

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

January 28, 2014

Agenda Item 3.0

December 10, 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 Appointment of Ad Hoc CEO Performance Evaluation Committee

2. Oral Communications

- 2.1 Oral Communications From the Board
- 2.2 Oral Communications From the Public

3. Approval of the Minutes

- 3.1 Acceptance of Audit Committee Meeting Minutes, from October 29, 2013
- 3.2 Approval of Regular Board Meeting Minutes, from October 29, 2013

4. Approval of the Consent Agenda

- 4.1 Disability Retirements
 - a. Talavera, Leslie
 - b. Hein, John
 - c. Langi, Ana
 - d. Ramseur, Shari
 - e. Rivera, Marciano
 - f. Sami, Usha
- 4.2 Service Retirements
- 4.3 Continuances
- 4.4 Deferred Retirements
- 4.5 Member Account Refunds
- 4.6 Member Account Rollovers

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 December 10, 2013)

- 6.1 Preliminary Monthly Performance Report for the Period Ending October 31, 2013
- 6.2 Quarterly Investment Performance Report for the Period Ending September 30, 2013
- 6.3 Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code Section 6245.26, to be heard in Closed Session C2)
- 6.4 Approval of New International Equity Manager Structure Proposal
- 6.5 Discussion & Approval Regarding Real Asset Portfolio Implementation

7. Board & Management Support Services

- 7.1 Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor
- 7.2 Approval of Board of Retirement Meeting Calendar for 2014
- 7.3 Discussion of Board / Staff Retreat Topics
- 7.4 Discussion of SamCERA Office Space Options
- 7.5 Approval of Process to Engage Counsel to Assist with Identification and Evaluation of Foreign Securities Actions
- 7.6 Discussion of CEO Recruitment Process with San Mateo County Human Resources Department

8. Management Reports

- 8.1 Chief Executive Officer's Report
- 8.2 Assistant Executive Officer's Report
- 8.3 Chief Investment Officer's Report

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

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
- C2 Discussion of Due Diligence For Certain Alternative Investments (Pursuant to Government Code Section 54956.81)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Ng, Irene	September 24, 2013	Human Services Agency
Morrison, Janet	September 28, 2013	Personnel
Lowe, Laurie	September 29, 2013	Crystal Springs Rehab. Center
Giusto, Rose	October 1, 2013	Beneficiary of Giusto, August
Peoples, Jane	October 6, 2013	Beneficiary of Peoples, J. Paul
Picchi, Yola	October 8, 2013	Courts
Moeser, Verna	October 9, 2013	Courts
Casellini, Adelene	October 10, 2013	Planning Commission
Ho, Richard	October 10, 2013	Beneficiary of Ho, Evelyn
Vergara, Jorge	October 10, 2013	Beneficiary of Vergara, Narcisa
Wolfe, Harriet	October 10, 2013	Courts
Tafoya, Marian	October 11, 2013	Courts
McKim, Magda	October 23, 2013	Probation
Won, Jane	October 23, 2013	Courts
O'Neill, Robert	October 29, 2013	Probation
Orazem, Anton	October 27, 2013	Probation
Phillips, Edward	October 29, 2013	ISD
Tyler, Eldoretha	October 30, 2013	Hospital
Magill, Aurdrey	November 2, 2013	Sheriff's Department
Schumacher, William	November 3, 2013	Board of Supervisors
Murray, Matthew	November 6, 2013	Board of Supervisors
Galila, Delfin	November 9, 2013	Hospital
Wiesel, Norma	November 16, 2013	Social Services

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

December 10, 2013 – Regular Board Meeting Minutes

1312.1 **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 1:01 p.m.

Roll Call:

Present: Lauryn Agnew, Ben Bowler, Albert David, Paul Hackleman, Natalie Kwan Lloyd, David Spinello, Michal Settles and Eric Tashman.

Excused: Sandie Arnott.

Alternates: Christopher Miller, Alma Salas.

Staff: David Bailey, Scott Hood, Michael Coultrip, Brenda Carlson, Gladys Smith, Mabel Wong, Elizabeth LeNguyen, Lilibeth Dames and Kristina Perez.

- 1312.1.1 **Appointment of Ad Hoc CEO Performance Evaluation Committee:** Mr. Bailey stated this was the time of year the chair would appoint the members of the Ad Hoc CEO Performance Evaluation Committee. The committee implements a 360 degree evaluation process for the CEO, with staff, the County Manager's Office, and Trustees all participating. He proposed that the task of evaluating the CEO now fall under the charge of the Ad Hoc Succession Planning Committee, as a means to receive additional feedback that would be helpful in the succession planning process.

Action: Ms. Kwan Lloyd assigned the duty of conducting the annual evaluation of the CEO to the Ad Hoc Succession Planning Committee, composed of Al David, Ben Bowler, Michal Settles, and Paul Hackleman, committee chair.

- 1312.2.1 **Oral Communications From the Board:** Mr. David reported his attendance at SACRS, in Indian Wells, CA, on November 12-15, 2013. Ms. Settles, Mr. Spinello and Ms. Agnew also reported their attendance at SACRS. In addition to SACRS, Ms. Agnew attended the CA Economic Summit, in Los Angeles, November 7-8, 2013.

- 1312.2.2 **Oral Communications From the Public:** None.

- 1312.3.1 **Approval of the Audit Committee Meeting Minutes:** Ms. Kwan Lloyd asked if there were any changes or corrections to the Audit Committee meeting minutes, and none were noted.

Action: Mr. Tashman moved to accept the Audit Committee meeting minutes from October 29, 2013. The motion was seconded by Mr. David and carried with a vote of 8-0 with trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, Settles, Spinello and Tashman in favor; none opposed.

- 1312.3.2 **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. Agnew moved to approve the minutes from the regular Board of Retirement meeting held on October 29, 2013. The motion was seconded by Mr. Hackleman and carried with a vote of 8-0 with trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, Settles, Spinello and Tashman in favor; none opposed.

- 1312.4.0 **Approval of the Consent Agenda:** Ms. Kwan Lloyd asked if there were any items to be removed from the Consent Agenda, and the disability application for Leslie Talavera was removed from the Consent Agenda.

Action: Mr. Hackleman moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. Spinello. The motion carried with a vote of 8-0 with trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, Settles, Spinello and Tashman in favor; none opposed.

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

1312.4.1

Consent Agenda

Disability Retirements

- a. The Board found that John Hein is (1) permanently incapacitated for the performance of his usual and customary duties as a Sheriff's Lieutenant, (2) found that his disability was a result of an injury arising out of and in the course of his employment, (3) granted his application for a service-connected disability retirement.
- b. The Board found that Ana Langi is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Services Assistant, (2) found that her disability was not a result of an illness arising out of and in the course of her employment, (3) denied her application for a service-connected disability retirement (4) and granted her a non-service-connected disability retirement.
- c. The Board found that Shari Ramseur is (1) permanently incapacitated for the performance of her usual and customary duties as an Office Assistant, (2) found that her disability was not a result of an illness arising out of and in the course of her employment, (3) denied her application for a service-connected disability retirement (4) and granted her a non-service-connected disability retirement.
- d. The Board found that Marciano Rivera is (1) permanently incapacitated for the performance of his usual and customary duties as a Stationary Engineer, (2) found that his disability was a result of an injury arising out of and in the course of his employment, (3) granted his application for a service-connected disability retirement.
- e. The Board found that Usha Sami is (1) permanently incapacitated for the performance of her usual and customary duties as a Food Service Worker, (2) found that her disability was not a result of an injury arising out of and in the course of her employment, (3) granted her application for a non-service-connected disability retirement.

1312.4.2

Service Retirements

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

Member Name	Effective Retirement Date	Department
Alvarez, Ana	September 21, 2013	Family Health
Buxton, Stephen	September 12, 2012	Def'd. from Assessor's Office
Caldwell, Karen	September 10, 2013	Courts
Davila, Judith	September 28, 2013	Behavioral Health
Duterte, Patrick	August 1, 2013	Def'd. from Health & Welfare
Ferrer, Adelardo	September 13, 2013	Mental Health
Golden, Mary	September 28, 2013	Human Services Agency
Grote, Lisa	September 5, 2013	Def'd. from Planning
Jukich, Mary	September 23, 2013	QDRO
King, Victoria	September 11, 2013	Courts
Lavilla, Florentino	September 29, 2013	Def'd. from Public Health
Ng, Irene	September 11, 2013	Human Services Agency
Radford, John	September 15, 2013	Libraries
Sondag, Mark	September 23, 2013	Def'd. from HSA

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

1312.4.2 **Service Retirements** (con't)

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

Member Name	Effective Retirement Date	Department
Steiger, Nancy	September 24, 2013	Def'd. from Hospital
Williams, Judy	September 19, 2013	Child Support Services
Andres, Adeline	October 16, 2013	Def'd. from Hospital
Balancio, Evelyn	October 26, 2013	Mental Health
Biag, Maria	November 1, 2013	Def'd. from Hospital
Cruz, Carmelita	October 9, 2013	Def'd. from Hospital
De Guzman, Teodora	October 4, 2013	Def'd. from Hospital
Dogelio, Thelma	October 29, 2013	Def'd. from Hospital
Fernandez, Gloria	October 6, 2013	Def'd. from Hospital
Gacayan, Cres	October 18, 2013	Def'd. from Hospital
Gloria, Emilia	October 23, 2013	Def'd. from Hospital
Harper, Cornel	November 1, 2013	Parks Department
Iglesias, Utumporn	October 6, 2013	Def'd. from Hospital
Kintanar, Oscar	October 31, 2013	Hospital
Layacan, Ma Erlinda	October 16, 2013	Hospital
Linaja, Violeta	October 4, 2013	Def'd from Hospital
Raihman, Jaibul	October 5, 2013	Def'd. from Hospital
Ramirez, Armando	October 27, 2013	Libraries
Rudd, Margaret	October 26, 2013	Tax Collector's Office
Rulloda, Pacita	October 6, 2013	Def'd. from Hospital
Siddiqui, Elaine	November 1, 2013	Def'd. from Hospital
Tayo, Elna	October 8, 2013	Def'd. from Hospital
Torres, Dorothy	October 19, 2013	Human Services Agency
Wan, Carmen	October 16, 2013	Def'd. from Hospital
Wong, Shwu-Huey	October 4, 2013	Def'd. from Hospital

1312.4.3 **Continuances**

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

Survivor's Name	Beneficiary of
Graham, Kent	Tilman, Nomalee
Goodwin, Phyllis	Goodwin, Arthur
Yano-Nakano, Monica	Ng, Irene
Tafoya, Albert	Tafoya, Marian
Phillips, Minta	Phillips, Edward
Morrison, Paul	Morrison, Janet

1312.4.4 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Bassett, Peter	G4 Vested - incoming reciprocity
McDonald, Colleen	G4 Vested
Singh, Praveen	G4 Vested
Jackson, George	G4 Vested

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

1312.4.4 **Deferred Retirements** (con't)

Neal, Jaclyn	G4 Vested - Reciprocity
Hoenh, Kelly	G4 Non Vested – Reciprocity
Nakano, Angela	G4 Vested - Reciprocity
Day, Kimberly	G4 Vested - Reciprocity
Tsai, Gary	G4 Non Vested – Reciprocity
Rao, Suchitra	G4 Non Vested – Reciprocity
Maddox, Carol	G2 Vested - Reciprocity
Merrill, Norman	G4 Vested - Reciprocity

1312.4.5 **Member Account Refunds**

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

Member Name	Retirement Plan Type
Zavala, Cathleen	G7 Non-vested
Louie, Brad	G4 Vested
Johnston, Anna	G4 Vested
Uluave, Akensi	G4 Vested
Fresquez, Leonard	G4 Vested
Gray, Jannette	G4 Non-vested
Riley, Jocelyn	G4 Non-vested
Hickey, Christopher	G4 Non-vested
Jurow, James	G7 Non-vested
Neves, Brent	G5 Non-vested
Ramirez, Bedilia	G4 Non-vested
Calderon, Luisa	P4 Vested
Walker, Alicia	G4 Non-vested

1312.4.6 **Member Account Rollovers**

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

Member Name	Retirement Plan Type
Shah, Swati	G4 Non-vested
Couture, L. A.	G4 Non-vested
Rohl, Judith	G5 Non-vested
Samuels, Philip	G4 Vested

1312.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** Ms. Kwan Lloyd adjourned the meeting into closed session at 1:12 p.m. to consider the disability application of Leslie Talavera. Ms. Settles was excused for the remainder of the meeting. The Board remained in closed session to hear item 6.3 Presentation of Performance Report Concerning Certain Existing Alternative Investments.

Ms. Kwan Lloyd reconvened the meeting into public session at 2:50 p.m.

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

- 1312.4.1 **Disability Retirement - Leslie Talavera:** Ms. Carlson reported the following action took place in the closed session.
Action: A motion was made and seconded to accept the recommendation of staff. The Board found that Leslie Talavera is (1) permanently unable to perform her job duties, (2) found that her disability was not a result of a medical condition arising out of and in the course of employment, (3) denied her application for a service-connected disability retirement and (4) granted her application for a non-service-connected disability retirement. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, Spinello, and Tashman, all in favor; none opposed.
- 1312.6.3 **Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code Section 6245.26, to be heard in Closed Session C2):** Ms. Carlson reported there was no reportable action taken on this item in closed session.
- 1312.6.1 **Preliminary Monthly Performance Report for the Period Ending October 31, 2013:** Mr. David reported that the Investment Committee had heard and discussed this item during the committee meeting, earlier the same day. Mr. Coultrip reported the SamCERA portfolio returned +2.7% overall during the month. This item was informational only and no action was taken.
- 1312.6.2 **Quarterly Investment Performance Report for the Period Ending September 30, 2013:** Mr. David reported that the Investment Committee had heard and discussed this item during the committee meeting, earlier the same day. Mr. Thomas was present to answer any questions from the Board. This item was informational only and no action was taken.
- 1312.6.4 **Approval of New International Equity Manager Structure Proposal:** Mr. David gave the Board a summary of the discussion on this item at the Investment Committee meeting. Board members discussed changes in style risk and a decrease in basis points with Mr. Thomas and Mr. Coultrip.
Action: Mr. David moved to approve the proposed International Equity Manager Structure as presented. The motion was seconded by Mr. Bowler and carried with a vote of 6-0 with Trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, and Tashman in favor; none opposed. Mr. Spinello had stepped out of the room and was not present for the vote on this item.
- 1312.6.5 **Discussion & Approval Regarding Real Asset Portfolio Implementation: Discussion & Approval Regarding Real Asset Portfolio Implementation:** Mr. David gave the Board a summary of the discussion on this item at the Investment Committee meeting. Board members requested that all three types of implementation service providers give educational presentations to the Board to compare and contrast services offered. This item was for discussion only; no action was taken.
Mr. Spinello returned to the Boardroom at 3:02 p.m.
- 1312.7.1 **Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor:** Ms. Kwan Lloyd presented the Ad Hoc Medical Advisor Evaluation Committee's report to the Board on behalf of Ms. Arnott, Chair, who was unable to attend the Board meeting. Ms. Kwan Lloyd, Ms. Agnew, Mr. Miller and Ms. Arnott met on November 20, 2013, with Dr. Brodtkin. Mr. Bailey also attended the meeting. The committee reported satisfaction with the quality of the reports prepared by Dr. Brodtkin and expressed appreciation for the clarity and straightforwardness of his narratives.

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

- 1312.7.2 **Approval of Board of Retirement Meeting Calendar for 2014:** Mr. Bailey reviewed the proposed meeting schedule for 2014 with the Board, and noted times where the regular board meetings would deviate from the normal 4th Tuesday schedule.
Action: Mr. David moved to approve the schedule of regular Board meetings for 2014 as proposed. The motion was seconded by Ms. Kwan Lloyd and carried by a vote of 7-0 with trustees Agnew, Bowler, David, Hackleman, Kwan Lloyd, Spinello and Tashman in favor; none opposed.
- 1312.7.3 **Discussion of Board / Staff Retreat Topics:** Mr. Bailey opened the discussion, and went over the list of possible retreat topics included in the staff report. Board members commented and Mr. Bailey said he would return to the Board with a draft retreat agenda in January. This item was for discussion only and no action was taken.
- 1312.7.4 **Discussion of SamCERA Office Space Options:** Mr. Hood discussed the terms of SamCERA's current lease for office space which expires December 31, 2014. He noted changes in the market since the lease was last negotiated, and he anticipates an increase of \$1.00 or more per square foot, over the current rent. Mr. Hood outlined some options including the purchase of a building, negotiating with the current landlord for extra space, finding appropriate space in another building, and working with the County's real estate division to inquire about surplus office sites. This item was for discussion only and no action was taken.
- 1312.7.5 **Approval of Process to Engage Counsel to Assist with Identification and Evaluation of Foreign Securities Actions:** Ms. Carlson discussed the process to work with a legal firm to monitor foreign securities litigation actions that may be of interest to SamCERA. She explained that currently State Street provides this service for domestic securities litigation; and with an increase of involvement in foreign securities a similar monitoring service for foreign litigation would add to SamCERA's due diligence. Board members requested information on how other funds handle this situation and Ms. Carlson said she would come back to the Board with those answers. No action was taken at this time.
- 1312.7.6 **Discussion of CEO Recruitment Process with San Mateo County Human Resources Department:** Ms. Donna Vaillancourt, Director of the County's Human Resources Department was present to discuss the CEO recruitment process. She provided a hand out to the Board showing the time line of recruitment tasks and milestones. Mr. Hackleman, Chair of the Ad Hoc Succession Planning Committee, commented that the CEO's upcoming 360 evaluation will give trustees, staff and County management a chance to offer their thoughts about what traits the ideal CEO candidate would possess. Mr. Hackleman suggested that the Ad Hoc Succession Planning Committee agendaize a monthly progress update, and he highly recommended a period of overlap, where both the current and replacement CEO would work together. This item was for discussion only and no action was taken.
Mr. Tashman was excused from the remainder of the meeting, and left the Board room at 4:15 p.m.
- 1312.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that the County negotiated a 3% raise for employees, and that became effective at the end of November 2013. He let the Board know the MOU for the supplemental County contributions had been approved and signed by all parties, and the additional contributions are expected to be received by SamCERA in February 2014. Mr. Bailey announced he had been elected to serve as President of the California Association of Public Retirement Systems (CALAPRS) for 2014. He presented the final CAFR, and each Board member received one. In conclusion, he thanked staff members Scott Hood, Tariq Ali, Gladys Smith and Mabel Wong for their work on the PASS project and recent site visits across the country.

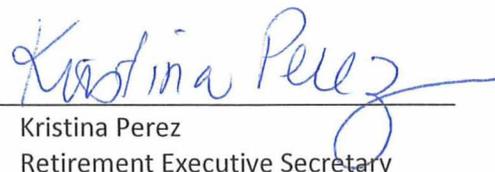
San Mateo County Employees' Retirement Association
Minutes of the Regular Meeting of the Board of Retirement

- 1312.8.2 **Assistant Executive Officer's Report:** Mr. Hood shared examples of new brochures created by SamCERA with the Trustees. He reviewed highlights of the four site visits, where he and Ms. Smith, Ms. Wong and Mr. Ali were able to see the PASS products in use. Mr. Hood reported that the back file scanning is near completion, and SamCERA is working with SCORPA to process certain deductions, and he updated the Board on the GASB 67 and 68 implementations.
- 1312.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that SamCERA's contract with its custodian bank, State Street, expires in April. The current cost of custodian services is \$150,000 per year, and the proposed cost to renew the State Street contract is significantly higher. Mr. Coultrip stated that there has not been an RFP for custodian services since 1999, and staff is drafting an RFP at this time. Mr. Coultrip reported meeting with Philip Kerns of D.E. Shaw, regarding the 130/30 strategy and noted SamCERA would continue to hold off on implementation until after the new year.
- 1312.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported the IRS determination letter process was nearing completion, and the Board would be notified when it was finished. She reviewed recent litigation in regard to PEPRA legislation.
- 1312.10 **Adjournment:** With no further business, Ms. Kwan Lloyd adjourned the meeting at 4:38 p.m., in memory of the following deceased members:

Ng, Irene	September 24, 2013	Human Services Agency
Morrison, Janet	September 28, 2013	Personnel
Lowe, Laurie	September 29, 2013	Crystal Springs Rehab. Center
Giusto, Rose	October 1, 2013	Beneficiary of Giusto, August
Peoples, Jane	October 6, 2013	Beneficiary of Peoples, J. Paul
Picchi, Yola	October 8, 2013	Courts
Moeser, Verna	October 9, 2013	Courts
Casellini, Adelene	October 10, 2013	Planning Commission
Ho, Richard	October 10, 2013	Beneficiary of Ho, Evelyn
Vergara, Jorge	October 10, 2013	Beneficiary of Vergara, Narcisa
Wolfe, Harriet	October 10, 2013	Courts
Tafoya, Marian	October 11, 2013	Courts
McKim, Magda	October 23, 2013	Probation
Won, Jane	October 23, 2013	Courts
O'Neill, Robert	October 29, 2013	Probation
Orazem, Anton	October 27, 2013	Probation
Phillips, Edward	October 29, 2013	ISD
Tyler, Eldoretha	October 30, 2013	Hospital
Magill, Aurdrey	November 2, 2013	Sheriff's Department
Schumacher, William	November 3, 2013	Board of Supervisors
Murray, Matthew	November 6, 2013	Board of Supervisors
Galila, Delfin	November 9, 2013	Hospital
Wiesel, Norma	November 16, 2013	Social Services



David Bailey
 Chief Executive Officer



Kristina Perez
 Retirement Executive Secretary