter” in closed session per Government Section Code 54954.2(b)(2). **Motion** by David, second by Hackleman, carried unanimously to add agenda item C4 to the day's agenda.

- 1007.1.1 **Welcome and Swearing In of Board Members:** Mr. Hackleman, Mr. Murphy, Ms. Kwan Lloyd and Mr. Bowler 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*.

- 1007.1.2 **Report from Ad Hoc Nominating Committee and Election of 2010-2011 Board Officers:** Ms. Arnott presented the report of the Ad Hoc Nominating Committee, which consisted of Ms. Arnott, Chair; Ms. Agnew and Mr. Tashman. Ms. Arnott asked for any additional nominations. Hearing none, she closed nominations. **Motion** by Bowler, second by David, carried unanimously to retain the current slate of officers, Ms. Jadallah, Chair; Mr. David, Vice-Chair and Ms. Arnott for Mr. Buffington, Secretary, until such time that Ms. Jadallah vacates her seat following the appointment of her replacement by the Board of Supervisors, per *Regulation 2.5*.

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- 1007.1.3 **Appointment of Committees:** Ms. Jadallah **appointed** Mr. Bowler, Chair; Mr. David, Ms. Agnew and herself to the Investment Committee per *Regulation 2.5.1*.

Ms. Jadallah **appointed** Ms. Kwan Lloyd, Chair; Ms. Arnott, Mr. Tashman and Mr. Spinello to the Audit Committee per *Regulation 2.5.1*.

- 1007.2.1 **Oral Communications From the Board:** None.

- 1007.2.2 **Oral Communications From the Public:** None.

- 1007.3 **Approval of the Minutes: Motion** by Arnott, second by David, carried unanimously to approve the minutes from the June 22, 2010, board meeting, as submitted.

- 1007.4 **Approval of the Consent Agenda:** Ms. Jadallah removed the disability application of Caroline Vinluan from the day's consent agenda to be taken into consideration under agenda item C1 in closed session per Ms. Arnott's request. Ms. Jalladah added a question to the investment managers' annual review questionnaires concerning their outlook due to the federal financial legislation that just recently passed per the request of Mr. Bailey.

Motion by David, second by Bowler, carried unanimously to approve the consent agenda, as amended, as follows:

Disability Retirements:

The Board approves and adopts the decision of the Hearing Officer that David Brady's disability is not service-connected.

Service Retirements:

| Member Name | Effective Retirement Date | Department |
|---------------------|----------------------------------|-----------------------------|
| Wylie, Constance | February 21, 2010 | Def'd from Public Health |
| Kollma, Steven | April 1, 2010 | Def'd from Sheriff's Office |
| Gonzales, Sharon | May 4, 2010 | San Mateo Medical Center |
| Garza, Andrew | May 12, 2010 | Human Services Agency |
| Campos, Oscar | May 15, 2010 | Public Works |
| Tipton, Elaine | May 15, 2010 | District Attorney's Office |
| Heath, Sharon | May 18, 2010 | Def'd from Child Support |
| Calderon, Cesar | May 22, 2010 | San Mateo Medical Center |
| Fynn, Gillian | May 22, 2010 | Def'd from Public Health |
| Mabardy, Bruce | May 27, 2010 | Probation |
| Aguilera, Jose | May 29, 2010 | Probation |
| Lillies, Maria Joji | May 29, 2010 | San Mateo Medical Center |
| Collins, Karen | May 31, 2010 | Def'd from Mental Health |

Continuance of Benefits:

| Member Name | Beneficiary of: |
|--------------------|------------------------|
| Alfaro, Ethel | Alfaro, Carlos |
| Bazan, Deborah | Baross, David |
| Gaillard, Lynne | Meados, Thelma |

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Guston, Claïressa
McCune, John
Moriguchi, Richard
Wilder, Guy

Guston, James
McCune, Helen
Moriguchi, Felicita
Wilder, Ellen

Deferred Retirements:

Member Name

Retirement Plan Type

Hill, Elizabeth

G4-Vested

Hennen, Patrice

G2-Vested

Wong, Melissa

G4-Vested

Aguilera, Jose

G3-Vested

Parker, Brian

S4-Vested

Hurtado, Patricia

G4-Vested

Reciprocity

Grote, Lisa

G4

Reciprocity

Hannon, Deneane

P4

Auto defer per code 31700

Member Account Refunds:

Member Name

Retirement Plan Type

Arojado, Kristian

G4 Non-vested

Derby, Maria

Beneficiary of Roque,

Gonzalez, Carmelita

G4 Non-vested

Hagspiel, Derek

P4 Non-vested

Muyco, Chytchua

G4 Non-vested

White, Shirley

G4 Non-vested

Member Account Rollovers:

Member Name

Retirement Plan Type

Tate, Joseph

G4 Non-vested

Victorino, Adam

G4 Non-vested

Topics for Annual Actuarial Firm's Review

Topics for Annual Auditing Firm's Review

Topics for Manager Review – DE Shaw

Topics for Manager Review – Barrow Hanley

Topics for Manager Review – T. Rowe Price

Ms. Jadallah then took up agenda item 6.1.

