

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

September 24, 2013

Agenda Item 3.0

August 27, 2013 – Board Agenda

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

1. Call to Order, Roll Call and Miscellaneous Business

- 1.1 Announcement of the Appointment of Board 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

Disability Retirements

- a. Manjula Chandr
- b. Ida daRoza
- c. Daisy Lilles
- d. Dennis Mayer
- e. Carlos Mena
- f. Rose Pichay
- g. Jennifer Slegers

4.2 Service Retirements

4.3 Continuances

4.4 Deferred Retirements

4.5 Member Account Refunds

4.6 Member Account Rollovers

4.7 Trustee Conference Request

4.8 Acceptance of Semi-Annual Compliance
Certification Statements for period ending
June 30, 2013

5. Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda

6. Investment Services (The Investment Committee will meet at 10:00 a.m. on August 27, 2013)

- 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending July, 31, 2013
- 6.2 Quarterly Investment Performance Report for the Period Ending June 30, 2013
- 6.3 Report on Core Bond Manager Annual Reviews
- 6.4 Discussion of Asset-Liability Simulation Results and Approval of New Asset Class Target Portfolio
- 6.5 Annual Review of SamCERA's Security Lending Program
- 6.6 Discussion and Approval to Transfer Portion of Mondrian Assets
- 6.7 Report on Trading Cost Analysis for Equity and Fixed Income Managers

7. Board & Management Support Services

- 7.1 Presentation of Monthly Financial Report
- 7.2 Report on Status of 2012-13 Financial Audit
- 7.3 Report on County's Plan for Supplemental Contributions
- 7.4 Approval of SamCERA Logo Design

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 Chief Legal Counsel's Report

CLOSED SESSION – The Board may meet in closed session prior to adjournment

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda

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9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Wightman, Anneliese	July 1, 2013	General Services
Eisenson, Eileen	July 3, 2013	Social Services
Ryner, Frances	July 3, 2013	General Services
Sans, Robert	July 11, 2013	Public Works
Coulter, Wilna	July 11, 2013	Probation
Oro-Bedrosian, Dolores	July 15, 2013	Probation
Knutson, Gordon	July 17, 2013	Ben. of Beatrice Knutson
Murray, Minnie	July 18, 2013	Health Department
Deferville, Rose	July 18, 2013	Public Health
Lord, Virginia	July 20, 2013	Crystal Springs
Roth, Julius	July 24, 2013	Ben. of Barbara Roth
Caughey, Patricia	July 28, 2013	Mental Health
Schofield, Richard	July 30, 2013	Sheriff's Department

August 27, 2013 – Regular Board Meeting Minutes

1308.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Ms. Natalie Kwan Lloyd, Chair, called the Regular Meeting of the Board of Retirement to order at 1:02 p.m.

Roll Call:

Present: Sandie Arnott, Lauryn Agnew, Ben Bowler, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Christopher Miller (sitting in for David Spinello), Michal Settles and Eric Tashman.

Excused: David Spinello

Alternates: Alma Salas

Staff: David Bailey, Michael Coultrip, Brenda Carlson, Gladys Smith, Tariq Ali, Mabel Wong, Lili Dames and Kristina Perez.

1308.1.1 Announcement of the Appointment of Board Committees: Ms. Kwan Lloyd announced that the Board's committees would retain the same members as the previous year. The Audit Committee includes Natalie Kwan Lloyd, Paul Hackleman, and Sandie Arnott, with Eric Tashman serving as the Chair. The Investment Committee includes Ben Bowler, Lauryn Agnew, Michal Settles and with Al David as Chair. The Succession Planning Committee members are Al David, Ben Bowler, Michal Settles, and Paul Hackleman will serve as Chair. After the Board of Supervisors approves the re-appointment of two Board members, other committees may be announced.

1308.2.1 Oral Communications From the Board: Ms. Settles reported on the interview meeting she had with County Supervisors Pine and Horsley regarding her re-appointment. Ms. Settles summarized some of the topics and comments from that discussion. Mr. Bowler also reported on his re-appointment interview with the Supervisors.

1308.2.2 Oral Communications From the Public: Ms. Smith introduced JulieAnne Nagal who was recently hired as a Support Specialist at SamCERA.

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1308.3.0 **Approval of the Board Meeting Minutes:** Ms. Kwan Lloyd asked if there were any changes or corrections to the minutes, and none were noted.

Action: Ms. Arnott moved to approve the regular and special meeting minutes from the Board meetings held on July 23, 2013. The motion was seconded by Mr. David and carried unanimously.

1308.4.0 **Approval of the Consent Agenda:** Ms. Kwan Lloyd asked if there were any items to be removed from the Consent Agenda, and no items were removed.

Action: Mr. Hackleman moved to approve the Consent Agenda, and the motion was seconded by Mr. David and carried unanimously.

1308.4.1

Consent Agenda

Disability Retirements

- a. The Board found that **Manjula Chandr** is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Services Assistant, (2) found that her disability was a result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.
- b. The Board found that **Ida daRoza** is (1) permanently incapacitated for the performance of her usual and customary duties as a Librarian, (2) found that her disability was not a result of an injury arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.
- c. The Board found that **Daisy Lilles** is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Office Assistant, (2) found that her disability was a result of an injury arising out of and in the course of her employment, (3) granted her application for a service-connected disability retirement.
- d. The Board found that **Dennis Mayer** is (1) permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, (2) found that his disability was not a result of an injury arising out of and in the course of his employment, (3) denied his application for a service-connected disability retirement and (4) grant him a non-service-connected disability retirement.
- e. The Board found that **Carlos Mena** is (1) permanently incapacitated for the performance of his duties as a Psychiatric Nurse, (2) found that his disability was a result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.
- f. The Board found that **Rose Pichay** is (1) permanently incapacitated for the performance of her duties as Medical Surgical Staff Nurse, (2) found that her disability was a result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.
- g. The Board found that **Jennifer Slegers** is (1) permanently incapacitated for the performance of her duties as a Deputy Sheriff, (2) found that her disability was a result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.

Service Retirements

The Board ratified the actions as listed below for the following members regarding service retirements:

Member Name	Effective Retirement Date	Department
Bana, Nancy	June 14, 2013	Courts
Chin, Yet	June 19, 2013	Assessor's Office

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Service Retirements

Drake, Linda	June 29, 2013	Mental Health Department
Driver, Tedd	June 24, 2013	Def'd. from ISD
Gonzales, Kathleen	June 29, 2013	Probation
Guerrero, Estela	June 18, 2013	Def'd. from Sheriff's Dept.
Lewis, Ouida	June 22, 2013	Courts
Makhlouf, Aleanor	June 29, 2013	Aging and Adult Services
Ryan, Dennis	June 21, 2013	Def'd. from Sheriff's Dept.

1308.4.3 **Continuances**

The Board ratified the actions as listed below for the following members regarding continuances:

Survivor's Name	Beneficiary of
Breen, Mary	Breen, Robert
Sprague, Yulanda	Sprague, Dewitt

1308.4.4 **Deferred Retirements**

The Board ratified the actions as listed below for the following members regarding deferred retirements:

Member Name	Retirement Plan Type
Barnett, Sanford	G4 Vested w/incoming reciprocity, Auto Defer
Elmore Reeder, Chantilli L.	G4 Vested
Schukle, Amanda	G4 Vested w/incoming reciprocity, Auto Defer
Hagen, Michael	S4 Vested w/incoming reciprocity, Auto Defer
Cabrera, Leticia	G4 Vested w/incoming reciprocity, Auto Defer
Carlos, Arlene	G4 Vested – Auto Defer
Chandr, Manjula	G4 Vested – Auto Defer
Langi, Ana	G4 Vested – Auto Defer
Nar, Asher	G4 Vested – Auto Defer
Chavez, Himer	G4 Vested – Auto Defer
Johnson, Alonzo	G4 Vested – Auto Defer
Villamor, Sixta	G4 Vested – Auto Defer
Aficial, Teresita	G4 Vested – Auto Defer
Calvert, Elsa	G4 Vested – Auto Defer
Zamora-Cortez,	G4 Vested – Auto Defer
MaryKeyes, Marcia	G4 Vested – Auto Defer
Catambay, Milagros	G4 Vested – Auto Defer
Pagarigan, Rey	G4 Vested – Auto Defer
Ebora, Julie	G4 Vested – Auto Defer
Fernandez, Manolo	G4 Vested – Auto Defer
Delgado, Cilda	G4 Vested – Auto Defer
Jackson, Katherine	G4 Vested – Auto Defer
Guerrero, Isabel	3 Vested – Auto Defer
Zaru, Donna	G4 Vested
Herico, Thannette	G4 Vested
Ayala, Dolores	G4 Vested
Borja, Hugo	G4 Vested
Matthews, Sherry	G4 Vested

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Deferred Retirements (con't)

Ramseur, Shari	G4 Vested
Romero, Rowena	G4 Vested
Tom, Christopher	G5 Non Vested - Reciprocity

1308.4.5 **Member Account Refunds**

The Board ratified the actions as listed below for the following members regarding refunds:

Member Name	Retirement Plan Type
Hazard, Kareem	G7 Non-vested
Avila, Carmen	G4 Non-vested
Babiera, Gloria	G4 Non-vested
Morales, Salvador	G4 Non-vested
Wright, Duperly	G4 Vested
Pulido, Ericka	G4 Vested
Nguyen, Angela	G5 Non-vested

1308.4.6 **Member Account Rollovers**

The Board ratified the actions as listed below for the following members regarding rollovers:

Member Name	Retirement Plan Type
Davis, Elizabeth	G4 Non-vested
Cerda, Felix	G4 Vested
Librian, Tiffany	G4 Non-vested

1308.4.7 **Trustee Conference Request:** The Board approved Alma Salas' attendance at "The Future of Corporate Reform".

1308.4.8 **Acceptance of Semi-Annual Compliance Certification Statements for period ending June 30, 2013:**
The Board reviewed and accepted the semi-annual Compliance Certification Statements for Brigade Capital Management & D.E. Shaw, as of June 30, 2013.

1308.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None

1308.6.0 **Investment Services**

1308.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented this item and reported that the fund's net preliminary return for July was +3.3%, while the preliminary trailing twelve month return was +15.3% net. This item was for discussion only and no action was taken.

1308.6.2 **Quarterly Investment Performance Report for the Period Ending June 30, 2013:** Mr. Thomas reviewed the quarterly report with the Board, and reviewed the sources of outperformance and underperformance for the 2nd quarter and for the fiscal year ending 6/30/13. This agenda item was informational only and no action was taken.

1308.6.3 **Report on Core Bond Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's core bond managers on August 8, 2013 and there were no significant concerns identified with either Western Asset or Pyramis Global. She stated that a personnel change was addressed with one manager. This item was informational only and no action was taken.

1308.6.4 **Discussion of Asset-Liability Simulation Results and Approval of New Asset Class Target Portfolio:** Mr. Thomas presented the report, and reviewed with the full Board what the Investment Committee had discussed. The Investment Committee recommended that this item be brought back for consideration at the September Board meeting to allow SIS to provide more detailed justification for the proposed changes to the asset allocation target portfolio. The item was continued and no action was taken.

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- 1308.6.5 **Annual Review of SamCERA's Security Lending Program:** Ms. Dames reported that the securities lending program had earned \$5.9M since it started, and earned \$620,000 this fiscal year. This item was informational only and no action was taken.
- 1308.6.6 **Discussion and Approval to Transfer Portion of Mondrian Assets:** Mr. David reported that the Investment Committee recommended Board approval to change the vehicle used to gain exposure to emerging markets in our Mondrian account from the Delaware Pooled Trust Emerging Markets Equity Portfolio to the Mondrian Emerging Markets Equity Fund, LP. In an effort to simplify the relationship with the manager and provide savings for SamCERA. It was noted transaction costs would be refunded over a two year period by Mondrian for this transition.
Action: Mr. David moved to approve the transfer of assets as discussed. Ms. Agnew seconded the motion and it carried unanimously.
- 1308.6.7 **Report on Trading Cost Analysis for Equity and Fixed Income Managers:** Mr. Vinod Pakianathan gave a presentation to the Board highlighting Zeno Consulting's history and reviewed the way transaction costs are calculated. Board members discussed with Mr. Pakianathan scenarios where transaction costs may be higher as a by-product of a manager's strategy, and how that is considered in the analysis. Mr. Pakianathan went over specific results of the analysis prepared for SamCERA. This item was for discussion only and no action was taken.
- 1308.7.0 **Board & Management Support Services**
- 1308.7.1 **Presentation of Monthly Financial Report:** Ms. Wong presented the monthly financial report to the Board. This item was informational only and no action was taken.
- 1308.7.2 **Report on Status of 2012-13 Financial Audit:** Ms. Wong reported the Brown Armstrong audit team led by Brooke Baird and Ashley Casey were here in June for interim work and they are back this week reviewing our financials and investment information. She reported improved communication between staff and the firm, as a result of working directly with Mr. Andy Paulden. This item was informational only and no action was taken.
- 1308.7.3 **Report on County's Plan for Supplemental Contributions:** Mr. Bailey discussed the County's plan to provide supplemental contributions to the SamCERA fund, as received preliminary approval by the County Board of Supervisors on August 6. He explained the County's intentions for these funds, and how staff is preparing an MOU to determine the proper treatment of supplemental funds. Mr. Bailey noted the exceptional action taken by the Board of Supervisors, and expressed gratitude to the County staff, Supervisors, County Controller, the lead actuary and SamCERA staff members who facilitated this discussion and worked on the details. This item was for discussion only and no action was taken.
- 1308.7.4 **Approval of SamCERA Logo Design:** Mr. Bailey presented the logo design with a lighthouse added to the SamCERA name. This will be used on letter-head and other stationary.
Action: Mr. David moved to approve the new logo. The motion was seconded by Ms. Arnott, and carried unanimously.
- 1308.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that SamCERA had again received the GASB Award for Excellence in Financial Reporting, for the CAFR and PAFR.
- 1308.8.2 **Assistant Executive Officer's Report:** None.

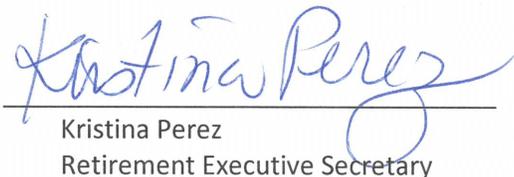
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- 1308.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that the Clifton overlay management went live on July 31, and the rebalancing feature will be implemented after the asset allocation study and determination.
- 1308.8.4 **Chief Legal Counsel's Report:** Ms. Carlson gave an update of legislative actions related to PEPRA and the Public Records Act.
- 1308.9 **Report on Actions Taken in Closed Session:** None
- 1308.10 **Adjournment:** With no further business, Ms. Kwan Lloyd adjourned the meeting at 3:42 p.m., in memory of the following deceased members:

Wightman, Anneliese	July 1, 2013	General Services
Eisenson, Eileen	July 3, 2013	Social Services
Ryner, Frances	July 3, 2013	General Services
Sans, Robert	July 11, 2013	Public Works
Coulter, Wilna	July 11, 2013	Probation
Oro-Bedrosian, Dolores	July 15, 2013	Probation
Knutson, Gordon	July 17, 2013	Ben. of Beatrice Knutson
Murray, Minnie	July 18, 2013	Health Department
Deferville, Rose	July 18, 2013	Public Health
Lord, Virginia	July 20, 2013	Crystal Springs
Roth, Julius	July 24, 2013	Ben. of Barbara Roth
Caughey, Patricia	July 28, 2013	Mental Health
Schofield, Richard	July 30, 2013	Sheriff's Department



David Bailey
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary