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

1. Call to Order, Roll Call and Miscellaneous Business
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 Regular Board Meeting Minutes, from September 30, 2014
4. Approval of the Consent Agenda
   4.1 Disability Retirements
       • Maria Gomez
       • Deborah Howard
       • Elsy Osorio
   4.2 Service Retirements
   4.3 Continuances
   4.4 Deferred Retirement
   4.5 Member Account Refunds
   4.6 Member Account Rollovers
   4.7 Approval of Trustee Education Request
   4.8 Review and Reaffirm SamCERA’s Internal Controls Policy
5. Benefit & Actuarial Services
   5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda
   5.2 Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosures for FY 2013-14
   5.3 Approval of Resolution to Extend Agreement with Milliman, Inc. for Actuarial Services
6. Investment Services
   6.2 Review of SamCERA’s Securities Lending Program
   6.3 Update on SamCERA’s Real Asset Program
   6.4 Approval of Opportunistic Credit Manager Shortlist Candidates
7. Board & Management Support
   7.1 Quarterly Budget Report for Period Ending September 30, 2014
   7.2 Acceptance of Financial Audit Management Reports and Findings
   7.3 Approval of SamCERA’s 2014 Comprehensive Annual Financial Report (CAFR)
   7.4 Annual Review of Independent Auditor, Brown Armstrong
   7.5 Approval to Establish Retirement Investment Analyst Position
   7.6 Approval to Establish Retirement Financial Analyst Position
   7.7 Discussion of SACRS Business Meeting Topics
   7.8 Approval of Resolution Authorizing CEO Employment Agreement with Scott Hood
   7.9 Administration of the Oath of Office to the Chief Executive Officer
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

9. Report on Actions Taken in Closed Session
10. Adjournment in Memory of the Following Deceased Members:

McGrady, Lois  
September 10, 2014

Youdovitch, Rosalie  
September 22, 2014

Rutenberg, Harvey  
September 24, 2014

Daugherty, Donald  
September 25, 2014

Morris, Theodore  
September 26, 2014

Breidenbach, Sue  
September 27, 2014

Beegle, Paz  
September 30, 2014

Meyer, James  
October 1, 2014

Lewis, Mary Sue  
October 8, 2014

Health Probation
Sheriff’s Office Probation
Civil Service Commission Election Department
Health Services Sheriff’s Office
Public Works
OCTOBER 28, 2014 — REGULAR BOARD MEETING MINUTES

1410.1 Call to Order, Roll Call and Miscellaneous Business
Call to Order: Ms. Lauryn Agnew, Chair, called the Regular Meeting of the Board of Retirement to order at 10:06 a.m.

Roll Call:
Present: Lauryn Agnew, Ben Bowler, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello (arrived at 10:15 a.m.), and Eric Tashman.
Excused: Sandie Arnott, Albert David, Alma Salas.
Alternates present: Christopher Miller (sitting in for Albert David).
Staff: David Bailey, Scott Hood, Michael Coultrip, Brenda Carlson, Mabel Wong, Lilibeth Dames, Barbara Edwards, and Kristina Perez.
Consultants: Patrick Thomas, John Nicolini and Ping Zhu (SIS); Nick Collier (Milliman); Andy Paulden (Brown Armstrong).

1410.2.1 Oral Communications From the Board: Ms. Agnew reported her attendance at the “Advanced Wealth Management Conference” sponsored by the Investment Management Consultants Association (IMCA) in San Diego on October 5-7, 2014. Mr. Hackleman and Ms. Settles reported their attendance at IFEBP’s Annual Conference in Boston, October 18-22, 2014.

1410.2.2 Oral Communications From the Public: Ms. Agnew opened the public comment period and Mr. Ted Kai addressed the Board. Mr. Kai noted he had difficulty locating the audit committee meeting.

1410.3.1 Approval of Minutes: Ms. Agnew asked if there were any changes to the minutes, and there were none.
Action: Mr. Hackleman made a motion to approve the regular meeting minutes from September 30, 2014, and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, and Tashman all in favor; none opposed.