1006.5 **Benefit & Actuarial Services**

1006.5.1 **Consideration of Items Removed from the Consent Agenda:** Please see agenda item 9.0: Report on Actions Taken in Closed Session.

Ms. Jadallah then took up agenda item 6.3.

1006.6 **Investment Services**

Monthly Portfolio Performance Report: Mr. Clifton said that the total plan returns that

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were distributed were not the final June 30 numbers. Although they are representative of the final returns, the final numbers for INVESCO and Angelo Gordon were not yet available. He then reported that *SamCERA's* -2.48% Total Fund Return for June 2010 slightly outperformed the Total Plan Policy Benchmark return of -2.60%. The fund's return for the trailing twelve months is 12.55%, which is 480 basis points (bps) above the Actuarial Discount Rate, 7.75%. It is 5 basis points above *SamCERA's* Total Plan Policy Benchmark of 12.50%.

Mr. Clifton reported that the county pre-paid approximately 50% of its fiscal year 2010-2011 estimated required contributions or \$82 million on July 2nd. He said those monies will be used to fund 50% of the Brown Brothers Harriman TIPS mandate, \$45 million and a portion of the Brigade Capital Management credit opportunities mandate, \$45 million.

| Asset Class | Market Value | 1-Month | 1-year TTWRR* | 5-year TTWRR* |
|-----------------------------|------------------------|---------------|------------------|------------------|
| <i>Domestic Equity</i> | \$804,051,810 | -6.05% | 15.84% | -1.79% |
| <i>International Equity</i> | 357,558,758 | -0.62% | 8.02% | 2.52% |
| Total Equity | \$1,161,610,568 | -4.44% | 13.36% | -0.72% |
| Fixed Income | 525,423,448 | 1.52% | 17.00% | 4.79% |
| Real Estate Aggregate | 105,602,228 | 0.00% | -10.46% | -0.63% |
| Cash Equivalents | 13,670,766 | 0.08% | 0.81% | 2.03% |
| TOTAL FUND | \$1,806,307,010 | -2.48% | 12.55% | 1.09% |
| <i>Benchmark</i> | | -2.60% | 12.50% | 2.46% |

* Total Time-Weighted Rate of Return

- 1007.6.2 **Investment Manager Interviews – Selection of Finalist for *SamCERA's* Global Bond Mandate:** Mr. Thomas provided a brief overview of the Global Bond manager search. The board then interviewed the following four finalists for *SamCERA's* Global Bond mandate: (1) Brandywine Global Investment Management, (2) Franklin Templeton, (3) Loomis, Sayles, and (4) Pacific Investment Management Company (PIMCO).

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 Tashman, second by Arnott, carried unanimously to select Franklin Templeton for the Association's Global Bonds mandate, subject to due diligence.

Ms. Jadallah then took up agenda item 5.1

- 1007.6.2a **Brandywine: Global Opportunistic Fixed Income:** Mr. Clifton introduced Steven Smith, Managing Director, Portfolio Manager, and John Ford, Director of Marketing, of Brandywine Global Investment Management. Brandywine provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustees questions and concerns.
- 1007.6.2b **Franklin Templeton: Global Multi-Sector Plus:** Mr. Clifton introduced Michael Hasenstab, Co-Director International Bond Department, Portfolio Manager, and Thomas

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Dickson, Senior Vice President, Client Service, of Franklin Templeton. Franklin Templeton provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustees questions and concerns.

