

January 27, 2015– 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 Approval of Regular Board Meeting Minutes from December 16, 2014
- 4. Approval of the Consent Agenda***
 - 4.1 Disability Retirements
 - Zenaida Guevara
 - Mark Prochnow
 - 4.2 Service Retirements
 - 4.3 Continuances
 - 4.4 Deferred Retirements
 - 4.5 Member Account Refunds
 - 4.6 Member Account Rollovers
 - 4.7 Acceptance of FPPC Form 806 “Agency Report of Official Appointments”
 - 4.8 Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014
- 5. Benefit & Actuarial Services**
 - 5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda
 - 5.2 Approval of a Resolution Adopting Cost of Living Adjustments (COLAs) for 2015
- 6. Investment Services**
 - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending December 31, 2014
 - 6.2 Approval of Securities Lending Cash Collateral Pool
 - 6.3 Approval of Changes to Domestic Equity Manager Structure
 - 6.4 Discussion and Approval of Proposed Alternative Investment *(to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.2, see item C2)*
- 7. Board & Management Support**
 - 7.1 Quarterly Budget Report for Period Ending December 31, 2014
 - 7.2 Update on Strategic Plan Implementation
 - 7.3 Update and Discussion of April 28 and 29, 2015 Board-Staff Retreat
 - 7.4 Report on Upcoming Trustee Elections and Appointments
 - 7.5 Approval of a Resolution Authorizing Agreement with Digital Deployment, Inc. for Website Design and Support Services
 - 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 Discussion and Approval of Proposed Alternative Investment *(Confidential Under Gov. Code §54956.81 and §6254.2 – see also item 6.4)*
- 9. Report on Actions Taken in Closed Session**

10. Adjournment in Memory of the Following Deceased Members:

Dempsey, William	December 31, 2014	Human Services Agency
Garibaldi, Raymond	January 11, 2015	Sheriff
Hayselden, Diane	January 14, 2015	Superior Court
Heartsner, Marion	December 11, 2014	Clerk's Office
McEntee, Edith	December 2, 2014	Courts
Padilla, Sylvia	December 7, 2014	Human Services Agency
Wiese, Annabelle	December 21, 2014	District Attorney
Slagle, Howard	January 9, 2015	Probation
Tosetti, Marion	January 6, 2015	Social Service

JANUARY 27, 2015 – REGULAR BOARD MEETING MINUTES

1501.1 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 10:00 a.m.

Roll Call:

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

Excused: Ben Bowler, Natalie Kwan Lloyd and Eric Tashman

Alternates present: Alma Salas

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

Consultants: Patrick Thomas and Jonathan Brody (SIS)

1501.2.1 Oral Communications From the Board: Ms. Agnew reported her attendance at the CFA Forecast Dinner on January 21, 2015 in San Francisco.

1501.2.2 Oral Communications From the Public: None.

1501.3.1 Approval of Regular Board Meeting Minutes from December 16, 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 December 16, 2014, and the motion was seconded by Ms. Arnott. The motion 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.

1501.4.0 Approval of the Consent Agenda: Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and there were no requests to remove any items.
Action: Mr. David moved to approve all the items on the Consent Agenda, and the motion was seconded by Mr. Hackleman. The motion 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.

1501.4.1 Disability Retirements:

- a) The Board found that **Zenaida Guevara** is (1) permanently incapacitated for the performance of her usual and customary duties as a Fiscal Office Assistant 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 **Mark Prochnow** is (1) permanently incapacitated for the performance of his usual and customary duties as a Property Estate Officer, (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.

1501.4.2 Service Retirements

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

Member Name	Effective Retirement Date	Department
Anderson, Lynn	November 8, 2014	Deferred from Probation
Collins, Rhonda	December 1, 2014	Probation
Dair, Erline	November 3, 2014	Deferred from Medical Center
Gormley, Margaret	November 20, 2014	Human Services Agency

1501.4.2 **Service Retirements** (con't)

Member Name	Effective Retirement Date	Department
Kunst, Kathleen	December 1, 2014	Deferred from BOS
Lee, Rosario	December 1, 2014	Medical Center

1501.4.3 **Continuances**

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

Survivor's Name	Beneficiary of
Savoca, Laury	Savoca, Josephine
Mares, Sonya	Mares, Milton
Kerr, Sharon	Kerr, Raymond
Finch, Rebecca	Finch, Dolores
Haseleu, Eric	Haseleu, Joan

1501.4.4 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Adams, David	Vested G4
Cruz, Elidet	Vested G4
Chan, Teresa	Non Vested G5 - Reciprocity
Dunwoody, Garret A.	Vested G4
Dellamonica, Laura	Vested G4
Engram III, Eddie	Non Vested S4 - Reciprocity
Hurst, Patricia C.	Vested G4
Klingler, Michael	Vested P4/G4
Quinones, Roy	Vested G4
Selvaggio, Jill	Vested G4

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
Barraza, Evelyn	G7, Non-vested
Crosby, Karen	G4, Vested
Enriquez, Tupufia	G5, Non-vested
Facundo, Naomi	G4, Non-vested
Imelli, Annika	G4, Vested
Izquierdo, Aura (FBO: Anibal Izquierdo)	G4, Non-vested
Reames, Catherine	G7, Non-vested
Sedillo-Messer, Manuel	G4, Vested
Tapueluela, Danny	S4, Vested
Thompson, Paul	G7, Non-vested
Twine, Janelle	G7, Non-vested
Vo, Qui	G5, Non-vested

1501.4.6 **Member Account Rollovers**

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

Member Name	Retirement Plan Type
Aenlle, Victor	S5, Non-vested
Chan, Brian	G5, Non-vested
England, Ara	G4, Non-vested
Forfota, Chantal	G4, Non-vested
Harris, Lisa	G4, Non-vested
Izquierdo, Aura (FBO: Aura Izquierdo)	G4, Non-vested
Lasseigne, Suzanne	G4, Vested
Lopez, Nireysa (QDRO)	G4, Vested
Yamashita, Karen	G4, Non-vested

1501.4.7 **Acceptance of FPPC Form 806 “Agency Report of Official Appointments”:**

The Board approved the completed California Fair Political Practices Commission (FPPC) Form 806, “Agency Report of Official Appointments” for posting on SamCERA’s website.

1501.4.8 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014:** The Board reviewed and accepted the semi-annual Compliance Certification Statements as submitted for SamCERA’s non-alternative investment managers, as of December 31, 2014.

1501.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.

1501.5.2 **Approval of a Resolution Adopting Cost of Living Adjustments (COLAs) for 2015:** Mr. Hood stated the cost of living adjustment recommended by Milliman was 3% for most members, and that the COLA would be paid to retirees beginning with the April 2015 benefit payments.
Action: Mr. David moved to approve the resolution adopting the COLAs as recommended by Milliman, Inc., and the motion was seconded by Mr. Hackleman. The motion 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.

1501.6.1 **Preliminary Monthly Performance Report for the Period Ending December 31, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA’s net preliminary return for December was -0.92%, and the preliminary trailing twelve month return was +5.7% net. This item was informational only and no action was taken.

1501.6.2 **Approval of Securities Lending Cash Collateral Pool:** Mr. Coultrip explained that Northern Trust is closing their existing securities lending cash collateral pools due to the regulatory changes brought about by the Dodd-Frank Act; and SamCERA and Northern’s other clients will now need to select a different cash collateral investment vehicle by the end of January 2015. Mr. Coultrip detailed the two options available, and recommended the NILAP Cash Collateral Fund, as it is consistent with SamCERA’s current posture and a more conservative approach.
Action: Mr. David moved to approve the staff recommendation to utilize the NILAP Cash Collateral Fund for SamCERA’s security lending program; the motion was seconded by Mr. Spinello. The motion 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.

- 1501.6.3 **Approval of Changes to Domestic Equity Manager Structure:** Mr. Coultrip presented the staff report, and explained the recommended changes to the domestic equity structure. The proposed change will increase the passive portion of the large-capitalization program; reduce the allocation to the active large-capitalization strategies; and leave the allocation and structure of the small-cap program unchanged, in an effort to balance out 'event risk' and reduce management fees. Board members asked questions and discussed issues including risk, tracking errors, and manager fees.
Action: Mr. David moved to approve the recommended manager structure and direct staff to implement their recommended changes to the domestic equity manager structure, and the motion was seconded by Mr. Hackleman. The motion 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.
- 1501.6.4 **Discussion and Approval of Proposed Alternative Investment (*Confidential Under Gov. Codes §54956.81 and §6254.26, to be heard in Closed Session, C2*):** The Board adjourned into closed session at 10:40 a.m. Upon reconvening at 11:24 a.m. Ms. Carlson reported the following actions taken by the Board in closed session.
Action: Mr. Hackleman made a motion to approve an investment in the Beach Point Capital Select Fund to fulfill SamCERA's Opportunistic Credit mandate. 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.
Action: Mr. David made a motion to approve that the investment in the Beach Point Capital Select Fund be in the amount of \$32.5 million. The motion was seconded by Ms. Arnott, 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.
- 1501.7.1 **Quarterly Budget Report for Period Ending December 31, 2014:** Ms. Wong presented the quarterly budget report to the Board. She reported on the three budget categories - professional, administrative and technology; and she noted that budget adjustments would be made in the third quarter to reflect the wage increases as a result of the county-wide COLA increases authorized by the Board of Supervisor, and to adjust for the cost of double filling the CEO position during SamCERA's leadership transition. This item was informational only and no action was taken.
- 1501.7.2 **Update on Strategic Plan Implementation:** Mr. Hood presented the update to the strategic plan and shared the streamlined "dashboard" which gives a quick overview of the plan's tasks and their progress. This item was informational only and no action was taken.
- 1501.7.3 **Update and Discussion of April 28 and 29, 2015 Board-Staff Retreat:** Mr. Hood reviewed the topics and schedule of the April 28 and 29, 2015, Board-Staff Retreat. He noted an economist has been scheduled to speak. This item was informational only and no action was taken.
- 1501.7.4 **Report on Upcoming Trustee Elections and Appointments:** Mr. Hood reported the terms of two elected trustees (Mr. David, Mr. Spinello), one elected trustee alternate (Mr. Miller) and two appointed trustees (Ms. Agnew and Mr. Tashman) will expire on June 30, 2015. He reported the election would be held on June 8, 2015, and the Board of Supervisors would make their appointments by June. This item was informational only and no action was taken.
- 1501.7.5 **Approval of a Resolution Authorizing Agreement with Digital Deployment, Inc. for Website Design and Support Services:** Mr. Ali gave an update on the efforts to redesign SamCERA's website; and reported that after the RFP process, Digital Deployment, Inc. was selected to provide the website development services and support. It was noted there was a typographical error showing a difference in the cost on the submitted resolution and the cost reflected in the staff report. The correct amount is shown on the staff report. The correct cost was reflected in the motion and the resolution will be corrected.

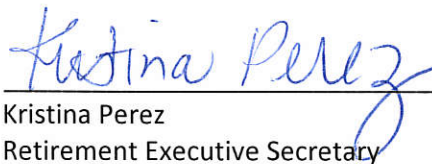
- 1501.7.5 **Action:** Mr. David moved to approve a resolution, with noted changes, to authorize the Chief Executive Officer to execute an agreement, not to exceed \$90,000 with Digital Deployment, Inc. for website development services and up to \$60,000 for five years of monthly support services.
- 1501.8.1 **Chief Executive Officer's Report:** Mr. Hood reported on items in the Board's "Day of Meeting" folder, including information on SACRS nominations, sample of the "Adjourned in Memory" certificates, Pension Bridge and CALAPRS information, and the calendar of events. He noted that he attended the CALAPRS Administrators Round Table in San Jose. Mr. Bailey reported on the progress of the search for an agenda management software program, and stated he would be in attendance at the CALAPRS Advanced Principles for Trustees at UCLA, along with SamCERA Trustees Mr. David and Ms. Settles.
- 1501.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported SamCERA received the County's prepayment of contributions. She also reported that new disability pamphlets were being created and would be available next month; the Financial Knowledge classes have begun; the staff retreat is coming up on March 2, 2015 and staff has started doing member purchases sooner due to the change in the interest crediting policy.
- 1501.8.3 **Chief Investment Officer's Report:** Mr. Coultrip let Board members know the evaluation survey of SIS' services next week. He reported a private equity opportunity with Emergence Capital Partners IV, LP was approved for \$10 million through the authority given to the CEO in Resolution 12-13-04. Mr. Coultrip reported that the Investment Analyst position recruitment was progressing and that interviews will commence next week.
- 1501.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reminded the Board of the upcoming Form 700 filings, due to SamCERA by March 26, 2015. She reported that the Petition for Review filed in the Montisano case was denied by the California Supreme Court. She further reported that application of PEPPRA formulas to new members hired after January 1, 2013 who were covered by the terms of an MOU was upheld in a Court of Appeal decision that arose out of litigation in San Diego.

1501.10 **Adjournment:** Ms. Agnew adjourned the meeting at 12:24 p.m. in memory of the following deceased members:

Dempsey, William	December 31, 2014	Human Services Agency
Garibaldi, Raymond	January 11, 2015	Sheriff
Hayselden, Diane	January 14, 2015	Superior Court
Heartsner, Marion	December 11, 2014	Clerk's Office
McEntee, Edith	December 2, 2014	Courts
Padilla, Sylvia	December 7, 2014	Human Services Agency
Wiese, Annabelle	December 21, 2014	District Attorney
Slagle, Howard	January 9, 2015	Probation
Tosetti, Marion	January 6, 2015	Social Service



Scott Hood
Chief Executive Officer



Kristina Perez
Retirement Executive Secretary