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

October 25, 2011

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
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.
## Service Retirements:

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

## Continuance of Benefits:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Beneficiary of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ham, Shirley</td>
<td>Ham, James</td>
</tr>
</tbody>
</table>

## Deferred Retirements:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyler, Eldoretha</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Grandados, Michelle</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Silvestri, Gloria</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Chan, Curtis</td>
<td>G4-Reciprocity</td>
</tr>
<tr>
<td>Diaz, Claudia</td>
<td>G4 Vested - Reciprocity</td>
</tr>
</tbody>
</table>

## Member Account Refunds:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arramadi, Rosa</td>
<td>G2 Vested</td>
</tr>
<tr>
<td>Chrisman, Vanessa</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Debbs, Louis</td>
<td>QDRO of Debbs,</td>
</tr>
<tr>
<td>Gonzalez, Justine</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Guerrero De Alfaro,</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Guevara, Maria</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Jimenez, Bernadette</td>
<td>G4 Non vested</td>
</tr>
<tr>
<td>Johnsen, Christina</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Mendoza, Martin</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Randall, Lisa</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Sinipata, Vika</td>
<td>G4 Non-vested</td>
</tr>
</tbody>
</table>
Member Account Rollovers:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilario, Melinda</td>
<td>G4 Vested</td>
</tr>
<tr>
<td>Labatch, Justine</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Linhares, Lisa</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Nguyen, Brian</td>
<td>G4 Non-vested</td>
</tr>
<tr>
<td>Onwuka, Mabel</td>
<td>G4 Non-vested</td>
</tr>
</tbody>
</table>

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
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
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.

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

Benchmark

<table>
<thead>
<tr>
<th>Market Value</th>
<th>1-Month</th>
<th>1-year TTWRR*</th>
<th>5-year TTWRR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark</td>
<td>-4.15%</td>
<td>14.93%</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

* 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.
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
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
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 of 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
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 Brodkin. He mentioned Dr. Brodkin’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.
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