



SamCERA's MEMBERS HAVE SPOKEN, AS COSGROVE AND MCMAHON ARE RE-ELECTED

Bill Jackson, San Mateo County's Elections Manager, has announced the results of the two elections he conducted for *SamCERA* this Spring.

Dennis Cosgrove was the victor in his race with Bill Cogswell for the Safety Member position. Mr. Jackson reports that Mr. Cosgrove received 139 votes, while Mr. Cogswell received 113.

Michael McMahon was the only General Member to file for the General Member position on the Board of Retirement. So, the election was cancelled and he was declared the winner.

Cosgrove and McMahon were both elected to terms which run through June 30, 2000.

The County Employees' Retirement Law of 1937 empowers *SamCERA*'s members to elect four members to the Board of Retirement: General members may elect two, Safety members may elect one and Retired members may elect one.

What's New?

Members Elect Two Board Members	1
Supervisors Appoint Two Board Members . . .	1
New Safety Member Booklet ready	2
Plan 4 is Here	2
John Segall Honored for <i>SamCERA</i> Service . .	2
Portfolio Returns--Too Good To Last	3
<i>SamCERA</i> is Moving	4
Watch for <i>SamCERA</i> 's New Checks	4

YOUR SamCERA BOARD OF RETIREMENT

BETTE PERROTON STUART, Chair
DENNIS J. COSGROVE, Vice Chair
TOM E. BRYAN, Secretary
LAURYN AGNEW BIERDEMAN
LEE BUFFINGTON
JOHN J. CARBERRY
WILLIAM R. COTTLE
ARON HOFFMAN
MICHAEL E. MCMAHON

*meets at 9:00 a.m. on the 4th Tuesday of each month.
phone 363-4930 for location & agenda*

HOFFMAN & COTTLE APPOINTED BY BOARD OF SUPERVISORS

Former San Mateo City Council member and Mayor, Aron Hoffman was appointed to the Board of Retirement by the Board of Supervisors on June 24th. Mr. Hoffman, a Certified Public Accountant, replaces John Segall. Mr. Hoffman has prior experience as a pension fiduciary and has taught numerous courses in auditing and financial controls.

William Cottle, a consultant to pension funds, was reappointed to a full term. He is a partner in the San Francisco based firm of Dorn, Helliesen & Cottle. Mr. Cottle had been appointed last December to complete Todd Doersch's term.

Both terms run through June 30, 2000.

The County Employees' Retirement Law authorizes the Supervisors to appoint four trustees to the Board of Retirement. The law also names the Treasurer as the ninth member of the Board.

NEW SAFETY MEMBER BOOKLET

If you are an Active Member of one of *SamCERA*'s Safety groups, you may want to order a copy of *SamCERA*'s new safety booklet. The new booklet is the first complete revision since Probation Officers were granted Safety member status.

To order your copy of the book, just drop a card in the PONY with your name, PONY address and the words "Safety booklet, please". We will send you a copy as soon as they are back from the printer. Send the card to Sid, *SamCERA*, RET 141.

PLAN 4 HAS ARRIVED

All new permanent employees who join the County on or after July 13th will be members of *SamCERA*'s new Plan 4.

The members of the new Plan will share the same retirement formula as current members. Our retiree's benefit is calculated by multiplying years of service times highest average compensation times a factor based on age at retirement.

Plan 4 changes the definition of "highest average compensation" from the monthly average of the highest single year to the monthly average of the highest three years.

The new Plan also reduces the maximum annual cost-of-living allowance payable to Plan 4 retirees. *SamCERA*'s retired members are entitled to annual cost-of-living increases based on the change in the Consumer Price Index in the San Francisco Bay region. The maximum COLA for Plan 4 retirees will be 2% per year. Most Plan 1 retirees are entitled to up to 5% and all Plan 2 retirees are entitled to up to 3%.

The new Plan 4 benefits are comparable to those paid by the California Public Employees' Retirement System to employees in Counties which belong to PERS.

John Segall Honored

The Board of Supervisors and Board of Retirement have honored John Segall of San Mateo for his service as a member of the Board of Retirement from July, 1988, through June, 1997.

During his nine years as a trustee of your pension fund, Mr. Segall watched *SamCERA*'s portfolio grow from \$362 Million to nearly \$1 Billion.

When he joined the Board, 10% of *SamCERA*'s assets were in short-term cash equivalents and 90% in Treasury Bonds, which had been leveraged up more than 37% with reverse repurchase agreements, all managed by the Treasurer's staff. When he retired from the Board, *SamCERA*'s portfolio was fully invested in a broad range of investment grade securities managed by fully discretionary institutional investment managers.

Early in his career, Mr. Segall served as Deputy District Attorney for San Mateo County from 1966 through 1970. He was assigned to serve as Counsel to the Board of Retirement between 1966 and 1968.

John was a diligent trustee who took his fiduciary duty seriously. As the Board grappled with the issues of prudent investment practices and independent administration of the fund, Mr. Segall was a consistent voice for reason, caution and prudence. He honed his skills as a mediator during many long and difficult board debates on the future of *SamCERA*.

John chose not to seek reappointment to the Board in order to devote more time to his passion for mediation. He serves as mediator to a wide range of clients in conflict. John's telephone number is (415) 375-8246.

Marie Walsh, newly elected President of SCORPA, noted that John will be missed by *SamCERA*'s retirees. "We didn't always agree with John, but there was never any doubt that he was looking out for our best interests. We will all miss John's steady hand," Walsh noted.

**The course of true love never
did run smooth.**

--William Shakespeare, 1595

**Whoso loves
Believes the impossible.**

--Elizabeth Barrett Browning, 1856

**Tis better to have loved and lost
Than never have loved at all.**

--Alfred Tennyson, 1850

**He was awake a long time before
he**

**remembered that his heart was
broken.**

-- Ernest Hemmingway

Hold on! The Stock Market Keeps Forgetting to Catch Its Breath

Like a teenager in love, the stock market has been long on enthusiasm & short on common sense.

In the "real" world, you would expect it to take 5 years for *SamCERA* to experience the kind of growth we've seen over the past 3 years.

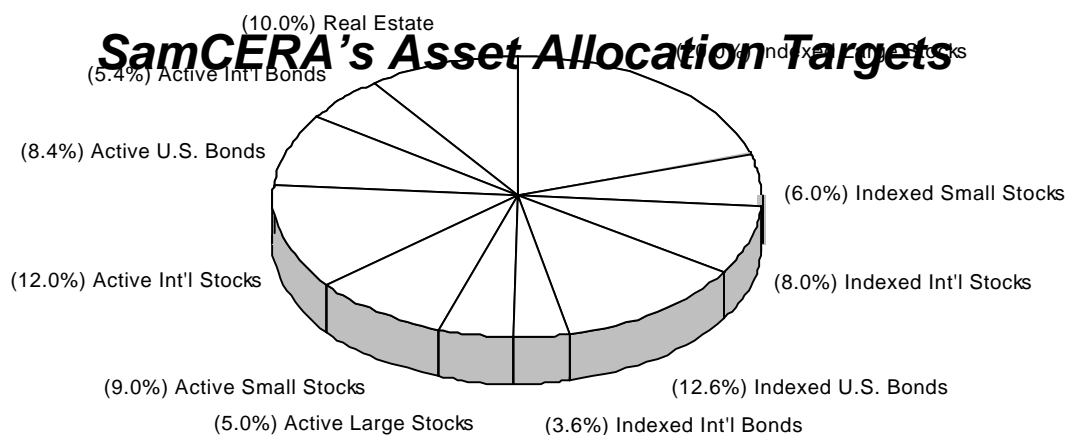
On June 30, 1994, the Retirement Fund had a market value just over \$600 Million; and three years later, on June 30, 1997, the market value was just over \$990 million. After subtracting net contributions, the portfolio increased in market value by more than \$350 million.

That increase represents an annual return of more than 16% per year for 3 years.

The Board of Retirement structured *SamCERA*'s highly diversified asset allocation with the objective of achieving an average return of approximately 9.5% per year. That objective was based on looking at the market returns of each of the asset classes over very long historical periods.

While it is true that the past does not tell you much about the future, it is still very probable that three years of 16% returns could very easily be followed by three years of 3% returns, so that the long-term return would still average about 9.5%. With low inflation, the long-term future returns would be expected to be even lower than that.

Our crystal ball can not tell us when the market will decide to take a break, but we do know that a well diversified portfolio offers much more protection than putting all of your eggs in one basket. That is the reason *SamCERA* invests in both U.S. & International stocks & bonds, as well as U.S. real estate.



Revised May 27, 1997

San Mateo County Employees' Retirement Association

Attn: Sid McCausland, Retirement Administrator, RET 141
2317 Broadway, Suite 115, Redwood City, California 94063

SamCERA is MOVING

On September 2nd, your *SamCERA* staff will pack up and move out of our old offices. We will open for business in our new location on September 4th.

Our telephone numbers will not change, so you will be able to leave voice mail messages during our move. However, all of Redwood City will be assigned a new Area Code on August 2nd. So, if you need to call us from outside of the area, you will need to know our new Area Code.

Effective August 1st, *SamCERA*'s new Area Code will be 650. You can reach us from any place in the World at (650) 363-4581.


Effective, September 2nd our new address will be

***SamCERA*
702 Marshall, Suite 280
Redwood City, CA 94063.**

WATCH FOR *SamCERA*'s NEW CHECKS

SamCERA's new *PensionGold* computer system allows the Auditor/Controller to print *SamCERA*'s retirement checks and direct deposit advices on a new "self-mailer". The new checks will be introduced very soon.

 **If you get something in the mail from *SamCERA*, look very closely-- it might be your Retirement Check!**

 **The Post Office now returns all *SamCERA* checks & direct deposit advices that do not have a current address! You MUST give us your new address when you move. Once your check or advice is returned to our office, we will STOP PAYMENT until we hear from you.**

