

San Luis Obispo County  
**Pension Trust**

1000 Mill St., San Luis Obispo, CA 93408  
Phone: (805) 781-5465  
Email: PensionTrust@co.slo.ca.us



**AGENDA**

**Monday, Sept. 22, 2014 9:30 AM**

**PENSION TRUST  
BOARD OF TRUSTEES**

Room 161 / 162  
County Government Center  
San Luis Obispo, CA 93408

**PUBLIC COMMENT:**

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

**ORGANIZATIONAL:**

None

**CONSENT:**

2. Minutes of the Regular Meeting of August 25, 2014. (Approve Without Correction).
3. Approve Report of Deposits and Contributions for the month of August 2014. (Receive and File).
4. Report of Service Retirements, Disability Retirements and DROP Participants for the month of August, 2014 (Receive, Approve and File).
5. Report of Applications for participation in the Deferred Retirement Option Program received through September 5, 2014 (Receive and File).

**APPLICATIONS FOR DISABILITY RETIREMENT:**

None

**OLD BUSINESS:**

None

**NEW BUSINESS:**

6. RAD Software Evaluation and RAD Continuation - Status Update – (Review, Discuss, and Direct Staff as necessary).
7. Governance Policy – Fund Leadership / Governance / Delegation of Authority – Draft Policy Statement (Review, Discuss, and Direct Staff as necessary).

**INVESTMENTS:**

8. Monthly Investment Report for August 2014 (Receive and File)
9. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

**OPERATIONS:**

10. Staff Oral Reports:
  - a. Executive Secretary and Staff
  - b. Trust Counsel
11. Committee Reports - Oral Reports from Chairs of Committees – as needed
  - a. Audit Committee (standing) – No Report
  - b. Information Technology Committee (ad hoc) – Report
  - c. Personnel Committee (ad hoc) – No Report
12. Trustee Comments

**REFERRED ITEMS:**

None

**ADDED ITEMS:**

**CLOSED SESSION:**

13. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. The Board will convene in closed session pursuant to paragraph (1) of subdivision (d) of Gov. Code section 54956.9 to discuss existing litigation. One (1) case: San Luis Obispo County Deputy County Counsel Association et al. v. San Luis Obispo County Pension Trust Board et al.

**STRATEGIC PLANNING SESSION:**

Strategic Planning Session – Discussion with Pension Trust Staff and Counsel – (Discuss and direct Staff as deemed appropriate)

14. Consultant / Professional Service Provider Review (Discuss, and Direct Staff as necessary)
15. Board of Trustees composition (Discuss)
16. Pension Trust Organizational Planning (Discuss, and Direct Staff as necessary)

**ADJOURNMENT**

# San Luis Obispo County Pension Trust

1000 Mill Street San Luis Obispo CA 93408  
Phone (805) 781-5465 Fax (805) 781-5697



**AUGUST 25, 2014**

## **MINUTES**

### **OF THE REGULAR MEETING OF THE PENSION TRUST BOARD OF TRUSTEES**

**BOARD MEMBERS PRESENT:** Will Clemens, Vice President  
Guy Savage  
Gere Sibbach  
Jim Erb  
Jeff Hamm

**BOARD MEMBERS ABSENT:** Matt Janssen, President  
Mike Dutra

**STAFF:** Carl Nelson  
Andrea Paley  
Rose Hewig  
Amy Burke

**COUNSEL:** Chris Waddell, Esq.

**OTHERS:** Michael Hobbs, Human Resources  
Scott Whalen, Wurts & Associates  
Frank Mecham, 1<sup>st</sup> District Supervisor

The meeting was called to order by Vice President Clemens at 9:31 AM, who presided over same.

**AGENDA ITEM NO. 1: PUBLIC COMMENT**

None.

