

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

October 25, 2011

Agenda Item 3.0

September 27, 2011 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 1:00 p.m.

1. Call to Order and Roll Call
 - 1.1 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
 - Linda Fitzgibbon
 - Gunvanti Khalasi
 - Service Retirements
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
 - Pending Litigation – One Matter: EADS N.V
 - Trustee Request for Conference Approval
5. Benefit & Actuarial Services
 - 5.1 Consideration of agenda items, if any, removed from the Consent Agenda
 - 5.2 Presentation of the June 30, 2011, Actuarial Valuation Report by Milliman, Inc.
 - 5.3 Presentation of the June 30, 2011, Actuarial Valuation Audit by Segal Company
 - 5.4 Approval of 2012-2013 Fiscal Year and New Hire Employer & Employee Contribution Rates recommended by Milliman, Inc.
 - 5.5 Annual Review of *SamCERA*'s Actuary – Milliman Inc.
6. Investment Services (The Investment Committee will not meet in September)
 - 6.1 Presentation of the Monthly Portfolio Performance Report
 - 6.2 Interviews of International Developed Market Large Cap Growth Managers. (Special Meeting Item 4)
 - 6.3 Discussion and selection of International Developed Market Large Cap Growth Manager (Special Meeting Item 5)
 - 6.4 Selection of Finalists to Interview for *SamCERA*'s Emerging Market Manager Search
 - 6.5 Report on the Annual Review of *SamCERA*'s Domestic and International Equity Growth Portfolios
 - 6.5 a Aberdeen Asset Management –U.S. Core Fixed Income
 - 6.5 b Pyramis Global Advisors – Broad Market Duration
 - 6.5 c Western Asset Management - U.S. Core Full
7. Board & Management Support Services
 - 7.1 Presentation of the Monthly Financial Report
 - 7.2 Presentation of the Monthly Financial Report
 - 7.3 Approval of *SamCERA*'s Investment Costs Budgeting Approach
 - 7.4 Approval of SACRS Voting Delegate and Alternates
8. Management Reports
 - 8.1 Chief Executive Officer's Report
 - 8.2 Assistant Executive Officer's Report
 - 8.3 Chief Investment Officer's Report

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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 legal counsel-existing litigation (Government Code Section 54956(a)
One Matter: EADS N.V.—if removed from the Consent Agenda
 - C3 Conference with legal counsel—anticipated litigation (Government Code Section 54956.9(b))
One matter
9. Report on Actions Taken in Closed Session
10. Adjournment

September 27, 2011 – Board Minutes

0811.1 **Call to Order:** Mr. David, Chair, called the Public Session of the Board of Retirement to order at 1:06 p.m., September 27, 2011, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 160, Redwood Shores, California.

Roll Call: Ms. Arnott, Mr. David, Ms. Kwan Lloyd, Mr. Tashman, Ms. Agnew, Mr. Spinello, Mr. Hackleman, Ms. Settles, *Excused* Mr. Bowler. *Other Board Members in Attendance:* Mr. Murphy, Ms. Salas. *Staff:* Mr. Bailey, Ms. Carlson, Mr. Hood, Ms. Dames, Ms. Meitz Ms. Wong, and Ms. Smith. *Consultants:* Mr. Brody and Mr. Thomas, Strategic Investment Solutions. *Retirees:* 0, *Public:* 7.

0811.2.1 **Oral Communications From the Board:** Ms. Agnew reported attending two conferences in San Francisco: SOCAP Impact Investing Conference and Real Assets/Infrastructure Conference, both were enjoyable. Ms. Settles also attended the Information Management Network, in Florida, and said it was a very good conference.

0811.2.2 **Oral Communications From the Public:** None.

0811.3 **Approval of the Minutes:** Ms. Arnott submitted one change to the minutes: Member's first name was missing in *Member Account Refunds*. Corrected to show: **Mekathikom, Theeraputhst**. Mr. Murphy submitted a change to the *2012 Board/Staff Retreat* date ~~April 26, and April 27~~. Date corrected to show **April 24 and April 25, 2012**.

Motion by Spinello, second by Arnott, carried unanimously to approve the board minutes of the August 23, 2011 meeting, as amended.

0811.4 **Approval of the Consent Agenda:** Mr. David removed the one matter regarding the anticipated litigation from the consent agenda to be taken under consideration in closed session.

