

December 16, 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**
- 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 28, 2014
 - 3.2 Approval of Regular Board Meeting Minutes from October 28, 2014
- 4. Approval of the Consent Agenda***
 - 4.1 Disability Retirements
 - Carmen Bernal
 - Darlene Carr
 - Lydia Goff
 - William Jacobs
 - Abby Osborn-Parker
 - 4.2 Service Retirements
 - 4.3 Continuances
 - 4.4 Deferred Retirements
 - 4.5 Member Account Refunds
 - 4.6 Member Account Rollovers
 - 4.7 Approval of Annual Review Questionnaire for SIS
 - 4.8 Authorization to Sign Letter to Delaware Legislature Regarding By-laws that Shift Litigation Expenses
- 5. Benefit & Actuarial Services**
 - 5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda
- 6. Investment Services**
 - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending October 31, 2014
 - 6.2 Quarterly Investment Performance Report for the Period Ending September 30, 2014
 - 6.3 Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014
 - 6.4 Presentation on SamCERA's Securities Lending Program
 - 6.5 Report on Risk Parity, Commodity, Hedge Fund, and Real Estate Annual Manager Reviews
 - 6.6 Approval of Opportunistic Credit Manager Shortlist Selection Process
 - 6.7 Approval of purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2*)
- 7. Board & Management Support**
 - 7.1 Preliminary Quarterly Financial Report for the Period Ending September 30, 2014
 - 7.2 Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor
 - 7.3 Approval of Resolution Amending Interest Crediting Policy
 - 7.4 Approval of Board of Retirement Meeting Schedule for 2015
 - 7.5 Discussion of Board / Staff Retreat Topics
 - 7.6 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 Approval of Purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26*)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Colvert, Catherine	October 12, 2014	Social Services
Williams, Louis	October 13, 2014	Human Services Agency
Thomas, Andree	October 19, 2014	Public Health
Florence, Elizabeth	October 18, 2014	Social Services
Teglia, Albert	October 26, 2014	BOS
Alexander, Lester	October 23, 2014	Health Services
Lindsey, Janet	October 23, 2014	Public Health
Haseleu, Joan	November 5, 2014	Human Services
Steier, Belle	November 19, 2014	Library
Finch, Dolores	November 18, 2014	Probation
Enright, Carmel	November 14, 2014	Sheriff
Oross, Gloria	November 18, 2014	Dietary
Mares, Milton	November 18, 2014	County Counsel
Leff, Eileen	November 14, 2014	Mental Health
Kerr, Raymond	November 23, 2014	Public Works
Hughes, Marilouise	November 23, 2014	Assessor
Amberg, Barbara	November 25, 2014	Library
Thurman, Jane	November 28, 2014	Sheriff
Malfatti, Walter	November 22, 2014	Engineering
Patterson, John	November 15, 2014	Employee & Public Services
Hooper, Elsa	November 19, 2014	Library
Fritz, Jeanne	November 19, 2014	Transportation Officer
Thomas, Lois	December 2, 2014	Social Services

DECEMBER 16, 2014 – REGULAR BOARD MEETING MINUTES

1412.1 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 10:02 a.m.

Roll Call:

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

Excused: Ben Bowler, Natalie Kwan Lloyd.

Alternates present: Alma Salas

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

Consultants: Patrick Thomas, Jonathan Brody and Faraz Shooshani (SIS); Don Anderson (Northern Trust); Will Morrow (LRWL).

1412.2.1 Oral Communications From the Board: Ms. Settles reported her attendance at IMN's Global Indexing and ETFs Conference, in Scottsdale, Arizona, December 7-9, 2014. Ms. Agnew reported her attendance at the SACRS Fall Conference in Monterey, November 11-14, 2014.

1412.2.2 Oral Communications From the Public: Ms. Salas reported her attendance at the SACRS Fall Conference in Monterey, November 11-14, 2014.

1412.3.1 Acceptance of Audit Committee Meeting Minutes, from October 28, 2014: Ms. Agnew asked if there were any changes to the Audit Committee minutes, and there were none.

Action: Mr. Tashman moved to accept the Audit Committee minutes from October 28, 2014, and the motion was seconded by Mr. David. The motion carried with a vote of 8-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

1412.3.2 Approval of Regular Board Meeting Minutes from October 28, 2014: Ms. Agnew asked if there were any changes to the Regular Board minutes, and there were none.

Action: Mr. Hackleman moved to approve the minutes of the Regular Meeting from October 28, 2014, and the motion was seconded by Ms. Settles. The motion carried with a vote of 8-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

1412.4.0 Approval of the Consent Agenda: Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and the disability applications of Carr and Goff were removed.