**CONSENT:**

**AGENDA ITEM NO. 2 - 5: CONSENT**

Upon the motion of Mr. Hamm, seconded by Mr. Erb, and unanimously passed, the following action was taken:

- ITEM 2:** The Minutes of the Regular Meeting of July 28, 2014 were approved without correction.
- ITEM 3:** The Report of Deposits and Contributions for the Month of July 2014, was received and filed.
- ITEM 4:** The Report of Service Retirements, Disability and DROP Retirements for the month of July 2014, was received, approved and filed.
- ITEM 5:** The Report of Applications for participation in the Deferred Retirement Option Program received through August 8, 2014 was received, approved and filed.

**APPLICATIONS FOR DISABILITY RETIREMENT:**

None.

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

**AGENDA ITEM NO. 6: MID YEAR FINANCIAL STATEMENTS**

Upon the motion of Mr. Erb, seconded by Mr. Clemens, and unanimously passed, the mid year financial statements were received and filed.

**INVESTMENTS:**

**AGENDA ITEM NO. 7: MONTHLY INVESTMENT REPORT FOR THE PERIOD ENDED JULY 31, 2014**

Upon the motion of Mr. Sibbach, seconded by Mr. Hamm, the Investment Report for the period ended July 31, 2014 was received and filed.

**AGENDA ITEM NO. 8: 2<sup>ND</sup> QUARTER INVESTMENT REPORT PREPARED BY WURTS & ASSICIATES**

Upon the motion of Mr. Erb, seconded by Mr. Savage, and unanimously passed, the 2<sup>nd</sup> Quarter Investment Report prepared by Wurts & Associates and the presentation by Investment Consultant Scott Whalen were received and filed.

**AGENDA ITEM NO. 9: EDUCATIONAL PRESENTATION HEDGE FUND BETA REPLICATION**

Scott Whalen, Investment Consultant with Wurts & Associates prepared and presented to the Trustees and Staff an educational session on Hedge Fund Beta Replication strategies.

**AGENDA ITEM NO. 10: ASSET ALLOCATION**

Staff reported that no action regarding investment asset allocations were necessary at this time.

**OPERATIONS:**

**AGENDA ITEM NO. 11: STAFF ORAL REPORTS**

- A)** Staff and Counsel reported that the Ventura County ballot initiative was removed from the ballot by court action.
- B)** Staff provided updates on the status of the RAD system, agreement for ongoing maintenance provided by Magenic and the progress of the RFP for a consultant to analyze the future of a pension administration system.
- C)** Staff distributed a report on the Administrative Budget actual expenditures for the Fiscal Year 2013/2014.

**AGENDA ITEM NO. 12: COMMITTEE REPORTS – AS NEEDED**

- A)** AUDIT COMMITTEE: Nothing to report.
- B)** INFORMATION TECHNOLOGY COMMITTEE: Nothing to report.
- C)** PERSONNEL COMMITTEE: Nothing to report.

**AGENDA ITEM NO. 13: TRUSTEE COMMENTS**

Mr. Clemens shared that he recently returned from a Wharton School class and was very impressed with the quality of information provided.

11:00 AM \*\* Vice President Clemens called for a short recess at this time.

11:10 AM \*\* Vice President Clemens resumed the meeting at this time.

**REFERRED ITEMS:**

None.

**ADDED ITEMS:**

None.

**CLOSED SESSION:**

**11:12 AM – The meeting was called into Closed Session at this time.**

**11:44 AM – The meeting was returned to Open Session at this time.**

Report from Vice President Clemens there was nothing to report from the closed session on Agenda Item No. 14.

Report from General Counsel there was nothing to report from the closed session on Agenda Item No. 15.

**ADJOURNMENT.**

There being no further business, the meeting was adjourned at 11:45 AM. The next Regular Meeting was set for September 22, 2014, at 9:30 AM, in Room 161/162, County Government Center, San Luis Obispo, California 93408.

**Respectfully submitted,**

**Carl Nelson  
Executive Secretary**

REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF  
AUGUST, 2014

PAYROLL NO. & ENDING DATE	EMPLOYER	EMPLOYEE CONTRIBUTIONS	EMPLOYER APPROPRIATIONS	TOTALS	
P.P. 16	8/2/2014	County Tier 1	\$757,157.51	\$913,250.50	\$1,670,408.01
	County Tier 2	\$61,398.39	\$125,449.05	\$186,847.44	
	County Tier 3	\$39,686.11	\$91,306.59	\$130,992.70	
	Air Pollution Control Tier 1	\$12,388.78	\$14,515.89	\$26,904.67	
	LAFCO Tier 1	\$1,317.50	\$2,324.67	\$3,642.17	
	Superior Court Tier 1	\$41,523.54	\$69,648.53	\$111,172.07	
	Superior Court Tier 3	\$406.99	\$1,340.01	\$1,747.00	
	Pension Trust Staff Tier 1	\$2,346.64	\$2,801.96	\$5,148.60	
	Pension Trust Staff Tier 2	\$178.08	\$423.30	\$601.38	
	Pension Trust Staff Tier 3	\$644.63	\$1,194.79	\$1,839.42	
	P.P. 17	8/16/2014	County Tier 1	\$756,294.63	\$911,886.11
County Tier 2		\$61,100.93	\$125,772.89	\$186,873.82	
County Tier 3		\$40,481.06	\$92,789.67	\$133,270.73	
Air Pollution Control Tier 1		\$12,419.12	\$14,545.23	\$26,964.35	
LAFCO Tier 1		\$1,317.50	\$2,324.67	\$3,642.17	
Superior Court Tier 1		\$41,019.17	\$68,596.43	\$109,615.60	
Superior Court Tier 3		\$406.99	\$1,340.01	\$1,747.00	
Pension Trust Staff Tier 1		\$2,279.23	\$2,728.78	\$5,008.01	
Pension Trust Staff Tier 2		\$178.08	\$423.30	\$601.38	
Pension Trust Staff Tier 3		\$648.70	\$1,202.95	\$1,851.65	
Additional Contributions/Lump Sum Buy Backs/Adjustments		\$16,543.91	\$0.00	\$16,543.91	
TOTALS FOR MONTH	AUGUST	\$1,849,737.49	\$2,443,865.33	\$4,293,602.82	
TOTALS FOR CALENDAR YEAR	2014	\$15,968,017.20	\$20,782,412.09	\$36,750,429.29	
TOTALS FOR FISCAL YEAR	2014 - 2015	\$3,709,106.65	\$4,893,670.06	\$8,602,776.71	
INFORMATION ONLY TOTALS AS OF: (FROM APRIL 1, 1968)	31-Aug-14	\$345,447,299.95	\$481,762,432.71	\$827,209,732.66	

**REPORT OF SERVICE & DISABILITY  
RETIREMENTS & DROP PARTICIPANTS FOR  
THE MONTH OF:**

**AUGUST 2014**

<b>RETIREE NAME</b>	<b>DEPARTMENT</b>	<b>DATE</b>	<b>MONTHLY ALLOWANCE</b>
ANDERSON, JAMES M.	PROBATION	08-17-2014	2280.20 1690.88
CONWAY, GERARD	RESERVE / MENTAL HEALTH	08-17-2014	627.01 64.78
FLETCHER, JANET	PUBLIC HEATH	08-02-2014	3000.72
FOCHA, FRANCISCO	AGRICULTURE COMMISSION	08-16-2014	2332.62
HANSEN, DANA	SOCIAL SERVICES	08-20-2014	Awaiting calcs
KING, SHARON D. (DROP Participant)	MENTAL HEALTH	08-01-2014	1781.02
GUY, LESLIE	SOCIAL SERVICES	08-15-2014	885.61 635.42
LEETHAM, GERALD (DROP Participant)	SHERIFF DEPARTMENT	08-01-2014	3574.59
O'BRIEN, DANA	RESERVE / ASSESSOR	08-12-2014	2011.82 2.94
ORTON, NANCY	PLANNING & BUILDING	08-02-2014	4854.23
ROBERTS, KELLI	RECIPROCAL / ITS	08-02-2014	Awaiting calcs
SIMS, JEFFERSON	GENERAL SERVICES	08-12-2014	2445.73
SKROMME, KEITH D.	MENTAL HEALTH	08-23-2014	1077.10
SQUIRES, SUZANNE	RECIPROCAL / PERSONNEL	08-01-2014	83.32 6.10
<b>ADDENDUM:</b>			
TROMBETTA, MARION	SOCIAL SERVICES / RECIPROCAL	05-01-2014	689.22
MILLS, CAREY-ANNE	RECIPROCAL / SHERIFF DEPARTMENT	06-23-2014	2075.89
BLANC, MICHELLE	RECIPROCAL / D. A. VICTIM WITNESS	07-16-2014	1559.26 23.07
DANIELS, KIMBERLY	RESERVE / DISTRICT ATTORNEY	07-08-2014	1409.42 990.60 104.24
KINGTON, MICHAEL	MENTAL HEALTH	07-19-2014	2202.07
MacMAHON, MAUREEN	SUPERIOR COURT	07-01-2014	1709.32
METZLER, ALAN	ANIMAL SERVICES	07-27-2014	1077.41



**Board of Trustees  
San Luis Obispo County Pension Trust**

1000 Mill Street  
San Luis Obispo, CA 93408

DATE: September 22, 2014  
TO: Board of Pension Trustees  
FROM: Carl Nelson  
Executive Secretary

**AGENDA ITEM 5: APPLICATION & ELECTION TO PARTICIPATE IN DROP**

RECOMMENDATION:

It is recommended that you receive and approve the Application & Election to Participate in DROP (Deferred Retirement Option Plan) for the Individuals listed below.

DISCUSSION:

The San Luis Obispo County Pension Trust Office has received an APPLICATION & ELECTION TO PARTICIPATE IN DROP from the following Members listed below:

<b>OCTOBER 1, 2014</b>	<b>Joseph Alves, Assessor</b>
<b>OCTOBER 1, 2014</b>	<b>Rosemary Cochran, Social Services</b>
<b>OCTOBER 1, 2014</b>	<b>Susy Corriea, Sheriff Department</b>
<b>OCTOBER 1, 2014</b>	<b>Rudolph Engel, Treasurer Tax-Collector</b>
<b>OCTOBER 1, 2014</b>	<b>Michelle Cole, Sheriff Department</b>
<b>OCTOBER 1, 2014</b>	<b>Sharon M. Gonzales, Mental Health</b>

Respectfully Submitted,

Carl Nelson  
Executive Secretary



## Board of Trustees San Luis Obispo County Pension Trust

1000 Mill Street  
San Luis Obispo, CA 93408

Date: September 22, 2014

To: Board of Trustees

From: Carl Nelson - Executive Secretary  
Rosemarie Hewig – Deputy Executive Secretary

### **Agenda Item Number 6: RAD Software Evaluation Update**

The Board of Trustees has previously authorized Staff to solicit proposals from software consulting companies to evaluate the Pension Trust's Retirement Administration and Distribution (RAD) pension administration system. The purpose of such an evaluation is to determine the best path to continuing to provide the needed pension administration system for recordkeeping for the Pension Trust. The Board has also authorized near term RAD Continuation work by Magenic for immediately needed corrections. The current status of this project can be summarized as –

1. RAD Continuation – near term fixes for RAD functionality issues authorized and budgeted at \$300,000 is underway. A statement of work was negotiated, discussed with the Technology Committee on September 4<sup>th</sup> and executed.
2. RAD Evaluation RFP –
  - a. Drafted and revised with input from County IT and General Counsel
  - b. Distributed to candidate list of consultants known to be active with pension administration systems for defined benefit plans. Also posted on Pension Trust website.
3. RAD Evaluation Scope
  - a. Three main alternatives
    - i. **Fix** – intermediate term upgrades to maintain RAD functionality with minor enhancements. This option includes finding a firm – Magenic or another to perform the RAD upgrades. It also includes finding a firm – Magenic or another for the ongoing maintenance of RAD.
    - ii. **Rebuild** – longer term alternative of rebuilding and updating the browser based platform of RAD with significant increases in functionality. This option includes finding a firm – Magenic or another to perform the RAD

upgrades. It also includes finding a firm – Magenic or another for the ongoing maintenance of RAD.

iii. **Replace** – longer term alternative of replacing RAD with a commercial off-the-shelf system. This option includes the RFP process for selecting such a replacement system.

b. **Document Management System** – While addressed in the initial RAD recommendation, subsequent staff research revealed that the evaluation of a supporting document management system to the pension administration system is important to conduct simultaneously. Accordingly, the RFP for RAD evaluation included this criteria along with the three main alternatives shown above.

4. **RAD Evaluation Consultant Selection**

- a. RFP response due October 8<sup>th</sup>.
- b. Staff and County IT will evaluate RFP responses.
- c. Technology Committee is scheduled for October 15th to discuss and tentatively make recommendation for the full Board to consider.
- d. Recommendation to Board of Trustees including related budget amendment tentatively scheduled for October 27<sup>th</sup>.
- e. The Technology Committee and/or the Board may request presentations from the consulting firms responding to the RFP deemed to be finalists which would alter the date of approval to the November or December Board meetings.

Respectfully Submitted,

Carl Nelson  
Executive Secretary

Rosemarie Hewig  
Deputy Executive Secretary



**Board of Trustees**  
**San Luis Obispo County Pension Trust**  
1000 Mill Street  
San Luis Obispo, CA 93408

Date: September 22, 2014

To: Board of Trustees

From: Carl Nelson - Executive Secretary  
Rosemarie Hewig— Deputy Executive Secretary  
Chris Waddell—General Counsel

**Agenda Item Number 7: Fund Leadership/Governance/Delegation of Authority – Draft Policy**

As part of the ongoing update of the Pension Trust’s governance policies, the Board, staff and counsel have been discussing possible changes related to delegation of authority and fund governance. A draft policy statement and proposed Retirement Plan amendments related to this topic will be distributed under separate cover prior to the Board of Trustees meeting.

Respectfully Submitted,

Carl Nelson  
Executive Secretary

Rosemarie Hewig  
Deputy Executive Secretary

Chris Waddell  
General Counsel



**Board of Trustees**  
**San Luis Obispo County Pension Trust**  
1000 Mill Street  
San Luis Obispo, CA 93408

Date: September 22, 2014

To: Board of Trustees

From: Carl Nelson - Executive Secretary  
Rosemarie Hewig – Deputy Executive Secretary

**Agenda Item Number 8: Investment Report for August 2014**

The report will be distributed under separate cover following the receipt of the monthly analysis from the investment consultant. The preparation of the monthly performance report is dependent on custody bank statements that are not due until the 11<sup>th</sup> business day of the month.

Respectfully Submitted,

Carl Nelson  
Executive Secretary

Rosemarie Hewig  
Deputy Executive Secretary



**Board of Trustees**  
**San Luis Obispo County Pension Trust**

1000 Mill Street  
San Luis Obispo, CA 93408

Date: September 22, 2014

To: Board of Trustees

From: Carl Nelson - Executive Secretary  
Rosemarie Hewig – Deputy Executive Secretary

**Agenda Item Number 9: Asset Allocation August 2014**

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action if necessary regarding asset allocation and related investment matters.

A rebalancing plan including the funding of the previously approved bank loan portfolio with Pacific Asset Management was discussed and approved at the June 23, 2014 Board of Trustees meeting and is being implemented. No further Board action is anticipated to be necessary at this time.

Respectfully Submitted,

Carl Nelson  
Executive Secretary

Rosemarie Hewig  
Deputy Executive Secretary