- 1007.6.2c **Loomis, Sayles: Global Bonds:** Mr. Clifton introduced David Rolley, Vice President, Portfolio Manager, and Laurie Deaton, Vice President, Institutional Sales, of Loomis, Sayles. Loomis, Sayles provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1007.6.2d **PIMCO: Global Government Unhedged:** Mr. Clifton introduced David Fisher, Executive Vice President and Product Manager, Mark Romano, Senior Vice President, Account Manager, and James Clarke, Senior Vice President, Account Manager, of PIMCO. PIMCO provided a 45-minute presentation on their organization, investment philosophy and strategy and answered trustee questions and concerns.
- 1007.6.3 **Annual Investment Manager Review – International Equity mandate:** The International Equity manager reviews were conducted at the Investment Committee meeting on July 26th.
- 1007.6.3a **Artio Global Investors:** Ms. Jadallah reported that the Investment Committee conducted the annual investment review for Artio Global Investors. Andrew Barker, Senior Portfolio Manager, and Hien Nguyen, Associate Director Institutional Investments, were present at the committee meeting.
- 1007.6.3b **Mondrian Investment Partners:** Ms. Jadallah reported that the Investment Committee conducted the annual investment review for Mondrian Investment Partners. Nigel Bliss, Senior Portfolio Manager, and Jim Brecker, Senior Vice President, Client Service, were present at the committee from Mondrian Investment Partners for their annual review. Kimberly Aspenleider, Vice President, Client Service, of Delaware Investments, was also present at the committee meeting.
- 1007.6.4 **Asset Liability Study – Determine Suitable Asset Classes, Constraints, and Weighting Scheme for Integration of Sub-Classes:** Marc Gesell of Strategic Investment Solutions was present to conduct Part II of the Asset Liability study. Mr. Gesell provided a 45-minute presentation, reviewing possible policy objectives, things to avoid and unacceptable outcomes. He also addressed asset mix optimization, including the expected return, standard deviation and correlations of asset classes. Mr. Gesell also presented different alternative asset classes that the board has expressed interest in. No action was taken. The report was informational.
- 1007.6.5 **Approval of Private Equity Implementation Strategy:** Faraz Shooshani of Strategic Investment Solutions was present to conduct a 45-minute kick-off presentation on the implementation of private equity. Mr. Shooshani thoroughly reviewed private equity asset classes and reiterated that the primary reason to invest in the asset class is for the return enhancement with diversification benefits. He then reviewed a proposed private equity strategy and implementation approach, including a preliminary roadmap through 2014. Mr. Shooshani provided information on SIS' due diligence process and a sample executive summary of Third Rock Ventures LLP. He reviewed Third Rock Ventures' organization and strategy and responded to trustees' follow-up questions and concerns.

After discussion, the board directed staff to place Third Rock Ventures on the August board meeting agenda to move forward on the private equity implementation strategy.

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1007.6.6 **Semi-Annual Report on the Strategic Investment Solutions' Capital Market & Inflation Outlook:** Mr. Clifton reported that Mr. Thomas reviewed SIS' Capital Market Outlook with the Investment Committee. Mr. Gesell also discussed the CAPM during his Asset Liability Study presentation to the board. The outlook allows *SamCERA* to semi-annually review the expectations for capital market returns. No action was taken. The report was informational.

1007.6.7 **Approval of Brigade Capital Management LP Agreement:** Mr. Clifton reported that the Investment Committee reviewed the LP Agreement with Brigade Capital Management with Eugene Whitlock of the County Counsel's office. He said that Mr. Whitlock will be reviewing all of *SamCERA*'s Investment Management Agreements going forward with the assistance of Hanson Bridgett, if necessary.

Mr. Clifton reported that the Investment Committee recommends that the board authorize the chair to execute the Limited Partnership Agreement with Brigade Capital Management for a credit opportunity mandate. **Motion** by David, second by Spinello, carried unanimously to adopt **Resolution 10-11-01**, accepting the Investment Committee's recommendation, as follows:

"WHEREAS, Article XVI, §17 of the Constitution of the State of California vests the Board with *"plenary authority and fiduciary responsibility for the investment of moneys and the administration of the system"*; and

"WHEREAS, Government Code §31595 vests in the Board *"... exclusive control of the investment of the employees retirement fund."*; and

"WHEREAS, Government Code §31596.1 (d) authorizes the Board to retain investment managers *"... in connection with administration of the Board's investment program . . ."*; and

"WHEREAS, on January 26, 2010, the Board considered proposals from fourteen firms for investment management services under a credit opportunity mandate. Brigade Capital Management, Golden Tree Asset Management, Loomis Sayles & Company and Seix Advisors were invited to participate in interview at the April board meeting; and

"WHEREAS, on April 27, 2010, the Board interviewed representatives from the four finalists, selecting Brigade Capital management for the mandate to be funded with approximately \$45 million; Therefore, be it

"RESOLVED that the Board hereby approves the contract, subject to final approval of staff, between the Board and Brigade Capital Management. Be it further

"RESOLVED that the Board hereby delegates full discretionary authority to Brigade Capital Management to manage the assets of the Retirement Fund as allocated by the Board in accordance with the terms of the Agreement and applicable law governing the conduct of fiduciaries entrusted with the management of public employees' retirement funds. Be it further

"RESOLVED that the Board hereby approves the fees as specified in the Side Letter to the Agreement and authorizes the disbursement of funds as provided for in GC§31596.1 in accordance with *SamCERA's* internal controls. Be it further

"RESOLVED that the Board hereby authorizes the Chair, to execute the Agreement on behalf of the Board. Be it further

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“**RESOLVED** that the Board hereby designates the Chief Investment Officer as its designee to perform those functions so identified in the Agreement and hereby authorizes the Chief Investment Officer to take all actions necessary to initiate, implement and monitor assignments, approve payments and provide the Board with timely reports regarding the progress and satisfactory completion of the assignments authorized pursuant to the contract.”

Board & Management Support Services

- 1007.7.1 **Monthly Financial Report:** Mr. Clifton reported that *SamCERA*'s Net Assets Held in Trust for Pension Benefits as of June 30, 2010, totaled \$1,809,943,514. Net assets decreased by approximately \$49.0 million, month over month. Assets increased by approximately \$218 million, year over year. The increase is mainly attributed to employee and employer contributions of approximately \$154.8 million. With the remaining increase attributed to market appreciation of assets.
- 1007.7.2 **Quarterly Budget Report for Period Ended June 30, 2010:** Mr. Clifton reported the preliminary Third Quarter Budget Reports. He said that with 100% of the fiscal year completed, administrative expenditures to date represent 85.5% of the appropriations. The Salaries & Benefits, Services & Supplies and Capital Assets are all under budget.

***SamCERA*'s Administrative Budget**

| | ADOPTED BUDGET | YTD Preliminary |
|---------------------|---------------------------|----------------------------|
| Salaries & Benefits | \$2,287,000 | \$2,148,146 |
| Services & Supplies | \$1,459,100 | \$1,119,664 |
| Capital Assets | <u>\$ 200,000</u> | <u>\$ 104,406</u> |
| Total | \$3,946,100 | \$3,372,217 |

The Asset Management Budget encompasses *SamCERA*'s in-house expenditures, which are incurred when managing the Association's assets. It currently includes the salaries, 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**

| | ADOPTED BUDGET | YTD Preliminary |
|---------------------|---------------------------|----------------------------|
| Salaries & Benefits | \$ 555,000 | \$ 397,465 |
| Services & Supplies | \$ 186,500 | \$ 111,067 |
| Capital Assets | <u>\$ 0</u> | <u>\$ 16,063</u> |
| Total | \$ 741,500 | \$ 524,595 |

All professional services expenditures are on target in accordance with the budget appropriations. As of June 30, 2010, the aggregate professional services fee was approximately 33.1 basis points. At the beginning of the fiscal year, *SamCERA* converted a

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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.

- 1007.7.3 **Discussion and Action regarding *SamCERA's* Education Policy:** Mr. Clifton said that staff had been asked to research education and travel policies of other county retirement systems, specifically those who excluded SACRS and CALAPRS events from their trustee educational budget. Alameda County Employees' Retirement Association (ACERA) allows its trustees to expend \$7,500 per year on educational items, similar to *SamCERA*. However, ACERA excludes various seminars, including SACRS and CALAPRS related events, from that budget. Staff provided a list of those events and the estimated cost of each conference.

Ms. Jadallah asked whether trustees have run into issues with exceeding their educational allotment. Mr. Spinello said that he has had issues with selecting conferences to attend because of the budgetary limit. Ms. Arnott said that she has not attended a CALAPRS or SACRS event in several years because her educational allotment has not permitted her to do so. Ms. Arnott said she regularly attends conferences sponsored by GFOA and IFEBP but she opined that she lacks the interaction with other 1937 Act peers that SACRS and CALAPRS events would provide.

Mr. Bailey said that he finds the networking opportunities and training at SACRS and CALAPRS events extremely valuable.

Motion by David, second by Spinello, carried unanimously to amend the current educational policy to exclude the costs of events sponsored by SACRS and CALAPRS from trustees' educational allotment.

- 1007.7.4 **Approval of Firms to Provide Securities Litigation Services:** Mr. Hood provided a brief overview of the securities litigation services RFP process and provided a status update. Mr. Tashman then discussed the diligence process performed by the Audit Committee. After reviewing the twenty-five RFP responses and checking references, the Audit Committee recommends that the board select the following three firms for securities litigation monitoring services: (1) Berman DeValerio, (2) Berstein Litowitz Berger & Grossman, and (3) Grant & Eisenhofer. Mr. Tashman reported on the conversations he and Mr. Hood had with the three firms regarding reporting and logistics. He reminded the board that the monitoring services the firms provide is at no cost to *SamCERA*. He then said that the firms would also be willing to conduct an overview of their services for trustees' further education at a future meeting when litigation becomes more of a possibility.

Motion by Agnew, second by David, carried unanimously to accept the Audit Committee's recommendation to select (1) Berman DeValerio, (2) Berstein Litowitz Berger & Grossman, and (3) Grant & Eisenhofer, to provide securities litigation monitoring services for the Association.

- 1007.7.5 **Information Technology Presentation on Electronic Delivery of Board Materials:** Mr. Bailey said that staff has been researching alternative ways to deliver board materials electronically to trustees. Mr. Ali, Chief Technology Officer, conducted a presentation regarding the current costs of delivering board packets and expected costs of electronic delivery. Mr. Ali discussed the results of his study of various electronic devices, listing the pros and cons of each device. Mr. Ali recommended that the board use the Apple iPad for paperless board packets going forward, emphasizing its portability, battery life, high

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resolution touch screen, note taking capabilities and huge developmental community. After the initial year of purchase, *SamCERA* would save more than \$11,000 per year in printing and delivery costs. Mr. Ali answered trustee questions and concerns.

Ms. Carlson discussed the legal issues and risks surrounding electronic devices and board materials. The topic of electronic delivery of board materials and an iPad demonstration will be continued at a future board meeting.

1007.8 **Management Reports**

- 1007.8.1 **Chief Executive Officer's Report:** Mr. Bailey distributed two articles regarding *SamCERA*. He thanked Mr. Hood and the rest of staff for covering his responsibilities while he was on leave following surgery.

Mr. Bailey then said that staff may be requesting several changes to the Board Regulations in future board meetings as a result of the Tax Determination Letter process.

He reported that Mr. Boesch, County Manager, has approved the two additional positions that the board had previously approved.

He also asked trustees to update their contact information on file.

- 1007.8.2 **Assistant Executive Officer's Report:** Mr. Hood reported that the San Mateo County Mosquito & Vector Control District opted to upgrade to the 2% @ 55 benefit formula from 2% @ 61.25, effective July 14th. He then reported that staff met with the building architect to get an idea of a possible office expansion.

- 1007.8.3 **Chief Investment Officer's Report:** Mr. Clifton said that INVESCO conducts quarterly valuations of each property and that values have been increasing. They have also gained some new clients.

He reported that several contracts are set to expire within a few months and will be brought to the board for renewal.

SIS announced that they will be opening a satellite office in New York City. The office will not be occupied immediately. One or two individuals will occupy the space per the request of SIS' East Coast clients.

- 1007.8.4 **County Counsel's Report:** Ms. Carlson reported on two matters of litigation concerning 1937 Act county systems regarding public records requests on pension amounts and the exclusion of overtime from compensation earnable.

- 1007.9 **Report on Actions Taken in Closed Session:** Ms. Carlson reported that Ms. Jadallah convened the board in closed session at 5:15 p.m., with all trustees present for roll call, except Mr. Bowler, in attendance.

The board finds that **Carolina Vinluan** is unable to perform her usual and customary duties as a Registered Nurse; Board denies her application for a service-connected disability retirement and grants her a non-service connected disability retirement.

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The board also approved the initiation of litigation in the matter of Irma Lewis and Margaret Lewis.

Ms. Jadallah then adjourned the closed session and reconvened the meeting in open session at 5:39 p.m.

- 1007.10 **Adjournment in Memory of Deceased Members:** There being no further business, Ms. Jadallah adjourned the meeting at 5:40 p.m., in memory of the following deceased members:

| | | |
|---------------------|---------------|------------------------------|
| Hedberg, Judith | May 24, 2010 | Public Health |
| McCune, Helen | June 7, 2010 | Social Services |
| Baross, David | June 10, 2010 | Sheriff's Office |
| Moriguchi, Felicita | June 11, 2010 | Mental Health |
| Beauford, Miller | June 12, 2010 | Building & Grounds |
| Meadows, Thelma | June 12, 2010 | Chope Hospital |
| Robles, Jean | June 15, 2010 | Library |
| Alfaro, Carlos | June 18, 2010 | Controller |
| Thomas, Mickey | June 20, 2010 | Crystal Springs Rehab Center |
| Bernardo, Gloria | June 21, 2010 | General Services |
| Wilder, Ellen | June 29, 2010 | Probation |

MARGARET JADALLAH, CHAIR