Motion by Hackleman, second by Spinello, carried unanimously to approve the day's consent agenda as follows:

Disability Retirements:

The board found that **Linda Fitzgibbon** is disabled from performing her usual and customary duties as a Courtroom Clerk II, and grants her a service-connected disability retirement.

The board found that **Gunvanti Khalasi** is disabled from performing her usual and customary duties as a Custodian, and grants her a service-connected disability retirement.

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Service Retirements:

Member Name	Effective Retirement Date	Department
Covall-Alves, Sandra	June 28, 2011	Def' from Business Administration
Montoya, Mary	July 1, 2011	Public Health
Zarganis, Nadine	July 1, 2011	Probation
Aguilera, Jose	July 3, 2011	Plan 3 Only
Ho, Gary	July 9, 2011	San Mateo Medical Center
Peterson, Marie	July 9, 2011	County Manager's Office
Arvold, Nancy	July 13, 2011	Def'd from Mental Health
Ancheta, Princesita	July 14, 2011	Probation
Arndt, Justin	July 14, 2011	Human Services Agency
Dekovic Cecilia	July 14, 2011	Human Services Agency
Hoodye, Belinda	July 14, 2011	Public Safety Commission
McCabe-Wackwitz, Ellen	July 14, 2011	Human Services Agency
Munson, Darla	July 14, 2011	Human Services Agency
Folau, Teresa	July 16, 2011	Public Health
Uribe, Thelma	July 18, 2011	Def'd from Child Support Svcs
Williams, Leroy	July 21, 2011	Human Services Agency
Mayer, Dennis	July 24, 2011	Sheriff's Office
Jenkins, Jackie	July 30, 2011	San Mateo Medical Center
Sifuentes, Teresa	July 30, 2011	Human Services Agency

Continuance of Benefits:

Member Name	Beneficiary of:
Ham, Shirley	Ham, James

Deferred Retirements:

Member Name	Retirement Plan Type
Tyler, Eldoretha	G4 Vested
Grandados, Michelle	G4 Vested
Silvestri, Gloria	G4 Vested
Chan, Curtis	G4-Reciprocity
Diaz, Claudia	G4 Vested - Reciprocity

Member Account Refunds:

Member Name	Retirement Plan Type
Arramdani, Rosa	G2 Vested
Chrisman, Vanessa	G4 Vested
Debbs, Louis	QDRO of Debbs,
Gonzalez, Justine	G4 Vested
Guerrero De Alfaro,	G4 Non-vested
Guevara, Maria	G4 Non-vested
Jimenez, Bernadette	G4 Non vested
Johnsen, Christina	G4 Vested
Mendoza, Martin	G4 Vested
Randall, Lisa	G4 Non-vested
Sinipata, Vika	G4 Non-vested

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Member Account Rollovers:

Member Name	Retirement Plan Type
Hilario, Melinda	G4 Vested
Labatch, Justine	G4 Non-vested
Linhares, Lisa	G4 Non-vested
Nguyen, Brian	G4 Non-vested
Onwuka, Mabel	G4 Non-vested

0811.5 **Benefit & Actuarial Services**

0811.5.1 **Consideration of Benefit & Actuarial Items, if any, removed from the Consent Agenda:**
Please see agenda item 9.0 for Report on Actions Taken in Closed Session.

0811.5.2 **Presentation of the June 30, 2011, Actuarial Valuation Report by Milliman, Inc.:** Mr. Nick Collier was present to discuss the results of Milliman's June 30, 2011, Actuarial Valuation Report. In his summary, he mentioned last year's actuarial valuation process that resulted in a decrease in the recommended average employer contribution rate from 34.0% to approximately 31.4% of pay. He noted that the Board of Retirement kept the rate at 34%, with the knowledge that the employer contribution rate would likely increase in future years. This action was supported by the County Manager and approved by the Board of Supervisors. This year's valuation calculated the employer rate at 31.0%. Although the financial situation has improved, it was recommended that the average employer rate be held steady at 34%. Mr. Collier, the County Manager and staff supported this proposal. Mr. Bailey mentioned he will be taking the new tier rates to the Board of Supervisors. Mr. Collier mentioned this year's valuation also resulted in an improvement in the funded ratio of the system from 70.3% to 74.1%.
Ms. Settles mentioned being interested in Mr. Collier's views on the new GASB rules.

No board action was taken. The report was informational.

0811.5.3 **Presentation of June 30, 2011, Actuarial Valuation Audit by Segal Company:** Mr. Paul Angelo and Mr. Andy Yeung, of Segal Company, were present to review their actuarial valuation audit report. The valuation results were prepared using the actuarial assumptions approved by the Board for the 2011 valuation. Mr. Angelo reported that Segal's present value of future benefits is 100% of Milliman's present value of future benefits. This key result is the basis for all other liability and cost calculations in the valuation. In reviewing the actuarial processes by Milliman, some recommended improvements were suggested. Segal recommended a change in the next valuation, and suggested *SamCERA* and Milliman explore for the next valuation having *SamCERA's* pension and accounting system maintain the asset share.

No board action was taken. The report was informational.

0811.5.4 **Approval of 2012-2013 Fiscal Year and New Hire Employee Contribution Rates Recommended by Milliman, Inc.:** Mr. Bailey introduced a resolution recommending that the current 2011-12 employer contribution rates for the County of San Mateo, the San Mateo County Courts, and the Mosquito & Vector Control District, be retained and in effect for the 2012-13 fiscal year for all members hired prior to the implementation of new benefit formulas

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in 2011 and 2012. Mr. Bailey reported that adoption of the resolution will result in a slight, less than 1% of pay increase in member contribution rates for current members. He also stated that maintaining the current rates will lower the level of expected future increases and steer *SamCERA* on the path toward greater fiscal strength.

Motion by Hackleman, second by Kwan Lloyd, carried unanimously to adopt
Resolution 11-12-09

RESOLUTION ACCEPTING CONTRIBUTION RATES TO RECOMMEND TO THE BOARD OF SUPERVISORS FOR THE 2012-2013 FISCAL YEAR.

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

WEREAS, the Board has received and accepted the June 30, 2011, valuation report from its actuarial firm, Milliman, Inc., and

WHEREAS, maintaining payment of the 2011-12 employer rates will lower the level of expected future increases and help keep *SamCERA* on a path toward greater fiscal strength, and

WHEREAS, the Chief Executive Officer has recommended, in agreement with Milliman, Inc., the contribution rates 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 set forth below for the fiscal year 2012-2013.

Be it further

RESOLVED that the Board recommends that the Board of Supervisors adopt the recommended **employer contribution rates** for members hired prior to the implementation of new benefit formulas in 2011 and 2012 for the County of San Mateo, the San Mateo Superior Court and the San Mateo County Mosquito & Vector Control District in accordance with the schedule provided by Milliman, Inc. entitled “Update to county Contribution Rates for fiscal Year Beginning July 1, 2012” as a percentage of covered salaries, effective July 1, 2012.

Be it further

RESOLVED that the Board of Retirement hereby recommends that the Board of supervisors adopt the recommended entry age **member contribution rates** for members hired prior to the implementation of new benefit formulas in 2011 and 2012 of the County of San Mateo, the San Mateo Superior Court and the San Mateo County Mosquito & Vector Control District in accordance with the schedules set forth in the attachments provided by Milliman, Inc., entitled “*Exhibit D-2: Basic Plus Cost-Sharing Member Contribution Rates, and “Exhibit D-3: Basic Plus Cost-Sharing Member Contribution Rates, With 25% COLA Share*” as a percentage of

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covered salaries, effective July 1, 2012.

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, 2012.

0811.5.5 **Annual Review of SamCERA's Actuary – Milliman Inc.:** Mr. Bailey reported *SamCERA's* actuaries completed a self-performance evaluation. Milliman rated themselves a solid 4. Staff rated Milliman as a 5, while the Board's average rating was 4.5. Comments on the overall evaluation were positive. Mr. Bailey noted that he personally believes Mr. Collier does a great job and noted that actuarial audits are performed every six years. Mr. Bailey will look into including actuarial information, as an educational tool, in the upcoming retreat in addition to the new GASB rules.

0811.6 **Investment Services**

0811.6.1 **Presentation of the Monthly Portfolio Performance Report:** As an informational report, Mr. Bailey reported that *SamCERA's* -4.34% Total Fund Return for the month underperformed the Total Plan Policy Benchmark return of -4.15%. He said that the fund's returns for the trailing twelve-month and twenty-four months are 14.81% and 10.48% respectively. The twelve-month period is 706 basis points (bps) above the Actuarial Discount rate of 7.75%. For the same period the total fund return is 12 basis points behind *SamCERA's* Total Plan Policy Benchmark of 14.93%. It was reported that, *SamCERA* should expect to underperform the total Plan Policy Benchmark in the initial stages of its private equity implementation. It was also noted that the above portfolio returns do not reflect the performance of all portfolios. As of the board meeting, monthly performance for Angelo Gordon's PPIF, AQR's risk parity, AQR's hedge fund, various private equity and Invesco's core real estate portfolio have not been reported.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
<i>Domestic Equity</i>	801,901,079	-7.47%	19.25%	-0.37%
<i>International Equity</i>	375,325,437	-8.45%	8.54%	-0.58%
Total Equity	1,177,226,516	-7.78%	15.81%	-0.45%
Private Equity	8,928,175	3.49%	N/A	N/A
Risk Parity	150,245,200	0.00%	N/A	N/A
Hedge Fund	69,604,360	0.00%	N/A	N/A
Fixed Income	584,285,796	0.07%	7.19%	6.29%
Real Estate Aggregate	135,475,106	0.00%	24.80%	0.18%
Commodities	73,086,065	-2.55%	N/A	N/A
Cash Equivalents	54,234,196	0.09%	1.00%	1.40%
TOTAL FUND	2,253,085,414	-4.34%	14.81%	1.94%
<i>Benchmark</i>		-4.15%	14.93%	3.25%

* Total Time-Weighted Rate of Return

0811.6.2 **Interviews of International Developed Market Large Cap Growth Managers**
 See minutes of September 27, 2011, Special Board meeting.

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0811.6.3 **Discussion and Selection of International Developed Market Large Cap Growth Manager:** Baille Gifford & Company was selected at the 8:00 a.m. special meeting by the Board of Retirement.

0811.6.4 **Selection of Finalists to interview for SamCERA's Emerging Market Manager Search:** Mr. Brody reported sending out 10 Request for Information packets in search of finalists to interview. Based on information gathered from the responses, SIS and staff recommended the board consider three of the four and invite the finalists to the October Board meeting. The four include: Dimensional Fund Advisors, Eaton Vance Management, Quantitative Management Associates, and Schroder Investment.

Motion by Settles, second by Agnew, carried unanimously to select Eaton Vance Management, Dimensional Fund Advisors, and Schroder Investment for interviews.

0811.6.5 **Reports on Annual Reviews of SamCERA's Core Bond Portfolio Managers**

6.5a Aberdeen Asset Management- Mr. Thomas provided an overview of Aberdeen Asset Management's annual review held on September 15, 2011. Those present were: John Nicolini, SIS Investment Consultant, Mr. Clifton, Mr. Christopher Gagnier, AAMI's Head of Investments and Boris Karol, AAMI's Client Relationship Manager. Staff and consultant reviewed SamCERA's Core and Core-plus bond managers. He reported that all three managers have been performing very well for over the last year and a half. Aberdeen continues to see real value and to hold a big weight in non-index exposure.

6.5b Pyramis Global Advisor: Mr. Thomas provided an overview of Pyramis Global Advisors annual review held on September 15, 2011. Those present were: John Nicolini, SIS, Mr. Clifton, Bailey Bishop, Pyramis Institutional Portfolio Manager, CFA, and Sue Curran, Pyramis Senior VP, Relationship Manager. He mentioned that Pyramis is index oriented and reported that Pyramis is a bank trust organization and is not registered with the SEC.

6.5c Western Asset Management (WAM): Mr. Thomas provided an overview of WAM's annual review held on September 15, 2011. Those present were: John Nicolini, SIS, Mr. Clifton, Travis M. Carr, WAM Product Specialist, CFA, and Frances L. Coombes, WAM Client Service Executive. Of the three, Mr. Thomas said WAM takes a little more risk and exposure.

0811.6.6 **Approval of ABRY VII Consent to Amend the Agreement:** Mr. Thomas recommended that the board authorize the chair to execute a consent form which will state that SamCERA agrees to allow ABRY VII to increase its allowable investments outside of North America from 10% to 15%. Ms. Carlson mentioned that the agreement had been reviewed.

Motion by Tashman, second by Kwan Lloyd, carried unanimously to authorize the Board Chair to approve the ABRY VII form.

0811.6.7 **Approval of AQR Requested Completion of FINRA Rule 5131 New Issues Questionnaire:** Mr. Thomas recommended that the Board authorize the chair to execute the FINRA (Financial Industry Regulatory Authority) Rule 5131 New Issues Questionnaire for AQR. Ms. Carlson noted that the deadline had passed and that she had not seen the questionnaire and would need to review the document. It was decided that the chair would authorize the

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execution of the document, subject to legal approval. In the best interest of *SamCERA*, Ms. Carlson will do what is necessary and advise the board via email, on that decision.

Motion by Tashman, second by Spinello, and carried unanimously to authorize the Board Chair to sign the FINRA questionnaire following approval by *SamCERA* legal counsel.

0811.7 **Board & Management Support Services**

0811.7.1 **Presentation of the Monthly Financial Report:** In an informational report, Mr. Bailey reported that *SamCERA's* net assets, held in trust for pension benefits, decreased by approximately \$110.3 million, month over month. The decrease is primarily due to market depreciation in assets.

0811.7.2 **Approval of Amendments to *SamCERA's* Conflict of Interest Code:** Mr. Bailey recommended that the board adopt a resolution amending *SamCERA's* Conflict of Interest Code. Adoption of the resolution will set a standard under which the staff will determine and notify investment management firms of *SamCERA's* form 700 filing requirements.

Motion by Spinello, second by Kwan Lloyd, and carried unanimously to adopt the Resolution amending *SamCERA's* Conflict of Interest Code.

RESOLUTION AMENDING THE CONFLICT OF INTEREST CODE FOR THE SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

WHEREAS, the board has adopted a Code of Fiduciary Conduct which requires among other things, that Trustees, the Chief Executive Officer, Consultants, Investment Managers and other professionals retained by the board and *SamCERA* staff shall comply with the provisions of the California Constitution; the Political Reform Act of 1974, as amended...and all other laws pertinent to the conduct of public pension fund fiduciaries; and

WHEREAS, Government Code §87300 mandates the adoption of a Conflict of Interest Code by independent public agencies; and

WHEREAS, the board, by Resolution 96-97-03, adopted the Conflict of Interest Code provisions of the California Fair Political Practices Commission (FPPC) Regulation 18730; and

WHEREAS, Government Code §87306.5 mandates that the board review its designation of employees and disclosure categories from time to time. Therefore, be it

RESOLVED that the board hereby instructs the Chief Executive Officer to provide annual disclosure Form 700s to all trustees and all individuals in the *Designated Positions*. Each individual receiving said form must file the original Form 700 with the Chief Executive Officer who must make and retain a copy and forward the original to the County Clerk. Form 700 must be filed at the times and on the forms prescribed by law. Failure to file statements on time may result in penalties, including but not limited to late fines. Be it further

RESOLVED that the board hereby instructs the Chief Executive Officer to implement a program to provide reasonable assurance that foreseeable potential conflict of interest situations will be disclosed and prevented and to provide each affected person with a clear and

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specific statement of his or her duties under the Conflict of Interest Code. Be it further

RESOLVED that the board hereby instructs the Chief Executive Officer to supply the necessary forms and manuals, to monitor timely and complete filing compliance, to take action regarding late filings and to report apparent violations of the Conflict of Interest Code to the Board.

RESOLVED that the board hereby redefines *SamCERA's* List of Designated Individuals and Disclosure Categories per FPPC Regulation 18730, to read as follows:

DESCRIPTION OF FINANCIAL DISCLOSURE CATEGORIES

Category 1: Persons in this category shall disclose all interest in real property within the boundaries of the County of San Mateo or within two miles outside the boundaries of the County of San Mateo and property located within two miles of any land owned or used by *SamCERA*. Persons are not required to disclose property, such as a home or vacation cabin, used exclusively as a personal residence.

Category 2: Persons in this category shall disclose all business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by *SamCERA*.

Category 3: Persons in this category shall disclose all business positions and investments in business entities that are the type in which *SamCERA's* trust funds may be invested (include securities, real estate and business entities), all income (including gifts and loans) from such business entities, and all interests in real estate co-owned with or purchased from such *SamCERA* business entities.

Category 4: Persons in this category are those investment consultants have been determined by the Chief Executive Officer to have a requirement to file and such consultant shall disclose all business positions and investments in business entities that are the type in which, under the terms of that consultant's agreement with *SamCERA*, *SamCERA's* trust funds may be invested by that consultant's employer (include securities, real estate and business entities), all income (including gifts and loans) from such business entities, and all interests in real estate co-owned with or purchased from such *SamCERA* business entities.

ADOPTED by unanimous vote, February 23, 1999
AMENDED by unanimous vote, February 22, 2000
AMENDED by unanimous vote, February 27, 2001
AMENDED by unanimous vote, February 26, 2002
AMENDED by unanimous vote, March 25, 2003
AMENDED by unanimous vote, February 22, 2005
AMENDED by unanimous vote, January 24, 2006
AMENDED by unanimous vote, February 26, 2008
AMENDED by unanimous vote, July 28, 2009
AMENDED by unanimous vote, March 2010
AMENDED by unanimous vote, September 2011

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0811.7.3 **Approval of *SamCERA*'s Investment Costs Budgeting Approach:** Mr. Bailey reported that *SamCERA* has budgeted for staff salary, benefit and overhead costs related to investment management under the Asset Management Budget rather than under the Administrative Budget. After reviewing 31596.1, and discussing the opinions of other '37 act systems regarding its interpretation, and considering the changes in the '37 act limits on the administrative budget, it is appropriate to reallocate all staff investment management costs to the administrative budget.

Motion by Mr. Hackleman, second by Ms. Agnew, carried unanimously to approve the inclusion of all *SamCERA* staff investment costs within the Administrative Budget.

0811.7.4 **Approval of SACRS Voting Delegate and Alternates:** Mr. Bailey recommended that the board designate Mr. David, Board Chair, as the Voting Delegate, David Spinello, Trustee, as the First Delegate Alternate, and David Bailey, CEO, as the Second Delegate Alternate to cast *SamCERA*'s votes at the Fall 2011 SACRS Conference.

Motion by Agnew, second by Arnott, carried unanimously to approve the staff recommendation.

0811.8 **Management Reports**

0811.8.1 **Chief Executive Officer's Report:** Mr. Bailey informed the board of *SamCERA*'s new medical advisor, Dr. Henry Brodtkin. He mentioned Dr. Brodtkin's qualifications and noted that he is currently working for the County as extra help, making *SamCERA*'s billing and payment process easier. Mr. Bailey also mentioned renewal of Milliman's contract that will expire at the end of the year. The audits went very well and he plans on requesting that the board renew Milliman's contract for an additional three year term.

0811.8.2 **Assistant Executive Officer's Report:** *Mr. Hood* reported a 3 to 5 week furniture delay, and as a result, the project to expand *SamCERA*'s office space has been extended. He also mentioned the financial education season is underway and noted the overwhelming response to the "I'm Eligible To Retire, What Now?" seminar. He feels that the collaboration with the Benefits Office contributed to the popularity of the class. Mr. David said that people in his shop were very excited after attending the class.

0811.8.3 **Chief Legal Counsel Report:** Ms. Carlson reported on 2011 Enrolled/Chaptered Legislation. She touched upon: **AB 89** (Hill. County employee's retirement, San Mateo Only, **AB 340**, (Furutani) PERS/STERS '37 Act-All Systems, **SB 398**, (Hernandez) Retirement: placement agents.-PERS/STERS/All 37 Act Systems. She spoke briefly of placement agent regulations and lobbying restrictions.

0811.9 **Report on Actions Taken in Closed Session:** Ms. Carlson reported that Mr. David took the board meeting into closed session, with all trustees present for roll call in attendance. The board met in closed session to discuss the one matter regarding anticipated litigation. The board unanimously approved the participation of *SamCERA*'s lead counsel in the Dendreon Securities litigation matter and approved entering into a service agreement with Bernstein Litowitz Berger & Grossmann.

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- 0811.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 3:27 p.m., in memory of the following deceased members:
- | | | |
|---------------------|-----------------|--------------------------|
| Frazier, Delphine | August 5, 2011 | Ben of Frazier, Thomas |
| Liukkonen, Mary | August 13, 2011 | Ben of Liukkonen, Reino |
| Truesdale, Margaret | August 22, 2011 | Library |
| Rosenthal, Mary | August 23, 2011 | Ben of Rosenthal, Irving |
| Jackson, Barbara | August 28, 2011 | Vocational Services |
| Fitzgerald, Mary | August 30, 2011 | Library |
| Mambrin, Mafalda | August 30, 2011 | Ben of Mambrin, Joseph |
| Machhi, Hemlataben | August 31, 2011 | San Mateo Medical Center |

AL DAVID, CHAIR