1410.4.0 Approval of the Consent Agenda: Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and none were removed.
Action: Ms. Settles moved to approve all the items on the Consent Agenda, and the motion was seconded by Mr. Tashman. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, and Tashman all in favor; none opposed.

1410.4.1 Disability Retirements:

a. The Board found that Deborah Howard is (1) permanently incapacitated for the performance of her usual and customary duties as a Cook II, (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 Maria Gomez is (1) permanently incapacitated for the performance of her usual and customary duties as a Benefits Analyst II, (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.

c. The Board found that Elsy Osorio is (1) permanently incapacitated for the performance of her usual and customary duties as a Lead Patient 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.

October 28, 2014, Approved Minutes
1410.4.2 **Service Retirements**
The Board ratified the actions as listed below for the following members regarding service retirements:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Effective Retirement Date</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benjamin, Gail J</td>
<td>July 1, 2014</td>
<td>Libraries</td>
</tr>
<tr>
<td>Claire, Evelyn I</td>
<td>June 7, 2014</td>
<td>Family Health</td>
</tr>
<tr>
<td>Cleveland, Susan</td>
<td>June 26, 2014</td>
<td>Deferred from Vocational Rehab.</td>
</tr>
<tr>
<td>Cruz, Mary L</td>
<td>June 23, 2014</td>
<td>Deferred from Hospital</td>
</tr>
<tr>
<td>Declaro, Jocelyn D</td>
<td>June 17, 2014</td>
<td>Hospital</td>
</tr>
<tr>
<td>Estevez, Vivian</td>
<td>June 26, 2014</td>
<td>Human Services Agency</td>
</tr>
<tr>
<td>Fitch, Robert James</td>
<td>June 4, 2014</td>
<td>Public Works</td>
</tr>
<tr>
<td>Jarquin, Araldo A</td>
<td>June 7, 2014</td>
<td>Public Works</td>
</tr>
<tr>
<td>Jones, John D</td>
<td>June 2, 2014</td>
<td>Courts</td>
</tr>
<tr>
<td>Kenney, David M</td>
<td>July 1, 2014</td>
<td>Deferred from HSA</td>
</tr>
<tr>
<td>Mc Donald, Michael W</td>
<td>July 1, 2013</td>
<td>County Manager</td>
</tr>
<tr>
<td>McGrath-Dupre, Yadira G</td>
<td>June 30, 2014</td>
<td>Hospital</td>
</tr>
<tr>
<td>Ramey, Alexis</td>
<td>June 10, 2014</td>
<td>Agricultural Commission</td>
</tr>
<tr>
<td>Ramirez, Victoria Naomi</td>
<td>June 10, 2014</td>
<td>Hospital</td>
</tr>
<tr>
<td>Tealdi, Leo Elia</td>
<td>June 9, 2014</td>
<td>Deferred from Sheriff's Office</td>
</tr>
</tbody>
</table>

1410.4.3 **Continuances**
The Board ratified the actions as listed below for the following members regarding continuances:

<table>
<thead>
<tr>
<th>Survivor's Name</th>
<th>Beneficiary of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jung, Claire C</td>
<td>Jung, Fred</td>
</tr>
<tr>
<td>Murphy, Gayle</td>
<td>Murphy, Michael</td>
</tr>
</tbody>
</table>

1410.4.4 **Deferred Retirements**
The Board ratified the actions as listed below for the following members regarding deferred retirements:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanchez, Marian</td>
<td>Vested G4 – Auto</td>
</tr>
<tr>
<td>Lal, Suresh</td>
<td>Vested G4</td>
</tr>
<tr>
<td>Van Nes, Mary</td>
<td>Non Vested G7 – Reciprocity</td>
</tr>
<tr>
<td>Patel, Vatsal</td>
<td>Non Vested G5 – Reciprocity</td>
</tr>
<tr>
<td>Gentry, Laura</td>
<td>Non Vested G2 – Reciprocity</td>
</tr>
<tr>
<td>Nolte, Deborah</td>
<td>Vested G2 – Reciprocity</td>
</tr>
<tr>
<td>Grissom, Pauline</td>
<td>Non Vested G7 – Reciprocity</td>
</tr>
<tr>
<td>Spaulding, Marcy</td>
<td>Non Vested G5 – Reciprocity</td>
</tr>
</tbody>
</table>

1410.4.5 **Member Account Refunds**
The Board ratified the actions as listed below for the following members regarding refunds:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reyes, Libby</td>
<td>G7, Non-vested</td>
</tr>
<tr>
<td>Munoz, Manuel</td>
<td>G7, Non-vested</td>
</tr>
<tr>
<td>Kochak, Thomas</td>
<td>G7, Non-vested</td>
</tr>
<tr>
<td>Oprendek, Michael (FBO: Tine Oprendek)</td>
<td>G4, Non-vested</td>
</tr>
<tr>
<td>Leija, Dolores (FBO: Maria Del Carmen Ledezma Nieblas)</td>
<td>G4, Vested</td>
</tr>
<tr>
<td>Bell, Patrice</td>
<td>G7, Non-vested</td>
</tr>
</tbody>
</table>

October 28, 2014, Approved Minutes
1410.4.6 Member Account Rollovers
The Board ratified the actions as listed below for the following members regarding rollovers:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Retirement Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xie, Sally</td>
<td>G4, Non-vested</td>
</tr>
<tr>
<td>Wu, Sandra</td>
<td>G2, Vested</td>
</tr>
<tr>
<td>Curincita, Sandra (QDRO)</td>
<td>G4, Non-vested</td>
</tr>
</tbody>
</table>

1410.4.7 Approval of Trustee Education Request: The Board approved the request of Lauryn Agnew to attend the WEST (Water Energy Smart Technology) Summit in Palo Alto on November 19, 2014. The second request to attend a luncheon program regarding Impact Investing was withdrawn, as the event was cancelled.

1410.4.8 Review and Reaffirm SamCERA’s Internal Controls Policy: The Board reviewed and reaffirmed SamCERA's Internal Control Structure.

1410.5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda: None.

Mr. Spinello arrived at 10:15 a.m., and took his seat at the dais.

1410.5.2 Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosures for FY 2013-14: Mr. Collier reviewed the report page by page and answered questions from the Board members. The Audit Committee had also reviewed this report at their meeting and recommended Board approval. Mr. Collier explained how the employers’ allocation and proportionate share of costs are shown in the reports. Mr. Bailey reviewed the inclusive process undertaken to create the report, which had input from Brown Armstrong, Mr. Collier, Ms. Wong, Mr. Hood and representatives from all three of SamCERA’s employers: the County, the Courts and the Mosquito and Vector Control District. The report was accepted without objection.

1410.5.3 Approval of Resolution to Extend Agreement with Milliman, Inc. for Actuarial Services: Mr. Bailey presented the staff report and recommended a three-year extension to the Milliman contract for actuarial services. Staff reported there would be a reasonable increase in costs due to changes in the plan, which have increased complexity.

Action: Mr. Hackleman moved to adopt a resolution approving the contract extension with Milliman, Inc. The motion was seconded by Mr. Tashman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

Ms. Agnew adjourned the meeting for a short break at 10:52 a.m., and the meeting reconvened at 11:00 a.m. The next item discussed was taken out of order and the meeting continued in the order listed below.

1410.7.2 Acceptance of Financial Audit Management Reports and Findings: No issues were found. The audit report is "clean," and the process was smooth and without incident. Mr. Paulden expressed that he was comfortable with the reporting process for alternative investments. The IT recommendations were reviewed. The report was accepted without objection.
1410.7.3 **Approval of SamCERA’s 2014 Comprehensive Annual Financial Report (CAFR):** Mr. Tashman reported that the Audit Committee had reviewed the report, and the Committee recommends Board approval of the CAFR. Ms. Wong reviewed the CAFR with the Board and commented on the GASB 67 changes that are implemented in the 2014 CAFR. She noted that the schedules required by GASB 67 and 68 are included in the financial section of the CAFR.

**Action:** Mr. Tashman moved to approve SamCERA’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The motion was seconded by Mr. Hackleman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

1410.7.4 **Annual Review of SamCERA’s Independent Auditor, Brown Armstrong:** Ms. Wong discussed the results of the evaluation of the independent auditor services provided by Brown Armstrong. Ms. Wong reported the scores were above average and that the ratings had increased from last year. It was noted that only four Board members had taken the survey provided and it was hoped more trustees would participate in future surveys. Mr. Bailey commented on SamCERA’s good relationship with the auditor and Mr. Paulden gave information on the rigorous peer review process undertaken by Brown Armstrong. This item was informational only and no action was taken.

1410.6.3 **Update on SamCERA’s Real Asset Program:** John Nicolini from SIS presented an update and reviewed SamCERA’s fairly new real asset program; which was approved in October 2013, and has an allocation of 2%. Mr. Nicolini answered questions from the Board members. This item was informational only and no action was taken.

1410.6.4 **Approval of Opportunistic Credit Manager Shortlist Candidates:** Ping Zhu from SIS reviewed how the shortlist of candidates is determined and described how each manager is very unique. He explained that in this search SIS and SamCERA’s staff have been looking for a good diversifier.

**Action:** Ms. Settles moved to give authority to staff and SIS to continue the search process and proceed with due diligence. The motion was seconded by Mr. Tashman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

Ms. Agnew adjourned the meeting for a lunch break at 12:35 p.m., and the meeting reconvened at 1:10 p.m.

1410.6.1 **Preliminary Monthly Performance Report for the Period Ending September 30, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA’s net preliminary return for September was -2.2 %, and the preliminary 12-month trailing return was 9.8%. This item was informational only and no action was taken.

1410.6.2 **Review of SamCERA’s Securities Lending Program:** Ms. Dames reported on the securities lending program for the fiscal year ending June 30, 2014. SamCERA earned $435,459, which is a decrease from last year most likely attributable to our specific assets on loan. She noted a representative from Northern Trust was scheduled to attend the meeting but was unable to make it due to a last minute scheduling conflict, and would attend next month. This item was informational only and no action was taken.

1410.7.1 **Quarterly Budget Report for Period Ending September 30, 2014:** Ms. Wong presented the Quarterly Budget Report to the Board. She reviewed the three budget areas, Technology, Administrative and Professional and answered questions from the Board members. This item was informational only and no action was taken.

*October 28, 2014, Approved Minutes*
1410.7.5 Approval to Establish Retirement Investment Analyst Position: Mr. Coultrip presented the staff report and discussed the Retirement Investment Analyst position being proposed, which will be an additional support person for the investment team. The position was budgeted in 2012 and is now ready to be filled. Staff will work with the County to fill the position as soon as possible, using the regular recruitment and hiring process.

Action: Mr. Hackleman made a motion to authorize staff to work with the County’s Human Resources Department to establish and fill one Retirement Investment Analyst position at SamCERA. The motion was seconded by Ms. Settles and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

1410.7.6 Approval to Establish Retirement Financial Analyst Position: Mr. Bailey presented the staff report to the Board. He outlined the changes in contribution rates, PEPRAs, growth in actuarial risk, interest crediting process changes, GASB changes, PASS implementation and other factors that have increased the workload in the Finance Department, leading to the need for additional staffing.

Action: Ms. Kwan Lloyd made a motion to authorize staff to work with the County’s Human Resources Department to establish, fund and fill one Retirement Financial Analyst position at SamCERA. The motion was seconded by Ms. Settles and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

Ms. Kwan Lloyd was excused for the remainder of the meeting, at 1:42 p.m. after the vote on Item 7.6 was taken.

