

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

September 25, 2012

Agenda Item 3.0

**August 28, 2012 – 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 the Oath of Office to Newly Reappointed Trustee
- 1.2 Announcement of Committee Appointments
- 1.3 Introduction and Welcome of SamCERA's New Chief Investment Officer

**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**

(Any items removed from the Consent Agenda for discussion will be inserted into the Regular Agenda and considered in the order chosen by the board chair.)

- Disability Retirement Applications
  - Lydia Brosamle
  - Ester Capacillo
  - Liz Cervantes
  - Celia Driscoll
  - Randolph Evans
  - Richard Good
  - Nena Najdawi
- Service Retirements
- Continuances Deferred Retirements
- Member Account Refunds
- Member Account Rollovers

**5. Benefit & Actuarial Services**

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
- 5.2 **Consideration of Member's Request to Reconsider a Non-Service Disability (Set for 2 p.m. time certain.\*)**

**6. Investment Services (The Investment Committee will meet at 10:00 am)**

- 6.1 Preliminary Monthly Portfolio Performance Report
- 6.2 Annual Review, Revision & Reaffirmation of the Investment Committee Charter
- 6.3 Discussion of SamCERA's Investment Policy Redraft Process
- 6.4 Quarterly Investment Performance Report for the Period Ending June 30, 2012
- 6.5 Report on the Annual Review of SamCERA's Core Bond Portfolio Managers (Aberdeen Asset Management, Pyramis Global Advisors, Western Asset Management)
- 6.6 Approval of Private Equity Investment Opportunity
- 6.7 Discussion of Authority to Execute Documents and Take Certain Actions In Relation to Agreements on Behalf of the Board

**7. Board & Management Support Services**

- 7.1 Monthly Financial Report
- 7.2 Update on Information Technology Project Progress

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

**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 and Appropriate for Closed Session
- C2 Initiation of Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9:  
One matter

**9. Report on Actions Taken in Closed Session**

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

Quinn, Diane	July 6, 2012	Public Health
Smylie, Alice	July 6, 2012	Deferred from Human Services
Moran, Nancy	July 15, 2012	Human Services
Gardini, John	July 17, 2012	Sheriff's Office
Vincent, John	July 18, 2012	Probation
Hatfield, John	July 19, 2012	Mental Health
Watters, Mary	July 22, 2012	Library
Rodriguez, Rose	July 23, 2012	Health Services
Dorow, Willi	July 24, 2012	Engineer-Road
Stivala, Mary	July 28, 2012	Probation
Remedios, Roy	July 30, 2012	Controller
Stafford, Arlene	July 30, 2012	Aging and Adult Services

*David Bailey, Chief Executive Officer*

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

**August 28, 2012 – Board Minutes**

0812.1 **Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Ms. Natalie Kwan Lloyd, Vice Chair, called the Public Session of the Board of Retirement to order at 1:02 p.m.

**Roll Call:**

*Present:* Natalie Kwan Lloyd, Lauryn Agnew, Ben Bowler, Albert David, Paul Hackleman, Michal Settles, David Spinello and Eric Tashman.

*Excused:* Sandie Arnott *Alternates Present:* Christopher Miller

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

0812.1.1 **Administration of the Oath of Office to Newly Reappointed Trustee:** Sergeant John Flahavan of the San Mateo County Sheriff's Office administered the Oath of Office to reappointed trustee and Board Secretary Lauryn Agnew.

0812.1.2 **Announcement of Committee Appointments:** Mr. Bailey announced the committee appointments as chosen by Chair Sandie Arnott. The Investment Committee members are Ben Bowler, Lauryn Agnew, Michal Settles and Albert David, Chair. The Audit Committee members are Paul Hackleman, Natalie Kwan Lloyd, Sandie Arnott and Eric Tashman, Chair.

0812.1.3 **Introduction and Welcome of SamCERA's New Chief Investment Officer:** Mr. Bailey introduced CIO Michael Coultrip and welcomed him to SamCERA.

0812.2.1 **Oral Communications From the Board:** There were no comments from the Board.

0812.2.2 **Oral Communications From the Public:** There were no comments from the public.

0812.3 **Approval of the Minutes:** Ms. Kwan Lloyd asked if there were any corrections to the minutes. None were noted.

**Action:** Mr. Hackleman moved to approve the minutes from the regular meeting held on August 28, 2012. The motion was seconded by Mr. David, and carried unanimously.

0812.4 **Approval of the Consent Agenda:** Ms. Kwan Lloyd asked if there were any items to be removed from the Consent Agenda. The disability application for Liz Cervantes was removed from the Consent Agenda.

**Action:** Mr. David moved to approve all remaining Consent Agenda items as listed below. The motion was seconded by Mr. Spinello and carried unanimously.

0812.4 **Consent Agenda**

**Disability Retirements**

The Board found that Lydia Brosamle (1) is not permanently incapacitated for the performance of her duties as a Fiscal Office Specialist and (2) denied her application for a service-connected disability retirement.

The Board found that Ester Capacillo (1) is disabled from performing her usual and customary duties as a Medical Services Assistant II, (2) found that her disability is service-connected and (3) granted her application for a service-connected disability retirement.

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

The Board found that Celia Driscoll (1) is disabled from performing her usual and customary duties as Correctional Officer, (2) found that her disability is service-connected and (3) granted her application for a service-connected disability retirement.

The Board found that Randolph Evans (1) is disabled from performing his usual and customary duties as Custodian, (2) found that his disability is service-connected and (3) granted his application for a service-connected disability retirement.

The Board found that Richard Good (1) is disabled from performing his usual and customary duties as Deputy District Attorney IV, (2) found that his disability is not service-connected, (3) denied his application for a service-connected disability, and (4) granted him a non-service-connected disability retirement.

The Board found that Nena Najdawi (1) is disabled from performing her usual and customary duties as Medical Office Assistant II, (2) found that her disability is service-connected and (3) granted her application for a service-connected disability retirement.

0812.4 **Service Retirements**

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

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Ashcraft, Mark	May 23, 2012	Def'd from Ag Commission Sealer
Soher, Donald	June 2, 2012	Public Safety Comm
Ferrick, George	June 6, 2012	Def'd from Superior Court
McColgan, Edward	June 13, 2012	Def'd from Controller
Charan, Kanchan	June 15, 2012	Controller
Coppola, Christine	June 16, 2012	Behavioral Health
Fountain, Joan	June 20, 2012	Treasurer
Shah, Jayesh	June 21, 2012	Def'd from Superior Court
Byrne, Flor	June 23, 2012	San Mateo Medical Center
Casco-Abuan, Remedios	June 23, 2012	San Mateo Medical Center
Cook, Victoria	June 23, 2012	San Mateo Medical Center
Edmondson, Ana	June 23, 2012	San Mateo Medical Center
Gomez, Oscar	June 23, 2012	San Mateo Medical Center
Jones, Doris	June 23, 2012	Human Services Agency
Shu, Chien	June 23, 2012	San Mateo Medical Center
Dunn, Felton	June 26, 2012	Def'd from San Mateo Medical Center
Mack, Shirley	June 29, 2012	Def'd from Library
Ferguson, Ellis	June 30, 2012	San Mateo Medical Center
Hogg, Vicky	June 30, 2012	Human Services Agency
Jester, Mary	June 30, 2012	San Mateo Medical Center
Paton, Laura	June 30, 2012	Human Services Agency
Echeverria, Gay	July 1, 2012	Behavioral Health
Keller, Kaylene	July 1, 2012	Assessor

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

0812.4

Consent Agenda (con't)

**Continuances**

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

<b>Survivor's Name</b>	<b>Beneficiary of</b>
Collazo, Edmundo	Collazo, Nereida
Escapite, Rafael	Carlson, Richard
Rafiq, Famida	Rafiq, Mohammed
Sampson, Shirley	Sampson, Floyd
Solari, Janet	Solari, Norman
Whitehead, Robert	Whitehead, Mary

**Deferred Retirements**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Rosete, Edna	G4 Vested
Semenenko, Nina	G4 Vested
Quizon, Katrina	G4 Vested
Uygur, Reyhan	G4 Vested
Abadilla, Angela	G4 Vested
Cachuela, Honorata	G4 Vested
Ho, Justine	G4 Vested
Cruz, Carmelita	G4 Vested
Puapuaga, Alofaaga	G4 Vested
Rulloda, Pacita	G4 Vested
Raihman, Jaibul	G4 Vested
Fernandez, Gloria	G4 Vested
Palomaria, Abema	G4 Vested
Reyes, Samuel	G4 Vested
Tolentino, Diosado	G4 Vested
Catalon, Joel	G4 Vested
Lavilla, Dorina	G4 Vested
Noguchi, Laura	G4 Vested
Holcomb, Vaisioa	G4 Vested
De Guzman, Tedora	G4 Vested
Romero, Elisa	G4 Vested
Cabotaje, Rosenda	G4 Vested
Vunipola, Ana	G4 Vested
Utumporn, Igesias	G4 Vested
Dogelio, Thelma	G4 Vested
Tayo, Elna	G4 Vested
Perez, Lizette	G4 Vested
Corona, Catalina	G4 Vested
Linaja, Violeta	G4 Vested
Biag, Maria	G4 Vested

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

0812.4 **Deferred Retirements (con't)**

<b>Member Name</b>	<b>Retirement Plan Type</b>
Villanueva, Virginia	G4 Vested
Doreza, Mae	G4 Vested
Villar, Edizalyn	G4 Vested
Rimon, Rolindy	G4 Vested
Ignancio, Miguel	G4 Vested
Wong, Shwu	G4 Vested
Espiritu, Catalina	G4 Vested
Crocket, Jack	G4 Vested
Rosario, Flordeliza	G4 Vested
Banal, Caroline	G4 Vested
Kiser, Marilee	G4 Vested
Chua, Doris	G4 Vested
Ruiz, Milton	G4 Vested
Rami, Purvi	G4 Vested
Iverson, Rita	G4 Vested
Mariano, Josefina	G4 Vested
Munoz, Anna-Maria	G4 Vested
Cabe, Agustina	G4 Vested
Yap, Cirilo Ramon	G4 Vested
Cauyong, Consolacion	G4 Vested
Chou, Mei	G4 Vested
Pefley, Pushpa	G4 Vested
Gloria, Emilia	G4 Vested
Calderon, Luna	G4 Vested
Kamal, Mohammed	G4 Vested
Narayan, Yattra	G4 Vested
Perez, Antonio	G4 Vested
Theisen, Linda	G4 Vested
Chiang, William	G4 Vested - Reciprocity
Bazo, Eve	G4 Vested - Reciprocity
Wong-Sing, Douglas	G2 Vested - Reciprocity
Trujillo, Miguel	G2 Vested - Reciprocity
Alvarez, Rhonda	G4 Vested - Reciprocity
Gontenas, Carmencita	G4 Vested - Reciprocity
Gajunia, Florabel	G4 Vested - Reciprocity
Moreno, Patricia	G4 Vested - Reciprocity

**Member Account Refunds**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Calderon, Lupita	G4 Vested
Castillo, Ana	G4 Non-vested
Chaingan, Fernando	G4 Non-vested
Cook, Esalina	G4 Non-vested

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

0812.4 **Member Account Refunds (con't)**

<b>Member Name</b>	<b>Retirement Plan Type</b>
Coons, Claudia	G4 Non-vested
Dela Cuesta, Reuben	G4 Non-vested
Dumaraos, Dominique	G4 Vested
Feliciano, Lorenzo	G5 Non-vested
Fizulic, Gina	G4 Vested
Gibson, Tina	G4 Vested
Gonzales, Carmelita	G4 Non-vested
Guisadio, Katherine	G4 Vested
Llerena Pajuela, Betty	G4 Vested
Moala, Eseta	G4 Vested
Mobo, Simeon	G4 Vested
Penate, Kina	G4 Non-vested
Shuhendler, Karen	G5 Non-vested
Stephenson, Kenneth	G4 Non-vested
Vera, Carmencita	G4 Vested

**Member Account Rollovers**

The Board ratifies the action as listed below for the following members regarding rollovers:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Dawkins, Michael	3/G2 Vested

0812.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** The Board adjourned into closed session at 1:20 p.m. to consider the disability application of Liz Cervantes. Ms. Carlson recused herself and Mr. Dan McGuire served as Board counsel for this matter. Patrick Richardson represented the Fund. The Board reconvened in open session at 1:48 p.m. and Mr. McGuire reported that the Board approved a motion to continue the consideration of Liz Cervantes' application for disability for 60 days, by a vote of 6 -2, with Mr. Hackleman and Mr. Spinello dissenting.

Vice Chair Kwan Lloyd adjourned the meeting for a break at 1:50 p.m., and the meeting was reconvened at 2:00 p.m.

0812.5.2 **Consideration of Member's Request to Reconsider a Non-Service Disability (Set for 2 p.m. time certain.\*):** Mr. Montisano and his legal representative, Mr. Wicke, were present. Mr. Wicke presented his client's position to the Board members and gave details of the situation that brought about this request. Mr. Wicke's request, on behalf of Mr. Montisano, was for the Board to determine it has the authority to re-open and reconsider a new application for a service-connected disability. Ms. Carlson stated that the Board had made a final decision when it acted upon the original application, and does not have the authority to reconsider. Board members discussed the request and noted it was difficult for them to disregard the findings of SamCERA's chief legal counsel.  
**Action:** Ms. Kwan Lloyd moved that the Board lacks the authority to reconsider the application of Mr. Montisano, and denied his request. The motion was seconded by Ms. Settles and carried unanimously.

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

Ms. Kwan Lloyd recessed the Board for a break at 2:33 p.m., and reconvened the meeting at 2:40 p.m. At this time, Mr. Hackleman was excused, and Mr. Murphy not being present, Mr. Miller served as the alternate for the remainder of the meeting.

0812.6 **Investment Services** (The Investment Committee met at 10:00 a.m.)

- 0812.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip discussed the report with the Board. He explained that three accounts for which the report does not currently include one-month returns would have these figures added going forward. Mr. Coultrip noted that State Street has the ability to generate higher-level reports and he would return to the Board with samples. With no objections noted, the report was accepted.
- 0812.6.2 **Annual Review, Revision & Reaffirmation of the Investment Committee Charter:** Mr. David reported that the Investment Committee had discussed this earlier, and agreed to spend time working on the Investment Policy and revisit the Charter after the redraft of the Policy was completed.  
**Action:** Mr. David moved to approve the Investment Committee Charter. The motion was seconded by Ms. Settles and carried unanimously.
- 0812.6.3 **Discussion of SamCERA's Investment Policy Redraft Process:** Mr. Coultrip stated that this item would come back to the full Board for discussion of objectives and philosophies, to begin the redraft process.
- 0812.6.4 **Quarterly Investment Performance Report for the Period Ending June 30, 2012:** Mr. Thomas presented the report and noted that performance was down. He hoped an allocation index could be included in the future, and discussed new options that SIS was exploring for reports. The performance for the Blackrock Large Cap Growth strategy was reviewed and changes to the investment team were discussed. SIS will make a recommendation to remove Blackrock's Large-Cap Growth strategy from SamCERA's management structure.
- 0812.6.5 **Report on the Annual Review of SamCERA's Core Bond Portfolio Managers (Aberdeen Asset Management, Pyramis Global Advisors, and Western Asset Management):** Mr. Thomas reported the meetings with the three managers went well and that value has been captured from Aberdeen. SIS will make a recommendation to remove Aberdeen from SamCERA's management structure.
- 0812.6.6 **Approval of Private Equity Investment Opportunity:** Mr. Faraz Shooshani presented the report on the private equity opportunity. He reviewed and discussed the history, performance and corporate structure of the company with the Board. Mr. Shooshani recommended SamCERA allocate \$40 million to this opportunity.  
**Action:** Mr. David moved to adopt a resolution authorizing the Chair to execute an agreement with Warburg Pincus XI, L.P. for private equity investment management services; and authorize the Chief Investment Officer to take all actions necessary to initiate, implement and monitor the investment. The motion was seconded by Ms. Settles and carried unanimously.



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

0812.6.7 **Discussion of Authority to Execute Documents and Take Certain Actions In Relation to Agreements on Behalf of the Board:** Mr. Bailey presented the staff report and discussed the process for approving contracts. He specifically discussed private equity opportunities or investment management decisions where there is not enough time given to receive Board approval, and talked about the ratification process for some contacts. Board members discussed a threshold and various scenarios, opining that a cap of \$25 million would be comfortable. Mr. Bailey said he would bring a resolution forward at a future meeting.

0812.7 **Board & Management Support Services**

0812.7.1 **Monthly Financial Report:** Ms. Wong presented the monthly financial report. With no objections noted, the report was accepted.

0812.7.2 **Update on Information Technology Project Progress:** Tariq Ali, SamCERA's Chief Technology Officer, discussed the progress of SamCERA's Information Technology Modernization Project with the Board, noting the upcoming staffing study and vendor demonstrations of pension administration software.

0812.8 **Management Reports**

0812.8.1 **Chief Executive Officer's Report:** Mr. Bailey said he would report on the actuarial survey at the September meeting. He noted that a travel tips brochure was included in the meeting day folders and would be available on Drop Box.

0812.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that webinars were now being added to the financial classes offered by SamCERA. The upcoming estate planning webinar is scheduled for December 10.

0812.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that on September 11 and 13, additional annual manager reviews would occur.

0812.8.4 **Chief Legal Counsel's Report:** Ms. Carlson discussed the recent pension reform legislation and included information in the meeting day folders. She stated that SamCERA would provide information to members and the Board as soon as the statutory language was available and could be analyzed and summarized.

**CLOSED SESSION – The board may meet in closed session prior to adjournment**

C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda and Appropriate for Closed Session:** None

C2 **Initiation of Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9:**  
**One matter :** The board adjourned into closed session at 4:04 p.m. and reconvened at 4:17 p.m.

9. **Report on Actions Taken in Closed Session:** Ms. Carlson reported that the Board authorized SamCERA's participation in BP litigation.

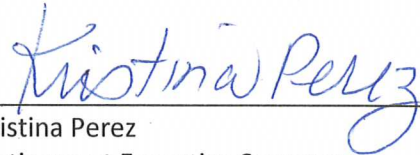
San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

**10. Adjournment:** With no further business Ms. Kwan Lloyd adjourned the meeting at 4:18 p.m. in memory of the following deceased members:

Quinn, Diane	July 6, 2012	Public Health
Smylie, Alice	July 6, 2012	Deferred from Human Services
Moran, Nancy	July 15, 2012	Human Services
Gaddini, John	July 17, 2012	Sheriff's Office
Vincent, John	July 18, 2012	Probation
Hatfield, John	July 19, 2012	Mental Health
Watters, Mary	July 22, 2012	Library
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David Bailey  
Chief Executive Officer



Kristina Perez  
Retirement Executive Secretary