

## February 24, 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 January 27, 2015
- 4. Approval of the Consent Agenda\***

4.1 Disability Retirements	4.5 Member Account Refunds
• Robert Bates	4.6 Member Account Rollovers
• Jocelyn Declaro	4.7 Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014
• Lydia Guzman	4.8 Annual Review of SamCERA's Mission and Goals Statements
• Dennis Mayer	4.9 Approval of Trustee Education Request
4.2 Service Retirements	
4.3 Continuances	
4.4 Deferred Retirements	
- 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 January 31, 2015
  - 6.2 Quarterly Investment Performance Report for the Period Ending December 31, 2014
  - 6.3 Presentation on Unconstrained Bond Investing
  - 6.4 Discussion and Approval of Hedge Fund Search Process
  - 6.5 Annual Review of Investment Consultant, Strategic Investment Solutions
  - 6.6 Approval and Report on Two Alternative Investments *(to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.2, see item C2)*
- 7. Board & Management Support**
  - 7.1 Preliminary Quarterly Financial Report for Period Ending December 31, 2014
  - 7.2 Approval of Resolution Authorizing Submission of Tax Determination Letter Application
  - 7.3 Approval of Travel Policy Amendment
  - 7.4 Presentation of Process to Manage SamCERA Staffing
  - 7.5 Approval to Establish a Second Assistant Executive Officer Position
- 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 and Report of Proposed Alternative Investment *(Confidential Under Gov. Code §54956.81 and §6254.2 – see also item 6.6)*
- 9. Report on Actions Taken in Closed Session**

**10. Adjournment in Memory of the Following Deceased Members:**

Wilkinson, Phyllis	December 27, 2014	Medical Center
Thompson, Beth	January 6, 2015	Social Service
Glennon, Richard	January 12, 2015	Sheriff
Mullins, Marguerite	January 13, 2015	Medical Center
Faltz, Charles	January 19, 2015	Mental Health
Ludlow, Robert	January 20, 2015	Probation
Illa-Riley, Judy	January 22, 2015	Environmental Health
Smith, Wayne	January 25, 2015	Library

FEBRUARY 24, 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, Natalie Kwan Lloyd (arrived at 12 noon), Michal Settles, David Spinello and Eric Tashman.

*Excused:* Ben Bowler

*Alternates present:* Christopher Miller (arrived at 10:50 a.m.), Alma Salas

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

*Consultants:* Patrick Thomas and Jonathan Brody (SIS)

- 1502.2.1 **Oral Communications From the Board:** Mr. David and Ms. Settles reported on their attendance at CALAPRS Advanced Principles of Pension Management for Trustees, held at UCLA on January 28 – 30, 2015.
- 1502.2.2 **Oral Communications From the Public:** Elizabeth Kimmel, a County employee, introduced herself and let the Board know she would be attending the Board of Retirement meetings as an employee representative of SEIU.
- 1502.3.1 **Approval of Regular Board Meeting Minutes January 27, 2015:** Ms. Agnew asked if there were any changes to the Regular Board minutes, and there were none.  
**Action:** Mr. David moved to approve the minutes of the Regular Meeting from January 27, 2015, and the motion was seconded by Ms. Arnott. The motion carried with a vote of 6-0-1, with trustees Agnew, Arnott, David, Hackleman, Settles, and Spinello all in favor; none opposed. Mr. Tashman abstained.
- 1502.4.0 **Approval of the Consent Agenda:** Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and consideration of the disability retirement applications of Robert Bates and Dennis Mayer were removed, and consideration of Lydia Guzman’s application was continued.  
**Action:** Mr. Tashman moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. Spinello. The motion carried with a vote of 7-0, with trustees Agnew, Arnott, David, Hackleman, Settles, Spinello and Tashman, all in favor; none opposed.
- 1502.4.1 **Disability Retirements:**  
The Board found that Jocelyn Declaro is (1) permanently incapacitated for the performance of her usual and customary duties as a Licensed Vocational Nurse, (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.
- 1501.4.2 **Service Retirements:**  
The Board ratified the actions as listed below for the following members regarding service retirements:

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Allhiser, Mary	December 13, 2014	District Attorney
Amital, Chuck	January 1, 2015	Courts
Bulaong, Josefino	December 13, 2014	Public Works
Cava, Elsa	December 19, 2014	Medical Center
Chou, Mei	January 1, 2015	Deferred from Medical Center

Condon, Thomas	December 12, 2014	Sheriff's
Douglass, Phillip	January 1, 2015	Medical Center
Kurtz, Richard	January 1, 2015	Public Works
Mah, Amy	December 6, 2014	Human Services Agency
Osawa, Steven	January 1, 2015	Deferred from Superior Court
Prochnow, Mark	January 1, 2015	Aging & Adult Services
Ruiz, Martha	December 6, 2014	Housing
Siu Young, Andre	December 31, 2014	Information Services
Titus, Amy	December 22, 2014	Deferred from Library
Torres, Joseph	December 3, 2014	Child Support Services
Valencia, Silvia	December 22, 2014	Deferred Children & Family Svcs

1502.4.3 **Continuances:**

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

<b>Survivor's Name</b>	<b>Beneficiary of</b>
Morelli, Michael	Amberg, Barbara
Thomas, John	Thomas, Lois
Gray, Bettie Jo	Gray, Forrest

1502.4.4 **Deferred Retirements:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Acton, Dean	Vested, G3
Clausen Keith A.	Vested, G4
Hardisty, Kathleen O.	Vested, G4
Henry, Sharon S.	Vested, G4 - Reciprocity
Horrisberger, Jay R.	Vested, G4 - Reciprocity
Okada, L P.	Vested G4 - Reciprocity
Ouzounian, Annie E.	Vested, G4
Sarmiento, Anna M.	Vested, G4

1502.4.5 **Member Account Refunds:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Brown, Andrew	G7, Non-vested
Cornell, Marilyn	G7, Non-vested
Floyd, Sandra	Plan 3, G4, Vested
Krist, Kerri	G4, Non-vested
Scopesi, Dina (FBO: Diane Tommey)	G2, Plan 3, Vested
Scopesi, Dina (FBO: Gino Scopesi)	G2, Plan 3, Vested

1502.4.6 **Member Account Rollovers:**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Luna-Franco, Ana	G7, Non-vested

- 1502.4.7 **Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014:** The Board reviewed and accepted the semi-annual Compliance Certification Statements from SamCERA's non-alternative investment managers, as of December 31, 2014.
- 1502.4.8 **Annual Review of SamCERA's Mission and Goals Statements:** The Board reviewed and reaffirmed SamCERA's current Mission and Goals statement.
- 1502.4.9 **Approval of Trustee Education Request:** The Board approved Trustee Lauryn Agnew's attendance at SOCAP15.
- 1502.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** The Board adjourned into closed session at 10:05 a.m. to consider the disability retirement application of Robert Bates. The meeting reconvened in open session at 10:25 a.m. and Ms. Carlson reported the action on this matter as follows:  
**Action:** Mr. Hackleman made a motion to accept the findings and recommendation of the Hearing Officer, John Simonson, which found that Robert Bates is permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, and that his disability is not a result of an injury arising out of and in the course of his employment; and to deny his application for a service-connected disability retirement. The motion was seconded by Ms. Settles and carried with a vote of 7-0, with trustees Agnew, Arnott, David, Hackleman, Settles, Spinello and Tashman, all in favor; none opposed.

The Board then considered the matter of the disability application of Dennis Mayer in open session. Attorney Ellen Mendelson appeared on behalf of the applicant Dennis Mayer and County Counsel Jan Ellard appeared on behalf of the Fund. Ms. Mendelson and Ms. Ellard both addressed the Board and answered questions from Board members.

**Action:** Ms. Settles moved to accept the findings and recommendation of the Hearing Officer, John Schupe, which found that Dennis Mayer is permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, and that his disability is not a result of an injury arising out of and in the course of his employment; to deny his application for a service-connected disability retirement and to grant him a non-service-connected disability retirement. The motion was seconded by Ms. Arnott and carried with a vote of 6-1, with trustees Agnew, Arnott, David, Hackleman, Settles, and Tashman, all in favor; trustee Spinello opposed.

Ms. Agnew adjourned the meeting for a break at 10:50 a.m., reconvening at 11:00 a.m. Mr. Miller arrived at this time and took a seat at the dais, acting as the alternate for Ms. Kwan Lloyd.

- 1502.6.1 **Preliminary Monthly Performance Report for the Period Ending January 31, 2015:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for January 2015 was +0.02%, while the preliminary trailing twelve month return was +7.9% net. This item was informational only and no action was taken.

1502.6.2 **Quarterly Investment Performance Report for the Period Ending December 31, 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 discussing details of the report with the Board. The net 4th quarter total return for the SamCERA portfolio was +1.6%. This item was informational only and no action was taken.

The meeting was adjourned for a break at 11:55 a.m., reconvening at 12:05 p.m. Ms. Kwan Lloyd joined the meeting at 12 noon, and took her seat with the Board. Mr. Miller stepped down upon her arrival.

1502.6.3 **Presentation on Unconstrained Bond Investing:** Mark Lindbloom, Portfolio Manager, and Veronica Amici, Head of Public/Multi-Employer Relationships at Western Asset Management, presented an introduction to unconstrained fixed income investing and provided a summary to the Board of Western's approach to these types of investments. This item was informational only and no action was taken.

The meeting was adjourned for a short break at 12:50 p.m. and reconvened at 12:55 p.m. Discussion about unconstrained bond investing continued between the Board and staff.

Mr. David was excused from the meeting at 1:00 p.m. and Mr. Miller sat with the Board as Mr. David's alternate for the remainder of the meeting.

The Board then adjourned into closed session to discuss Item 6.6.

1502.6.6 **Approval and Report on Two Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.2, see item C2):**

Upon reconvening from the closed session, Ms. Carlson reported the following action taken by the Board in closed session:

**Action:** Ms. Settles made a motion to approve a commitment of \$10 million in the Everstream Solar Infrastructure I to fulfill SamCERA's second Real Asset investment. The motion was seconded by Ms. Kwan Lloyd and carried with a vote of 6-1-1, with trustees Agnew, Hackleman, Kwan Lloyd, Miller (for David), Settles, and Spinello all in favor; with trustee Arnott opposed and trustee Tashman abstaining.

Ms. Carlson also reported the Board accepted staff's report on the \$15 million commitment in JLL Partners Fund VII as authorized by the CEO pursuant to Resolution 12-13-04. (No board action was required.)

At this time the SamCERA staff joined the meeting to pay tribute to retiring CEO, David Bailey. Chair Lauryn Agnew, Trustees Settles, Tashman and Arnott, CEO Scott Hood, and Consultant Patrick Thomas all gave remarks and thanked Mr. Bailey for his dedicated service to SamCERA. The meeting was adjourned for a refreshment break at 2:55 p.m.

Mr. Hackleman, Ms. Kwan Lloyd and Mr. Tashman were excused for the remainder of the meeting. Ms. Salas took a seat with the Board as the alternate for Mr. Hackleman. The meeting was reconvened at 3:05 p.m.

- 1502.6.4 **Discussion and Approval of Hedge Fund Search Process:** Mr. Coultrip discussed the proposed process for finding a complement to the AQR Delta strategy within the Hedge Fund category. It is a similar process to that which was undertaken for the recently completed Opportunistic Credit search. **Action:** Ms. Salas moved to approve the process outlined and authorized staff to perform due diligence in order to bring a recommendation to the Board. The motion was seconded by Mr. Spinello and carried by vote of 6-0, with trustees Agnew, Arnott, Miller (for David), Salas (for Hackleman), Settles and Spinello all in favor; none opposed.
- 1502.6.5 **Annual Review of Investment Consultant, Strategic Investment Solutions:** Mr. Coultrip reviewed the results and feedback from the performance review survey that was sent to staff and trustees regarding the consultant services provided by SIS. Ten trustees and four staff members had completed the survey, which found increased positive ratings for SIS above last year's results. This item was for discussion only and no action was taken.
- 1502.7.1 **Preliminary Quarterly Financial Report for Period Ending December 31, 2014:** Ms. Wong directed Board members to the revised report included in the "Day of Meeting" folder, reflecting changes made to the report after the packet was mailed. She reported SamCERA's net position restricted for pension as of December 31, 2014, totaled \$3,281,749,592; representing a decrease of approximately \$3.8 million, attributed to the market depreciation of assets during the quarter. Ms. Wong noted that the reconciliation of asset accounts from State Street to Northern Trust is still in process. This item was informational only and no action was taken.
- 1502.7.2 **Approval of Resolution Authorizing Submission of Tax Determination Letter Application:** Mr. Hood presented the staff report, explaining that in order to maintain SamCERA's tax qualified status, SamCERA's plan documents and its operation must be consistent with the requirements of Internal Revenue Code (IRC). SamCERA submitted the necessary documents in 2011, and received a favorable tax determination letter from the IRS in 2014. Changes in the IRS "cycles" shifted certain deadlines, and SamCERA needs to submit again in 2015; a new tax determination submittal has been prepared by Ms. Carlson. **Action:** Mr. Miller moved to approve a resolution authorizing the Chief Executive Officer to execute and submit to the Internal Revenue Service (IRS) SamCERA's application for a tax determination letter and any other related documents along with the \$2,500 filing fee. The motion was seconded by Ms. Salas and carried by vote of 6-0, with trustees Agnew, Arnott, Miller (for David), Salas (for Hackleman), Settles and Spinello all in favor; none opposed.
- 1502.7.3 **Approval of Travel Policy Amendment:** Mr. Hood introduced proposed changes to the Board's Travel policy clarifying the reimbursement of Trustee meeting expenses, including mileage reimbursements and stipends for certain meetings. **Action:** Mr. Spinello moved to approve a resolution amending the Board's Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff to set forth the reimbursement of expenses for Trustees' attendance at meetings of the Board and Board Committees, effective January 1, 2015. The motion was seconded by Mr. Miller and carried by vote of 6-0, with trustees Agnew, Arnott, Miller (for David), Salas (for Hackleman), Settles and Spinello all in favor; none opposed.
- 1502.7.4 **Presentation of Process to Manage SamCERA Staffing:** Mr. Hood reviewed a proposed process to actively plan for SamCERA's future staffing needs and discussed the purpose with the Board. This item was informational only and no action was taken.

- 1502.7.5 **Approval to Establish a Second Assistant Executive Officer Position:** Mr. Hood presented a proposal to create a second Assistant Executive Officer (AEO) position in order to allow a division of responsibilities within the organization and to have a higher and deeper level of expertise in specific disciplines. The new AEO position would be primarily overseeing fiscal and IT operations.  
**Action:** Ms. Arnott moved to authorize staff to work with the County Human Resources Department to establish and fill one additional AEO position at SamCERA. The motion was seconded by Ms. Salas and carried by vote of 6-0, with trustees Agnew, Arnott, Miller (for David), Salas (for Hackleman), Settles and Spinello all in favor; none opposed.
- 1502.8.1 **Chief Executive Officer's Report:** Mr. Hood went over the "Day of Meeting" folder contents with the Board, which included the monthly calendar, SACRS nominating information, and the draft agenda for the Board retreat in April. He also reminded Trustees about upcoming conferences.
- 1502.8.2 **Assistant Executive Officer's Report:** Ms. Smith announced a new member guide regarding disabilities was produced by staff, and samples were given to the Board members. She reported information regarding the Trustee election on June 8, and pointed out the elections timeline included in the "Day of Meeting" folder.
- 1502.8.3 **Chief Investment Officer's Report:** Mr. Coultrip stated the private equity opportunity with Emergence Capital Partners IV, LP that was approved for \$10 million last month via the authority given to the CEO in Resolution 12-13-04, was actually funded for \$8 million as the fund was oversubscribed. He reported that the Investment Analyst position recruitment was progressing and that second interviews were happening in the coming few weeks.
- 1502.8.4 **Chief Legal Counsel's Report:** Ms. Carlson thanked Mr. Spinello for his suggestion to show specific retirement scenarios in the member publications and those scenarios are included in the latest disability guide.

Mr. Bailey updated the Board on the search for agenda management software, saying that RFP responses were received and the selection process is continuing.

- 1502.10 **Adjournment:** Ms. Agnew adjourned the meeting at 4:01 p.m. in memory of the following deceased members:

Wilkinson, Phyllis	December 27, 2014	Medical Center
Thompson, Beth	January 6, 2015	Social Service
Glennon, Richard	January 12, 2015	Sheriff
Mullins, Marguerite	January 13, 2015	Medical Center
Faltz, Charles	January 19, 2015	Mental Health
Ludlow, Robert	January 20, 2015	Probation
Illa-Riley, Judy	January 22, 2015	Environmental Health
Smith, Wayne	January 25, 2015	Library



Scott Hood  
 Chief Executive Officer



Kristina Perez  
 Retirement Executive Secretary