1410.7.7 Discussion of SACRS Business Meeting Topics: Mr. Bailey discussed SACRS proposal to combat negative publicity regarding defined benefit plans by hiring a public relations firm. The Board has received memos on this before and the proposal has evolved to encourage plans to better educate members on the value of defined benefit plans. The topic will be discussed at the business meeting at the SACRS Fall Conference in November and Ms. Agnew is SamCERA’s voting delegate at the business meeting. This item was for discussion only and no action was taken.

1410.7.8 Approval of Resolution Authorizing CEO Employment Agreement with Scott Hood: Ms. Carlson recommended approval of the contract with Scott Hood, for the position of CEO effective November 9, 2014.

Action: Mr. Hackleman moved to adopt a resolution authorizing the Chair to execute an agreement between the Board of Retirement and Robin Scott Hood for his services as Chief Executive Officer. The motion was seconded by Ms. Settles and carried by a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

1410.8.1 Chief Executive Officer’s Report: Mr. Bailey reported that Scott Hood would be the new CEO effective November 9, 2014, and that this would be Mr. Bailey’s last Board meeting giving his report as the CEO. SamCERA will have two CEOs until March 2015, assuring a smooth transition until Mr. Bailey retires, however Mr. Hood will be the point person and Mr. Bailey will act in a supportive role. Mr. Bailey is researching agenda management software in an effort to streamline the agenda process. Mr. Bailey commented on the media’s focus on trustee travel, and he expected further scrutiny regarding an upcoming conference being held in Hawaii. He cautioned the trustees to be diligent in following attendance procedures at conferences, to ensure their attendance is properly documented.

1410.8.2 Assistant Executive Officer’s Report: Mr. Hood called the Board’s attention to items in their meeting folder, including a proposed schedule of Board meetings for 2015, which will be on the agenda next month. Mr. Hood thanked Ms. Wong and her staff, and Mr. Bishop who produced this year’s CAFR as it was a complex process with the new GASB requirements this year.

October 28, 2014, Approved Minutes
1410.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that the R.V. Kuhn's report titled “San Mateo County Employees' Retirement Association - Public Fund Universe Analysis” can be found in Dropbox, and commented that rebalancing was triggered on October 13, 2014.

1410.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that the Court of Appeal upheld the decision in the Montisano case, and the decision is in the Board members' day of meeting folders.

1410.7.9 **Administration of the Oath of Office to the Chief Executive Officer:** The SamCERA staff was present as well as Mr. Hood's wife, Martha, while Ms. Agnew administered the Oath of Office to Scott Hood. Mr. Hood expressed his gratitude on being appointed to the position, thanking the staff, the Board, his wife and Mr. Bailey.

1410.10 **Adjournment:** Ms. Agnew adjourned the meeting at 2:20 p.m. in memory of the following deceased members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Death</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGrady, Lois</td>
<td>September 10, 2014</td>
</tr>
<tr>
<td>Youdovitch, Rosalie</td>
<td>September 22, 2014</td>
</tr>
<tr>
<td>Rutenberg, Harvey</td>
<td>September 24, 2014</td>
</tr>
<tr>
<td>Daugherty, Donald</td>
<td>September 25, 2014</td>
</tr>
<tr>
<td>Morris, Theodore</td>
<td>September 26, 2014</td>
</tr>
<tr>
<td>Breidenbach, Sue</td>
<td>September 27, 2014</td>
</tr>
<tr>
<td>Beegle, Paz</td>
<td>September 30, 2014</td>
</tr>
<tr>
<td>Meyer, James</td>
<td>October 1, 2014</td>
</tr>
<tr>
<td>Lewis, Mary Sue</td>
<td>October 8, 2014</td>
</tr>
</tbody>
</table>

Health
Probation
Sheriff's Office
Probation
Civil Service Commission
Election Department
Health Services
Sheriff's Office
Public Works

Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary