

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

September 30, 2014

Agenda Item 3.1

August 26, 2014 – Board Agenda

**PUBLIC SESSION** – The Board will meet in Public Session at 10:00 a.m.

**1. Call to Order, Roll Call and Miscellaneous Business**

1.1 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**

3.1 Approval of Special Board Meeting Minutes, from July 29, 2014

**4. Approval of the Consent Agenda \* (Set for 10:00 a.m. time certain)**

4.1 Disability Retirements

Donald McKague

Shannon Speak

Robert Fitch

4.2 Service Retirements

4.3 Continuances

4.4 Deferred Retirements

4.5 Member Account Refunds

4.6 Member Account Rollovers

4.7 Approve a Resolution Reaffirming SamCERA's  
Conflict of Interest Code

4.8 Approve a Resolution Revising the Board's  
Regulations

4.9 Trustee Request for Conference Approval

**5. Benefit & Actuarial Services \*(Set for 1:00 p.m. time certain)**

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

5.2 Presentation of the Actuarial Auditor's Findings Regarding the Investigation of Experience  
Study Report for FYs 2012-2014

**6. Investment Services**

6.1 Preliminary Monthly Performance Report for the Period Ending July 31, 2014

6.2 Quarterly Investment Performance Report for the Period Ending June 30, 2014

**7. Board & Management Support**

7.1 Preliminary Quarterly Financial Report for the Period Ending June 30, 2014

7.2 Update on Progress of SamCERA's Information Technology Projects

**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

C2 Public Employee Appointment in Accordance With Government Code Section 54957.

Title: Chief Executive Officer

C3 Conference with Legal Counsel-Existing Litigation (Gov Code 54956.9)

*Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*, U.S Supreme Court

**9. Report on Actions Taken in Closed Session**

**10. Adjournment in Memory of the Following Deceased Members:**

Aguiar, Josephine

July 23, 2014

Human Services Agency

Gibson, Marquez

June 16, 2014

Parks

Greer, Donald

July 17, 2014

Probation

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Heurlin, Margaret	June 17, 2014	Probation
Kidd, Joan	July 25, 2014	Crystal Springs Rehab. Center
McCune, John	July 4, 2014	Beneficiary of McCune, Helen
Norman, Barbara	July 4, 2014	Probation
Savoca, Josephine	July 23, 2014	Libraries
Schmiedel, Frank	July 5, 2014	Beneficiary of Schmiedel, Selma
Soppa, Lawrence	July 23, 2014	General Services
Torburn, Zora-Mae	July 28, 2014	General Services

**AUGUST 26, 2014 – REGULAR BOARD MEETING MINUTES**

**1408.1 Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Ms. Michal Settles, Secretary, called the Regular Meeting of the Board of Retirement to order at 10:06 a.m.

**Roll Call:**

*Present:* Sandie Arnott, Albert David, Alma Salas (for Paul Hackleman), Christopher Miller (for Natalie Kwan Lloyd), Michal Settles and David Spinello.

*Alternates present:* Alma Salas and Christopher Miller.

*Excused:* Lauryn Agnew, Ben Bowler, Paul Hackleman, Natalie Kwan Lloyd and Eric Tashman

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

*Consultants:* Patrick Thomas and Jonathan Brody (SIS); Will Morrow (LRWL); and Paul Angelo and Andy Yeung (Segal).

**1408.1.1 Appointment of Board Committees:** Lauryn Agnew, Chair, was not in attendance due to illness, and committee appointments will be made by her at a subsequent meeting.

**1408.2.1 Oral Communications From the Board:** None.

**1408.2.2 Oral Communications From the Public:** None.

**1408.3.1 Approval of Minutes:** The minutes were amended to include the report from Mr. Miller of his attendance at CAPPP II. Ms. Settles asked if there were any additional changes to the amended minutes, and there were none.

**Action:** Ms. Salas made a motion to approve the regular meeting minutes from July 29, 2014, with the noted change, and the motion was seconded by Mr. David. The motion carried with a vote of 6-0, with trustees Arnott, David, Miller, Salas, Settles, and Spinello all in favor; none opposed.

**1408.4.0 Approval of the Consent Agenda:** Ms. Settles asked if there were any items to be removed from the Consent Agenda, and none were removed.

**Action:** Mr. Spinello moved to approve all items on the Consent Agenda, and the motion was seconded by Mr. David. The motion carried with a vote of 6-0, with trustees Arnott, David, Miller, Salas, Settles, and Spinello all in favor; none opposed.

**1408.4.1 Disability Retirements**

The Board found that Robert Fitch is (1) permanently incapacitated from the performance of his usual and customary duties as a Lead Gardener, (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.

The Board found that Donald McKague is (1) permanently incapacitated from the performance of his usual and customary duties as a Deputy Sheriff, (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.

The Board found that Shannon Speak is (1) permanently incapacitated from the performance of her usual and customary duties as a Human Services Manager II, (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.

1408.4.2 **Service Retirements**

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

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Buckleman, Denice	July 31, 2014	QDRO
Dorrance, Adrina	July 12, 2014	Hospital
Fitzer, Gary	July 16, 2014	Deferred from Planning
Guerrero, Lorraine	June 21, 2014	Courts
Guevara, Zenaida	July 21, 2014	Hospital
Heckman, Kathleen	July 4, 2014	Deferred from Public Health
Kavanaugh, Rita	July 19, 2014	Hospital
Kiely, Carolyn	July 21, 2014	Aging and Adult Services
Kohn, Susan	August 1, 2014	Hospital
Marundee, David	July 8, 2014	Deferred from Public Works
Reubens, Jennifer	June 25, 2013	Correctional Health
Shufton, Steven	July 26, 2014	Deferred from Inform. Services
Skjerdal, Kristi	July 15, 2014	Family Health
Thorsett, Ruth	August 1, 2014	Libraries
Tiong, Teresita	July 22, 2014	Health Services Administration
Wallace, MaryEmma	August 1, 2014	Mental Health

1408.4.3 **Continuances**

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

<b>Survivor's Name</b>	<b>Beneficiary of</b>
Greer, Jannette	Greer, Donald

1408.4.4 **Deferred Retirements**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Anson, Alison W.	G4 Vested
Anjomshoaa, Andrea N.	G7 – Reciprocity
Aquino, Maria T.	G7 – Reciprocity
Granados-Pulido, Juan	G4 Vested – Reciprocity
Gregg, Sarah C.	G4 – Auto Defer
Ly, Daiphong D.	G4 Vested – Reciprocity
Portis, Allena J.	G4 Vested – Reciprocity
Rubalcava, Mayela	G4 Vested
Semprich, Kelly R.	G4 Vested
Webb, Sandra M.	G5 Reciprocity

1408.4.5 **Member Account Refunds**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Gibson, Irene (bene of Marquez Gibson)	G4 Vested
Gibson, Maxwell (bene of Marquez Gibson)	G4 Vested
Rotchstein, Wendy	G4 Vested

1408.4.6 **Member Account Rollovers**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Cardona, Aura	G4 Vested

- 1408.4.7 **Approve a Resolution Reaffirming SamCERA's Conflict of Interest Code:** The Board approved the resolution reaffirming SamCERA's Conflict of Interest Code.
- 1408.4.8 **Approval of Resolution Revising the Board's Regulations:** The Board approved the resolution amending its regulations in order that the regulations are consistent with the Internal Revenue Code ("IRC") and Treasury regulations.
- 1408.4.9 **Trustee Request for Conference Approval:** The Board approved the attendance of Lauryn Agnew at the "Advanced Wealth Management Conference" sponsored by the Investment Management Consultants Association (IMCA).
- 1408.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.
- 1408.5.2 **Presentation of the Actuarial Auditor's Findings Regarding the Investigation of Experience Study Report for FYs 2012-2014:** Paul Angelo and Andy Yeung from Segal were present to discuss their findings from the audit of Milliman's Investigation of Experience Report. There was a recommendation to look at the salary experiences of regular and safety members separately. This item was informational only and no action was taken.
- 1408.6.1 **Preliminary Monthly Performance Report for the Period Ending July 31, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for July was -1.3% with most asset classes down during the month. This item was informational only and no action was taken.
- 1408.6.2 **Quarterly Investment Performance Report for the Period Ending June 30, 2014:** Mr. Coultrip and Mr. Thomas presented the Quarterly Investment Performance Report. Mr. Thomas and Mr. Brody went over the quarterly report, page by page, reviewing managers' performances and commenting on specific items. It was noted that SamCERA's performance for the fiscal year ending June 30, 2014 is in the top third among its peers. This item was informational only and no action was taken.
- 1408.7.1 **Preliminary Quarterly Financial Report for the Period Ending June 30, 2014:** Ms. Wong reviewed the quarterly financial report with the Board and noted an increase of \$136.6 million, which was due to the County's supplemental contribution of \$50 million and market appreciation of assets during the quarter. This item was informational only and no action was taken.
- 1408.7.2 **Update on Progress of SamCERA's Information Technology Projects:** Tariq Ali, Chief Technology Officer, discussed the progress of several projects including the RFP for a new website, web member services upgrades, and the transition from Great Plains software to MS Dynamics. Will Morrow, Project Manager, provided an update on the Pension Administration Software System (PASS) project and reviewed the progress thus far. This item was informational only and no action was taken.

Ms. Settles adjourned the Board meeting into closed session at 11:45 a.m. to consider the following items. The meeting was reconvened to open session at 12:20 p.m.

- C2 **Public Employee Appointment in Accordance With Government Code Section 54957. Title: Chief Executive Officer:** Mr. Bailey reported that no reportable action had been taken in closed session on this matter.

C3 **Conference with Legal Counsel-Existing Litigation (Gov Code 54956.9) *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund, U.S Supreme Court:*** Ms. Carlson reported that the Board had taken action in closed session, and had voted in favor of joining the amicus brief to be filed on behalf of institutional investors in support of the respondent's position in the matter of *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*.

1408.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that he had assisted the SCORPA President to clarify the information included in SCORPA's newsletter which explained the changes to the Interest Crediting Policy and the elimination of the Medicare Part B reimbursement. He also informed the Board that Milliman's contract was expiring at the end of the year and that the matter would be brought before the Board in October.

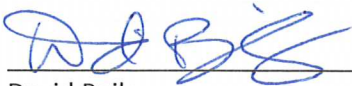
1408.8.2 **Assistant Executive Officer's Report:** Mr. Hood called attention to the calendar of events that was included in the Board members' folders. He updated the Board on the commercial real estate market and indicated that it would not be prudent to purchase a building at this time. Mr. Hood also reported that Scott Johnson, County Risk Manager, had met with staff recently to discuss Dr. Brodtkin's recommendations; the auditors from Brown Armstrong were currently at SamCERA performing audit services; the GASB implementation was going well; the CAFR was on track to be presented in October, and stated that interest was credited to member accounts at the maximum amount for the second half of the fiscal year. He further reported on SamCERA's staff picnic.

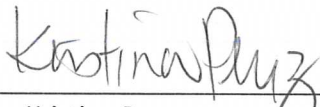
1408.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that SamCERA's allocation to ABRY Fund VIII was reduced to \$15M from the initial \$25M commitment due to the fund being oversubscribed. He also let the Board know that a short list was being compiled of managers to fill the opportunistic credit bucket and staff would be coming back to the Board with more information.

1408.8.4 **Chief Legal Counsel's Report:** Ms. Carlson had no report.

1408.10 **Adjournment:** Ms. Settles adjourned the meeting at 12:36 p.m. in memory of the following deceased members:

Aguiar, Josephine	July 23, 2014	Human Services Agency
Gibson, Marquez	June 16, 2014	Parks
Greer, Donald	July 17, 2014	Probation
Heurlin, Margaret	June 17, 2014	Probation
Kidd, Joan	July 25, 2014	Crystal Springs Rehab. Center
McCune, John	July 4, 2014	Beneficiary of McCune, Helen
Norman, Barbara	July 4, 2014	Probation
Savoca, Josephine	July 23, 2014	Libraries
Schmiedel, Frank	July 5, 2014	Beneficiary of Schmiedel, Selma
Soppa, Lawrence	July 23, 2014	General Services
Torburn, Zora-Mae	July 28, 2014	General Services

  
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David Bailey  
Chief Executive Officer

  
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Kristina Perez  
Retirement Executive Secretary