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

1412.4.1 Disability Retirements:

- a. The Board found that Carmen Bernal is (1) permanently incapacitated for the performance of her usual and customary duties as a Deputy Court Clerk, (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.
- b. The Board found that William Jacobs is (1) permanently incapacitated for the performance of

his usual and customary duties as a Group Supervisor II, (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.

- c. The Board found that Abby Osborn-Parker is (1) permanently incapacitated for the performance of her usual and customary duties as a Correctional Officer, (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.

1412.4.2 **Service Retirements**

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

Member Name	Effective Retirement Date	Department
Abadilla, Angela	September 3, 2014	Deferred from Hospital
Adelman, Lannie A	September 27, 2014	Deferred from Public Health
Allen, Joseph K.	September 28, 2014	Deferred from Courts
Bleything, Kris A	August 30, 2014	Deferred from Medical Center
Boyd, Areda Faye	September 28, 2014	Deferred from Probation
Carino, Anna	November 1, 2014	Building Services
Ceccotti, Dante L	October 18, 2014	Correctional Health
Co, Lalita Sy	October 27, 2014	Deferred from Medical Center
Davis, Harriet E	September 1, 2014	QDRO of Ronald M Davis
Estipona, Lino	October 26, 2014	Deferred from Medical Center
Estipona, Teresa Lavares	October 15, 2014	Deferred from Medical Center
Fujikawa, Bruce Kazuo	August 30, 2014	Public Health
Fujikawa, Richard M	September 28, 2014	Deferred from Planning
Galea, Frank J	September 27, 2014	Public Works
Graham, Michele C.	October 31, 2014	Assessor's Office
Grayson, Cathy D	September 6, 2014	Medical Center
Gutierrez, Carmen E	August 31, 2014	Medical Center
Haro, Esther R	October 1, 2014	Human Services Agency
Ketterer, Susan M.	September 27, 2014	Human Services Agency
Kriz, Jan T	October 9, 2014	Sheriff's Office
Kruger, Robert J	September 19, 2014	Sheriff's Office
LeClair, Maria R	September 27, 2014	Deferred from Public Health
Lewis, Andre C	September 27, 2014	Probation
Liberona, Marion L.	October 1, 2014	Human Services Agency
Magana, Teresa	September 5, 2014	Medical Center
Milinovich, Tina Geneva	September 17, 2014	Deferred from Hospital
Morris, Joel R	September 30, 2014	Assessor's Office
Nakatani, Karen	September 16, 2014	Medical Center
Pacheco, Thomas R.	October 10, 2014	Information Services
Perry, Nancy	September 12, 2014	Human Services Agency
Prudhel, Patrick Arthur	September 20, 2014	Sheriff's Office
Reyna, Ronell A	November 1, 2014	Family Health Services
Romero, Rebecca A	September 12, 2014	County Manager's Office
Sartain, Kathleen E	October 18, 2014	Child Support Services
Stein, Robert J	September 6, 2014	Behavioral Health Services
Virgo, Martha A	October 29, 2014	Courts

Service Retirements (con't)

Member Name	Effective Retirement Date	Department
Wachhorst, Wendy C.	September 30, 2014	Deferred from Courts
Watanabe, Franklin Nobuharu	September 2, 2014	Probation
Webb, Donna	November 1, 2014	Correctional Health
Welker, Irene	July 8, 2014	Probation
Woolard, Rosalinda	September 13, 2014	Sheriff's Office
Woollum, Dennis Russell	September 27, 2014	Deferred from Sheriff's Dept

1412.4.3 **Continuances**

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

Survivor's Name	Beneficiary of
Beegle, Donald	Beegle, Paz
Colvert, Dominic Peter	Colvert, Catherine
Lindsey, Carrato Carlo	Lindsey, Janet
Meyer, Mary M	Meyer, James
Petersen, Danny Hal	Petersen, Delores
Rutenberg, Anastasia	Rutenberg, Harvey
Santana, Grace M	Bass, James

1412.4.4 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Alvarez-Campos, Michelle	Vested G4
Beaty, Craig L.	Non Vested G3 - Reciprocity
Blacksher, Joe L.	Vested P4
Buckwalter, Margaret	Non Vested G5 - Reciprocity
Chand, Sunil	Vested G4 - Auto
Dela Merced, Janet S.	Non Vested G3 - Reciprocity
Garcia, Danilo E.	Vested G4
Gutierrez, Luis	Vested G4
Lyskawa, Meg	Vested G4 - Reciprocity
McElroy-White, Greta	Vested G4 - Reciprocity
Nangare, Trupti N.	Non Vested G5 – Reciprocity
Soubirous, Ana E.	Vested G4 – Reciprocity
Valero, Leticia	Vested G4 – Reciprocity
Woo, Cassandra N.	Non Vested G5 – Reciprocity
Wilson, Marshall F.	Vested G4 – Reciprocity

1412.4.5 **Member Account Refunds**

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

Member Name	Retirement Plan Type
Biggs, Arter	G7, Non-vested
Fessler, Ernest	G5, Non-vested
Sedillo-Messer, Manuel	G4, Vested
Strauss, LaShonda	G5, Non-vested

1412.4.6 **Member Account Rollovers**

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

Member Name	Retirement Plan Type
Barriger, Geraldine	G5, Non-vested
Brickley, Theresa	G7, Non-vested
Loucel, Crystal	G5, Non-vested
McMann, Linda	G5, Non-vested
Williams, Jennifer	G4, Non-vested

1412.4.7 **Approval of Annual Review Questionnaire for SIS:** The Board reviewed and approved the questions to be submitted to SamCERA's investment consultant, SIS, prior to their annual performance review.

1412.4.8 **Authorization to Sign Letter to Delaware Legislature Regarding By-laws that Shift Litigation Expenses:** The Board authorized the inclusion of the SamCERA Board of Retirement on a joint letter sent by various public pension systems urging the Delaware legislature to enact legislation that would preempt corporate bylaws that require a shareholder to pay expenses incurred in connection with shareholder litigation.

1412.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** Ms. Arnott recused herself from voting on the disability applications of Darlene Carr and Lydia Goff.

Action: Mr. Hackleman moved to approve staff's recommendations with regard to the applications of Darlene Carr and Lydia Goff, as detailed below. The motion was seconded by Mr. Spinello. The motion carried with a vote of 7-0-1 with trustees Agnew, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed; Ms. Arnott abstaining.

- a. The Board found that Darlene Carr is (1) permanently incapacitated for the performance of her usual and customary duties as a Mail Services Driver, (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 Lydia Goff is (1) permanently incapacitated for the performance of her usual and customary duties as an Office Specialist, (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.

Item 6.4 was heard next, and the remainder of the agenda was heard in the order listed below.

1412.6.4 **Presentation on SamCERA's Securities Lending Program:** Ms. Dames introduced Dan Anderson from Northern Trust, who presented information on securities lending and answered questions from Board members. This item was informational only and no action was taken.

Ms. Agnew adjourned the meeting for a short break at 11:18 a.m. and the meeting reconvened at 11:24 a.m.

1412.6.1 **Preliminary Monthly Performance Report for the Period Ending October 31, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for October was +1.6% net of investment manager fees. This item was informational only and no action was taken.

- 1412.6.2 **Quarterly Investment Performance Report for the Period Ending September 30, 2014:** Mr. Coultrip introduced 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 aspects. This item was informational only and no action was taken.
- 1412.6.3 **Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014:** Mr. Shooshani reviewed the private equity performance report with the Board. He discussed SamCERA's specific returns as well as the global market climate for private equity. This item was informational only and no action was taken.
- Ms. Agnew adjourned the meeting at 12:08 p.m. for lunch. The meeting was reconvened at 12:35 p.m.
- 1412.6.5 **Report on Risk Parity, Commodity, Hedge Fund, and Real Estate Annual Manager Reviews:** Mr. Coultrip reported on the annual manager reviews held in October with AQR Global, AQR Delta, Invesco and SSgA/SSARIS. He stated that no significant concerns were identified during any of the portfolio reviews. This item was informational only and no action was taken.
- 1412.6.6 **Approval of Opportunistic Credit Manager Shortlist Selection Process:** Mr. Coultrip presented the shortlist of opportunistic credit manager candidates. There was discussion of the selection process, and whether a due diligence trip would be taken before, or after, any presentation was given to the Board by the manager candidates.
Action: Mr. Tashman made a motion to direct staff and SIS to perform due diligence as necessary and to return to the Board with a report and recommendation regarding a manager selection for this strategy. The motion was seconded by Ms. Settles and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.
- 1412.6.7 **Approval of Purchase of Alternative Investment (Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2):** Ms. Agnew adjourned the meeting into Closed Session to discuss item 6.7. The Board reconvened and Ms. Carlson reported the closed session action as follows:
Action: Mr. Hackleman moved to approve the transitioning of SamCERA's investment in commodity exposure from the SSgA/SSARIS Multisource Active Commodity (MAC) Fund to a soon-to-be-established SSARIS MAC Fund. The motion was seconded by Mr. David, and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.
- 1412.7.1 **Preliminary Quarterly Financial Report for the Period Ending September 30, 2014:** Ms. Wong reported that SamCERA's net position restricted for pension as of September 30, 2014 totaled \$3,300,485,912. There was an increase due to the receipt of the prepayment of employer contributions made by the County in the amount of \$75 million. She reported that asset account reconciliation was still in process during the transition from State Street to Northern Trust. This item was informational only and no action was taken.
- 1412.7.2 **Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor:** Ms. Arnott, Chair, reported that she and the members of the committee (Kwan Lloyd, Agnew, Miller and Arnott) met on December 1, 2014 to review the performance of SamCERA's medical advisor, Dr. Brodtkin. Ms. Arnott stated that Dr. Brodtkin meets the expectations set for the medical advisor and the committee had a positive opinion of his work for SamCERA. This item was information only and no action was taken.

1412.7.3 **Approval of Resolution Amending Interest Crediting Policy:** Mr. Hood explained a small change has been proposed to simplify the way member account interest is credited. This amends the current policy, and proposes that the interest rate calculated for the prior six-month period is used as the rate to credit member accounts.

Action: Ms. Settles moved to approve a resolution amending the interested crediting policy. The motion was seconded by Mr. David and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

Mr. Tashman left the Boardroom at 1:30 p.m. and was excused for the remainder of the meeting.

1412.7.4 **Approval of Board of Retirement Meeting Schedule for 2015:** Mr. Hood reviewed the 2015 proposed Board of Retirement meeting schedule with the Board. It was noted that meetings in January, February, March, July, August, and October will occur on the fourth Tuesday. Alternate meeting dates were scheduled for the months of April, June, September, and December; and no regular meetings will be held in the months of May and November.

Action: Mr. Hackleman moved to approve the 2015 meeting schedule as presented. The motion was seconded by Ms. Settles, and carried with a vote of 7-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, and Spinello all in favor; none opposed.

1412.7.5 **Discussion of Board / Staff Retreat Topics:** Mr. Hood and Board members discussed the schedule and list of topics for the upcoming Board / Staff retreat to be held on Tuesday and Wednesday, April 28 and 29, 2015. This item was informational only and no action was taken.

1412.7.6 **Update on Progress of SamCERA's Information Technology Projects:** Mr. Ali updated the Board on the status of the current IT projects. He reviewed the successful Microsoft Great Plains upgrade which came in under budget; reported that the new website is expected to be launched in May 2015; updated the Board on progress of the Pension Gold integration with Workday; discussed improvements to web member services; and detailed research undertaken regarding agenda management software. Mr. Morrow discussed the progress of the PASS project and talked about the recent due diligence trip to New York to see the Vitech offices, taken with Mr. Hood and Mr. Ali. He reported that the PASS project is on schedule. This item was informational only and no action was taken.

1412.8.1 **Chief Executive Officer's Report:** Mr. Hood reported that the leadership transition was going well, and Gladys Smith has been appointed as Acting Assistant Executive Officer. He let the Board know that SamCERA is assisting during negotiations with the bargaining units, and will provide the unions with more detailed COLA and rate information in the coming months. He stated the GASB task force had its final meeting. Mr. Bailey also had positive comments about the CEO transition and reported that he is involved in the search for an agenda management program.

1412.8.2 **Assistant Executive Officer's Report:** No report.

1412.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff was working with the County's HR department to prepare a job description and begin recruiting for the recently approved Investment Analyst position. He discussed rebalancing that occurred in mid-October, and also notified the Board that the transitioning of the D.E. Shaw portfolio to a 130/30 strategy from a long-only strategy was complete.

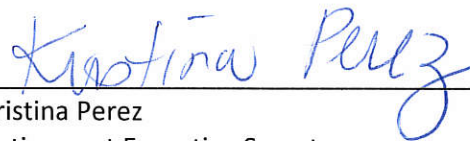
1412.8.4 **Chief Legal Counsel's Report:** No report.

1412.10 **Adjournment:** Ms. Agnew adjourned the meeting at 2:15 p.m. in memory of the following deceased members:

Colvert, Catherine	October 12, 2014	Social Services
Williams, Louis	October 13, 2014	Human Services Agency
Thomas, Andree	October 19, 2014	Public Health
Florence, Elizabeth	October 18, 2014	Social Services
Teglia, Albert	October 26, 2014	BOS
Alexander, Lester	October 23, 2014	Health Services
Lindsey, Janet	October 23, 2014	Public Health
Haseleu, Joan	November 5, 2014	Human Services
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Kerr, Raymond	November 23, 2014	Public Works
Hughes, Marilouise	November 23, 2014	Assessor
Amberg, Barbara	November 25, 2014	Library
Thurman, Jane	November 28, 2014	Sheriff
Malfatti, Walter	November 22, 2014	Engineering
Patterson, John	November 15, 2014	Employee & Public Services
Hooper, Elsa	November 19, 2014	Library
Fritz, Jeanne	November 19, 2014	Transportation Officer
Thomas, Lois	December 2, 2014	Social Services



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary