

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

August 27, 2013

Agenda Item 3.0

July 23, 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 Administration of Oath of Office to Newly Elected Trustees
- 1.2 Ad Hoc Nominating Committee Report and Election of 2013-2014 Board Officers
- 1.3 Announcement of the 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

4. Approval of the Consent Agenda

Disability Retirements

- Stacey Adleson
- Carol Bello
- Robert Belmont
- John Flahavan
- Susan Hartmann
- Dennis Mayer
- Debra McGlynn
- Jasmeet Singh
- Pamela Thompson

Service Retirements

Continuances

Deferred Retirements

Member Account Refunds

Member Account Rollovers

- 4.2 Approval of Questions for the Annual Review of SamCERA's Actuarial Firm – Milliman, Inc.

- 4.3 Approval of Topics for the Annual Review of SamCERA's Financial Auditing Firm – Brown-Armstrong Accountancy Corporation

- 4.4 Ratification of Responses to 2012-2013 Civil Grand Jury Report

- 4.5 Acceptance of Semi-Annual Compliance Certification Statements for period ending June 30, 2013

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 July 23, 2013)

- 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending June 30, 2013
- 6.2 Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations
- 6.3 Discussion and Approval of Clifton Overlay Manager Investment Guidelines
- 6.4 Report on Value Equity Manager Annual Reviews
- 6.5 Report on Growth Equity Manager Annual Reviews
- 6.6 Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2)
- 6.7 Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26, to be heard in Closed Session, C3)
- 6.8 Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2, to be heard in Closed Session, C4)

7. Board & Management Support Services

- 7.1 Presentation of Monthly Financial Report

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- 7.2 Presentation of Quarterly Budget Report
- 7.3 Adoption of Resolution Reaffirming SamCERA's Conflict of Interest Code
- 7.4 Approval of SamCERA's 2013-14 Strategic Plan Update
- 7.5 Approval of Amendments to Resolutions Providing Signature Authority for SamCERA Manual Checks
- 7.6 Update on Information Technology Project Progress

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 Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26)
- C3 Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26)
- C4 Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2)
- C5 Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9. One case: Montisano v. The San Mateo County Employees' Retirement Association et al, San Mateo Superior Court Case No. 522614

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Ganley, Kathleen	May 1, 2013	Ben. of William Ganley
Bushway, Harry	May 11, 2013	Sheriff's Department
Piasentin, Linda	May 14, 2013	Probation
Lish, Frances	May 17, 2013	Social Services
Meyer, Max	May 25, 2013	Public Works
Sprague, Dewitt	May 30, 2013	Public Works
Murphy, John G.	June 1, 2013	Planning
Willis, Evelyn	June 4, 2013	Ben. of Beauford Willis
Mallon, Richard T.	June 9, 2013	Probation
Gaviola, Violetta	June 19, 2013	Courts
Breen, Robert	June 19, 2013	Parks
Johnson, Doris	June 21, 2013	Ben. of Phillip Johnson
Sullivan, Lawrence	June 21, 2013	General Services
Lloyd, Patricia	June 28, 2013	Child Protective Services
Johnson, Ida Lee	June 29, 2013	Ben. of Esau Johnson
Flahavan, John Stephen	July 10, 2013	Sheriff's Department

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July 23, 2013– Board Minutes

1307.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Sandie Arnott, Chair, called the Regular Meeting of the Board of Retirement to order at 1:02 p.m. Ms. Arnott dedicated the meeting to the memory of Mr. John Murphy, and Mr. John Flahavan, in honor of their service to SamCERA.

Roll Call:

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

Excused: Ben Bowler, David Spinello and Eric Tashman.

Alternates: Alma Salas

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

1307.1.1 **Administration of Oath of Office to Newly Elected Trustees:** Mr. Hackleman, Ms. Kwan Lloyd and Ms. Salas were administered the Oath of Office by Lieutenant Mark Robbins of the San Mateo County Sherriff's Office.

1307.1.2 **Ad Hoc Nominating Committee Report and Election of 2013-2014 Board Officers:** Ms. Settles reported the recommended slate of Board officers as nominated by the committee. Ms. Kwan Lloyd, Ms. Agnew and Mr. Hackleman were nominated by the committee as Chair, Vice Chair and Secretary respectively. There were no other nominations.

Action: Mr. David moved to accept the nominations and to elect Ms. Kwan Lloyd as Chair, Ms. Agnew as Vice Chair, and Mr. Hackleman as Secretary of the Board of Retirement. Ms. Kwan Lloyd seconded the motion and it carried unanimously.

Ms. Arnott handed the gavel to Ms. Kwan Lloyd and the meeting continued with Ms. Kwan Lloyd as Chair.

1307.1.3 **Announcement of the Appointment of Board Committees:** Ms. Kwan Lloyd announced that this item would be carried over to the August 27 regular meeting. No action was taken.

1307.2.1 **Oral Communications From the Board:** Ms. Agnew encouraged Board members to attend the Trustee Round Table meeting, hosted by CALAPRS, scheduled for September 13 in San Jose. Ms. Agnew will serve as the Chair for this meeting.

1307.2.2 **Oral Communications From the Public:** None.

Mr. Bailey explained that some items on the agenda will be taken out of order to accommodate staff and trustees, who, depending on the length of the meeting, may need to leave prior to the adjournment.

1307.3.0 **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. Arnott moved to approve the regular and special meeting minutes from the Board meetings held on May 28, 2013. The motion was seconded by Ms. Agnew and carried unanimously.

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1307.4.0 **Approval of the Consent Agenda:** Ms. Kwan Lloyd asked if there were any items to be removed from the Consent Agenda, and the consideration of the disability retirement applications of Pamela Thomson, Dennis Mayer, Susan Hartmann and Deborah McGlynn were removed from the Consent Agenda to be considered separately. The application of Dennis Mayer was removed and delayed to a later meeting.

Action: Mr. David moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Ms. Settles and carried unanimously.

1307.4.1

Consent Agenda

Disability Retirements

1. The Board found that Stacey Adleson is (1) permanently incapacitated for the performance of her duties as a Nurse Practitioner, (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.
2. The Board found that Carol Bello is (1) permanently incapacitated for the performance of her usual and customary duties as a Criminal Records Technician, (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.
3. The Board found that Robert Belmont is (1) permanently incapacitated for 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.
4. The Board found that John Flahavan is permanently disabled from the duties of a Sheriff Sergeant and granted survivor benefits, pursuant to Government Code Section 31762, to the member's spouse, Jennifer Flahavan.
5. The Board found that Jasmeet Singh is (1) permanently incapacitated for the performance of his duties as Registered Nurse, (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.

1307.4.1

Service Retirements

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

Fernandez, Anaquilina	May 1, 2013	Def'd. Assessor's Office
Gherman, Maria	April 4, 2013	Hospital
Jones-Kazan, Denise	May 1, 2013	Mental Health
Medrano, Guadalupe	April 22, 2013	Def'd. Community Wkr.
Travis, Wilda	May 1, 2012	Def'd. from EPS
Peck, Julie	February 1, 2013	Def'd. from Health Services
Overton, Marti	March 29, 2013	Sheriff's Office
Karwatt, Carol	May 30, 2013	Def'd. from Courts
Grosshauser, Ivan	May 14, 2013	District Attorney's Office
Fricke, Alfred	May 20, 2013	Def'd. from Mental Health
Flint Rank, Eleanor	May 20, 2013	Def'd. from Courts
Enrique, Barbara	May 15, 2013	Hospital
Domingo, Maria	June 1, 2013	Recorder's Office
Parent, Darlene	June 1, 2013	Def'd. from DAO's Office
Patterson, Cheryl	May 6, 2013	Def'd. from Medical Ctr.
Richards-Reiss, Diane	May 9, 2013	Def'd. from Social Services

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1307.4.1 **Service Retirements** (con't)

Sever, Anna	June 1, 2013	Corrections
Strand, Sheila	May 13, 2013	Def'd. from Admin. Services

1307.4.1 **Continuances**

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

Survivor's Name	Beneficiary of
Harding, Dorothy	Harding, Don
Shroyer, Nancy	Shroyer, Chester
Wespieser, Eleanor	Wespieser, Howard
Berrier, Arel	Berrier, Ellen
Olson, Lorna	Olson, Stanley

1307.4.1 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Marty, Michael	G4/S4 Vested
Sunders-Sui, Diane	G4 Vested
Matthews, Sherry	G4 Vested
Wang, Shu-Pei (Patricia)	G4 Non-vested - Reciprocity
Bresler, Lorelei	G4-G5 Non-vested - Reciprocity
Wanzong, Laura	G4 Vested - Reciprocity
San Mame's, Carmelo	G4 Vested - Reciprocity
Bozek, Evelina	G4 Vested – Auto Defer
Medina, Ed	G4 Vested – Auto Defer
Wong, Sandy	G4 Vested – Auto Defer

1307.4.1 **Member Account Refunds**

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

Member Name	Retirement Plan Type
Gurrola Ibarra, Guadalupe	G4 Non-vested
McClure, Talia	P4 Vested
Ponitini, Litia	G4 Vested
Grajo, Efren	G4 Non-vested
King, Roberta	P4 Vested
Aniana David, Eileen	G2 Vested

Member Account Rollovers

1307.4.1 The Board ratified the actions as listed below for the following members regarding rollovers:

Member Name	Retirement Plan Type
Gregg, Anuja	P4 Non-vested
Leonor, Cheryl	G4 Vested
Lin, Shulin	G4 Non-vested
Bander, Laith	G7
Olearczyk, Adam	G5
Lintvedt, Inga	G4 Non-vested
Knapp, Michele	G4 Non-vested

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1307.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** Ms. Arnott recused herself from voting on the disability application of Pamela Thompson.

Action: Mr. David moved to approve the staff recommendation regarding Pamela Thompson and grant her service-connected disability retirement. The motion was seconded by Ms. Settles and carried unanimously, with Ms. Arnott abstaining.

Ms. Kwan Lloyd proceeded with the consideration of the service-connected disability application for Ms. Deborah McGlynn. The member was present, and declined to have her application heard in closed session. The meeting remained open to the public.

Ms. McGlynn addressed the Board and handed out additional documentation to Board members to supplement the items contained in the agenda packet. Ms. McGlynn read a statement with details of her career and her disability; she stated there were inaccuracies in her medical records, and stated her reasons for opposing the staff recommendation for a denial of her service-connected disability application.

Board members asked Ms. McGlynn and staff questions, and discussed the matter.

Action: Mr. David moved to approve the staff recommendation to approve a non-service-connected disability retirement for Ms. McGlynn, and to deny her application for a service-connected disability retirement. The motion was seconded by Ms. Agnew and carried unanimously.

CLOSED SESSION Ms. Kwan Lloyd then adjourned the meeting into a closed session at 1:34 p.m. The following items were heard at this time in Closed Session:

- C1 Disability application of Susan Hartmann (removed from Consent Agenda).**
- C2 Presentation of Performance Report Concerning Certain Existing Alternative Investments**
- C3 Report on Alternative Investment Transaction**
- C4 Discussion and Approval of Proposed Alternative Investment**

The Board reconvened in open session at 3:42 p.m. Ms. Carlson reported on the closed session later in the meeting (see 1307.9).

1307.6.0 **Investment Services**

1307.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the monthly report. This item was for discussion only and no action was taken.

1307.6.2 **Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations:** Mr. David reported that the Investment Committee discussed the asset classes/mixes to be used in the asset liability study with Marcel Gessell of SIS, and the committee recommends Board approval of the asset classes/mixes proposed in the report.

Action: Mr. Hackleman moved to approve the asset classes and portfolio mixes for use in asset liability simulations. The motion was seconded by Mr. David and carried unanimously.

1307.6.3 **Discussion and Approval of Clifton Overlay Manager Investment Guidelines:** Mr. David reported that the Investment Committee had reviewed and discussed the overlay guidelines and the committee recommended Board approval of the Clifton investment guideline parameters.

Action: Mr. Hackleman moved to approve the Clifton overlay manager investment guidelines. The motion was seconded by Ms. Agnew and carried unanimously.

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- 1307.6.4 **Report on Value Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's value equity managers on June 6, 2013 and there were no significant concerns. She stated that increased transaction costs were discussed with one manager, and it was nominal compared to performance. This item was informational only and no action was taken.
- 1307.6.5 **Report on Growth Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's growth equity managers on July 9, 2013, and there were no significant concerns. She stated that Chartwell's personnel changes were discussed with the manager. This item was informational only and no action was taken.
- 1307.7.0 **Board & Management Support Services**
- 1307.7.1 **Presentation of Monthly Financial Report:** Ms. Wong presented the monthly financial report to the Board. This item was informational only and no action was taken.
- 1307.7.2 **Presentation of Quarterly Budget Report:** Ms. Wong presented the quarterly budget report to the Board. She reported that SamCERA is under budget in all three budget categories - professional, administrative and technology; and she noted that savings resulted from in-house printing and a reduction in postage costs. This item was informational only and no action was taken.
- 1307.7.3 **Adoption of Resolution Reaffirming SamCERA's Conflict of Interest Code:** Mr. Hood presented the staff report and noted that this is a reaffirmation of the Conflict of Interest Code, that the only change in the resolution at this time was an increase in the reportable gift limits as set by the California Fair Political Practices Commission.
Action: Mr. Hackleman moved to approve the resolution reaffirming SamCERA's Conflict of Interest Code. The motion was seconded by Mr. David, and carried unanimously.
- 1307.7.4 **Approval of SamCERA's 2013-14 Strategic Plan Update:** Mr. Hood discussed the updated strategic plan document with the Board, and Board members were very positive about the Strategic Plan.
Action: Ms. Arnott moved to approve SamCERA's 2013-2014 Strategic Plan. The motion was seconded by Ms. Agnew, and carried unanimously.
- 1307.7.5 **Approval of Amendments to Resolutions Providing Signature Authority for SamCERA Manual Checks:** Mr. Hood explained the proposed changes to end the use of the Board Secretary's signature stamp as one of three signatures needed to approve SamCERA manual checks. Instead, the signature of the Assistant Executive Officer must be provided, along with that of the CEO and the County Controller.
Action: Mr. David moved to amend the provisions setting forth signatures required on certain checks drawn on the retirement fund as set forth in Resolution 95-96-16 adopting SamCERA's Internal Controls Policy and as set forth in Resolution 95-96-15 implementing Assembly Bill 1021. The motion was seconded by Ms. Agnew, and carried unanimously.
- At this time item 7.6 was skipped until later in the meeting, and the remaining items followed in the order listed.
- 1307.8.1 **Chief Executive Officer's Report:** Mr. Hood gave the report on behalf of Mr. Bailey. He reported that SamCERA staff had received a Wellness Grant from the County health insurance program for \$1600. Mr. Hood updated the Board on ideas being developed for a new SamCERA logo, which will come before the Board for approval in the future.

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- 1307.8.2 **Assistant Executive Officer's Report:** Mr. Hood expressed gratitude for the many contributions and years of dedicated service of John Murphy, and John Flahavan. He added that he would miss the next Board meeting due to additional military service commitments out of the country.
- 1307.7.6 **Update on Information Technology Project Progress:** Mr. Ali introduced Edward Ick, who was recently hired as SamCERA's Network and Application Engineer. Mr. Ali gave Board members an update on the current in-house IT projects that are underway. Mr. Will Morrow, Project Manager with LRWL, provided an update on the technology modernization project, and informed the Board of the status of the PASS RFP. He reported six vendors were present for the RFP meeting and proposals are due August 29, with a recommendation from SamCERA staff and LRWL expected at the December meeting.
- 1307.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that Zeno is scheduled to do a presentation before the Board at their August meeting.
- 1307.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board members on pending litigation regarding PEPRAs; and she also reviewed changes in the law that pertain to partner pension benefits, as a result of the DOMA case.

CLOSED SESSION

Ms. Kwan Lloyd adjourned the meeting into closed session at 4:28 p.m. Items C1, C2, C3 and C4 had already been heard at a closed session earlier in this meeting. Board members discussed item C5 at this time and Ms. Carlson reported on all the closed session matters after the meeting was reconvened at 4:40 p.m.

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda:**
One disability matter: Susan Hartmann
Action: The member was present. After hearing the member's presentation and response to the Board's questions, a motion was made and seconded to grant a non-service-connected retirement to Susan Hartmann. The motion was approved unanimously. A report of said action was made in open session by Ms. Carlson.
- C2 **Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26):** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.
- C3 **Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26):** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.
- C4 **Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2):** A presentation was made by Chris Gaffney of Great Hill Equity Partners V, L.P. A motion was made and seconded to invest \$25 million in Great Hill Equity Partners V, L.P., subject to review and approval of investment documents by staff and counsel. Motion was approved unanimously. A report of said action was made in open session by Ms. Carlson.
- C5 **Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9. One case: Montisano v. The San Mateo County Employees' Retirement Association et al, San Mateo Superior Court Case No. 522614:** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.

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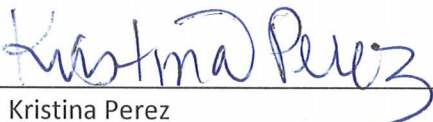
1307.9 **Report on Actions Taken in Closed Session:** See above.

1307.10 **Adjournment:** With no further business, Ms. Kwan Lloyd adjourned the meeting at 4:45 p.m., in memory of the following deceased members:

Ganley, Kathleen	May 1, 2013	Ben. of William Ganley
Bushway, Harry	May 11, 2013	Sheriff's Department
Piasentin, Linda	May 14, 2013	Probation
Lish, Frances	May 17, 2013	Social Services
Meyer, Max	May 25, 2013	Public Works
Sprague, Dewitt	May 30, 2013	Public Works
Murphy, John G.	June 1, 2013	Planning
Willis, Evelyn	June 4, 2013	Ben. of Beauford Willis
Mallon, Richard T.	June 9, 2013	Probation
Gaviola, Violetta	June 19, 2013	Courts
Breen, Robert	June 19, 2013	Parks
Johnson, Doris	June 21, 2013	Ben. of Phillip Johnson
Sullivan, Lawrence	June 21, 2013	General Services
Lloyd, Patricia	June 28, 2013	Child Protective Services
Johnson, Ida Lee	June 29, 2013	Ben. of Esau Johnson
Flahavan, John Stephen	July 10, 2013	Sheriff's Department



David Bailey
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary