



Notice of Public Meeting

The Board of Retirement of the San Mateo County Employees' Retirement Association will meet on **Tuesday, January 27, 2015, at 10:00 A.M.**

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	4.5 Member Account Refunds
• Zenaida Guevara	4.6 Member Account Rollovers
• Mark Prochnow	4.7 Acceptance of FPPC Form 806 "Agency Report of Official Appointments"
4.2 Service Retirements	4.8 Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014
4.3 Continuances	
4.4 Deferred Retirements	
- 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 Preliminary 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
- 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

Notice of Public Meeting

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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



Scott Hood, Chief Executive Officer

Posted: January 21, 2015

(* ALL ITEMS ON THE CONSENT AGENDA ARE APPROVED BY ONE ROLL CALL MOTION UNLESS A REQUEST IS MADE BY A BOARD MEMBER THAT AN ITEM BE WITHDRAWN OR TRANSFERRED TO THE REGULAR AGENDA. ANY ITEM ON THE REGULAR AGENDA MAY BE TRANSFERRED TO THE CONSENT AGENDA. ANY 4.1 ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER CLOSED SESSION; ALL OTHER ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER ITEM 5.1.)

THE BOARD MEETS AT 100 MARINE PARKWAY, SUITE 160, WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD CITY. Detailed directions are available on the "Contact Us" page of the website www.samcera.org. *Free Parking is available in all lots in the vicinity of the building. A copy of the Board of Retirement's open session agenda packet is available for review at the SamCERA offices and on our website unless the writings are privileged or otherwise exempt from disclosure under the provisions of the California Public Records Act. Office hours are Monday through Thursday 7 a.m. – 6 p.m.*

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT: SamCERA's facilities and board and committee meetings are accessible to individuals with disabilities. Contact SamCERA at (650) 599-1234 at least three business days prior to the meeting if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable SamCERA to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

December 16, 2014 – 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 Acceptance of Audit Committee Meeting Minutes, from October 28, 2014
 - 3.2 Approval of Regular Board Meeting Minutes from October 28, 2014
- 4. Approval of the Consent Agenda***

<ol style="list-style-type: none"> 4.1 Disability Retirements <ul style="list-style-type: none"> • Carmen Bernal • Darlene Carr • Lydia Goff • William Jacobs • Abby Osborn-Parker 4.2 Service Retirements 	<ol style="list-style-type: none"> 4.3 Continuances 4.4 Deferred Retirements 4.5 Member Account Refunds 4.6 Member Account Rollovers 4.7 Approval of Annual Review Questionnaire for SIS 4.8 Authorization to Sign Letter to Delaware Legislature Regarding By-laws that Shift Litigation Expenses
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- 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 October 31, 2014
 - 6.2 Quarterly Investment Performance Report for the Period Ending September 30, 2014
 - 6.3 Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014
 - 6.4 Presentation on SamCERA’s Securities Lending Program
 - 6.5 Report on Risk Parity, Commodity, Hedge Fund, and Real Estate Annual Manager Reviews
 - 6.6 Approval of Opportunistic Credit Manager Shortlist Selection Process
 - 6.7 Approval of purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2*)
- 7. Board & Management Support**
 - 7.1 Preliminary Quarterly Financial Report for the Period Ending September 30, 2014
 - 7.2 Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA’s Medical Advisor
 - 7.3 Approval of Resolution Amending Interest Crediting Policy
 - 7.4 Approval of Board of Retirement Meeting Schedule for 2015
 - 7.5 Discussion of Board / Staff Retreat Topics
 - 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 Approval of Purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26*)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Colvert, Catherine	October 12, 2014	Social Services
Williams, Louis	October 13, 2014	Human Services Agency
Thomas, Andree	October 19, 2014	Public Health
Florence, Elizabeth	October 18, 2014	Social Services
Teglia, Albert	October 26, 2014	BOS
Alexander, Lester	October 23, 2014	Health Services
Lindsey, Janet	October 23, 2014	Public Health
Haseleu, Joan	November 5, 2014	Human Services
Steier, Belle	November 19, 2014	Library
Finch, Dolores	November 18, 2014	Probation
Enright, Carmel	November 14, 2014	Sheriff
Oross, Gloria	November 18, 2014	Dietary
Mares, Milton	November 18, 2014	County Counsel
Leff, Eileen	November 14, 2014	Mental Health
Kerr, Raymond	November 23, 2014	Public Works
Hughes, Marilouise	November 23, 2014	Assessor
Amberg, Barbara	November 25, 2014	Library
Thurman, Jane	November 28, 2014	Sheriff
Malfatti, Walter	November 22, 2014	Engineering
Patterson, John	November 15, 2014	Employee & Public Services
Hooper, Elsa	November 19, 2014	Library
Fritz, Jeanne	November 19, 2014	Transportation Officer
Thomas, Lois	December 2, 2014	Social Services

DECEMBER 16, 2014 – REGULAR BOARD MEETING MINUTES

1412.1 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 10:02 a.m.

Roll Call:

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

Excused: Ben Bowler, Natalie Kwan Lloyd.

Alternates present: Alma Salas

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

Consultants: Patrick Thomas, Jonathan Brody and Faraz Shooshani (SIS); Don Anderson (Northern Trust); Will Morrow (LRWL).

1412.2.1 Oral Communications From the Board: Ms. Settles reported her attendance at IMN's Global Indexing and ETFs Conference, in Scottsdale, Arizona, December 7-9, 2014. Ms. Agnew reported her attendance at the SACRS Fall Conference in Monterey, November 11-14, 2014.

1412.2.2 Oral Communications From the Public: Ms. Salas reported her attendance at the SACRS Fall Conference in Monterey, November 11-14, 2014.

1412.3.1 Acceptance of Audit Committee Meeting Minutes, from October 28, 2014: Ms. Agnew asked if there were any changes to the Audit Committee minutes, and there were none.

Action: Mr. Tashman moved to accept the Audit Committee minutes from October 28, 2014, and the motion was seconded by Mr. David. The motion carried with a vote of 8-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

1412.3.2 Approval of Regular Board Meeting Minutes from October 28, 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 October 28, 2014, and the motion was seconded by Ms. Settles. The motion carried with a vote of 8-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

1412.4.0 Approval of the Consent Agenda: Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and the disability applications of Carr and Goff were removed.

Action: Mr. Hackleman moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Mr. David. The motion carried with a vote of 8-0, with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

1412.4.1 Disability Retirements:

a. The Board found that Carmen Bernal is (1) permanently incapacitated for the performance of her usual and customary duties as a Deputy Court Clerk, (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.

b. The Board found that William Jacobs is (1) permanently incapacitated for the performance of

his usual and customary duties as a Group Supervisor II, (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.

- c. The Board found that Abby Osborn-Parker is (1) permanently incapacitated for the performance of her usual and customary duties as a Correctional Officer, (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.

1412.4.2 **Service Retirements**

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

Member Name	Effective Retirement Date	Department
Abadilla, Angela	September 3, 2014	Deferred from Hospital
Adelman, Lannie A	September 27, 2014	Deferred from Public Health
Allen, Joseph K.	September 28, 2014	Deferred from Courts
Bleything, Kris A	August 30, 2014	Deferred from Medical Center
Boyd, Areda Faye	September 28, 2014	Deferred from Probation
Carino, Anna	November 1, 2014	Building Services
Ceccotti, Dante L	October 18, 2014	Correctional Health
Co, Lalita Sy	October 27, 2014	Deferred from Medical Center
Davis, Harriet E	September 1, 2014	QDRO of Ronald M Davis
Estipona, Lino	October 26, 2014	Deferred from Medical Center
Estipona, Teresa Lavares	October 15, 2014	Deferred from Medical Center
Fujikawa, Bruce Kazuo	August 30, 2014	Public Health
Fujikawa, Richard M	September 28, 2014	Deferred from Planning
Galea, Frank J	September 27, 2014	Public Works
Graham, Michele C.	October 31, 2014	Assessor's Office
Grayson, Cathy D	September 6, 2014	Medical Center
Gutierrez, Carmen E	August 31, 2014	Medical Center
Haro, Esther R	October 1, 2014	Human Services Agency
Ketterer, Susan M.	September 27, 2014	Human Services Agency
Kriz, Jan T	October 9, 2014	Sheriff's Office
Kruger, Robert J	September 19, 2014	Sheriff's Office
LeClair, Maria R	September 27, 2014	Deferred from Public Health
Lewis, Andre C	September 27, 2014	Probation
Liberona, Marion L.	October 1, 2014	Human Services Agency
Magana, Teresa	September 5, 2014	Medical Center
Milnovich, Tina Geneva	September 17, 2014	Deferred from Hospital
Morris, Joel R	September 30, 2014	Assessor's Office
Nakatani, Karen	September 16, 2014	Medical Center
Pacheco, Thomas R.	October 10, 2014	Information Services
Perry, Nancy	September 12, 2014	Human Services Agency
Prudhel, Patrick Arthur	September 20, 2014	Sheriff's Office
Reyna, Ronell A	November 1, 2014	Family Health Services
Romero, Rebecca A	September 12, 2014	County Manager's Office
Sartain, Kathleen E	October 18, 2014	Child Support Services
Stein, Robert J	September 6, 2014	Behavioral Health Services
Virgo, Martha A	October 29, 2014	Courts

Service Retirements (con't)

Member Name	Effective Retirement Date	Department
Wachhorst, Wendy C.	September 30, 2014	Deferred from Courts
Watanabe, Franklin Nobuharu	September 2, 2014	Probation
Webb, Donna	November 1, 2014	Correctional Health
Welker, Irene	July 8, 2014	Probation
Woolard, Rosalinda	September 13, 2014	Sheriff's Office
Woollum, Dennis Russell	September 27, 2014	Deferred from Sheriff's Dept

1412.4.3 **Continuances**

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

Survivor's Name	Beneficiary of
Beegle, Donald	Beegle, Paz
Colvert, Dominic Peter	Colvert, Catherine
Lindsey, Carrato Carlo	Lindsey, Janet
Meyer, Mary M	Meyer, James
Petersen, Danny Hal	Petersen, Delores
Rutenberg, Anastasia	Rutenberg, Harvey
Santana, Grace M	Bass, James

1412.4.4 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Alvarez-Campos, Michelle	Vested G4
Beaty, Craig L.	Non Vested G3 - Reciprocity
Blacksher, Joe L.	Vested P4
Buckwalter, Margaret	Non Vested G5 - Reciprocity
Chand, Sunil	Vested G4 - Auto
Dela Merced, Janet S.	Non Vested G3 - Reciprocity
Garcia, Danilo E.	Vested G4
Gutierrez, Luis	Vested G4
Lyskawa, Meg	Vested G4 - Reciprocity
McElroy-White, Greta	Vested G4 - Reciprocity
Nangare, Trupti N.	Non Vested G5 – Reciprocity
Soubirous, Ana E.	Vested G4 – Reciprocity
Valero, Leticia	Vested G4 – Reciprocity
Woo, Cassandra N.	Non Vested G5 – Reciprocity
Wilson, Marshall F.	Vested G4 – Reciprocity

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
Biggs, Arter	G7, Non-vested
Fessler, Ernest	G5, Non-vested
Sedillo-Messer, Manuel	G4, Vested
Strauss, LaShonda	G5, Non-vested

1412.4.6 **Member Account Rollovers**

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

Member Name	Retirement Plan Type
Barriger, Geraldine	G5, Non-vested
Brickley, Theresa	G7, Non-vested
Loucel, Crystal	G5, Non-vested
McMann, Linda	G5, Non-vested
Williams, Jennifer	G4, Non-vested

1412.4.7 **Approval of Annual Review Questionnaire for SIS:** The Board reviewed and approved the questions to be submitted to SamCERA's investment consultant, SIS, prior to their annual performance review.

1412.4.8 **Authorization to Sign Letter to Delaware Legislature Regarding By-laws that Shift Litigation Expenses:** The Board authorized the inclusion of the SamCERA Board of Retirement on a joint letter sent by various public pension systems urging the Delaware legislature to enact legislation that would preempt corporate bylaws that require a shareholder to pay expenses incurred in connection with shareholder litigation.

1412.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** Ms. Arnott recused herself from voting on the disability applications of Darlene Carr and Lydia Goff.

Action: Mr. Hackleman moved to approve staff's recommendations with regard to the applications of Darlene Carr and Lydia Goff, as detailed below. The motion was seconded by Mr. Spinello. The motion carried with a vote of 7-0-1 with trustees Agnew, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed; Ms. Arnott abstaining.

- a. The Board found that Darlene Carr is (1) permanently incapacitated for the performance of her usual and customary duties as a Mail Services Driver, (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 Lydia Goff is (1) permanently incapacitated for the performance of her usual and customary duties as an Office Specialist, (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.

Item 6.4 was heard next, and the remainder of the agenda was heard in the order listed below.

1412.6.4 **Presentation on SamCERA's Securities Lending Program:** Ms. Dames introduced Dan Anderson from Northern Trust, who presented information on securities lending and answered questions from Board members. This item was informational only and no action was taken.

Ms. Agnew adjourned the meeting for a short break at 11:18 a.m. and the meeting reconvened at 11:24 a.m.

1412.6.1 **Preliminary Monthly Performance Report for the Period Ending October 31, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for October was +1.6% net of investment manager fees. This item was informational only and no action was taken.

- 1412.6.2 **Quarterly Investment Performance Report for the Period Ending September 30, 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 commenting on specific aspects. This item was informational only and no action was taken.
- 1412.6.3 **Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014:** Mr. Shooshani reviewed the private equity performance report with the Board. He discussed SamCERA's specific returns as well as the global market climate for private equity. This item was informational only and no action was taken.
- Ms. Agnew adjourned the meeting at 12:08 p.m. for lunch. The meeting was reconvened at 12:35 p.m.
- 1412.6.5 **Report on Risk Parity, Commodity, Hedge Fund, and Real Estate Annual Manager Reviews:** Mr. Coultrip reported on the annual manager reviews held in October with AQR Global, AQR Delta, Invesco and SSgA/SSARIS. He stated that no significant concerns were identified during any of the portfolio reviews. This item was informational only and no action was taken.
- 1412.6.6 **Approval of Opportunistic Credit Manager Shortlist Selection Process:** Mr. Coultrip presented the shortlist of opportunistic credit manager candidates. There was discussion of the selection process, and whether a due diligence trip would be taken before, or after, any presentation was given to the Board by the manager candidates.
Action: Mr. Tashman made a motion to direct staff and SIS to perform due diligence as necessary and to return to the Board with a report and recommendation regarding a manager selection for this strategy. The motion was seconded by Ms. Settles and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.
- 1412.6.7 **Approval of Purchase of Alternative Investment (Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2):** Ms. Agnew adjourned the meeting into Closed Session to discuss item 6.7. The Board reconvened and Ms. Carlson reported the closed session action as follows:
Action: Mr. Hackleman moved to approve the transitioning of SamCERA's investment in commodity exposure from the SSgA/SSARIS Multisource Active Commodity (MAC) Fund to a soon-to-be-established SSARIS MAC Fund. The motion was seconded by Mr. David, and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.
- 1412.7.1 **Preliminary Quarterly Financial Report for the Period Ending September 30, 2014:** Ms. Wong reported that SamCERA's net position restricted for pension as of September 30, 2014 totaled \$3,300,485,912. There was an increase due to the receipt of the prepayment of employer contributions made by the County in the amount of \$75 million. She reported that asset account reconciliation was still in process during the transition from State Street to Northern Trust. This item was informational only and no action was taken.
- 1412.7.2 **Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor:** Ms. Arnott, Chair, reported that she and the members of the committee (Kwan Lloyd, Agnew, Miller and Arnott) met on December 1, 2014 to review the performance of SamCERA's medical advisor, Dr. Brodtkin. Ms. Arnott stated that Dr. Brodtkin meets the expectations set for the medical advisor and the committee had a positive opinion of his work for SamCERA. This item was information only and no action was taken.

1412.7.3 **Approval of Resolution Amending Interest Crediting Policy:** Mr. Hood explained a small change has been proposed to simplify the way member account interest is credited. This amends the current policy, and proposes that the interest rate calculated for the prior six-month period is used as the rate to credit member accounts.

Action: Ms. Settles moved to approve a resolution amending the interested crediting policy. The motion was seconded by Mr. David and carried with a vote of 8-0 with trustees Agnew, Arnott, David, Hackleman, Miller (for Kwan Lloyd), Settles, Spinello and Tashman all in favor; none opposed.

Mr. Tashman left the Boardroom at 1:30 p.m. and was excused for the remainder of the meeting.

1412.7.4 **Approval of Board of Retirement Meeting Schedule for 2015:** Mr. Hood reviewed the 2015 proposed Board of Retirement meeting schedule with the Board. It was noted that meetings in January, February, March, July, August, and October will occur on the fourth Tuesday. Alternate meeting dates were scheduled for the months of April, June, September, and December; and no regular meetings will be held in the months of May and November.

Action: Mr. Hackleman moved to approve the 2015 meeting schedule as presented. 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.

1412.7.5 **Discussion of Board / Staff Retreat Topics:** Mr. Hood and Board members discussed the schedule and list of topics for the upcoming Board / Staff retreat to be held on Tuesday and Wednesday, April 28 and 29, 2015. This item was informational only and no action was taken.

1412.7.6 **Update on Progress of SamCERA's Information Technology Projects:** Mr. Ali updated the Board on the status of the current IT projects. He reviewed the successful Microsoft Great Plains upgrade which came in under budget; reported that the new website is expected to be launched in May 2015; updated the Board on progress of the Pension Gold integration with Workday; discussed improvements to web member services; and detailed research undertaken regarding agenda management software. Mr. Morrow discussed the progress of the PASS project and talked about the recent due diligence trip to New York to see the Vitech offices, taken with Mr. Hood and Mr. Ali. He reported that the PASS project is on schedule. This item was informational only and no action was taken.

1412.8.1 **Chief Executive Officer's Report:** Mr. Hood reported that the leadership transition was going well, and Gladys Smith has been appointed as Acting Assistant Executive Officer. He let the Board know that SamCERA is assisting during negotiations with the bargaining units, and will provide the unions with more detailed COLA and rate information in the coming months. He stated the GASB task force had its final meeting. Mr. Bailey also had positive comments about the CEO transition and reported that he is involved in the search for an agenda management program.

1412.8.2 **Assistant Executive Officer's Report:** No report.

1412.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff was working with the County's HR department to prepare a job description and begin recruiting for the recently approved Investment Analyst position. He discussed rebalancing that occurred in mid-October, and also notified the Board that the transitioning of the D.E. Shaw portfolio to a 130/30 strategy from a long-only strategy was complete.

1412.8.4 **Chief Legal Counsel's Report:** No report.

1412.10 **Adjournment:** Ms. Agnew adjourned the meeting at 2:15 p.m. in memory of the following deceased members:

Colvert, Catherine	October 12, 2014	Social Services
Williams, Louis	October 13, 2014	Human Services Agency
Thomas, Andree	October 19, 2014	Public Health
Florence, Elizabeth	October 18, 2014	Social Services
Teglia, Albert	October 26, 2014	BOS
Alexander, Lester	October 23, 2014	Health Services
Lindsey, Janet	October 23, 2014	Public Health
Haseleu, Joan	November 5, 2014	Human Services
Steier, Belle	November 19, 2014	Library
Finch, Dolores	November 18, 2014	Probation
Enright, Carmel	November 14, 2014	Sheriff
Oross, Gloria	November 18, 2014	Dietary
Mares, Milton	November 18, 2014	County Counsel
Leff, Eileen	November 14, 2014	Mental Health
Kerr, Raymond	November 23, 2014	Public Works
Hughes, Marilouise	November 23, 2014	Assessor
Amberg, Barbara	November 25, 2014	Library
Thurman, Jane	November 28, 2014	Sheriff
Malfatti, Walter	November 22, 2014	Engineering
Patterson, John	November 15, 2014	Employee & Public Services
Hooper, Elsa	November 19, 2014	Library
Fritz, Jeanne	November 19, 2014	Transportation Officer
Thomas, Lois	December 2, 2014	Social Services

Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Items 4.1- 4.6

To: Board of Retirement

From: Gladys Smith, Retirement Benefits Manager



Subject: Approval of Consent Agenda Items 4.1 – 4.6

4.1 Disability Retirements

- a) The Board find that **Zenaida Guevara** is (1) permanently incapacitated for the performance of her usual and customary duties as a Fiscal Office Assistant II, (2) find that her disability was a result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.

- b) The Board find that **Mark Prochnow** is (1) permanently incapacitated for the performance of his usual and customary duties as a Property Estate Officer, (2) find that his disability was a result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.

4.2 Service Retirements

The Board ratifies 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
Kunst, Kathleen	December 1, 2014	Deferred from Board of Supervisors
Lee, Rosario	December 1, 2014	Medical Center

4.3 Continuances

The Board ratifies 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

4.4 Deferred Retirements

The Board ratifies 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

4.5 Member Account Refunds

The Board ratifies 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
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4.6 Member Account Rollovers

The Board ratifies 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

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 4.7

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: California Fair Political Practices Commission (FPPC) Form 806, "Agency Report of Official Appointments."

Recommendation:

Approve the completed California Fair Political Practices Commission (FPPC) Form 806, "Agency Report of Official Appointments " for posting on SamCERA's website.

Summary:

In order to comply with the FPPC's financial conflict of interest regulations, the Board must approve the attached completed FPPC Form 806, "Agency Report of Official Appointments" and then staff must post the form on SamCERA's website.

Background:

As the Board is aware, trustees are prohibited from participating in a governmental decision if it is reasonably foreseeable that the trustee has a material financial interest in the decision. FPPC regulation 18705.5 provides that: "A reasonably foreseeable financial effect on a public official's or his or her immediate family's personal finances is material if it is at least \$250 in any 12-month period." Committee appointments may result in certain trustees receiving \$250 or more during the term of the appointment. Regulation 18705.5 addresses the appointment of officials to external agency boards as well as subcommittees of a board in which the official receives a payment or stipend for serving.

Discussion:

While the Board Chair makes the appointments, the trustees participate in this decision making process by accepting the appointment. Subdivision (b) of regulation 18705.5 provides, emphasis added, that:

"a public official may make, participate in making, or use his or her official position to influence or attempt to influence, a government decision where all of the following conditions are satisfied:

- (1) The decision is on his or her appointment as an officer of the body of which he or she is a member (e.g., mayor or deputy mayor), or to a committee, board, or

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

commission of a public agency, a special district, a joint powers agency or authority, a joint powers insurance agency or authority, or a metropolitan planning organization.

(2) The appointment is to a standing or ad hoc committee of the public agency of which the public official is a member or one required to be made by the body of which the official is a member pursuant to either state law, local law, or a joint powers agreement.

(3) The body making the appointment referred to in paragraph (1) adopts and posts on its website, on a form provided by the Commission, a list that sets forth each appointed position for which compensation is paid, the salary or stipend for each appointed position, the name of the public official who has been appointed to the position and the name of the public official, if any, who has been appointed as an alternate, and the term of the position.

The FPPC form referred to above is the Form 806 "Agency Report of Official Appointments" and is to be used to report this additional compensation received due to committee appointments. Staff has completed a Form 806 for the Board's acceptance that lists the trustees who were appointed to either the Investment Committee or the Audit Committee and who are eligible to receive a stipend for serving.

After the Board has accepted the completed form, staff will, pursuant to FPPC regulation, post it on SamCERA's website. When there is a change in compensation or a new appointment, staff will present an updated Form 806 to reflect the changes.

Attachments:

FPPC Form 806 "Agency Report of Official Appointments"

Agency Report of: Public Official Appointments

A Public Document

1. Agency Name San Mateo County Employees' Retirement Association (SamCERA)		California Form 806 For Official Use Only	
Division, Department, or Region (If Applicable) Board of Retirement			
Designated Agency Contact (Name, Title) Scott Hood, Chief Executive Officer			
Area Code/Phone Number 650-363-4882	E-mail shood@samcera.org	Page <u>1</u> of <u>2</u>	Date Posted: <u>01/28/2015</u> <small>(Month, Day, Year)</small>

2. Appointments

Agency Boards and Commissions	Name of Appointed Person	Appt Date and Length of Term	Per Meeting/Annual Salary/Stipend
Board of Retirement, Investment Committee	▶ Name <u>Bowler, Ben</u> <small>(Last, First)</small> Alternate, if any _____ <small>(Last, First)</small>	▶ <u>07 / 01 / 13</u> <small>Appt Date</small> ▶ <u>ends 6/30/15</u> <small>Length of Term</small>	▶ Per Meeting: \$ <u>100.00</u> ▶ Estimated Annual: <input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <small>Other</small>
Board of Retirement, Investment Committee	▶ Name <u>Agnew, Lauryn</u> <small>(Last, First)</small> Alternate, if any _____ <small>(Last, First)</small>	▶ <u>07 / 01 / 13</u> <small>Appt Date</small> ▶ <u>ends 6/30/15</u> <small>Length of Term</small>	▶ Per Meeting: \$ <u>100.00</u> ▶ Estimated Annual: <input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <small>Other</small>
Board of Retirement, Investment Committee	▶ Name <u>Settles, Michal</u> <small>(Last, First)</small> Alternate, if any _____ <small>(Last, First)</small>	▶ <u>07 / 01 / 13</u> <small>Appt Date</small> ▶ <u>ends 6/30/15</u> <small>Length of Term</small>	▶ Per Meeting: \$ <u>100.00</u> ▶ Estimated Annual: <input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <small>Other</small>
Board of Retirement, Audit Committee	▶ Name <u>Tashman, Eric</u> <small>(Last, First)</small> Alternate, if any _____ <small>(Last, First)</small>	▶ <u>07 / 01 / 13</u> <small>Appt Date</small> ▶ <u>ends 6/30/15</u> <small>Length of Term</small>	▶ Per Meeting: \$ <u>100.00</u> ▶ Estimated Annual: <input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <small>Other</small>

3. Verification

I have read and understand FPPC Regulation 18705.5. I have verified that the appointment and information identified above is true to the best of my information and belief.

Scott Hood	Chief Executive Officer	01/28/2015
<small>Signature of Agency Head or Designee</small>	<small>Print Name</small>	<small>Title</small>
		<small>(Month, Day, Year)</small>

Comment: Terms of committee members correspond with the fiscal year, and will expire on June 30, 2015.

Agency Report of: Public Official Appointments

Background

This form is used to report additional compensation that officials receive when appointing themselves to positions on committees, boards or commissions of a public agency, special district, and joint powers agency or authority. For example, a city councilmember may be appointed to serve as the city's representative on a joint powers insurance authority or a metropolitan planning organization or mayor. (Regulation 18705.5, amended 03.2012)

Each agency must post on its website a single Form 806 which lists all the paid appointed positions. When there is a change in compensation or a new appointment, the Form 806 is updated to reflect the change. The form must be updated promptly as changes occur.

Initial Agency Posting

As soon as possible, each agency should prepare a Form 806 identifying all of the current paid appointments to other governmental agencies. Thereafter, the form may be amended to include the future appointments.

Instructions

This form must be posted prior to a vote (or consent item) to appoint a governing board member to a paid position on another agency.

Part 1. Agency Identification

Identify the agency name and information on who should be contacted for information.

Part 2. Appointments

Identify the name of the other agency, board or commission. List the name of the official, and an alternate, if any.

List the appointment date and the length of term the agency official will serve. Disclose the stipend provided per meeting and the estimated annual payment. The annual salary is an estimate as it will likely vary depending on the number of meetings. It is not necessary to revise the estimate at the end of the calendar year.

Part 3. Verification

The agency head or his/her designee must sign the verification.

Frequently Asked Questions (FAQs)

1. When does an agency need to complete the Form 806?

A Form 806 is required when an agency's board members vote on an appointment for a board member to serve on another governmental agency and pay is provided.

2. The city council votes to serve as the city's housing authority, a separate entity. Will the Form 806 be required?

If the council members receive an additional compensation for serving on the housing authority, the Form 806 is required. If there is no payment, the Form 806 is not required.

3. Are appointments made by a governing board to appoint one of its members to serve as an officer of that board for additional pay (e.g. mayor) required to be disclosed on Form 806?

Yes. Regulation 18705.5 permits voting on your own appointment to position of mayor as well as other boards and commissions so long as proper disclosure on the Form 806 is made. This exception and disclosure apply to agencies with governing boards that are elected or appointed.

4. In determining the salary, must the agency include mileage reimbursements, travel payments, health benefits, and other compensation?

No. The FPPC regulation only requires the reporting of the stipend or salary.

5. Which agency must post the Form 806?

The agency that is voting to appoint a public official must post the Form 806 on its website. The agency that the official will serve as a member is not required to post the Form 806. The form is not sent to the FPPC.

6. When must the Form 806 be amended?

The Form 806 should be amended promptly upon any of the following circumstances: (1) the number of scheduled meetings is changed, (2) there is a change in the compensation paid to the members, or (3) there is a change in membership on the board or commission.

7. When a body meets irregularly, how should the annual compensation be estimated?

The agency should estimate compensation using the highest number of meetings.

8. In 2013 our agency will have a new appointment to a new agency. How is the Form 806 updated?

Before the agency votes on the appointment, the agency should update the Form 806 and identify the other governmental entity's name. If known, also include other information such as the number of meetings and stipend. As long as that information is posted prior to a vote of the governing board on an appointment, the agency is in compliance with Regulation 18705.5. Following the vote, the agency must update the form to identify the individual that will serve.

Privacy Information Notice

Information requested by the FPPC is used to administer and enforce the Political Reform Act. Failure to provide information may be a violation subject to penalties. All reports are public records available for inspection and reproduction. Direct questions to FPPC's General Counsel. Fair Political Practices Commission, 428 J Street, Ste. 620, Sacramento, CA 95814.

**Agency Report of:
Public Official Appointments
Continuation Sheet**

1. Agency Name

San Mateo County Employees' Retirement Association (SamCERA)

Date Posted: 01/28/2015
(Month, Day, Year)

2. Appointments

Agency Boards and Commissions	Name of Appointed Person	Appt Date and Length of Term	Per Meeting/Annual Salary/Stipend
Board of Retirement, Audit Committee	▶ Name <u>Hackleman, Paul</u> <i>(Last, First)</i> Alternate, if any <u>Salas, Alma</u> <i>(Last, First)</i>	▶ <u>07 / 01 / 13</u> <i>Appt Date</i> ▶ <u>ends 06/30/15</u> <i>Length of Term</i>	▶ Per Meeting: \$ <u>100.00</u> ▶ Estimated Annual: <input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> <u> </u> <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: <input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000 <input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> _____ <i>Other</i>

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 4.8

TO: Board of Retirement

FROM: Lilibeth Dames, Retirement Investment Analyst

SUBJECT: Acceptance of Semi-Annual Compliance Certification Statements for Period Ending December 31, 2014

Staff Recommendation

Review and accept the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers, as of December 31, 2014.

Background

As part of SamCERA's ongoing due diligence process, the Compliance Certification Statement is completed by each of the association's non-alternative investment managers on a semi-annual basis. These statements are used to update SamCERA on any firm-wide compliance issues and to provide strategy-level information regarding such things as derivatives and portfolio positioning.

Discussion

The attached Compliance Certification Statements contain information as of December 31, 2014 for each of SamCERA's non-alternative investment managers. No firm reported significant developments in portfolio construction, investment approach, firm ownership or organizational structure. Nor were there any notable issues regarding industry or regulatory actions that could impact SamCERA. The managers were also requested to provide data regarding the characteristics and composition of each of their portfolios. No prominent issues arose during the review. Any items that raise concern will be brought to the manager's attention and will be thoroughly vetted by staff.

Please note that the Compliance Certification Statement for BlackRock, Pyramis, INVESCO, Angelo Gordon and Brigade were not received in time to be included in the mailing, but it will be included in the February board packet.

Attachments

Compliance Certification Statements (11)

- A. Domestic Equity: Barrow Hanley, Brown Advisory, Chartwell, DE Shaw, The Boston Company
- B. International Equity - Developed: Baillie Gifford, Mondrian
- C. Emerging Market Equity: Eaton Vance Parametric
- D. Domestic Fixed Income: Brown Brothers Harriman, Western
- E. Cash Overlay: Parametric Clifton

Baillie Gifford Overseas International Growth – December 31, 2014

*Compliance Certification Statement
San Mateo County
Employees' Retirement Association*

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: Yes If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: Yes If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: Yes If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: No If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: Yes If yes, please explain.

As previously advised, Paul Faulkner, member of the Portfolio Construction Group (PCG) left the firm on December 1, 2014. He was replaced on the PCG by Tom Walsh, Moritz Sitte and Sophie Earnshaw. A summary of the current PCG is provided in the following table.

<i>Name</i>	<i>Responsibility</i>	<i>Years of Tenure</i>	<i>Years of Industry Experience</i>
Gerard Callahan [†]	Chair of PCG, Investment Manager	24	24
Joe Faraday ^{††}	Member of PCG, Investment Manager	13	13
Iain Campbell	Member of PCG, Investment Manager	11	11
Tom Walsh	Member of PCG, Investment Manager	6	10
Moritz Sitte	Member of PCG, Investment Manager	5	5
Sophie Earnshaw	Member of PCG, Investment Manager	5	5

[†] Partner

^{††} Joe Faraday undertakes a dual role of PCG member and Client Service Director.

6. Have there been any changes in the firm's investment approach? Yes/No: No If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: No If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: No If yes, please explain.
9. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: Yes If no, please explain.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: No If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
- ~~2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: If no, please explain.~~
- ~~3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter party fully evaluated? Yes/No: If no, please explain.~~
- ~~4. For non-exchange traded derivative transactions, were the counter parties broker/dealers? Yes/No: If yes: Do the counter parties have investment grade debt? Yes/No: Are the counter parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: If no, please explain.~~
- ~~5. For non-exchange traded derivative transactions, were the counter parties financial institutions (banks)? Yes/No: If yes: Do the counter parties have investment grade debt? Yes/No: Do the counter parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: If no, please explain.~~
- ~~6. Is individual counter party exposure well diversified? Yes/No: If no, please explain. What is the largest exposure to a single counter party within the portfolio? Please specify the name of the counter party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter parties over the past month?~~
- ~~7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: If yes, please explain.~~

- ~~8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.~~
- ~~9. State if any restricted derivative investments are held in SamCERA's portfolios. Yes/No: ___ If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.~~
- ~~10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ___ If no, please explain.~~
- ~~11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ___ If no, please explain.~~
- ~~12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.~~
- ~~13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.~~
- ~~14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ___ If yes, please explain.~~

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: Yes If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: No If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: No If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain.

International Equity Portfolios - Developed

1. Specify the percentage of the portfolio held in each of the following types of securities:

<i>Foreign Ordinary Shares*</i>	93.2%
<i>ADR's</i>	5.8%
<i>Cash & Equivalents (Foreign)</i>	0.1%
<i>Cash & Equivalents (Domestic)</i>	0.9%

*Includes 1.3% US domiciled ordinary shares

2. Specify the large, mid and small capitalization exposure of the portfolios.

<i>Large-Cap</i>	69.4%
<i>Mid-Cap</i>	26.9%
<i>Small-Cap</i>	3.7%

3. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? Yes/No: Yes If no, please explain.

As bottom up investors, the sector and country weightings of the portfolios are a residual of the process. For diversification purposes we monitor these weightings through the use of position guidelines relative to the benchmark. These positions are reviewed by the Portfolio Construction Group. They are as follows:

Position relative to MSCI ACWI ex US Index

Sector +/-10%

Countries +/-10%

Stocks +/-5%

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: Yes If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

As at 31 December, 2014 there was 19.1% of your portfolio invested in Emerging Markets companies.

5. Does the portfolio currently employ a currency hedging strategy? Yes/No: No

Signed by:

Dated:

Name of Firm:



9 January ~~2014~~ 2015

Baillie Gifford Overseas Limited

Brown Advisory Large Cap Growth – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: **YES** If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
Yes/No: **YES** If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: **YES** If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: **NO**
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **NO** If yes, please explain.
6. Have there been any changes in the firm's investment approach? Yes/No: **NO** If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: **NO** If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm?
Yes/No: **There have been no industry or regulatory disciplinary actions taken against Brown Advisory LLC.** If yes, please explain.
9. Have there been any investment guideline breaches during the prior 6 months? If so, please provide more detail. **NONE**
10. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: **YES** If no, please explain.

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours? If yes, please explain. **NO**

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **NO** If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: ___ If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: ___ If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
6. Is individual counter-party exposure well diversified? Yes/No: ___ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?
7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? Yes/No: ___ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: ___ If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: ___
If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ___ If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ___ If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ___ If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: **YES** If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: **NO** If yes, please explain.

Cash & Equivalent

1. Does the firm directly invest in short term fixed income investments? Yes/No: **NO**. If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain.

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities
 - i. Source: APX Portfolio Appraisal as of 12/31/14

<i>Common Stock</i>	<i>96.9%</i>
<i>Preferred Stock</i>	<i>%</i>
<i>Convertible Securities</i>	<i>%</i>
<i>Cash & Equivalents</i>	<i>3.1%</i>

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages. **Source: Factset, as of 12/31/14**

<i>Large-Cap (>10B)</i>	<i>87.59%</i>
<i>Mid-Cap (2B-10B)</i>	<i>12.41%</i>
<i>Small-Cap (<2B)</i>	<i>%</i>

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). **0.00% - there are no ADRs currently in the portfolio.** Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.
4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: **NO** If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets
5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why. **Express Scripts Holding Co. (ESRX) – 4.9%**
6. What is the largest percentage of the portfolio represented by a single industry? Specify the industry and percentage amount. Please specify all industries above 15%.

Brown Advisory uses the Global Industry Classification Standard (GICS) to define sector and industry weightings. Based on GICS:

The largest Industry as of 12/31/14 was Energy Equipment & Services at 8.39%

The largest Sector as of 12/31/14 was Information Technology at 31.22%. Health Care Industry was at 19.06%.



Signed by: Brett D. Rogers, Chief Compliance Officer
Dated: January 7, 2014
Name of Firm: Brown Advisory LLC

Barrow Hanley Diversified Large Cap Value – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: Yes If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: Yes If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: Yes If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: No
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: Yes If yes, please explain.
During the past six months, Garth Reis was added as Chief Technology Officer.
6. Have there been any changes in the firm's investment approach? Yes/No: No If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: No If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm?
Yes/No: No If yes, please explain.
9. Have there been any investment guideline breaches during the prior 6 months? If so, please provide more detail. No
10. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: Yes If no, please explain.

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours? If yes, please explain. No

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: No If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section. N/A. We do not utilize derivatives.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: ___ If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: ___ If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
6. Is individual counter-party exposure well diversified? Yes/No: ___ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?
7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? Yes/No: ___ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: ___ If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: ____
If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ____ If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ____ If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ____ If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: Yes If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: No If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: ____ If yes, do the investments comply with the policies? Yes/No: ____ If no, please explain.
No. We do not manage cash for our clients.

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities
At December 31, 2014, the portfolio held the following:

<i>Common Stock</i>	<i>97.5%</i>
<i>Preferred Stock</i>	<i>0.0%</i>
<i>Convertible Securities</i>	<i>0.0%</i>
<i>Cash & Equivalents</i>	<i>2.5%</i>

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

At December 31, 2014, the firm's allocation within equities is below:

<i>Large-Cap</i>	<i>75%</i>
<i>Mid-Cap</i>	<i>11%</i>
<i>Small-Cap</i>	<i>4%</i>
<i>International*</i>	<i>10%</i>

*Includes Global & Emerging Markets

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.

At December 31, 2014, the portfolio held 6.13% ADR's and none were 144a securities. (Cash positions are not used in the calculation.)

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: No If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

At December 31, 2014, the largest security holding was Capital One Financial Corp. with a weighting of 2.7%. (Cash positions are not used in the calculation.)

6. What is the largest percentage of the portfolio represented by a single industry? Specify the industry and percentage amount. Please specify all industries above 15%.

BHMS uses the GICS classification system for our portfolio analysis. At December 31, 2014, the largest industry weighting was Banks, which held a 14.0% weighting. (Cash positions are not used in the calculation.)

Signed by: *Patricia B. Andrews*
Title: Chief Compliance Officer
Dated: January 12, 2014
Name of Firm: Barrow, Hanley, Mewhinney & Strauss LLC

Chartwell Investment Partners Small Cap Growth –December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: Yes If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: Yes If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: Yes If no, please explain. Has the firm's insurance coverage been increased? Yes/No: If yes, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: No
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: No If yes, please explain.
6. Have there been any changes in the firm's investment approach? Yes/No: No If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: No If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: No If yes, please explain.
9. Have there been any investment guideline breaches during the prior 6 months? If so, please provide more detail. **No.**
10. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: Yes If no, please explain.

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours? If yes, please explain. **No.**

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **No** If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: ___ If no, please explain. **Not applicable.**
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: ___ If no, please explain. **Not applicable.**
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain. **Not applicable.**
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain. **Not applicable.**
6. Is individual counter-party exposure well diversified? Yes/No: ___ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month? **Not applicable.**
7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? Yes/No: ___ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: ___ If yes, please explain. **Not applicable.**
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no,

please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain. **Not applicable.**

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: ___
If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies. **Not applicable.**
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ___ If no, please explain.
Not applicable.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ___ If no, please explain.
Not applicable.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. **Not applicable.**
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives. **Not applicable.**
14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ___ If yes, please explain.
Not applicable.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: Yes If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: No If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: No If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain.

The portfolio's custodian, Northern Trust Company invests the cash in their money market fund as instructed by San Mateo County.

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities

<i>Common Stock</i>	97.46
<i>Preferred Stock</i>	%
<i>Convertible Securities</i>	%
<i>Cash & Equivalents</i>	2.54

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

<i>Large-Cap</i>	%
<i>Mid-Cap</i>	%
<i>Small-Cap</i>	97%

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.

The percentage of the portfolio invested in ADR's is 2.4%. There are no 144A securities in the portfolio.

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: No If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets
5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

The largest percentage of the portfolio represented by a single security is 3.8%.

6. What is the largest percentage of the portfolio represented by a single industry? Specify the industry and percentage amount. Please specify all industries above 15%.

The largest percentage of the portfolio represented by a single industry is 9.86%.

Signed by:



LuAnn Molino, Principal, Compliance & Client Administration

Dated: 01/06/15

Name of Firm: Chartwell Investment Partners, Inc.

Mondrian Investment Partners International Value – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: **Yes** If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: **Yes** If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: **Yes** If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: **No**
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **Yes** If yes, please explain.

As we announced in January, with effect from early October, Russell Mackie, Senior Portfolio Manager (International Equities), will be transitioning internally to take on a London-based, senior management role leading our Client Service and Marketing operations for regions outside North America. We have been carefully managing the transition since the beginning of the year to ensure that all Russell's research, portfolio management and client service roles were fully covered by his deep team of colleagues within the International Equity team.

In addition and as part of this transition, we are also pleased to announce that Zsolt Mester joined Mondrian's International Equity team as an Assistant Portfolio Manager earlier this year. After completing his secondary education in his native Hungary, Zsolt earned a BSc and an MSc in Financial Economics from the University of London and an MPhil in Economics from the University of Oxford. After graduation, he worked for

three years as an equity research analyst. Zsolt holds the CISI Level 3 Certificate in Securities and has completed Level 1 of the CFA program.

6. Have there been any changes in the firm's investment approach? Yes/No: No If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: No If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: No If yes, please explain.
9. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: Yes If no, please explain.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: Yes. If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: Yes. If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: Yes If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: No If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: Yes If yes: Do the counter-parties have investment grade debt? Yes/No: Yes Do the counter-parties have total assets in excess of \$1 billion, and significant

net capital to protect against potential adverse market circumstances? Yes/No: Yes If no, please explain.

6. Is individual counter-party exposure well diversified? Yes/No: Yes If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

The use of derivatives at Mondrian is limited to forward currency contracts for defensive hedging purposes, These contracts are currently traded exclusively through your custodian.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: Yes If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: No If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: N/A If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: No If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: N/A If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: Yes If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. N/A

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Mondrian enters into forward currency contracts for defensive hedging purposes. These contracts are unleveraged and fully covered. As they are traded with your custodian, we believe there should be no issues with liquidity.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: **No** If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: **Yes** If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: **No** If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: **No** If yes, do the investments comply with the policies? Yes/No: If no, please explain.

International Equity Portfolios - Developed

1. Specify the percentage of the portfolio held in each of the following types of securities.

<i>Foreign Ordinary Shares</i>	<i>77.13%</i>
<i>ADR's</i>	<i>1.52%</i>
<i>MIP Limited Partnership</i>	<i>20.68%</i>
<i>Cash & Equivalents (Foreign)</i>	<i>0.31%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>0.36%</i>

2. Specify the large, mid and small capitalization exposure of the portfolios.

<i>Large-Cap >11bn</i>	<i>86.5%</i>
<i>Mid-Cap 3.5-11bn</i>	<i>10.6%</i>
<i>Small-Cap <3.5bn</i>	<i>1.9%</i>

3. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? Yes/No: **Yes** If no, please explain.

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: **Yes** If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

20.68% of the portfolio was invested in emerging markets via Mondrian Investment Partners Limited Partnership Units.

5. Does the portfolio currently employ a currency hedging strategy? Yes/No: **No**

Whilst the portfolio does utilize currency hedging strategies, there were no open positions at 31 December 2014.

Signed by:

Dated:

Name of Firm



12 January 2015

Mondrian Investment Partners Limited

Brown Brothers Harriman Inflation Indexed Securities – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: **YES** If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: **YES** If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: **YES** If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: **NO**
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **YES** If yes, please explain.

Effective September 11, 2014, JP Paquin, Managing Director and a portfolio manager for BBH Capital Partners, assumed responsibility for the Operations, Risk & Governance, Strategy, Marketing and Finance functions of the BBH Investment Management line of business. In his new role, all heads of these groups will report to Mr. Paquin who will report directly to Rick Witmer, head of BBH Investment Management.

6. Have there been any changes in the firm's investment approach? Yes/No: **NO** If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: **YES** If yes, please explain.

At the request of SamCERA, BBH maintains a duration hedge in its TIPS portfolio resulting in a relative duration variance of approximately 2.5 to 3 years. The size of this hedge is unique to the SamCERA portfolio.

8. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: **YES** If yes, please explain.

BBH is a private bank authorized under the laws of the State of New York primarily regulated by the New York State Banking Department (“NYSBD”) and a member of the Financial Industry Regulatory Authority (“FINRA”). As a bank, BBH conducts an investment advisory business which is exempt from registration with the Securities and Exchange Commission (“SEC”).

In 2014, as a result of a broad sweep investigation, the U.S. Securities and Exchange Commission (“SEC”) issued an administrative order citing 34 individuals and entities, including Brown Brothers Harriman & Co. (“BBH”), for failure to make certain Section 13 and Section 16 filings of its proprietary and affiliated equity holdings under the Securities Exchange Act of 1934 on a timely basis. Without admitting or denying the findings, BBH entered into a settlement agreement with the SEC and agreed to pay a civil penalty. As a result, BBH has enhanced its policies, procedures and controls. The settlement has no material impact on BBH’s financial stability, did not involve any practices relating to clients or client investments and did not impact BBH’s ability to provide products and services to its clients going forward.

In early 2014, without admitting or denying the findings, BBH entered into a settlement agreement with FINRA relating to BBH’s activities in connection with its clients trading in low priced U.S. equity securities. BBH paid a fine to FINRA. There are no limitations on BBH’s ability to conduct business as a result of the settlement. As part of the settlement agreement with FINRA and BBH’s internal review, BBH filed a Corrective Action Statement which noted, among other things, that BBH has made changes to its processes and procedures for handling low-priced securities for the firm’s bank intermediary clients, including additional policies and procedures to enhance compliance with its obligations under Section 5 of the Securities Act of 1933, enhanced employee training with respect to low priced securities transactions and the standards for filing SARs.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **YES** If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA*'s investment policies? Yes/No: **YES** If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: **YES** If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: **YES** If yes: Do the counter-parties have investment grade debt? Yes/No: **YES** Are

the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: **YES** If no, please explain.

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: **YES** If yes: Do the counter-parties have investment grade debt? Yes/No: **YES** Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: **YES** If no, please explain.
6. Is individual counter-party exposure well diversified? Yes/No: **YES** If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure.

There was no derivative related counterparty exposure as of December 31, 2014.

Have there been any changes to the investment manager's list of approved counter-parties over the past month? **NO**

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: **YES** If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: **NO** If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: **N/A** If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

We have not invested in "limited allocation derivative investments" in the SamCERA portfolio.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: **NO** If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: **N/A** If no, please explain.

We have not invested in "limited allocation derivative investments" in the SamCERA portfolio.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: **YES** If no, please explain.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

We have not invested in “limited allocation derivative investments” in the SamCERA portfolio.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

BBH uses two derivative instruments in its Inflation Indexed Strategy, U.S. Treasury futures and foreign exchange forward contracts. U.S. Treasury futures are utilized in what we refer to as a long breakeven position, where an expected increase in breakeven inflation rates is targeted through a relative overweight to long maturity U.S. TIPS. The futures provide a hedge against the additional real rate duration associated with this position. In the SamCERA portfolio, U.S. Treasury futures are also utilized to maintain the duration of the TIPS portfolio consistent with that of the Barclay’s Aggregate Index. Foreign exchange forward contracts are utilized to mitigate the currency risk associated with tactical positions in non-U.S. inflation linked debt.

U.S. Treasury futures are among the most liquid investments and because they are exchange traded are not subject to counterparty risk. The foreign exchange market is highly liquid with several trillion dollars of currency traded daily and a wide variety of active market participants worldwide. Within the foreign exchange market, the currencies of the forwards used in the SamCERA portfolio (EUR and GBP versus USD) are among the most actively traded.

Hedging activity or use of forward currency contracts may reduce the risk of loss from currency revaluations, but also may reduce or limit the opportunity for gain and involves counter party risk, which is the risk that the contracting party will not fulfill its contractual obligation to deliver the currency contracted for at the agreed upon price. Because typically no money changes hands at the outset of a forward currency contract, the counter party risk is limited to the profit or loss on the contract, it is not the notional value of the contract.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: **NO** If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: **YES** If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: **NO** If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: **NO** If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain.

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities

Cash/Receivable	13.35%
Certificates of deposit	0%
Commercial paper	0%
High grade short-term securities	0%
US Government & Agency Sec.	86.65%
Corporate Bonds	0%
MBS & ABS	0%
Yankee Bonds	0%
Non-US Sovereign Debt	0%

2. Is the firm monitoring its active investment management decisions relative to the Retirement Association's investment benchmark? Yes/No: **YES** If no, please explain.
3. Does the firm conduct horizon analysis testing? Yes/No: **NO** If no, please explain.

Horizon analysis testing is not part of our normal portfolio analysis process but we can provide it upon request.

4. Are any holdings below investment grade? **NO** If yes, why are they held in the portfolio?
5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? Yes/No: **NO** Please specify the bond issue and percentage amount. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. Please specify the name of the industry and percentage amount.
6. What percentage of the portfolio is held in Rule 144A securities?

0% as of December 31, 2014.

Signed by: **John Ackler**

Dated: **January 9, 2015**

Name of Firm: **Brown Brothers Harriman & Co.**

Parametric Portfolio Associates LLC (Parametric) Cash Overlay – December 31, 2014

*Compliance Certification Statement
San Mateo County
Employees' Retirement Association*

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm's insurance coverage been sustained? Yes/No: **Yes**___ If no, please explain.
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **No**___ If yes, please explain.
There has been no changes in the organizational structure as it relates to the management of the Cash Overlay investment process.
3. Have there been any changes in the firm's investment approach? Yes/No: **No**___ If yes, please explain.
4. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: **No**___ If yes, please explain.

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule less favorable than those charged other institutional clients who hold an account investment substantially similar to ours? Yes/No: **No**___ If yes, please explain.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **Yes**___ If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: **Yes**___ If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: **N/A**___ If no, please explain.

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: N/A If yes: Do the counter-parties have investment grade debt? Yes/No: N/A Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: N/A If no, please explain.

All derivatives that have been traded in this account have been exchange traded.

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: N/A If yes: Do the counter-parties have investment grade debt? Yes/No: N/A Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: N/A If no, please explain.
6. Is individual counter-party exposure well diversified? Yes/No: N/A If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

All derivatives that have been traded in this account have been exchange traded.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: N/A If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: N/A If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: N/A If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: No If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: N/A If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: Yes If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

Parametric does not invest in limited allocation derivatives as defined in the derivatives policy for the SamCERA account. However, the pricing source for exchange traded futures reference the closing price on the exchange in which the particular futures trade upon.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Liquidity:

Parametric seeks to only hold investment instruments that would be deemed as liquid. Futures provide a transparent and relatively low risk investment exposure management vehicle to use in managing overlay strategies. There are currently numerous liquid global equity, fixed income, commodity, and currency exchange-traded index futures available for use in an overlay program. Before specific futures contracts to be included in a client's overlay portfolio are approved, the instrument is evaluated and screened to ensure adequate liquidity, focusing on open interest, average daily trading volume, bid/ask spread, and liquidity of the underlying index. As Parametric manages approximately over 125 overlay programs and has relationships with numerous counterparties trading in global markets, we have developed a deep knowledge of liquidity levels of markets throughout the world. The primary gauges of liquidity are the average daily volume (ADV) and open interest metrics. Parametric carefully monitors liquidity and estimated costs internally and through external (i.e. broker) sources. As a general rule, the greater the amount ADV and open interest, the greater the liquidity and lower the transaction costs. Parametric continuously monitors these metrics and will only use contracts which have sufficient liquidity to support the required positions. Parametric will also tailor the instruments employed in the overlay program based upon each client's unique needs and objectives.

Legal and Regulatory Risk:

Parametric's compliance program is designed to reasonably address all of the specific risks we have identified. These include legal and regulatory risks. Adherence to all legal and regulatory matters is considered to be an integral part of each employee's primary job functions. Every employee required to share in maintaining and enforcing compliance with all applicable internal and external rules.


Parametric has access to internal on-site legal support provided by its parent company Eaton Vance Corp.

State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: No If yes, please explain.

Signed by:

Dated:

Name of Firm

 Jack L. Hansen
6/15
Parametric Portfolio Advisors

Eaton Vance Parametric Emerging Markets – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: **No** If no, please explain.

An appropriate benchmark for the Emerging Markets portfolio is the MSCI Emerging Markets (net of dividend withholding taxes) Total Return Index.

2. Has the firm's insurance coverage been sustained? Yes/No: **Yes** If no, please explain.
3. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **Yes** If yes, please explain.

David Stein has announced his plan to retire from Parametric on October 31, 2015, after 19 years as Chief Investment Officer. In anticipation of this transition, Parametric has made changes to its investment leadership that became effective November 1, 2014.

As of November 1, 2014, Tom Seto became Head of Investment Management and continues to lead portfolio management and trading activities. Paul Bouchey became Seattle Investment Center Co-Chief Investment Officer alongside David Stein. Tim Atwill became Head of Investment Strategy, reporting to the Seattle Investment Center's Chief Investment Officer. Tom Seto and Paul Bouchey joined the Executive Committee.

For the six-month period ending April 30, 2015, David Stein and Paul Bouchey will share and transition Chief Investment Officer responsibilities, after which Paul will become sole Chief Investment Officer for the Seattle Investment Center. Following the Chief Investment Officer transition, David will continue at Parametric until his retirement as Senior Investment Advisor, and Tom and Paul will report to Parametric Chief Executive Officer, Brian Langstraat.

Succession planning is a key element integrated in all functions at Parametric. The firm supports open communication and a collaborative environment between team members

and with other departments at the firm. There is significant overlap between roles and responsibilities within each department at the firm; members work closely together, and can serve as backup for one another in the instance of a departure or absence. Importantly, continuous overlap and an openly collaborative environment support the continuity of Parametric's various departments and mitigates any risk of departure.

4. Have there been any changes in the firm's investment approach? Yes/No: **No** If yes, please explain.
5. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: **No** If yes, please explain.
6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*? Yes/No: **Yes** If no, please explain. Please provide a copy of your firm's proxy policy to Investments@samcera.org.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **Yes** If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: **Yes** If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: **Yes** If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: **Yes**

If yes: Do the counter-parties have investment grade debt? Yes/No: **Yes**

Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: **Yes** If no, please explain.

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: **Yes**

If yes: Do the counter-parties have investment grade debt? Yes/No: **Yes**

Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: **Yes** If no, please explain.

6. Is individual counter-party exposure well diversified? Yes/No: **Yes** If no, please explain.

What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure.

The largest single counter-party as of December 31, 2014 was JP Morgan International Derivatives. The amount of exposure was approximately \$16,735,100 USD which was 0.80% of the portfolio.

Have there been any changes to the investment manager's list of approved counter-parties over the past month? **No**

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? Yes/No: **Yes** If no, please explain.

Has the firm developed any new purposes for derivative investments? Yes/No: **No** If yes, please explain.

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: **N/A (none)** If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: **No** If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: **N/A (none)** If no, please explain.

11. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. **N/A**

12. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

The portfolio's use of derivatives is limited to equity-substitution securities (also known as participation notes, or "p-notes") for the purpose of gaining underlying equity exposures only where the portfolio is unable to invest directly in the local market. The liquidity of these instruments is directly correlated to the liquidity of the underlying security, as the derivative's pricing and return characteristics are driven by the transactions on the underlying stock.

As the equity-substitution securities (p-notes) are used as a replacement for the purchasing of local shares, and not to hedge or gain leveraged positions in the accounts, no additional material legal or regulatory risks are incurred beyond the normal course of portfolio management for this asset class.

13. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: **No** If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: **Yes** If no, please explain.
2. Has the fund engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: **No** If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: **Yes**

International Equity Portfolios - Emerging

1. Specify the percentage of the portfolio held in each of the following types of securities:

<i>Foreign Ordinary Shares</i>	<i>90.62%</i>
<i>GDRs</i>	<i>2.06%</i>
<i>ADRs</i>	<i>5.23%</i>
<i>Derivatives</i>	<i>1.50%</i>
<i>Cash & Equivalents (Foreign)</i>	<i>0.26%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>0.32%</i>

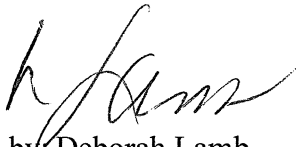
2. Specify the large, mid and small capitalization exposure of the portfolios.

<i>Market Cap (USD x 1,000,000)</i>	<i>Weight</i>
<i>> 50000</i>	<i>7.00%</i>
<i>15000 - 50000</i>	<i>22.83%</i>
<i>7500 - 15000</i>	<i>20.19%</i>
<i>1500 - 7500</i>	<i>34.35%</i>
<i>750 - 1500</i>	<i>8.62%</i>
<i>400 - 750</i>	<i>3.90%</i>
<i>0 - 400</i>	<i>3.11%</i>

3. Specify the allocation to frontier markets and to non-benchmark holdings in the portfolio (list both by country).

As of December 31, 2014, the allocation to frontier markets was 16%. Non-benchmark holdings comprised 31% of the portfolio. Detailed reports are attached.

4. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? Yes/No: Yes If no, please explain.
5. Does the portfolio currently employ a currency hedging strategy? Yes/No: No



Signed by: Deborah Lamb

Dated: January 12, 2015

Name of Firm: Parametric Portfolio Associates LLC

Western Asset Management U.S. Core Plus – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: **Yes** If no, please explain.
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
Yes/No: **Yes** If no, please explain.
3. Has the firm's insurance coverage been sustained? Yes/No: **Yes** If no, please explain.
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: **No**
If yes, please explain.
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: **No** If yes, please explain.
6. Have there been any changes in the firm's investment approach? Yes/No: **No** If yes, please explain.
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: **No** If yes, please explain.
8. Have there have been any industry or regulatory disciplinary actions taken against the firm?
Yes/No: **No** If yes, please explain.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: **Yes** If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.

2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: **Yes**
If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: **Yes** If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: **Yes** If yes: Do the counter-parties have investment grade debt? Yes/No: **Yes** Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: **Yes** If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: **Yes** If yes: Do the counter-parties have investment grade debt? Yes/No: **Yes** Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: **Yes** If no, please explain.

Western Asset's Broker Review Committee ("the Committee") maintains an Approved List of counterparties for client transactions. Each counterparty is reviewed by members of Western Asset's credit group prior to approval. Credit review includes analysis of the counterparty's capital adequacy, profitability, liquidity and other factors as may be appropriate. In addition to the credit review, counterparties are evaluated on execution capability, pricing, responsiveness, specialist credentials, research and back-office capabilities. The Committee reviews additions to the Approved Lists quarterly with a thorough re-evaluation of all counterparties annually.

The majority of Western Asset's trades involve limited counterparty credit risk. Once a trade is done and settled the Firm's exposure to the broker is over. Counterparty credit risk is only created when Western Asset relies on the broker to make future payments or forward settle a trade beyond the normal period. While this is obvious for multi-year swaps transactions, there are other transactions that also create counterparty credit risk. When aggregating Western Asset's total credit exposure to each counterparty, it is important to also take into account all of these transactions.

Western Asset seeks to reduce risk and promote diversification in its use of counterparties when using credit default swaps as in all areas of investment. The use of multiple counterparties lends itself to a more competitive bidding process, and therefore promotes best execution. Counterparty creditworthiness is a key factor that Western Asset's front office reviews before entering into a derivative agreement.

Subsequent to a trade, Western Asset's Swaps Team monitors swap exposure on a periodic basis (e.g., daily, weekly) based on the terms of the credit support annex (CSA) and instructs cash and/or security movements via the custodian bank to satisfy the collateral requirements in order to mitigate counterparty risk.

Western Asset has a CSA with each counterparty with whom the Firm trades. The CSA protects the client's marked-to-market exposure against each counterparty for amounts exceeding the minimum collateral transfer threshold. The minimum transfer amount established in each CSA varies by counterparty but generally ranges from \$250,000 to \$750,000

6. Is individual counter-party exposure well diversified? Yes/No: No If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

Counterparty selection is a balance of diversification versus best execution. The lack of counterparty diversification in the SamCERA portfolio can be attributed to the relatively small amount of exposure on the whole, seven basis points of the portfolio's market value. This can lead to one position making up the majority of the counter party risk. With that said, we are concerned about concentration risks that breach 3% of the portfolio's MV, and currently no counterparty approaches that threshold.

The portfolio's largest counterparty exposure is to Citigroup, Inc.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: Yes If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: No If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: Yes If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

Please see the limited allocation derivatives file attached to find all limited derivatives as of 12/31/2014. Total exposure was 2.13%

Western Asset uses derivatives only when allowed by client guidelines. The Firm's derivatives strategy is overseen by the Broad Market Committee under the oversight of the Chief Investment Officer, utilizing reporting provided by the Risk Management Department. Derivative risk is addressed through avoiding leverage and limiting exposure. Under no circumstances does Western Asset use leverage in its derivatives strategy. The Legal & Compliance Department monitors derivative usage and their adherence to guidelines continuously. Notional exposure limits are monitored daily. Western Asset uses industry-leading Charles River Development's ComplianceMaster (CRD) as well as PCR, an in house derivative position monitoring system, to monitor derivative quantitative limits. Where an issue is identified, it is escalated to the portfolio manager and the client service executive assigned to the account. In addition, the Risk Management Department frequently monitors the extent of derivatives used by the Firm. Exposure limitations are addressed in the standard Derivatives Philosophy and Guidelines attached.

As of 12/31, the monthly VaR 99% is \$173,100 or $173,100 / 131,586,406 = 0.13\%$ of portfolio MV, under the limit for derivatives not to expose portfolio to losses in excess of 500bps of the total assets.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: **No** If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: **Yes** If no, please explain.

Stress testing, as part of Western Asset's ongoing risk management process, is performed continuously to its portfolios in order to assess their behavior under a variety of interest rate and spread scenarios. The correlation assumptions used in these simulations are continually revised on the basis of historical experience and the judgment of senior investment professionals. Correlations can also be equal to one in certain scenarios. The objective of scenario analysis is to help ensure that portfolio risk is well-diversified and that tracking error will not exceed expectations. Scenario analyzes include a full revaluation of all securities. This is to help Investments professionals to understand the behavior of the portfolios under different tail metrics. Portfolio managers receive a report which estimates the likely performance behavior of all portfolios under their supervision under a variety of what-if scenarios (e.g., if interest rates rise 50 or 100 bps, if the yield curve steepens or flattens, if spreads widen by 50 bps).

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: **Yes** If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

Prices for derivatives vary depending by the specific derivative instrument. Exchange traded futures and options are priced using closing prices from the primary exchange they are traded upon. Over-the-counter derivatives such as interest rate swaps, credit default swaps, and options are priced by a pricing vendor (Markit) where possible, otherwise by obtaining current prices from Bloomberg and/or broker/dealers. All third party vendors, brokers, security hierarchies and deviations from those hierarchies must be approved by the Pricing Committee before the Pricing Group is allowed to make any changes. Western Asset has a formal pricing policy, which outlines the pricing process in greater detail and is provided in Appendix A.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Western Asset's management style focuses on adding incremental value without taking on excessive risk. To ensure that the Firm's use of derivative instruments is consistent with this investment philosophy, Western Asset has developed the following guidelines—listed below along with a brief description of their rationale—which form the basis of every decision to employ derivatives in the Firm's investment portfolios:

- The duration contribution of derivatives will not bring the portfolio's duration outside the portfolio's specific duration band.

- Where a portfolio enters into forward foreign exchange contracts the aggregate underlying exposure of the portfolio attained through such contracts shall not exceed 100% of the portfolio's market value.
- A portfolio's gross exposure to forward foreign exchange contracts shall not exceed 50% with any single counterparty and net exposure shall not exceed 25% with any single counterparty. Net exposure is defined as the value (in account base currency terms) of open forward foreign exchange purchase contracts less forward foreign exchange sale contracts. Gross exposure is defined as the value (in account base currency terms) of open forward foreign exchange purchase contracts plus forward foreign exchange sale contracts.
- The net notional exposure to index and credit default swaps will count at their full notional value as exposure to the underlying asset. Concentration limits for a particular name or asset class will apply based on the net sum of its cash and derivative security holdings.
- Short (written) options positions will always be covered, either with current security holdings, other options or futures positions. Mortgage derivatives with significant short option characteristics will not exceed 5% of the portfolio, and will generally be a) offset by positions in other mortgage derivatives (e.g., floaters and inverse floaters), or b) offset by other portfolio positions (e.g., IOs and long duration bonds).
- Futures and options contracts will be limited to liquid instruments actively traded on major exchanges or, if over-the-counter, executed with major dealers.
- Swap contracts are considered over-the-counter contracts between two parties and have counterparty credit risk different from exchange traded derivatives. Western Asset tries to limit its counterparty risk by executing swaps with the strongest financial counterparties. The vast majority of these counterparties are rated is A- or better. In addition, collateral agreements will be in place to trigger margin movement whenever the current mark-to-market amount to be paid or received by either counterparty exceeds a threshold amount.
- Finally, under no circumstances will the derivative positions change the characteristics of the portfolio so that it violates any guideline set forth in the Investment Management Agreement.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: No If yes, please explain.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: Yes If no, please explain.
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: Yes If yes, please explain.

As of 12/31/2014 there were short positions (short swaps) held in the portfolio. There were no investments in commodities as of 12/31.

Western Asset's standard approach to leverage is to cover forward securities and the mark-to-market value of interest rate swaps with cash and cash equivalent securities. Next the Firm's investment professionals look to cover short and long futures, short puts, short calls and the notional value short credit default swaps with any excess cash not covering forwards, offsetting

derivatives or investment grade liquid assets in the account. This methodology of determining leverage/coverage is consistent with the standards used for monitoring coverage requirements as prescribed under Section 18 of the Investment Company Act of 1940. Western Asset has used derivatives in portfolios since 1988, and most of the Firm's clients allow for derivatives authority.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: **Yes** If yes, do the investments comply with the policies? Yes/No: **Yes** If no, please explain.

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities

Category	% of Portfolio
Cash & Cash Equivalents	-4.10%
Certificates of Deposit	0.95%
Commercial Paper	0.00%
Other high grade short-term securities	0.00%
Trade Date Cash	-5.05%
US Government and Agencies	13.18%
Corporate Bonds	37.37%
Mortgage & Asset Backed	46.05%
Yankee Bonds	7.50%

1. Is the firm monitoring its active investment management decisions relative to the Retirement Association's investment benchmark? Yes/No: **Yes** If no, please explain.
2. Does the firm conduct horizon analysis testing? Yes/No: **Yes** If no, please explain.

Western Asset's investment management team estimates horizon excess returns under various market scenarios, including best, worst and likely cases. Particular attention is paid to diversifying strategies under each scenario. The horizon for risk management is the same as that for investment management, as the risk effort is closely integrated into the investment process. The firm's tracking error model calculates predicted tracking errors based on 18 months of historical data. Western Asset also generates scenario analysis results daily for representative accounts. These results estimate horizon durations given various interest rate shocks. The horizon is generally instantaneous as Western Asset evaluates one day extreme movements in rates for duration hedging purposes. The Firm's systems allow for any time horizon and can output a wide array of horizon performance or analytics related statistics.

3. Are any holdings below investment grade? Yes/No: **Yes** If yes, why are they held in the portfolio?

Yes, Total below investment grade exposure is 10.69% as of 12/31/2014. Held per Exhibit B dated 9/30/2013

4. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? Yes/No: **No** Please specify the bond issue and percentage amount. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. Yes/No: **No** Please specify the name of the industry and percentage amount.

5. What percentage of the portfolio is held in Rule 144A securities?

144A exposure was at 14.40% as of 12/31/2014


Signed by: Charles Colby

Dated: January 12, 2015

Name of Firm: Western Asset Management Co.

DE Shaw Broad Market Core Alpha Extension – December 31, 2014

*Compliance Certification Statement
San Mateo County
Employees' Retirement Association*

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm's insurance coverage been sustained? Yes/No: Yes If no, please explain.
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: Yes If yes, please explain.

The structured equity ("Structured Equity") investment process managed by DESIM generally remains as previously outlined to you. Since DESIM last completed this Compliance Certification, DESIM has made adjustments to its mix of alpha models and to its optimization process. DESIM believes these changes are consistent with the historical evolution of quantitative investment strategies managed by the D. E. Shaw group for more than 25 years.

Since DESIM last completed this Compliance Certification, DESIM experienced no changes in its ownership or organizational structure. Among the senior investment professionals, which DESIM defines as individuals with the title of senior vice president or higher, who support its Structured Equity strategies, DESIM experienced no additions or departures during such period.

3. Have there been any changes in the firm's investment approach? Yes/No: ___ If yes, please explain.

There have been no material changes to DESIM's Structured Equity investment process since DESIM last completed this Compliance Certification. However, it's important to note that the D. E. Shaw group's centralized equity research effort has, over time, produced

certain incremental changes to the Structured Equity strategies' implementation. As an example of this evolutionary process, once a quantitative model is added to production trading, it is continually re-evaluated in view of changing market conditions and that model's relationship to other models, whether existing or newly introduced. This evaluation may result in the changing of one or more of that model's parameters over time or, less often, in the removal altogether of the model from the strategy. The D. E. Shaw group expends significant resources in an effort to modify or enhance existing models and to develop models to exploit newly discovered inefficiencies. DESIM believes that this dynamic process of integration, adaptation, and pruning increases portfolio utility over time.

As outlined in our response to the previous Compliance Certification, DESIM implemented in 2014 an enhancement of its ongoing process for assessing the quantitative alpha forecasts that are deployed within its Structured Equity strategies. Underlying DESIM's investment process is the premise that the performance of alpha forecasts will dissipate or "decay" over time. DESIM analyzes that premise (or, in Bayesian statistical parlance, "prior") in light of recent performance to compute a "posterior" for each forecast. That posterior takes the form of a confidence value that in turn partly informs the ultimate weight of each forecast within the aggregate mix of forecasts that are deployed on behalf of a given portfolio. DESIM has always incorporated certain correlation information across alpha forecasts when determining the individual weight applied to each forecast within the aggregate mix. The enhancement made by DESIM involves the application of a proprietary algorithm that computes confidence values in a manner that DESIM believes is more robust and efficient relative to prior practice. DESIM believes this change may enhance portfolio utility through improved optimization of the alpha forecast mix.

4. Have there have been any industry or regulatory disciplinary actions taken against the firm?
Yes/No: ___ If yes, please explain.

There have been no disciplinary actions taken against DESIM by any industry organization or regulator since DESIM's formation in 2005.

5. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?
Yes/No: ___ If no, please explain. Please provide a copy of your firm's proxy policy to Investments@samcera.org.

DESIM votes proxies in accordance with DESIM's policies. DESIM does not vote proxies where it does not have the authority to do so or where the cost of doing so, in the opinion

of DESIM, would exceed the expected benefits to the applicable client(s). When required, DESIM has determined that the most efficient way to vote certain proxies is through and in accordance with the recommendations of an independent third-party proxy voting service (the "Voting Service Recommendations"). Designated employees of DESIM or its related persons review selected material proxy matters and determine whether the Voting Service Recommendations are in the best interest of such client(s) with respect to the economic value of the assets under management. When the designated employee determines that the Voting Service Recommendation is contrary to the best interest of such client(s), the designated employee recommends an alternative vote and obtains the approval of the Chief Compliance Officer and the Chief Investment Officer of DESIM or their designees before instructing the proxy voting service to vote the applicable proxy.

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule less favorable than those charged other institutional clients who hold an account investment substantially similar to ours? Yes/No: ___ If yes, please explain.

The Series A interest held by SamCERA in D. E. Shaw U.S. Broad Market Core Alpha Extension Fund, L.L.C ("U.S. Broad Market Core Alpha Extension Fund LLC") is subject to the same fee schedule that applies to the other investors that hold Series A interests in that fund.

Derivative Investments

DESIM has not responded to the questions in this section because they are not applicable to D. E. Shaw U.S. Broad Market Core Alpha Extension Fund ("U.S. Broad Market Core Alpha Extension Fund"), to which SamCERA has exposure through the interest it holds in U.S. Broad Market Core Alpha Extension Fund LLC.

1. Are derivatives used in the management of the investment strategy? Yes/No: ___ If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? Yes/No: ___ If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: ___ If no, please explain.

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
6. Is individual counter-party exposure well diversified? Yes/No: ___ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?
7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes/No: ___ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: ___ If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: ___ If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ___ If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ___ If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ___ If yes, please explain.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: ___ If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain.

DESIM typically invests cash balances in money market investment vehicles.

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities

As of December 31, 2014, the U.S. Broad Market Core Alpha Extension Fund held the following instruments:

<i>Common Stock*</i>	100%
<i>Preferred Stock</i>	0%
<i>Convertible Securities</i>	0%
<i>Cash & Equivalents</i>	0%

* The figure presented includes capital invested in exchange-traded funds.

The portfolio statistics presented in this document are not necessarily indicative of such portfolio's statistics on any future date.

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

The following table presents certain market-capitalization statistics for the U.S. Broad Market Core Alpha Extension Fund as of December 31, 2014. The figure for "Large-Cap" represents the proportion of the exposure that is greater than or equal to US \$4 billion, the figure for "Mid-Cap" represents the proportion of the exposure that is greater than or equal to US \$2 billion but less than US \$4 billion, and the figure for "Small-Cap" represents the proportion of the exposure that is less than US \$2 billion. All figures are rounded to the nearest tenth of a percentage point.

<i>Large-Cap</i>	96.8%
<i>Mid-Cap</i>	5.9%
<i>Small-Cap</i>	-2.7%

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.

As of December 31, 2014, U.S. Broad Market Core Alpha Extension Fund was not invested in any American Depository Receipts.

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: ___ If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

No.

5. What is the largest percentage of the portfolio represented by a single security? Please specify the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

As of December 31, 2014, the largest absolute exposure of U.S. Broad Market Core Alpha Extension Fund to a single security was 3.38%.

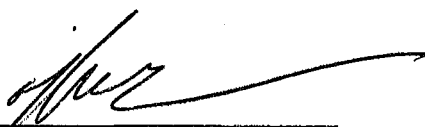
The portfolio statistics presented in this document are not necessarily indicative of such portfolio's statistics on any future date.

6. What is the largest percentage of the portfolio represented by a single industry? Specify the name of the industry and percentage amount. Please specify all industries above 15%.

As of December 31, 2014, the largest absolute exposure of U.S. Broad Market Core Alpha Extension Fund to a single industry was 8.84% to Pharmaceuticals.

Note that DESIM uses proprietary industry classifications that may differ materially from other classification schemes, including the North American Industry Classification System, when calculating industry exposures.

The portfolio statistics presented in this document are not necessarily indicative of such portfolio's statistics on any future date.


Signed by: Nathan Thomas, Chief Compliance Officer
Dated: January 8, 2015
Name of Firm D. E. Shaw Investment Management, L.L.C.



FRANKLIN TEMPLETON
INSTITUTIONAL

January 12, 2015

RESPONSE TO COMPLIANCE CERTIFICATION STATEMENT FROM
San Mateo County Employees' Retirement Association

Franklin Templeton Global Multisector Plus (Master) Fund, Ltd. (3c7)
Review Period: July 1, 2014 – December 31, 2014

Bill Deakyne, CFA, AIF

Senior Vice President – Director of Institutional Client Relations
Franklin Templeton Institutional

tel: (650) 312-2270

email: bill.deakyne@franklintempleton.com

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APPENDIX 1

FRANKLIN ADVISERS, INC. REGULATORY HISTORY

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

GENERAL COMPLIANCE ISSUES

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?

Yes No

If no, please explain.

2. Are *SamCERA*'s market benchmarks in the respective asset class areas acceptable to the firm?

Yes No

If no, please explain.

The benchmark for the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd. is the Barclays Multiverse Index.

The primary benchmark for the strategy is the Barclays Multiverse Index, which is broadly indicative of the Global Multisector Plus strategy and is used for comparative purposes rather than for portfolio construction. This index was chosen as it is a comprehensive measure of the global fixed income markets and includes a wide range of sectors, quality, maturities, and countries in all eligible currencies. Also, benchmark returns are based on total returns, rather than only on principal movement or interest payments.

3. Has the firm's insurance coverage been sustained?

Yes No

If no, please explain.

4. Does the firm consider any of *SamCERA*'s investment objectives unreasonable?

Yes No

If yes, please explain.

5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?

Yes No

If yes, please explain.

Portfolio Developments

There have been no significant developments to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd. over the last six months ended December 31, 2014.

Firm Ownership

There have been no material changes to the ownership structure of the Franklin Resources, Inc. (Parent Company) during the past six months ending December 31, 2014.

Organizational Structure

There have been no material changes in the Franklin Resources, Inc. (Parent Company) business organization during the past six months ended December 31, 2014.

Personnel

Michael Hasenstab, Ph.D. is the lead portfolio manager of the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd. He is Executive Vice President, Chief Investment Officer of Global Bonds and a member of the Fixed Income Policy Committee. Dr. Hasenstab specializes in global macroeconomic analysis, focusing on currency, interest rate, and sovereign credit analysis of developed and emerging market countries. He has ultimate decision-making authority for the strategy and is accountable for strategy implementation, including buy/sell decisions and risk management.

Christine Zhu is a co-portfolio manager for this portfolio participating in the decision-making process. She can assume the lead portfolio management role, if necessary, without delay or interruption of strategy implementation. She is focused on portfolio construction and implementation, analytics, and risk management. Christine also provides broad operational support including ensuring compliance with investment guidelines and local regulations and managing portfolio flows.

Canyon Chan, a co-portfolio manager for the portfolio, departed the company on September 1, 2014. He focused on portfolio construction and implementation, analytics and risk management in partnership with Christine Zhu, Portfolio Manager and Quantitative Research Analyst, who worked extensively with Mr. Chan since joining the Global Bond Team in 2010. She will continue to perform all of the responsibilities that she has formally shared with Mr. Chan since being added as a portfolio manager on April 1, 2014.

The Global Bond Team is actively involved in the management of the Global Multisector Plus strategy and reports to Dr. Hasenstab.

They are supported by the investment resources of the larger Franklin Templeton Fixed Income Group and more specifically, the Global Bond Team.

6. Have there been any changes in the firm's investment approach?

Yes No

If yes, please explain.

7. Do SamCERA's guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?

Yes No

If yes, please explain.

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

8. Have there have been any industry or regulatory disciplinary actions taken against the firm?

Yes No

If yes, please explain.

No. During the past six months ended December 31, 2014, Franklin Advisers, Inc. (FAV), the investment adviser to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd., was not the subject of any *investment-related proceedings, findings or orders* brought or made by any U.S. federal or state regulatory agency, *foreign financial regulatory authority or self-regulatory organization*. For a summary of *investment-related proceedings, findings or orders* brought or made by any U.S. federal or state regulatory agency, *foreign financial regulatory authority or self-regulatory organization* against FAV and/or certain of its *advisory affiliates* in the past 10 years ended September 30, 2014 as well as certain other regulatory matters, please see Appendix 1 – Franklin Advisers, Inc. Regulatory History. From time to time, FAV and its *advisory affiliates* receive subpoenas and inquiries from regulators, including requests for documents or information, and also may become the subject of governmental or regulatory examinations or investigations. *Findings or orders* resulting from such subpoenas, inquiries, examinations or investigations if any, will be reported, to the extent required and permitted by law, on FAV's Form ADV filed with the U.S. Securities and Exchange Commission. (Italicized terms are as defined on Form ADV.)

DERIVATIVE INVESTMENTS

1. Are derivatives used in the management of the investment strategy?

Yes No

If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.

2. Are derivative investments in compliance with *SamCERA's* investment policies?

Yes No

If no, please explain.

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?

Yes No

If no, please explain.

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?

Yes No

If yes: Do the counter-parties have investment grade debt?

Yes No

Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances?

Yes No

If no, please explain.

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?

Yes No

If yes: Do the counter-parties have investment grade debt?

Yes No

Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?

Yes No

If no, please explain.

6. Is individual counter-party exposure well diversified?

Yes No

If no, please explain.

The risk exposure to a single counterparty in an OTC derivative transaction may not exceed 10%.

All proposed counterparties are subject to review and initial approval by the Counterparty Credit Committee satisfying certain credit and other standards. The Counterparty Credit Committee and Portfolio Analysis and Investment Risk (PAIR) team provide ongoing monitoring of counterparties creditworthiness and FTI-wide

exposure. Counterparty risk is an issue addressed at a firm-wide level by Franklin Templeton. Franklin Templeton requires all OTC counterparties to maintain a credit rating of BBB- or better. Additionally, Funds are only permitted to enter into derivative instruments with counterparties included on the "approved list" maintained by the investment manager in conjunction with the counterparty credit risk policy. PAIR calculates Account and FTI-wide exposure to each counterparty on a weekly basis, and on an as needed basis based on market conditions. Total exposure is compared to monetary limits that vary based on the size and creditworthiness of the counterparty.

Finally, the majority of our counterparty relationships are collateralized. This means that an account is set up in between FTI and the counterparty and every night the side that "lost" on the trade that day transfers the equivalent amount of cash or T-bills into the account to reflect the mark-to-market of the derivative's value. The account itself is ring-fenced and protected from the balance sheet of either firm. Therefore, should one of our counterparties go out of business overnight it would not affect the value of the trade we have on, given that the trade's cash value would be in the collateral account and protected from creditors.

What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

Counter-party exposure cannot be released under fair disclosure rules.

Changes to our approved list of counter-parties routinely occur nearly every month.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in SamCERA's policies?

Yes No

If no, please explain.

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

Has the firm developed any new purposes for derivative investments?

Yes No

If yes, please explain.

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives.

Yes No

If no, please explain.

Not applicable. No limited allocation derivative investments are held in the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.

State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

Not applicable.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.

Yes No

If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors?

Yes No

If no, please explain.

Not applicable. No limited allocation derivative investments are held in the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement?

Yes No

If no, please explain.

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

Not applicable. No limited allocation derivative investments are held in the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

It is the policy of the Franklin Templeton Fixed Income Group, the investment platform of the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd., to use derivatives only when client guidelines permit. Derivatives may be an efficient way to implement fixed income investment views on a particular sector in one transaction and also as a tool to help isolate risk exposures. Compared with cash bonds, derivatives can be more flexible and more liquid, and may have lower transaction costs. In those strategies that employ derivative instruments, or when clients request the use of derivatives to achieve certain investment objectives, we may also seek to gain exposure through the use of exchange-traded and/or over-the-counter derivatives.

As an opportunistic strategy, the Templeton Global Multisector Plus Strategy (the investment strategy of the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.) utilizes a wide variety of instruments to gain exposure to various fixed income sectors and achieve strategy objectives. For example, foreign exchange forward contracts are frequently used for hedging purposes and to express currency views. We may also engage in cross hedging as an efficient method of implementing the portfolio's optimal currency structure. Interest rate futures and swaps may be used to implement views on interest rates, quickly adjust portfolio duration, or efficiently handle cash flows. Total return swaps can quickly add or reduce bond market exposure.

Franklin Templeton's proprietary risk management systems enable us to properly model derivative instruments and fully understand portfolio risk. Derivatives are used only when portfolio guidelines permit and are not used to generate alpha.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months.

Yes No

If yes, please explain.

INVESTMENT MANAGER GUIDELINES

1. Are portfolio holdings well-diversified, and made in liquid securities?

Yes No

If no, please explain.

As an essential part of the investment process, liquidity risk is researched in the security selection stage. Our research analysts and traders partner to ensure that any required liquidity provisions can be met given the risk parameters of the underlying mandate. In the event that, within the confines of the account structure, we invest in securities that have limited liquidity, we seek to ensure that investors are being adequately compensated for any liquidity risk. On an ongoing basis, analysts are required to ensure that current market prices reflect attractive valuations. Liquidity risk is further controlled by monitoring aggregate ownership levels to help ensure that they remain prudent.

The global government bond and foreign currency markets in which the fund invests are among the largest and most liquid markets in the world. We generally seek to avoid holding assets in which we believe forced selling could occur at stressed levels due to liquidity constraints. Historically, the fund has never experienced any significant issues with liquidity, and we do not believe that liquidity issues going forward are likely to be of great concern, regardless of the economic environment.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities?

Yes No

If yes, please explain.

The Templeton Global Multisector Plus Strategy does not engage in short selling, employ leverage or margins.

CASH & EQUIVALENTS

1. Does the firm directly invest in short term fixed income investments?

Yes No

If yes, do the investments comply with the policies?

Yes No

If no, please explain.

Please note that the San Mateo Employees' Retirement account is in a 3c7 fund and is no longer managed in a separately managed account within the guidelines of an investment management agreement (IMA).

As such, any references to the terms, guideline(s) and policy statement(s) within this questionnaire refer to the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd.'s offering documents and/or private placement memorandum.

GLOBAL FIXED INCOME PORTFOLIOS

- 1. State the percentage of the portfolio held in each of the following types of securities (please sub-total each by region):**
- 2. The following table details sector breakdown for the Franklin Templeton Global Multisector Plus Master Fund, Ltd. as of December 31, 2014. Please note, we are only able to provide two types of regional, US and non-US, for the sector table provided below.**

Sector	Region	MV%
Certificates of Deposit (by region)	-	-
Cash & Cash Equivalents	-	16.62%
Preferred Stock	-	0.48%
Commercial Paper (by region)	-	-
Other high grade short-term securities (by region)	-	-
Government securities (by region)	US	-
	Non-US	70.93%
Agency Securities (by region)	US	-
	Non-US	0.16%
Investment Grade Corporate Bonds (by region)	US	0.36%
	Non-US	0.17%
High Yield Corporate Bonds (by region)	US	7.62%
	Non-US	4.35%
Mortgage and asset-backed securities (by region)	-	-
Certificates of Deposit (by region)	-	-
Commercial Paper (by region)	-	0.08%
Supranational	-	-
Derivatives	-	-0.78%
Bank Loans	-	0.03%

Please see further breakdown by sector and region below for the portfolio.

The following table shows the type of securities in the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd., as of December 31, 2014.

San Mateo County Employees' Retirement Association

Types of Securities	Investment Objective	Percentage of Portfolio (%)
Cash & Cash Equivalents		16.62
Convertibles		0.43
Corporate Bonds		12.49
	Investment Grade	0.52
	Non-Investment Grade	11.97
Derivatives		-0.78
International Government/Agency Bonds		61.27
	Investment Grade	49.04
	Non-Investment Grade	12.24
Others ^[1]		0.07
Sovereign Bonds		9.82
	Investment Grade	1.04
	Non-Investment Grade	8.78
Supranational		0.08
Total		100.00

^[1] Includes equity and bank loans.

The following table represents the regional breakdown of the Franklin Templeton Global Multisector Plus (Master) Fund, Ltd., as of December 31, 2014.

Region	Percentage (%)
Americas	30.03
Asia	21.68
Europe/Africa	31.50
Cash and Cash Equivalents	16.62
Other ^[1]	0.09
Supranational	0.08
Total	100.00

^[1] Includes the Middle East.

3. Is the firm monitoring its active investment management decisions relative to the Retirement Association's investment benchmark?

Yes No

If no, please explain.

The primary benchmark for the strategy is Barclays Multiverse Index, which is broadly indicative of the Global Multisector Plus strategy and is used for comparative purposes rather than for portfolio construction. This index was chosen as it is a comprehensive measure of the global fixed income markets and includes a wide range of sectors, quality, maturities, and countries in all eligible currencies. Also, benchmark returns are based on total returns, rather than only on principal movement or interest payments.

4. Please list any holdings that are below investment grade or not-rated

A security list of below investment grade or not rated securities cannot be released due to fair disclosure rules. However, 39.68% of the portfolio does fall below investment grade or are not rated.

5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio?

Yes No

Please specify the bond issue and percentage amount.

At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. Please specify the name of the industry and percentage amount.

Yes No

6. What percentage of the portfolio is held in Rule 144A securities?

Security level data cannot be released due to fair disclosure rules.

Signed By:



Name: Breda Beckerle

Title: Chief Compliance Officer

Dated: Monday, January 12, 2014

Name of Firm: Franklin Advisers, Inc. (FAV)

IMPORTANT NOTES

This response (the Response) is based on the information provided in the Due Diligence Questionnaire. To the extent any such information in the Questionnaire is incomplete or inaccurate, Franklin Templeton reserves the right to alter, amend or delete any information it has provided in the Response. Franklin Templeton has prepared the Response in good faith and, to the best of its knowledge, all information provided in the Response is accurate as of the date submitted. Information, including all data, provided in the Response is unaudited, unless otherwise indicated. Any information from third-party sources is believed to be reliable, but Franklin Templeton cannot guarantee its accuracy or completeness. Information set forth in the Response is subject to change and Franklin Templeton does not undertake any duty to update the Response after its issuance. Responses may include a general description of the types of services Franklin Templeton may provide to its clients and may not be applicable or tailored to the Questionnaire.

The information contained in the Response is solely for the purpose of responding to the Questionnaire, shall be treated as confidential, and shall be distributed internally on an as-needed basis only. It shall not be distributed or otherwise communicated to third parties (other than any consultant engaged by the issuer of the Questionnaire to assist in connection therewith) without the prior written consent of Franklin Templeton. Any such consultant shall likewise be obligated to treat the Response as confidential.

Investing may involve a high degree of risk. The issuer of the Questionnaire is deemed to be an experienced institutional investor or consultant and is expected to make its own independent assessment of the appropriateness and the associated risks of investing. Franklin Templeton shall not be held liable for any losses or damages arising out of any person's reliance upon the information contained in the Response. Except as expressly provided in the Response, no person, firm, or corporation has been authorized to give any information or to make any representation other than those contained in the Response.

All investors should inform themselves as to the legal requirements applicable to them with respect to any investments, holdings, and/or disposition of any investments. Franklin Templeton takes no responsibility for informing or advising investors of any applicable laws or regulations.

Views or opinions expressed in the Response do not constitute investment, legal, tax, financial or other advice. The Response is neither an offer for a particular security nor a recommendation to purchase any investments. The way Franklin Templeton implements its investment strategies and the resulting portfolio holdings may change depending on a variety of factors such as market and economic conditions, as well as client account guidelines and restrictions, if applicable. The information provided in the Response is not a complete analysis of every aspect of any market, country, industry, security, or portfolio. Past performance does not guarantee future results and results may differ over future time periods.

By accepting these materials, you confirm your acceptance of the above terms.

The Boston Company Small Cap Value – December 31, 2014

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Monday, January 12, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
Yes/No: ___ If no, please explain. **YES**
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? Yes/No: ___ If no, please explain. **YES, the Russell 2000 Value remains the appropriate benchmark for the strategy of this portfolio.**
3. Has the firm's insurance coverage been sustained? Yes/No: ___ If no, please explain. **YES, please see attached insurance matrix.**
4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? Yes/No: ___
If yes, please explain. **NO**
5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? Yes/No: ___ If yes, please explain. **YES**

As previously announced, Joseph Gennaco, our president and chief operating officer, has taken a new senior-leadership role within our parent company, BNY Mellon effective 10/1/14.

Adam Joffe, CFA will serve as our firm's new chief operating officer. Adam has been with The Boston Company since April 2012 serving as the director of alternatives and chief administrative officer.

6. Have there been any changes in the firm's investment approach? Yes/No: ___ If yes, please explain. **NO**
7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? Yes/No: ___ If yes, please explain. **NO**

8. Have there have been any industry or regulatory disciplinary actions taken against the firm? Yes/No: ___ If yes, please explain. **NO**
9. Have there been any investment guideline breaches during the prior 6 months? If so, please provide more detail. **NO**
10. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? Yes/No: ___ If no, please explain. **YES**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours? If yes, please explain.

YES - TBCAM has clients invested in the strategy that have a lower investment management fee schedule than San Mateo. Generally, these clients either predate San Mateo's investment with TBCAM or they have invested greater assets in the strategy.

Derivative Investments

1. Are derivatives used in the management of the investment strategy? Yes/No: ___ If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section. **NA, there were no derivatives in this portfolio.**
2. Are derivative investments in compliance with *SamCERA*'s investment policies? Yes/No: ___ If no, please explain. **NA, there were no derivatives in this portfolio.**
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? Yes/No: ___ If no, please explain.
NA, there were no derivatives in this portfolio.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
NA, there were no derivatives in this portfolio.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? Yes/No: ___ If yes: Do the counter-parties have investment grade debt? Yes/No: ___ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: ___ If no, please explain.
NA, there were no derivatives in this portfolio.
6. Is individual counter-party exposure well diversified? Yes/No: ___ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the

name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? Yes/No: ___ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: ___ If yes, please explain.

NA, there were no derivatives in this portfolio.

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: ___ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

NA, there were no derivatives in this portfolio.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: ___ If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

NA, there were no derivatives in this portfolio.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes/No: ___ If no, please explain.

NA, there were no derivatives in this portfolio.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes/No: ___ If no, please explain.

NA, there were no derivatives in this portfolio.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

NA, there were no derivatives in this portfolio.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

NA, there were no derivatives in this portfolio.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes/No: ___ If yes, please explain.

NA, there were no derivatives in this portfolio.

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? Yes/No: ___ If no, please explain. **YES**
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: ___ If yes, please explain. **NO**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: ___ If yes, do the investments comply with the policies? Yes/No: ___ If no, please explain. **NO**

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities

<i>Common Stock</i>	99.2%
<i>Preferred Stock</i>	%
<i>Convertible Securities</i>	%
<i>Cash & Equivalents</i>	0.8%

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

<i>Large-Cap</i>	0.0%
<i>Mid-Cap</i>	37.4%
<i>Small-Cap</i>	62.6%

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why. **NONE**
4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: ___ If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets **NO**
5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why. **The largest holding as of December 31, 2014 is 2.12% of the portfolio. No securities were above 5% at the time of purchase.**
6. What is the largest percentage of the portfolio represented by a single industry? Specify the industry and percentage amount. Please specify all industries above 15%. **We do not use NAICS codes. We use GICS for sector and industry. The largest GICS industry as of December 31, 2014 was 14.26% in Regional Banks.**

Signed by: Krisanne Padovani, Compliance Analyst

Dated: January 9, 2015

Name of Firm: The Boston Company Asset Management, LLC

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 5.2

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Approval of a Resolution Adopting of Cost of Living Adjustments (COLAs) for 2015

Staff Recommendation

Approve the attached resolution adopting the cost of living adjustments as recommended by Milliman, Inc.

Discussion

Milliman, Inc. has calculated the annual COLAs for each retirement category for approval by the Board. A letter from Milliman, Inc. is attached. Annual COLAs are calculated based on statutes in the 1937 Act (*California law*) which require that they be based on the change in the Consumer Price Index for the Bay Area provided by the U.S. Bureau of Labor Statistics and rounded to the nearest one half of one percent. Milliman reports that the CPI increased 2.84% during 2014. Rounded to the nearest one half of one percent, this yields a COLA for nearly all members who retire before April 2, 2015, equal to 3.0%.

All COLAs will be paid beginning with the April 2015 benefit payments.

The attached letter from Milliman, Inc. provides details of the COLA recommendation.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Cost of Living Adjustments effective April 1, 2015

RESOLUTION 14-15-___

THIS RESOLUTION, adopted by the Board of Retirement (Board) of San Mateo County Employees Retirement Association (SamCERA), approves cost of living adjustments effective April 1, 2015.

WHEREAS, Government Code §31870, §31870.1, §31870.2 and §31874.4 empower the Board to grant cost of living adjustments on an annual basis to recipients of *SamCERA* benefits; and

WHEREAS, the Board has retained Milliman, Inc. to provide actuarial services to the Board; and

WHEREAS, Milliman, Inc., by its letter dated January 19, 2015, and accompanying exhibits has reported the appropriate annual cost of living adjustments for members based on each member's retirement tier, date of retirement; and the applicable rules of the 1937 Act, therefore, be it

RESOLVED, that the Board adopts the schedules of cost of living adjustments set forth in the Milliman, Inc. letter dated January 19, 2015, addressed to Chief Executive Officer Scott Hood from Milliman Consulting Actuary Nick J. Collier, and the letter's accompanying exhibits entitled "*Plan 1 COLA Bank Accumulations, General and Safety*" and "*Plan 1 COLA Bank Accumulations, Probation.*" Be it further

RESOLVED, that the Board hereby adopts said cost of living adjustments effective April 1, 2015. Be it further

RESOLVED, that the Chief Executive Officer is hereby empowered to take all actions necessary to provide for the payment of cost of living adjustments in accordance with the adopted schedules.



1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940
Fax +1 206 623 3485

milliman.com

VIA EMAIL ONLY

January 19, 2015

Mr. Scott Hood
Chief Executive Officer
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065-5208

Re: Annual COLA Payable in 2015

Dear Scott:

The San Mateo County Employees' Retirement Association (SamCERA) provides a Cost-of-Living Adjustment (COLA) to retirees and beneficiaries who retired on or before April 1 of each year in accordance with Article 16.5 of the County Employees' Retirement Law of 1937 (CERL). This letter outlines the COLA percentage and changes to the COLA Bank to be adopted by the Board and effective in April of 2015.

Inflation Index

The first step in the calculation process is the measurement of inflation. The calculation of the annual COLA is specified in the CERL. For Plan 1 General and Safety members, the COLA is governed by Section 31870.2. For Plan 1 Probation and all Plan 2 members, the details of the COLA are provided under Section 31870.1. For Plan 4-7 members, the COLA is governed by Section 31870. Plan 3 members do not receive any COLA under Article 16.5 of the CERL.

Section 31870.2 says that the COLA should be calculated using...

...the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated...

Identical language appears in Sections 31870 and 31870.1 of the CERL. The Retirement Board has adopted the Annual Average Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose area (Base Period: 1982-84=100) as the basis for making the annual adjustments. This index increased by 2.84% during the 2014 calendar year, from an index value of 245.023 in 2013 to an index value of 251.985 in 2014.

This work product was prepared solely for SamCERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

COLA and COLA Bank

The annual COLA that SamCERA retirees and beneficiaries are eligible for is based on the change in the consumer price index rounded to the nearest one-half of one percent (subject to the maximum COLAs specified in relevant sections of the CERL). We recommend that the SamCERA Board adopt the following items to take effect in April 2015:

- COLA percentage

- Plan 1. Each retiree and beneficiary who retired on or before April 1, 2015 will receive a Cost-of-Living Adjustment in accordance with the following table.

Date of Retirement	General	Safety	Probation
All Dates	3.0%	3.0%	3.0%

- Plan 2. Each retiree and beneficiary who retired on or before April 1, 2015 will receive a Cost-of-Living Adjustment of 3.0%.
 - Plan 3. No Cost-of-Living Adjustment is provided to Plan 3 retirees and beneficiaries.
 - All Other Plans. Each retiree and beneficiary who retired on or before April 1, 2015 will receive a Cost-of-Living Adjustment of 2.0%.
- No change in COLA Bank. COLA Banks are unchanged for all Plan 1 retirees and beneficiaries. After the payment of the April 2015 COLA, all Plan 1 retirees and beneficiaries will continue to have COLA Bank balances of 0.0%. The COLA Bank accumulations for Plan 1 retirees and beneficiaries through April 1, 2015 are shown in the attached Exhibits, alongside the accumulations from the previous year. (Note that under no circumstances may the COLA Bank be reduced below 0.0%.) Retirees and beneficiaries in other plans do not accumulate COLA Banks in accordance with Section 31874.4 of the CERL.

Certification

Milliman's work product was prepared exclusively for the use or benefit of SamCERA for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning SamCERA's operations. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

I, Nick Collier, am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Mr. Scott Hood
January 19, 2015
Page 3

Please let us know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Nick Collier".

Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

NJC/fyb

Enclosures

San Mateo County Employees' Retirement Association
Plan 1 COLA Bank Accumulations
General and Safety

Based on the Consumer Price Index for All Urban Consumers (CPI-U) for the
San Francisco-Oakland-San Jose area (Base Period: 1982-84=100)

Retirement during 12-month period ended April 1	Accumulated COLA Bank April 1, 2015	Accumulated COLA Bank April 1, 2014	2015 Annual COLA
1969 or earlier	0.0%	0.0%	3.0%
1970	0.0%	0.0%	3.0%
1971	0.0%	0.0%	3.0%
1972	0.0%	0.0%	3.0%
1973	0.0%	0.0%	3.0%
1974	0.0%	0.0%	3.0%
1975	0.0%	0.0%	3.0%
1976	0.0%	0.0%	3.0%
1977	0.0%	0.0%	3.0%
1978	0.0%	0.0%	3.0%
1979	0.0%	0.0%	3.0%
1980	0.0%	0.0%	3.0%
1981	0.0%	0.0%	3.0%
1982	0.0%	0.0%	3.0%
1983	0.0%	0.0%	3.0%
1984	0.0%	0.0%	3.0%
1985	0.0%	0.0%	3.0%
1986	0.0%	0.0%	3.0%
1987	0.0%	0.0%	3.0%
1988	0.0%	0.0%	3.0%
1989	0.0%	0.0%	3.0%
1990	0.0%	0.0%	3.0%
1991	0.0%	0.0%	3.0%
1992	0.0%	0.0%	3.0%
1993	0.0%	0.0%	3.0%
1994	0.0%	0.0%	3.0%
1995	0.0%	0.0%	3.0%
1996	0.0%	0.0%	3.0%
1997	0.0%	0.0%	3.0%
1998	0.0%	0.0%	3.0%
1999	0.0%	0.0%	3.0%
2000	0.0%	0.0%	3.0%
2001	0.0%	0.0%	3.0%
2002	0.0%	0.0%	3.0%
2003	0.0%	0.0%	3.0%
2004	0.0%	0.0%	3.0%
2005	0.0%	0.0%	3.0%
2006	0.0%	0.0%	3.0%
2007	0.0%	0.0%	3.0%
2008	0.0%	0.0%	3.0%
2009	0.0%	0.0%	3.0%
2010	0.0%	0.0%	3.0%
2011	0.0%	0.0%	3.0%
2012	0.0%	0.0%	3.0%
2013	0.0%	0.0%	3.0%
2014	0.0%	0.0%	3.0%
2015	0.0%	0.0%	3.0%

This work product was prepared solely for SamCERA for the purposes described herein and may not be appropriate to use for other purposes.
Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own
actuary or other qualified professional when reviewing the Milliman work product.

San Mateo County Employees' Retirement Association
Plan 1 COLA Bank Accumulations
Probation

Based on the Consumer Price Index for All Urban Consumers (CPI-U) for the
San Francisco-Oakland-San Jose area (Base Period: 1982-84=100)

Retirement during 12-month period ended April 1	Accumulated COLA Bank April 1, 2015	Accumulated COLA Bank April 1, 2014	2015 Annual COLA
1990 or earlier	0.0%	0.0%	3.0%
1991	0.0%	0.0%	3.0%
1992	0.0%	0.0%	3.0%
1993	0.0%	0.0%	3.0%
1994	0.0%	0.0%	3.0%
1995	0.0%	0.0%	3.0%
1996	0.0%	0.0%	3.0%
1997	0.0%	0.0%	3.0%
1998	0.0%	0.0%	3.0%
1999	0.0%	0.0%	3.0%
2000	0.0%	0.0%	3.0%
2001	0.0%	0.0%	3.0%
2002	0.0%	0.0%	3.0%
2003	0.0%	0.0%	3.0%
2004	0.0%	0.0%	3.0%
2005	0.0%	0.0%	3.0%
2006	0.0%	0.0%	3.0%
2007	0.0%	0.0%	3.0%
2008	0.0%	0.0%	3.0%
2009	0.0%	0.0%	3.0%
2010	0.0%	0.0%	3.0%
2011	0.0%	0.0%	3.0%
2012	0.0%	0.0%	3.0%
2013	0.0%	0.0%	3.0%
2014	0.0%	0.0%	3.0%
2015	0.0%	0.0%	3.0%

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actuary or other qualified professional when reviewing the Milliman work product.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 6.1

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ending December 31, 2014

Staff Recommendation

Review the preliminary performance report dated December 31, 2014.

Background

This preliminary report is intended to provide a high-level view of the portfolio and its trends. It is not intended to provide short-term performance upon which the Board would act. As discussed previously, preliminary performance estimates are now included for AQR's risk parity, Panagora's risk parity, and AQR's Delta portfolios. The quarterly performance metrics are not yet available for our private equity and real estate portfolios. The performance for these portfolios will be reflected in the quarterly performance report generated by SIS.

The attached performance report shows both net and gross of fee returns for the total plan on page one, with net composite returns (pages 2-3) and net manager returns (pages 4-9) also shown.

Discussion

The fund's net preliminary return for December was -0.92%, while the preliminary trailing twelve month return was +5.7% net (+5.9% gross). The twelve-month net return matches SamCERA's Total Plan Policy Benchmark return of 5.7%, but it falls below the Actuarial Assumed Earnings Rate of 7.25%. As a reminder, SamCERA should expect performance to vary substantially from that of the Total Plan Policy Benchmark in the initial stages of its private equity implementation.

U.S. Economic data were mostly stronger during the month, with jobs data exceeding expectations, strong retail sales, and news that the annualized third quarter GDP growth was revised up to 5%, well above the 3.5% initial estimate. The big stories during the month continued to be suspect global growth outside of the U.S., the plunge in crude-oil prices, and the strength in the U.S. Dollar.

The U.S. equity markets were mixed during the month, with small-capitalization stocks outperforming larger-capitalization stocks. The broad U.S. equity market was down -0.25% during the month. International equity indices were down on the month, with developed markets (as measured by MSCI EAFE) down -3.4% and emerging markets down -4.6%.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The general fixed income market was higher by +0.09%, as interest rates (as measured by 10-year Treasuries) decreased by 1 basis point (the yield curve flattened significantly during the month). High yield bonds returned -1.5%, while emerging market bonds were lower by -2.3% during the month.

Attachments

SIS Market Update

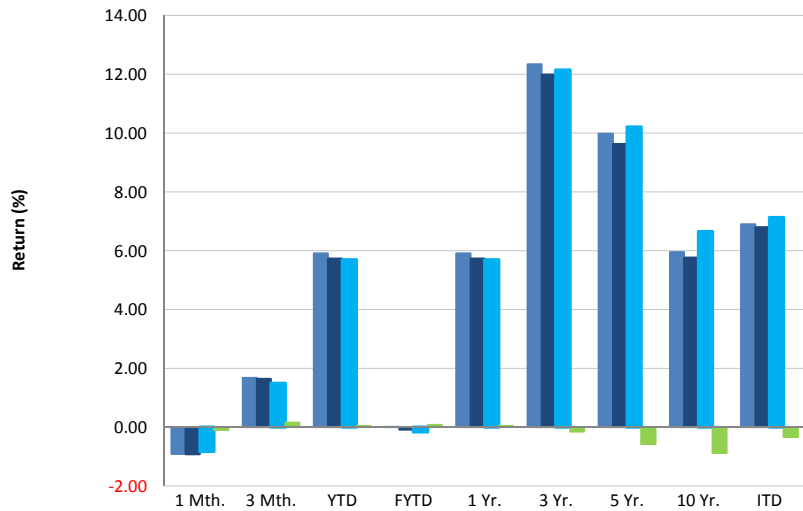
Northern Trust Performance Report

San Mateo County Total Fund Characteristics



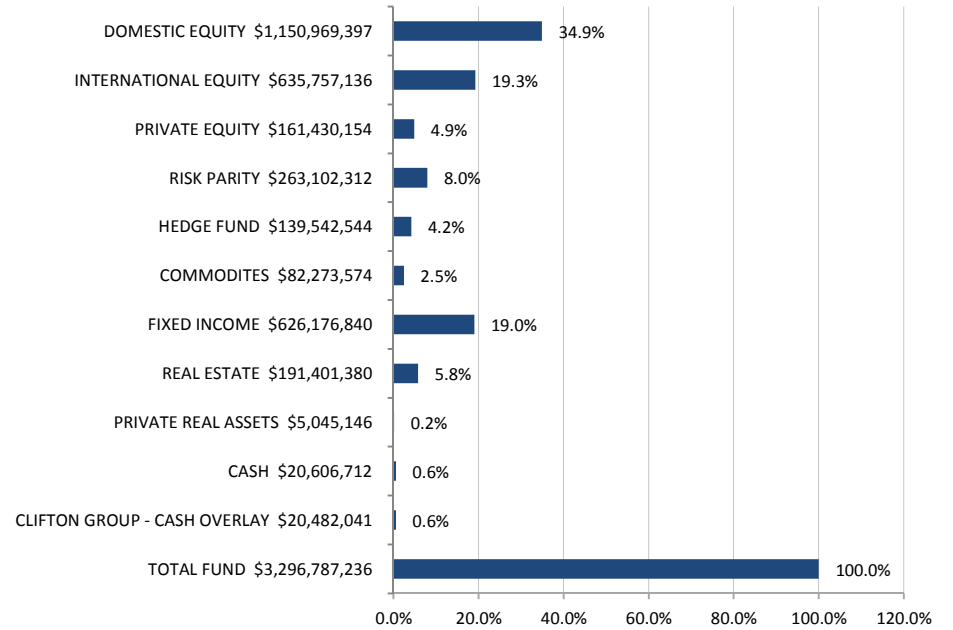
December 31, 2014

Total Fund Performance

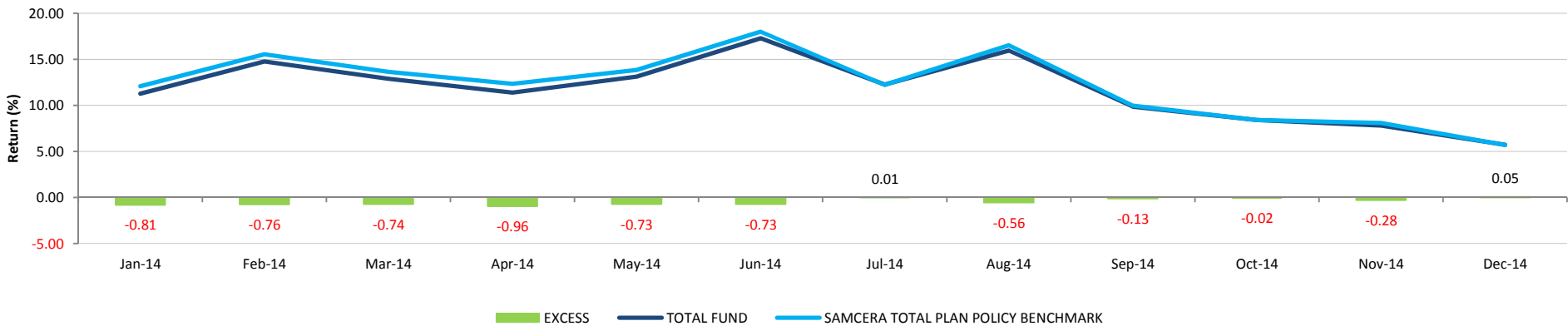


	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	ITD
TOTAL FUND - Gross	-0.92	1.68	5.91	0.00	5.91	12.34	9.98	5.95	6.90
TOTAL FUND - Net	-0.92	1.65	5.73	-0.08	5.73	11.99	9.63	5.76	6.80
SAMCERA PLAN BENCHMARK	-0.82	1.49	5.69	-0.16	5.69	12.14	10.21	6.65	7.13
Excess (Net)	-0.10	0.16	0.05	0.08	0.05	-0.15	-0.58	-0.88	-0.33

Asset Allocation



Rolling Month End Annual Returns

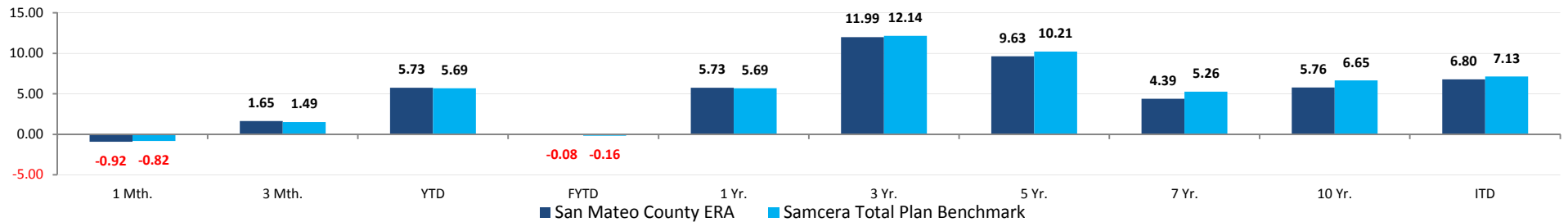


San Mateo County Composite Return Summary



December 31, 2014

Return Comparison



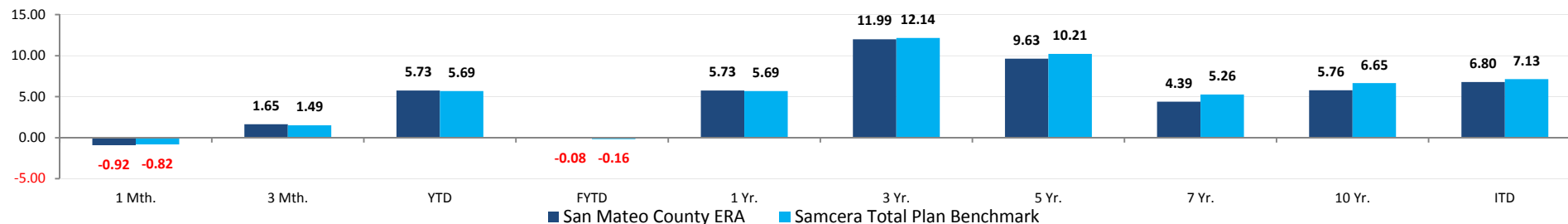
Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
San Mateo County ERA	3,296,787,236	-0.92	1.65	5.73	-0.08	5.73	11.99	9.63	4.39	5.76	6.80
Samcera Total Plan Benchmark		-0.82	1.49	5.69	-0.16	5.69	12.14	10.21	5.26	6.65	7.13
Excess		-0.10	0.16	0.05	0.08	0.05	-0.15	-0.58	-0.87	-0.88	-0.33
San Mateo Ex-Clifton Overlay	3,276,305,195	-0.91	1.55	5.56	-0.07	5.56	11.95	9.63	4.31	5.63	6.73
Samcera Total Plan Benchmark		-0.82	1.49	5.69	-0.16	5.69	12.14	10.21	5.26	6.65	7.13
Excess		-0.08	0.05	-0.13	0.09	-0.13	-0.19	-0.58	-0.95	-1.02	-0.40
Total Equity	1,786,726,533	-1.01	2.06	5.09	-0.67	5.09	15.84	11.08	3.90	5.76	7.72
Samcera Total Equity Benchmark		-0.43	3.73	8.28	1.96	8.28	17.40	12.40	5.35	7.19	8.30
Excess		-0.58	-1.67	-3.19	-2.63	-3.19	-1.56	-1.32	-1.45	-1.42	-0.58
Total Fixed Income	626,176,840	-0.75	0.17	4.98	0.20	4.98	5.82	6.75	5.78	5.28	5.88
Samcera Fixed Income Benchmark		-0.39	0.81	4.67	-0.30	4.67	2.37	4.43	4.76	4.70	5.39
Excess		-0.36	-0.64	0.30	0.51	0.30	3.45	2.32	1.02	0.58	0.50
Total Risk Parity	263,102,312	-2.37	1.12	12.03	-1.68	12.03	8.00	--	--	--	7.27
Samcera Risk Parity Benchmark		0.04	3.86	9.96	3.95	9.96	13.18	--	--	--	10.28
Excess		-2.41	-2.74	2.07	-5.63	2.07	-5.17	--	--	--	-3.01

San Mateo County Composite Return Summary



December 31, 2014

Return Comparison



Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Hedge Fund Composite	139,542,544	1.75	6.11	9.82	9.73	9.82	7.15	--	--	--	5.09
Samcera LIBOR + 4%		0.34	1.02	4.16	2.06	4.16	4.21	--	--	--	4.21
Excess		1.41	5.08	5.66	7.67	5.66	2.95	--	--	--	0.88
Total Private Equity	161,430,154	0.86	4.83	14.03	9.69	14.03	13.28	--	--	--	-39.91
Samcera PE Benchmark		0.25	6.01	15.90	6.81	15.90	24.07	--	--	--	20.09
Excess		0.62	-1.18	-1.88	2.89	-1.88	-10.78	--	--	--	-60.00
Total Commodities	82,273,574	-5.17	-10.80	-14.15	-18.87	-14.15	-3.02	--	--	--	-6.32
Bloomberg Commodity Index		-7.63	-12.10	-17.01	-22.50	-17.01	-9.43	--	--	--	-12.16
Excess		2.46	1.29	2.86	3.63	2.86	6.41	--	--	--	5.84
Private Real Assets	5,045,146	0.00	0.50	--	--	--	--	--	--	--	0.50
Samcera CPI + 5%		-0.16	-0.14	--	--	--	--	--	--	--	0.59
Excess		0.16	0.64	--	--	--	--	--	--	--	-0.08
Total Real Estate	191,401,380	0.00	3.35	9.20	4.27	9.20	10.55	12.68	2.20	6.52	7.92
Samcera Real Estate Benchmark		0.00	0.00	9.00	3.46	9.00	11.11	13.06	1.99	6.40	8.39
Excess		0.00	3.35	0.20	0.81	0.20	-0.55	-0.38	0.21	0.12	-0.47
Total Cash	20,606,712	0.00	0.10	0.74	0.19	0.74	0.61	0.73	0.43	1.52	2.26
Samcera Cash Benchmark		0.00	0.00	0.03	0.01	0.03	0.07	0.09	0.39	1.54	2.11
Excess		0.00	0.10	0.70	0.17	0.70	0.53	0.64	0.04	-0.03	0.14

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	1,786,726,533	-1.01	2.06	5.09	-0.67	5.09	15.84	11.08	3.90	5.76	7.72
Samcera Total Equity Benchmark		-0.43	3.73	8.28	1.96	8.28	17.40	12.40	5.35	7.19	8.30
Excess		-0.58	-1.67	-3.19	-2.63	-3.19	-1.56	-1.32	-1.45	-1.42	-0.58
Total Domestic Equity	1,150,969,397	0.29	5.29	9.78	4.34	9.78	19.28	14.63	6.60	6.63	8.46
Samcera Dom. Equity Benchmark		0.38	5.86	11.61	4.83	11.61	20.39	15.67	7.68	7.98	8.88
Excess		-0.09	-0.57	-1.83	-0.49	-1.83	-1.11	-1.04	-1.08	-1.35	-0.42
Total Large Cap Equity	943,367,801	-0.08	4.87	11.63	5.44	11.63	19.76	14.37	6.53	6.96	9.20
Russell 1000		-0.23	4.88	13.24	5.57	13.24	20.62	15.64	7.48	7.96	9.67
Excess		0.16	-0.01	-1.61	-0.13	-1.61	-0.86	-1.27	-0.96	-1.00	-0.47
Barrow Hanley	154,387,423	0.33	4.53	8.92	3.75	8.92	20.14	15.13	--	--	16.57
Russell 1000 Value		0.61	4.98	13.45	4.78	13.45	20.89	15.42	--	--	16.93
Excess		-0.28	-0.45	-4.54	-1.03	-4.54	-0.75	-0.30	--	--	-0.37
Blackrock S&P 500 Index Fund	478,486,890	-0.25	4.95	13.72	6.14	13.72	--	--	--	--	20.58
S&P 500		-0.25	4.93	13.69	6.12	13.69	--	--	--	--	20.56
Excess		0.00	0.02	0.03	0.03	0.03	--	--	--	--	0.02
Brown Advisory	151,199,415	-0.02	5.02	6.75	4.85	6.75	--	--	--	--	15.69
Russell 1000 Growth		-1.04	4.78	13.05	6.34	13.05	--	--	--	--	19.67
Excess		1.02	0.23	-6.30	-1.49	-6.30	--	--	--	--	-3.98
DE Shaw Investment Mgmt	159,294,073	-0.01	4.82	11.72	5.26	11.72	21.09	15.35	--	--	17.15
Russell 1000		-0.23	4.88	13.24	5.57	13.24	20.62	15.64	--	--	17.23
Excess		0.22	-0.06	-1.52	-0.31	-1.52	0.47	-0.29	--	--	-0.08

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Small Cap Equity	207,601,595	2.00	7.24	2.58	-0.25	2.58	18.10	16.04	7.01	5.40	6.74
Russell 2000		2.85	9.73	4.89	1.65	4.89	19.21	15.55	8.18	7.77	7.85
Excess		-0.85	-2.48	-2.31	-1.91	-2.31	-1.12	0.49	-1.18	-2.36	-1.11
Boston Company	102,068,376	3.29	7.45	2.26	-0.66	2.26	18.42	14.23	--	--	15.93
Russell 2000 Value		2.73	9.40	4.22	0.01	4.22	18.29	14.26	--	--	15.86
Excess		0.55	-1.95	-1.96	-0.67	-1.96	0.13	-0.03	--	--	0.07
Chartwell Investment Mgmt	105,533,219	0.78	7.05	2.89	0.14	2.89	19.38	18.02	7.41	8.38	8.93
Russell 2000 Growth		2.97	10.06	5.60	3.31	5.60	20.14	16.80	8.73	8.54	8.85
Excess		-2.18	-3.01	-2.71	-3.18	-2.71	-0.76	1.23	-1.31	-0.17	0.08
Total International Equity	635,757,136	-3.29	-3.45	-3.07	-9.05	-3.07	8.94	3.80	-1.81	4.39	5.47
MSCI ACW ex US-IMI		-3.31	-3.88	-3.89	-9.13	-3.89	9.22	4.71	-0.34	5.37	5.02
Excess		0.01	0.43	0.82	0.08	0.82	-0.28	-0.90	-1.46	-0.98	0.44
Total Developed Markets Equity	569,194,059	-2.96	-2.83	-2.87	-8.83	-2.87	9.68	4.26	-1.29	4.88	4.10
MSCI ACW ex US-IMI		-3.31	-3.88	-3.89	-9.13	-3.89	9.22	4.71	-0.34	5.37	4.79
Excess		0.34	1.05	1.02	0.30	1.02	0.46	-0.44	-0.95	-0.49	-0.69
Baillie Gifford	193,833,871	-2.45	-0.98	-2.43	-7.28	-2.43	--	--	--	--	9.11
MSCI ACWI ex US Growth		-3.35	-2.26	-2.29	-6.98	-2.29	--	--	--	--	6.79
Excess		0.89	1.27	-0.14	-0.30	-0.14	--	--	--	--	2.33
Blackrock EAFE Index Fund	125,653,204	-3.46	-3.59	-4.70	-9.25	-4.70	--	--	--	--	-4.70
MSCI EAFE ND		-3.46	-3.57	-4.90	-9.24	-4.90	--	--	--	--	-4.90
Excess		0.01	-0.02	0.20	-0.01	0.20	--	--	--	--	0.20

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Mondrian Investment Partners	188,842,409	-3.94	-4.32	-1.66	-9.97	-1.66	8.25	4.87	-0.05	5.37	5.82
MSCI ACWI ex US Value		-3.80	-5.38	-4.60	-10.63	-4.60	9.10	4.20	-0.30	5.23	5.64
Excess		-0.14	1.06	2.94	0.66	2.94	-0.85	0.66	0.26	0.14	0.17
Pyramis Intl Small Cap	60,864,576	-0.42	-2.20	-3.95	-9.20	-3.95	--	--	--	--	6.24
MSCI ACWI Small Cap ex US Net		-1.24	-3.98	-4.03	-10.51	-4.03	--	--	--	--	6.58
Excess		0.83	1.78	0.08	1.31	0.08	--	--	--	--	-0.33
Total Emerging Markets Equity	66,563,077	-6.02	-8.61	-4.52	-10.69	-4.52	--	--	--	--	0.18
MSCI Emerging Markets ND		-4.61	-4.50	-2.19	-7.84	-2.19	--	--	--	--	-0.47
Excess		-1.41	-4.11	-2.34	-2.85	-2.34	--	--	--	--	0.65
Eaton Vance	66,563,077	-6.02	-8.61	-4.52	-10.69	-4.52	--	--	--	--	0.18
MSCI Emerging Markets GD		-4.56	-4.44	-1.82	-7.65	-1.82	--	--	--	--	-0.10
Excess		-1.46	-4.17	-2.71	-3.04	-2.71	--	--	--	--	0.28
Total Fixed Income	626,176,840	-0.75	0.17	4.98	0.20	4.98	5.82	6.75	5.78	5.28	5.88
Samcera Fixed Income Benchmark		-0.39	0.81	4.67	-0.30	4.67	2.37	4.43	4.76	4.70	5.39
Excess		-0.36	-0.64	0.30	0.51	0.30	3.45	2.32	1.02	0.58	0.50
Total Domestic Fixed Income	528,465,325	-0.41	0.63	5.67	0.36	5.67	5.17	6.64	5.75	5.31	6.04
Samcera US Fixed Inc Benchmark		-0.30	1.26	5.64	0.62	5.64	2.68	4.76	4.99	4.86	5.65
Excess		-0.11	-0.64	0.03	-0.26	0.03	2.49	1.88	0.75	0.44	0.39
Total Core Fixed Income	331,253,025	-0.00	1.58	7.27	2.34	7.27	4.45	6.15	5.40	5.07	5.88
BC U.S. Aggregate		0.09	1.79	5.97	1.96	5.97	2.66	4.45	4.77	4.71	5.55
Excess		-0.09	-0.21	1.30	0.38	1.30	1.79	1.70	0.63	0.36	0.33

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Pyramis Core Bond	197,652,860	-0.05	1.69	6.37	1.87	6.37	3.72	5.53	5.74	--	5.43
BC U.S. Aggregate		0.09	1.79	5.97	1.96	5.97	2.66	4.45	4.77	--	5.01
Excess		-0.14	-0.10	0.40	-0.09	0.40	1.06	1.08	0.97	--	0.42
Western Asset Management	133,600,166	0.07	1.43	8.36	2.97	8.36	5.22	6.75	5.98	5.53	5.48
BC U.S. Aggregate		0.09	1.79	5.97	1.96	5.97	2.66	4.45	4.77	4.71	4.64
Excess		-0.02	-0.36	2.39	1.00	2.39	2.56	2.31	1.21	0.82	0.83
Brown Brothers Harriman	67,959,195	-1.13	-0.85	0.29	-3.76	0.29	-0.42	--	--	--	3.05
BC US Tips		-1.13	-0.03	3.64	-2.07	3.64	0.44	--	--	--	3.62
Excess		0.00	-0.82	-3.35	-1.69	-3.35	-0.86	--	--	--	-0.57
Total Opportunistic Credit	129,253,105	-1.09	-0.93	5.19	-1.95	5.19	12.72	11.86	--	--	11.19
BC BA Intermediate HY Index		-0.68	0.81	4.51	-0.70	4.51	7.74	8.58	--	--	8.93
Excess		-0.41	-1.74	0.68	-1.25	0.68	4.98	3.28	--	--	2.27
AG Opportunistic Whole Loan	24,006,710	0.00	-0.45	--	-0.45	--	--	--	--	--	-2.38
BC BA Intermediate HY Index		-0.68	0.81	--	-0.70	--	--	--	--	--	0.97
Excess		0.68	-1.27	--	0.25	--	--	--	--	--	-3.34
Angelo Gordon	42,231,393	0.00	1.79	12.41	1.80	12.41	--	--	--	--	11.64
BC BA Intermediate HY Index		-0.68	0.81	4.51	-0.70	4.51	--	--	--	--	5.15
Excess		0.68	0.98	7.90	2.50	7.90	--	--	--	--	6.48
Brigade Cap Mngmt	63,015,002	-2.18	-2.88	0.72	-4.77	0.72	7.80	--	--	--	7.66
BC BA Intermediate HY Index		-0.68	0.81	4.51	-0.70	4.51	7.74	--	--	--	7.88
Excess		-1.50	-3.69	-3.79	-4.07	-3.79	0.06	--	--	--	-0.22

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Global Fixed Income	97,711,515	-2.56	-2.22	2.49	-0.70	2.49	8.72	--	--	--	6.07
Samcera Global Fixed Benchmark		-0.81	-1.16	0.48	-4.32	0.48	1.00	--	--	--	2.12
Excess		-1.75	-1.05	2.01	3.62	2.01	7.72	--	--	--	3.95
Franklin Templeton	97,711,515	-2.56	-2.22	1.11	-0.70	1.11	8.23	--	--	--	5.71
BC Multiverse Index		-0.81	-1.16	0.48	-4.32	0.48	1.00	--	--	--	2.12
Excess		-1.75	-1.05	0.63	3.62	0.63	7.23	--	--	--	3.59
Total Risk Parity	263,102,312	-2.37	1.12	12.03	-1.68	12.03	8.00	--	--	--	7.27
Samcera Risk Parity Benchmark		0.04	3.86	9.96	3.95	9.96	13.18	--	--	--	10.28
Excess		-2.41	-2.74	2.07	-5.63	2.07	-5.17	--	--	--	-3.01
AQR Global Risk III	128,165,987	-3.57	-1.78	7.91	-5.34	7.91	6.66	--	--	--	6.23
Samcera Risk Parity Benchmark		0.04	3.86	9.96	3.95	9.96	13.18	--	--	--	10.28
Excess		-3.61	-5.64	-2.05	-9.29	-2.05	-6.51	--	--	--	-4.05
Panagora	134,936,325	-1.20	4.07	--	3.71	--	--	--	--	--	3.71
Samcera Risk Parity Benchmark		0.04	3.86	--	3.95	--	--	--	--	--	3.95
Excess		-1.24	0.21	--	-0.24	--	--	--	--	--	-0.24
Total Real Estate	191,401,380	0.00	3.35	9.20	4.27	9.20	10.55	12.68	2.20	6.52	7.92
Samcera Real Estate Benchmark		0.00	0.00	9.00	3.46	9.00	11.11	13.06	1.99	6.40	8.39
Excess		0.00	3.35	0.20	0.81	0.20	-0.55	-0.38	0.21	0.12	-0.47
Invesco Core Real Estate	191,401,380	0.00	3.35	9.21	4.27	9.21	10.40	12.69	2.20	6.53	6.88
Samcera NCREIF ODCE EW (gross)		0.00	0.00	9.00	3.46	9.00	11.11	13.06	1.99	6.40	6.63
Excess		0.00	3.35	0.21	0.81	0.21	-0.71	-0.37	0.21	0.12	0.24

San Mateo County Manager Return Summary



December 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Alternatives	388,291,418	-0.19	1.36	5.07	1.92	5.07	6.16	-11.07	-13.71	-5.55	-5.02
Samcera Alternatives Benchmark		-1.26	0.47	5.37	-1.10	5.37	11.79	10.38	5.88	7.36	7.76
Excess		1.07	0.89	-0.30	3.02	-0.30	-5.62	-21.46	-19.58	-12.90	-12.78
Total Private Equity	161,430,154	0.86	4.83	14.03	9.69	14.03	13.28	--	--	--	-39.91
Samcera PE Benchmark		0.25	6.01	15.90	6.81	15.90	24.07	--	--	--	20.09
Excess		0.62	-1.18	-1.88	2.89	-1.88	-10.78	--	--	--	-60.00
Private Real Assets	5,045,146	0.00	0.50	--	--	--	--	--	--	--	0.50
Samcera CPI + 5%		-0.16	-0.14	--	--	--	--	--	--	--	0.59
Excess		0.16	0.64	--	--	--	--	--	--	--	-0.08
Total Hedge Fund Composite	139,542,544	1.75	6.11	9.82	9.73	9.82	7.15	--	--	--	5.09
Samcera LIBOR + 4%		0.34	1.02	4.16	2.06	4.16	4.21	--	--	--	4.21
Excess		1.41	5.08	5.66	7.67	5.66	2.95	--	--	--	0.88
Total Commodities	82,273,574	-5.17	-10.80	-14.15	-18.87	-14.15	-3.02	--	--	--	-6.32
Bloomberg Commodity Index		-7.63	-12.10	-17.01	-22.50	-17.01	-9.43	--	--	--	-12.16
Excess		2.46	1.29	2.86	3.63	2.86	6.41	--	--	--	5.84
Total Cash	20,606,712	0.00	0.10	0.74	0.19	0.74	0.61	0.73	0.43	1.52	2.26
Samcera Cash Benchmark		0.00	0.00	0.03	0.01	0.03	0.07	0.09	0.39	1.54	2.11
Excess		0.00	0.10	0.70	0.17	0.70	0.53	0.64	0.04	-0.03	0.14
SamCera General Account	19,438,823	0.01	0.07	0.16	0.14	0.16	0.15	0.21	0.57	1.74	2.24
SamCera Treasury & LAIF	1,167,888	0.00	0.00	0.58	0.00	0.58	0.64	0.82	0.38	1.35	3.00
San Mateo County ERA	3,296,787,236	-0.92	1.65	5.73	-0.08	5.73	11.99	9.63	4.39	5.76	6.80
Samcera Total Plan Benchmark		-0.82	1.49	5.69	-0.16	5.69	12.14	10.21	5.26	6.65	7.13
Excess		-0.10	0.16	0.05	0.08	0.05	-0.15	-0.58	-0.87	-0.88	-0.33

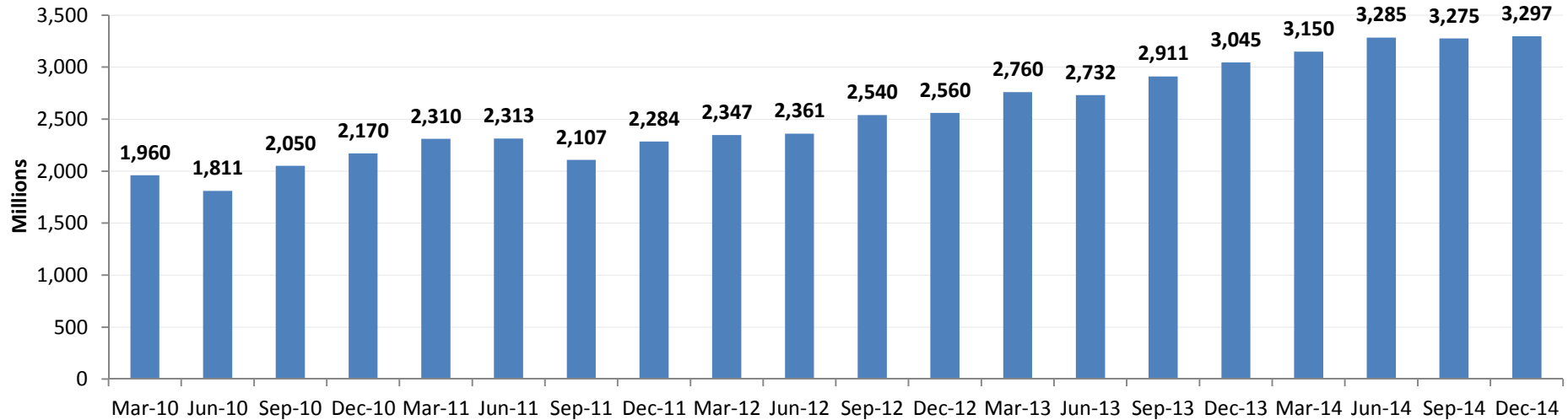
December 31, 2014

Record of Asset Growth

	Three Months	One Year
TOTAL FUND		
Beginning Market Value	3,274,712,822	3,044,756,835
Contributions	11,389,685	100,982,679
Withdrawals	-43,455,020	-87,174,379
Income Received	8,372,917	18,930,272
Gain/Loss	45,701,768	-21,592,580
Ending Market Value	3,296,787,236	3,296,787,236

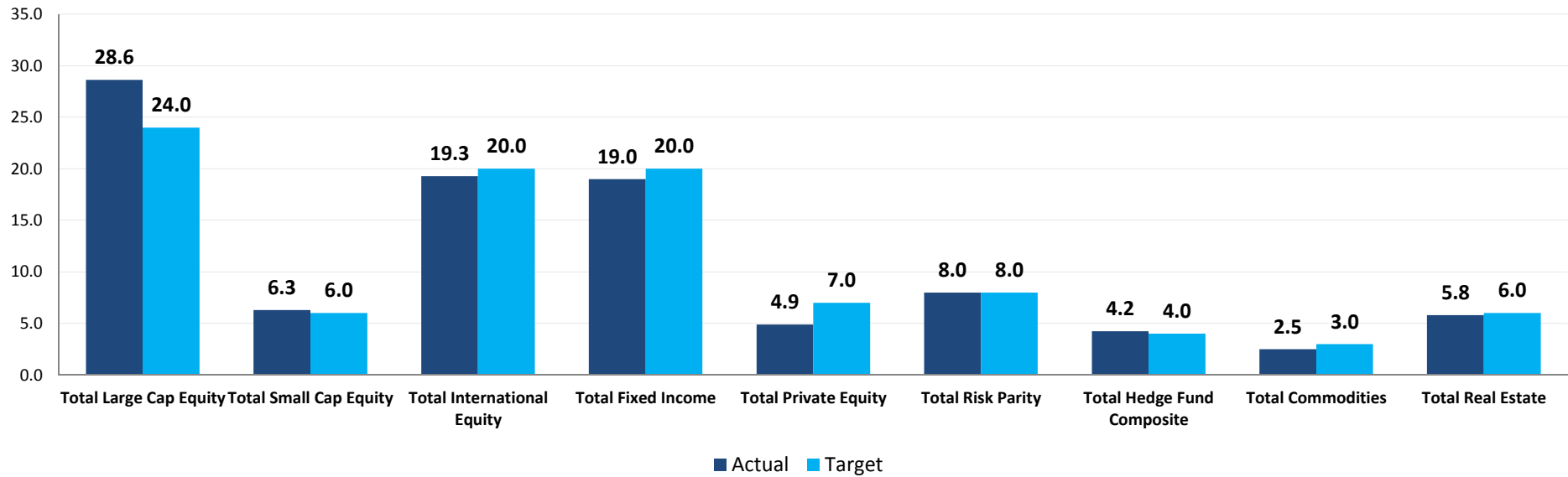
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Net Asset Values Over Time (\$000)



December 31, 2014

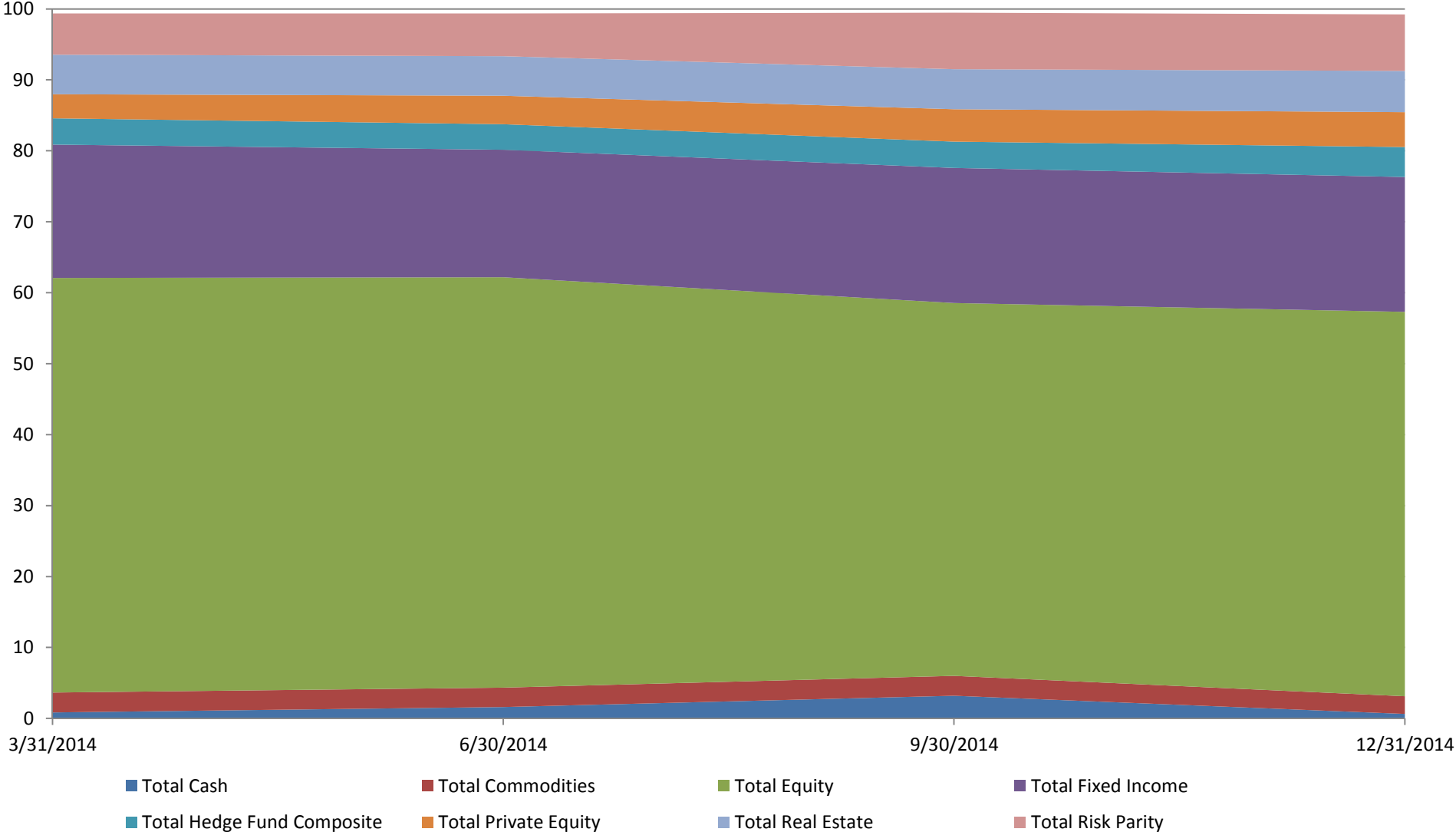
Actual vs Target Weights



	Min	Actual	Target	Deviation	Max
Total Large Cap Equity	22.0	28.6	24.0	4.6	26.0
Total Small Cap Equity	4.0	6.3	6.0	0.3	8.0
Total International Equity	18.0	19.3	20.0	-0.7	22.0
Total Fixed Income	18.0	19.0	20.0	-1.0	22.0
Total Private Equity	5.0	4.9	7.0	-2.1	9.0
Total Risk Parity	6.0	8.0	8.0	0.0	10.0
Total Hedge Fund Composite	2.0	4.2	4.0	0.2	6.0
Total Commodities	1.0	2.5	3.0	-0.5	5.0
Total Real Estate	4.0	5.8	6.0	-0.2	8.0

December 31, 2014

Asset Allocation over Time

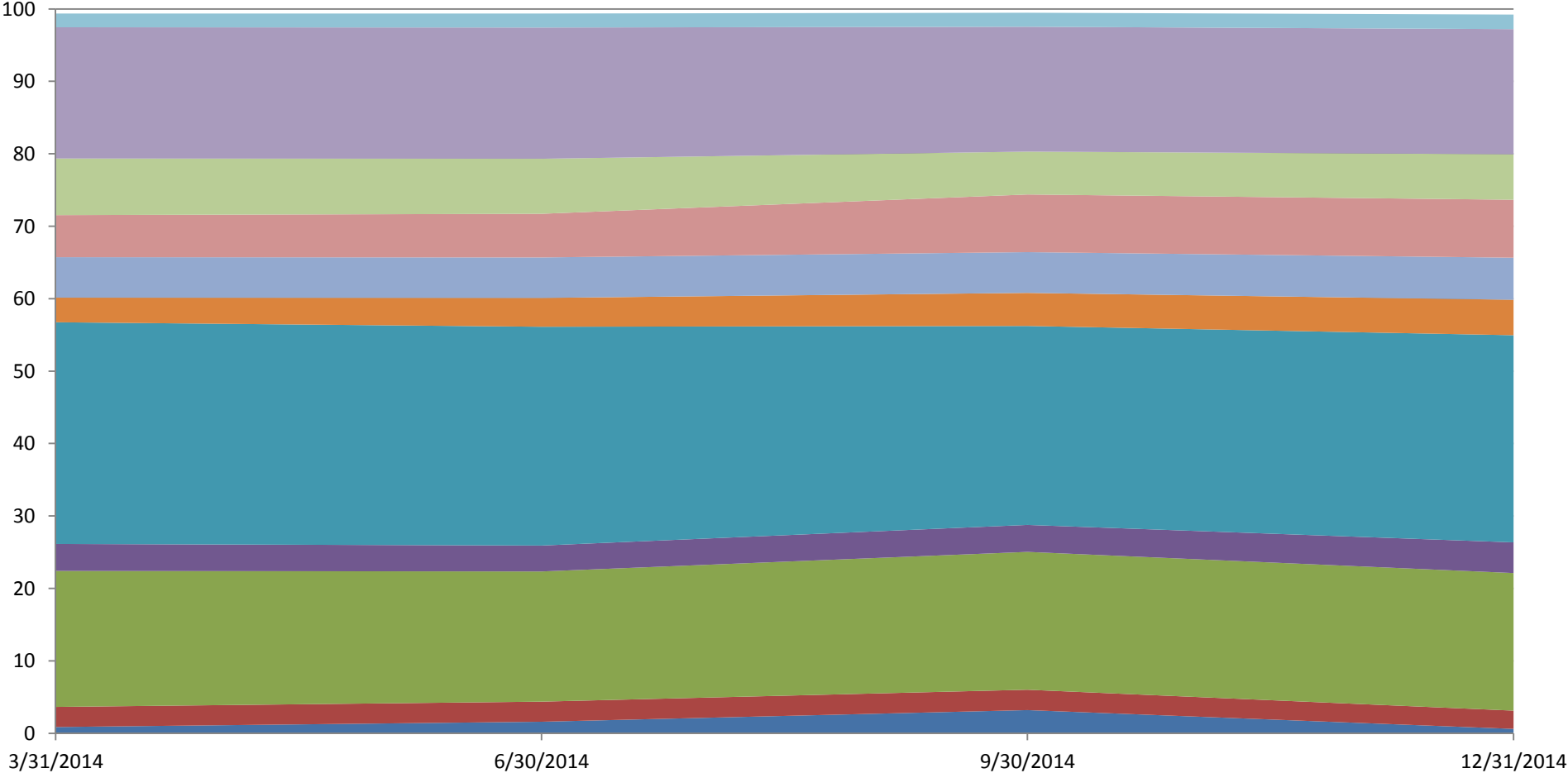


**San Mateo County
Sub-Asset Class Allocation Over Time**



December 31, 2014

Sub-Asset Class Allocation Over Time



- Total Cash
- Total Commodities
- Total Fixed Income
- Total Hedge Fund Composite
- Total Large Cap Equity
- Total Private Equity
- Total Real Estate
- Total Risk Parity
- Total Small Cap Equity
- Total Developed Markets Equity
- Total Emerging Markets Equity

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 6.2

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Approval of Securities Lending Cash Collateral Pool

Staff Recommendation

Approve the staff recommendation to utilize the NILAP Cash Collateral Fund for SamCERA's security lending program.

Background

During the December Board meeting, Don Anderson, Vice President, from Northern Trust's securities lending team, provided a general overview of their firm's securities lending program. During this overview he informed the Board that Northern Trust would be closing their existing securities lending cash collateral pools due to the regulatory changes brought about by the Dodd-Frank Act.

All clients will need to select a different cash collateral investment vehicle by the end of January 2015. There will be two collateral options available to clients:

1. SL Core STIF, which will replace Northern's current core cash collateral pool (Core USA)
2. NILAP Cash Collateral Fund, which will replace Northern's more conservative cash collateral pool (Basic Collateral Pool)

Discussion

SamCERA currently utilizes the Basic Collateral Pool, which is managed against conservative Rule 2a-7 guidelines. Of the two new collateral options listed above, the NILAP Cash Collateral Fund is the more conservative of the two and more closely resembles SamCERA's current choice of the Basic Collateral Pool. NILAP is a money market fund that is also managed against conservative Rule 2a-7 portfolio guidelines, while SL Core STIF is a bit more aggressive. This is also reflected in the yields between the two choices. The yield for the NILAP Fund is below that offered by the SL Core STIF (0.17% versus 0.25%), reflecting the more conservative portfolio composition.

The attached slides show summary portfolio characteristics for the Basic Collateral Pool, NILAP Cash Collateral Pool, and the SL Core STIF.

Attachment

Northern Trust Summary of Cash Collateral Investment Pools



Changes to Cash Collateral Management

- Northern Trust's securities lending cash collateral pools are considered "covered funds" under section 619 of the Dodd-Frank Act, also known as the Volcker Rule.
 - ◆ Current securities lending pools rely on exemptions 3(c)(1) and 3(c)(7) of the US Investment company act of 1940
 - ◆ Regulatory changes under Volcker Rule identify 3(c)(1) and 3(c)(7) pools as "covered funds"
 - ◆ The Volcker Rule will take effect in July 2015

- Northern Trust will be closing our existing securities lending cash collateral pools.
 - ◆ All clients investing cash in the collateral pools will need to select a different cash collateral investment vehicle

- New and existing collateral options will be available for clients.
 - ◆ SL Core STIF, new collective fund
 - ◆ NILAP, a 2a7 Money Market Mutual Fund

- On September 22, 2014, we provided important information and documentation related to the options available for securities lending cash collateral investment.

- Clients will need to review the options and provide us with their selection by January 23, 2015.





◆ Asset Allocation & Characteristics Report

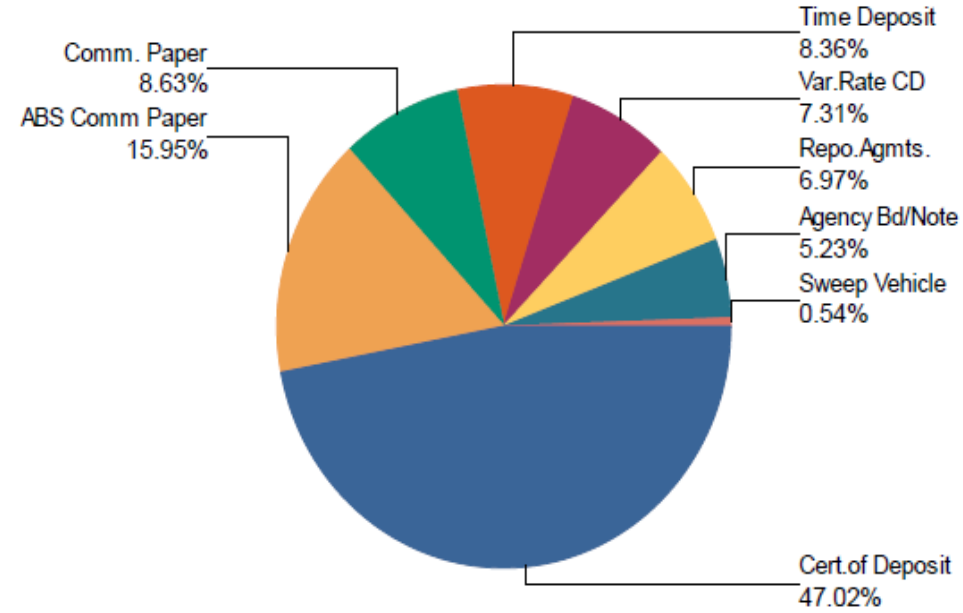
BASICFND - Basic Fund - USD

Characteristics		
Total Book Value (in USD)	1,435,800,291	
Weighted Average Maturity (Interest Reset Date)	47 Days	
Weighted Average Maturity (Maturity Date)	68 Days	
Average Equivalent Quality Rating	A1+	
Total Number of Issues	68	
Quality Distribution		
	Percentage	
A1+ (SHORT TERM)	49.11%	
A1 (SHORT TERM)	45.13%	
Agency	5.23%	
AA- (LONG TERM)	.54%	
Maturity Breakdown Distribution		
	Interest Reset	Maturity Date
Overnight	17.26%	10.99%
2 - 15 Days	10.80%	10.10%
16 - 30 Days	11.49%	5.92%
31 - 60 Days	26.05%	27.80%
61 - 97 Days	22.99%	25.77%
98 - 180 Days	11.42%	13.17%
181 - 270 Days	0.00%	1.05%
271 - 366 Days	0.00%	5.22%

BASICFND - Basic Fund - USD

Industry/Sector Distribution	
	Percentage
Banking Ind.	66.36%
Broker/Dealer	8.98%
Finance & Ins	12.81%
Finance Conduit	4.53%
Govt Agencies	7.31%

Cash Collateral Asset Class Breakdown



Cert. of Deposit	47.02%
ABS Comm Paper	15.95%
Comm. Paper	8.63%
Time Deposit	8.36%
Var. Rate CD	7.31%
Repo. Agmts.	6.97%
Agency Bd/Note	5.23%
Sweep Vehicle	0.54%
Total:	100.00%

* Based upon traded basis from holdings reports

NOTE: This information was created using the best unaudited data available to us and may not be completely reliable, accurate, or timely. Data is prepared on a settled basis, which may differ from traded basis data on the Cash Collateral Holdings report. "Traded Basis" reflects pending trades.





◆ Asset Allocation and Characteristics Report

NILAP - NILAP - USD

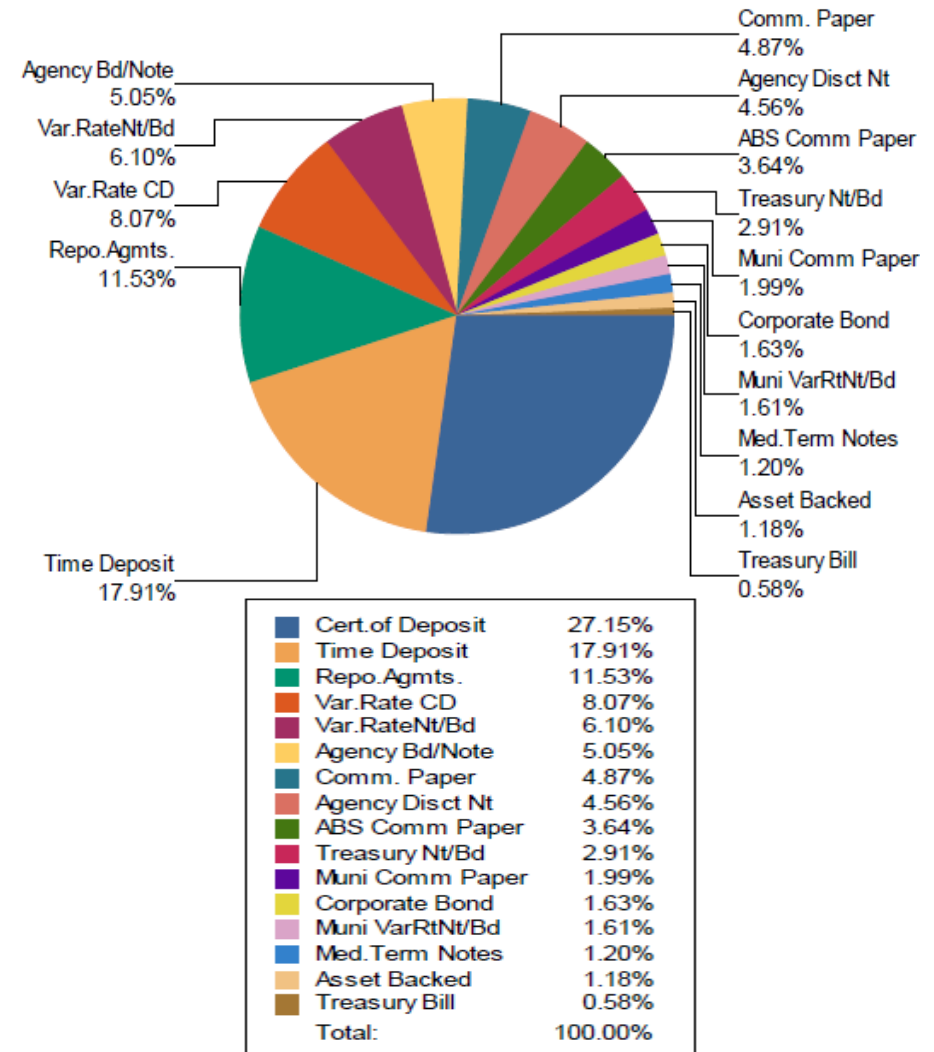
Characteristics		
Total Book Value (in USD)	1,907,448,843	
Weighted Average Maturity (Interest Reset Date)	39 Days	
Weighted Average Maturity (Maturity Date)	79 Days	
Average Equivalent Quality Rating	A1+	
Total Number of Issues	189	
Quality Distribution		
	Percentage	
A1+ (SHORT TERM)	46.18%	
A1 (SHORT TERM)	31.42%	
Treasury	3.49%	
Agency	9.61%	
AAA (LONG TERM)	2.73%	
AA (LONG TERM)	1.38%	
AA- (LONG TERM)	1.26%	
A+ (LONG TERM)	2.83%	
A (LONG TERM)	.74%	
Unrated	.37%	
Maturity Breakdown Distribution		
	Interest Reset	Maturity Date
Overnight	30.69%	20.44%
2 - 15 Days	19.17%	17.84%
16 - 30 Days	12.28%	9.15%
31 - 60 Days	12.95%	11.43%
61 - 97 Days	15.31%	17.33%
98 - 180 Days	6.98%	11.01%
181 - 270 Days	1.29%	3.23%
271 - 366 Days	0.89%	6.66%
367 Days - 2Yrs	0.42%	2.91%

NILAP - NILAP - USD

Industry/Sector Distribution	
	Percentage
Asset Backed	1.18%
Banking Ind.	57.81%
Broker/Dealer	12.11%
Commercial&Ind	3.79%
Finance & Ins	4.53%
Finance Conduit	0.52%
Govt Agencies	12.96%
Municipals	3.61%
Treasuries	3.49%

* Based upon traded basis from holdings reports

Cash Collateral Asset Class Breakdown



NOTE: This information was created using the best unaudited data available to us and may not be completely reliable, accurate, or timely. Data is prepared on a settled basis, which may differ from traded basis data on the Cash Collateral Holdings report. "Traded Basis" reflects pending trades.





◆ Asset Allocation & Characteristics Report

COREUSA - Core USA Fund - USD

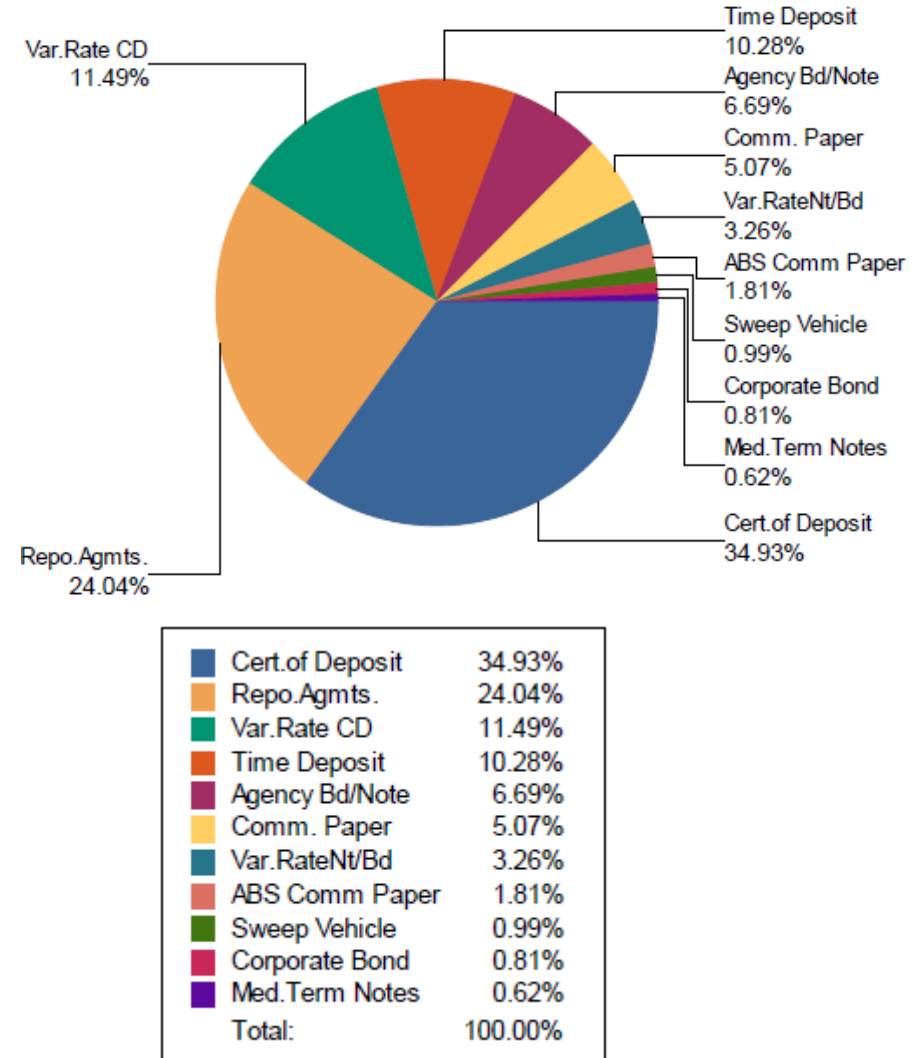
Characteristics		
Total Book Value (in USD)		24,946,780,718
Weighted Average Maturity (Interest Reset Date)		39 Days
Weighted Average Maturity (Maturity Date)		93 Days
Average Equivalent Quality Rating		A1+
Total Number of Issues		181
Quality Distribution		
		Percentage
A1+ (SHORT TERM)		58.98%
A1 (SHORT TERM)		30.64%
Agency		6.69%
AAA (LONG TERM)		.9%
AA (LONG TERM)		.13%
AA- (LONG TERM)		4.18%
A+ (LONG TERM)		.46%
Maturity Breakdown Distribution		
	Interest Reset	Maturity Date
Overnight	31.73%	15.03%
2 - 15 Days	9.92%	5.19%
16 - 30 Days	11.02%	3.38%
31 - 60 Days	19.89%	19.99%
61 - 97 Days	18.97%	32.00%
98 - 180 Days	7.93%	10.97%
181 - 270 Days	0.00%	4.86%
271 - 366 Days	0.73%	6.26%
367 Days - 2Yrs	0.00%	2.34%

COREUSA - Core USA Fund - USD

Industry/Sector Distribution	
	Percentage
Banking Ind.	63.27%
Broker/Dealer	25.09%
Commercial&Ind	1.08%
Finance & Ins	1.81%
Finance Conduit	0.30%
Govt Agencies	8.65%

* Based upon traded basis from holdings reports

Cash Collateral Asset Class Breakdown



NOTE: This information was created using the best unaudited data available to us and may not be completely reliable, accurate, or timely. Data is prepared on a settled basis, which may differ from traded basis data on the Cash Collateral Holdings report. "Traded Basis" reflects pending trades.



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 6.3

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Approval of Changes to Domestic Equity Manager Structure

Staff Recommendation

Analyze the recommended manager structure contained in the attached presentation from SIS, and direct staff to implement their approved changes to the domestic equity manager structure.

Background

The domestic equity manager structure was last reviewed over two years ago. At that time, the Board approved a domestic equity manager structure that reduced the number of total mandates for the domestic equity program from eight to six: four focused on large-capitalization equities (one of which is passive) and two dedicated to small-capitalization equities. In addition to these changes, the passive portion of the large-capitalization program was increased to 35% of total domestic equity from the previous level of 13%.

Discussion

The recommended domestic equity structure increases the passive portion of the large-capitalization program to 50% of total domestic equity from the current level of 35%, while reducing the allocation to the three active large-capitalization strategies by 5% each. The allocation and structure of the small-capitalization program would remain unchanged. These proposed changes would better balance out 'event risk' to any given manager than is currently the case, while reducing the overall investment management fees paid at the program level from approximately 42 basis points to approximately 35 basis points. Lastly, the active risk of the domestic equity program would be further reduced from approximately 1.30% to 1.15%, freeing up the 'active risk budget' to pursue potentially higher-reward strategies in less efficient asset classes than those historically found in U.S. equity markets.

Attachments

- A. *SIS Presentation: Domestic Equity Manager Structure*



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

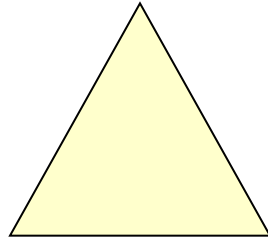
DOMESTIC EQUITY MANAGER STRUCTURE

January 27, 2015

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 Bush Street, Suite 2000
San Francisco, CA 94104
(415) 362-3484

Plan Management Framework

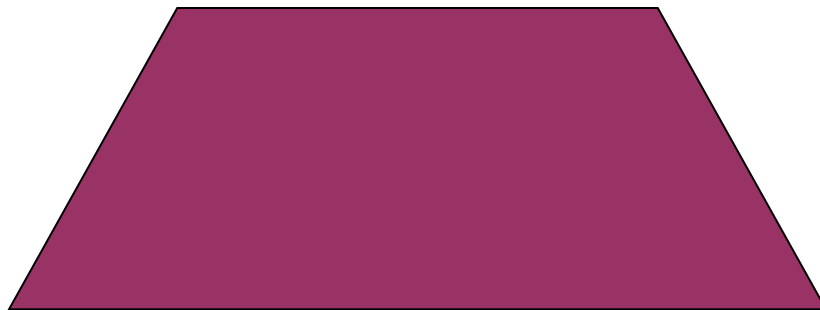


Manager Selection (5%-10%)



Manager Structure (10%-15%)

Style / Cap Tilts / Active / Passive



Asset Allocation (80%-90%)

Target Policy Mix

Manager Structure is the implementation of the Asset Allocation Study.

Manager Structure Guiding Principles

- Implementation of asset allocation
- Objectives: diversification and **risk control**
- Risk management approach
- Generally preferable to use fewer managers
- Diversify managers across investment styles

Characteristics of a Good Structure

- **High Information Ratio** **High alpha per unit of tracking error risk.**

- **Manager Event Risk (MER) is Not Concentrated** No one manager's under-performance would be expected to overwhelm the diversification of the structure.

Current Domestic Equity Structure

	Weights	\$	MER	% of Total MER		Target	Portfolio
S&P 500	35.0%	\$ 438	-	0%	US Lrg Gr	28.0%	26.8%
DESIM: BMCEP Strategy	15.0%	\$ 188	7.5	13%	US Lrg Val	28.0%	28.3%
Brown Advisory: Large Cap Growth	15.0%	\$ 188	15.0	27%	US Mid Gr	12.0%	16.3%
Barrow Hanley: Diversified LCV	15.0%	\$ 188	13.1	24%	US Mid Val	12.0%	13.8%
Chartwell: SCG	10.0%	\$ 125	11.3	20%	US Sml Gr	10.0%	7.0%
The Boston Company: US Small Value	10.0%	\$ 125	8.8	16%	US Sml Val	10.0%	8.0%
<hr/>							
Total	100.0%	\$ 1,250	55.6	100.0%	Style Risk		0.32%
					Active Risk		1.24%
	Target	Portfolio			Risk to Bench		1.28%
Value/Growth	50.0%	50.0%			Alpha		0.67%
Large/Small	80.0%	85.0%			IR		0.52

Recommended Domestic Equity Structure

	Weights	\$	MER	% of Total MER		Target	Portfolio
S&P 500	50.0%	\$ 625	-	0%	US Lrg Gr	28.0%	28.5%
DESIM: BMCAEP Strategy	10.0%	\$ 125	8.8	18%	US Lrg Val	28.0%	29.5%
Brown Advisory: Large Cap Growth	10.0%	\$ 125	10.0	21%	US Mid Gr	12.0%	14.5%
Barrow Hanley: Diversified LCV	10.0%	\$ 125	8.8	18%	US Mid Val	12.0%	12.5%
Chartwell: SCG	10.0%	\$ 125	11.3	24%	US Sml Gr	10.0%	7.0%
The Boston Company: US Small Value	10.0%	\$ 125	8.8	18%	US Sml Val	10.0%	8.0%
<hr/>							
Total	100.0%	\$ 1,250	47.5	100.0%	Style Risk		0.45%
					Active Risk		1.05%
	Target	Portfolio			Risk to Bench		1.14%
Value/Growth	50.0%	50.0%			Alpha		0.59%
Large/Small	80.0%	85.0%			IR		0.51

San Mateo County Employees' Retirement Association
Board of Retirement

January 27, 2015

Agenda Item 7.1

To: Board of Retirement

From: Chezelle Milan, Retirement Senior Accountant *CBM*
Lilibeth Dames, Retirement Investment Analyst *Lilibeth Dames*
Mabel Wong, Finance Officer *Mabel*

Subject: Preliminary 2nd Quarter Budget Report

DISCUSSION

SamCERA's budget consists of three components, a professional services budget authorized by Government Code §31596.1, an administrative budget and a technology budget authorized by Government Code §31580.2.

Professional Services Budget - Attachment One provides an overview of the accrued professional services expenditures. Investment management fees are driven by contractual agreements and based on total assets under management or the amount of capital committed. Fees for the actuarial services, investment consulting services and global custodian services are based on services detailed in the contractual agreements. The preliminary annualized aggregate professional services fee as of December 31, 2014, is approximately 55.5 basis points versus the expected fee of 55.4 basis points. Total actual to budget expenses was slightly over than projected.

SamCERA's Administrative Budget –The adopted administrative budget by category, versus the preliminary fiscal expenditures is shown in the table below.

Attachment Two provides a review of the line item administrative appropriations versus the preliminary expenditures. Year-to-date through the second quarter, SamCERA expended 42.7% of the approved appropriations. Under **Salaries & Benefits** SamCERA budgets all positions and benefits. Under **Services & Supplies** the association budgets all overhead and operational expenditures. This year's budget does not include any appropriation for **Capital Assets**.

SamCERA's Administrative Budget

	Adopted Budget	YTD Preliminary
Salaries & Benefits	\$ 4,129,491	\$ 1,825,437
Services & Supplies	\$ 1,676,009	\$ 652,121
Capital Assets	\$ 0	\$ 0
Total	\$ 5,805,500	\$2,477,558

Attachment Three provides a review of the line item technology appropriations versus the preliminary expenditures. SamCERA extended the contract with LRWL Inc. as the consultant in the implementation of the new Pension Administration Software Solution (PASS). SamCERA entered into contract with Vitech Systems Group and the implementation of the PASS system, V3, is in progress. The implementation of PASS is based on a phased approach over three years and the project is on schedule.

As of 12/31/2014, SamCERA's IT budget expended 55.1% of the approved appropriation.

SamCERA's Technology Budget

	Adopted Budget	YTD Preliminary
Property & Equipment	\$ 53,000	\$ 15,397
IT Infrastructure	\$ 1,508,150	\$ 270,688
Capital Asset	<u>\$ 3,500,000</u>	<u>\$2,502,565</u>
	\$ 5,061,150	\$2,788,651

San Mateo County Employees' Retirement Association
Board of Retirement

January 27, 2015
 Attachment One

Second Quarter Analysis
 12-31-2014

Agenda Item 7.1

PROFESSIONAL SERVICES BUDGET: Government Code §31596.1 states that, *“The expenses of investing its money shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:*

- (a) The costs, as approved by the board, of actuarial valuations and services rendered pursuant to §31453.*
- (b) The compensation of any bank or trust company performing custodial services.*
- (c) When an investment is made in deeds of trust and mortgages, the fees stipulated in any agreement entered into with a bank or mortgage service company to service such deeds of trust and mortgages.*
- (d) Any fees stipulated in an agreement entered into with investment counsel for consulting or management services in connection with the administration of the board's investment program, including the system's participation in any form of investment pools managed by a third party or parties.*
- (e) The compensation to an attorney for services rendered pursuant to §31607 or legal representation rendered pursuant to §31529.1.”*

The board has entered into the following contracts pursuant to §31596.1:

CONTRACTOR	SERVICE	FEE ⁽¹⁾	2014-2015 YTD EXPENSE (ACCRUED)	2014-2015 ESTIMATE
Milliman	Actuarial Consulting	0.4 bps	\$97,800	\$117,000
Segal Company	Actuarial Audit	0.3 bps	\$90,000	\$90,000
Strategic Investment Solutions	Investment Consulting	1.4 bps	\$216,667	\$450,000
Northern Trust	Global Custody	1.1 bps	\$158,250	\$350,000
State Street	Custodial Transition	0.2 bps	\$50,000	\$50,000
SUB-TOTAL NON INVESTMENT MANAGER CONTRACTUAL FEES			\$621,050	\$1,057,000
<i>Estimated Market Value 06-30-2015</i>			\$3.3 Billion	\$3.4 Billion
Average Basis Points ⁽²⁾			3.2 bps	3.1 bps

- (1) The Actuary, Custodian and Investment Consultant are compensated on a flat fee basis. Fees on this schedule are expressed in basis points (or fractions thereof) and utilize total assets while the Investment Manager calculations utilize assets under management.
- (2) The calculation utilizes an average market value of \$3.4 billion

The contractual fee schedule for investment managers appears on the following page.

CONTRACTOR	SERVICE	FEE ⁽¹⁾	2014-2015 YTD EXPENSE (ACCRUED)	2014-2015 ESTIMATE
BlackRock – S&P 500 Index Fund	Domestic Large Cap Equity	2.3 bps	\$55,712	\$130,000
D.E. Shaw Investment Management, LLC	Domestic Large Cap Enhanced	49.2 bps	\$380,531	\$750,000
Barrow, Hanley, Mewhinney & Strauss	Domestic Large Cap Value	45.1 bps	\$340,646	\$700,000
Brown Advisory	Domestic Large Cap Growth	44.0 bps	\$325,351	\$675,000
The Boston Company	Domestic Small Cap Equity	82.5 bps	\$426,174	\$1,100,000
Chartwell Investment Partners	Domestic Small Cap Equity	75.0 bps	\$396,704	\$1,000,000
Baillie Gifford	International Equity	46.6 bps	\$444,220	\$925,000
Eaton Vance - Parametric	International Equity	105.0 bps	\$343,189	\$680,000
Mondrian Investment Partners	International Equity	40.3 bps	\$353,906	\$450,000
Pyramis Global Advisors	International Equity	90.0bps	\$282,218	\$625,000
BlackRock – EAFE Index	International Equity	5.6 bps	\$36,191	\$86,000
Pyramis Global Advisors	Domestic Fixed Income	14.5 bps	\$136,930	\$265,000
Western Asset Management	Domestic Fixed Income	26.3 bps	\$173,861	\$350,000
Angelo Gordon (STAR)	Domestic Fixed Income	123.0 bps	\$260,000(3)	\$520,000
Angelo Gordon (OWL)	Domestic Fixed Income	104.1 bps	\$125,000(3)	\$250,000
Brigade Capital Management	Domestic Fixed Income	78.3 bps	\$246,627	\$480,000
Brown Brothers Harriman	Domestic Fixed Income	15.0bps	\$56,592	\$125,000
Franklin Templeton	Global Fixed Income	35.1 bps	\$175,402	\$500,000
ABRY ASF II	Private Equity	N/A	\$185,999(3)	\$400,000
ABRY ASF III	Private Equity	N/A	\$288,938(3)	\$400,000
ABRY Partners VII	Private Equity	N/A	\$85,393(3)	\$200,000
Cevian Capital	Private Equity	N/A	\$250,000(3)	\$500,000
Emergence Capital III	Private Equity	N/A	\$92,942(3)	\$200,000
EnCap Energy	Private Equity	N/A	\$75,000(3)	\$150,000
General Catalyst	Private Equity	N/A	\$125,000(3)	\$250,000
Regiment TCW	Private Equity	N/A	\$150,000(3)	\$300,000
Sycamore Partners I	Private Equity	N/A	\$187,500(3)	\$375,000
Sheridan Production Partners	Private Equity	N/A	\$150,000(3)	\$300,000
Warburg Pincus	Private Equity	N/A	\$251,987(3)	\$560,000
Third Rock Ventures III	Private Equity	N/A	\$114,997(3)	\$250,000
Great Hill Partners	Private Equity	N/A	\$250,000(3)	\$500,000
AQR Global Risk Premium III	Risk Parity	N/A	\$347,158	\$600,000
AQR Delta XN	Hedge Fund	N/A	\$540,573	\$1,080,000
PanAgora Asset Management	Risk Parity	35.0 bps	\$280,000(3)	\$560,000
SSGA- SSARIS Multisource Commodities	Commodities	60.0 bps	\$252,399	\$575,000
INVESCO Realty Advisors	Real Estate Management	35.3 bps	\$346,518	\$800,000
Clifton – Parametric	Cash Management Overlay	N/A	\$56,533	\$150,000
SUB-TOTAL INVESTMENT MANAGERS			\$8,590,191	\$17,761,000
Average Basis Points ⁽¹⁾			52.3 bps	52.2 bps
SUB-TOTAL NON- INVESTMENT MANAGERS (FROM PREVIOUS PAGE)			\$621,050	\$1,057,000
Average Basis Points ⁽²⁾			3.2 bps	3.1 bps
TOTAL ESTIMATED CONTRACT FEES			\$9,211,241	\$18,818,000
<i>Estimated Market Value 06-30-2015</i>			\$3.3 Billion	3.4 Billion
Average Basis Points ⁽²⁾			55.5 bps	55.4 bps

(1) The Actuary, Custodian and Investment Consultant fees expressed in basis points utilize total assets while the Investment Manager calculations utilize assets under management.

(2) The calculation utilizes an average market value of \$3.4 billion

(3) Management fees for investment managers that provide quarterly statements are expressed as estimates until quarterly statements are received and booked in SamCERA's financials. Statements have not been received as of the date of the mailing.

SamCERA's
Administrative Budget
Fiscal Year 2014-2015
2nd Quarter
as of December 31, 2014
PRELIMINARY
ATTACHMENT II

	Budget Allotment (as Amended)	Year to Date Expenditures	Percentage Expended	Remaining Balance	Remaining Percentage
Salaries	\$2,658,939	\$1,154,697	43.4%	\$1,504,242	56.6%
Benefits	\$1,470,552	\$670,741	45.6%	\$799,811	54.4%
Salaries & Benefits	\$4,129,491	\$1,825,437	44.2%	\$2,304,054	55.8%
Board Expense	\$10,500	\$3,300	31.4%	\$7,200	68.6%
Insurance	\$80,000	\$40,000	50.0%	\$40,000	50.0%
Medical Evaluation	\$100,000	\$10,758	10.8%	\$89,242	89.2%
Member Education	\$50,000	\$18,732	37.5%	\$31,268	62.5%
Education & Conference	\$115,500	\$45,481	39.4%	\$70,019	60.6%
Transportation and Lodging	\$183,280	\$42,034	22.9%	\$141,246	77.1%
Property & Equipment	\$30,000	\$8,537	28.5%	\$21,463	71.5%
General Office Supplies	\$38,500	\$18,749	48.7%	\$19,751	51.3%
Postage & Printing	\$90,000	\$25,966	28.9%	\$64,034	71.1%
Leased Facilities	\$509,550	\$181,995	35.7%	\$327,555	64.3%
County Services	\$373,179	\$217,415	58.3%	\$155,764	41.7%
Audit Services	\$45,500	\$28,135	61.8%	\$17,365	38.2%
Other Administration	\$50,000	\$11,018	22.0%	\$38,982	78.0%
Services & Supplies	\$1,676,009	\$652,121	38.9%	\$1,023,888	61.1%
Capital Assets	\$0	\$0	0.0%	\$0	0.0%
Depreciation		\$0			
Grand Total	\$5,805,500	\$2,477,558	42.7%	\$3,327,942	57.3%

SamCERA's
Information Technology Budget
Fiscal Year 2014-2015
2nd Quarter
as of December 31, 2014
PRELIMINARY
ATTACHMENT III

	Budget Allotment (as Amended)	Year to Date Expenditures	Percentage Expended	Remaining Balance	Remaining Percentage
Property & Equipment	\$53,000	\$15,397	29.1%	\$37,603	70.9%
IT Infrastructure	\$1,508,150	\$270,688	17.9%	\$1,237,462	82.1%
Capital Assets	\$3,500,000	\$2,502,565	71.5%	\$997,435	28.5%
IT Total	\$5,061,150	\$2,788,651	55.1%	\$2,272,499	44.9%

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 7.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: Update on Strategic Plan Implementation

Staff Recommendation

Review staff's update report on the implementation of the Strategic Plan.

Background

During the June 2014 Board meeting, the Board approved the Strategic Plan shown at attachment "B." The plan lists identified items that the staff intended to address in Fiscal Year 2014-15. The heart of the plan is a matrix that provides more details about the, potential solutions, timing and status of each item. The current Strategic Plan initiated a numbering system by fiscal year, meaning the first two digits identify items that were initiated in the fiscal year that ends in the year of the digits. For example, item 14-1 was initiated in the fiscal year that ended on 6/30/14. The number "1" in this case is the sequence number.

Staff has developed a shortened "dashboard" look, at attachment "A", that shows each item on one line, representing the current fiscal year, with an "X" denoting either the completion date or expected completion date or if the item is expected to continue into the next fiscal year.

Discussion

A description of the current status of the implementation of the Strategic Plan by sequence number follows:

14-1

Staff has selected a vendor and is negotiating a contract for services. Once work commences the website should be up and running within 3 months, which staff anticipates to be 5/31/15. Full integration with Web Member Services is expected to be completed by 7/31/15.

14-2

In April of 2014 Pension Gold Web Member Services was modified to permit retirees to view their payment advices but is only available to retirees with access to the County's Intranet. The final step in granting the remaining retirees access is to move the Web Member Services server to a location with access to the Internet. Staff has been working with the County ISD to arrange

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

a hosting agreement to permit this but before executing the agreement staff needs to be comfortable that member data is not at risk. Staff is working with ISD to conduct penetration testing to make sure appropriate measures are in place to safeguard member data. Staff expects that following successful penetration test results that Web Member Services can be up and running and available to members by 3/31/15.

14-3

Management staff held an initial meeting to create a task list and milestones to develop an integrated business continuity plan in order to be able to conduct critical functions during emergency situations. Although constructing this plan may continue into the next fiscal year, staff anticipates that a plan that addresses key critical tasks can be implemented by 6/30/15.

14-4

(See 14-2) Staff has been working with the County ISD to arrange a hosting agreement to permit this but before executing the agreement staff needs to be comfortable that member data is not at risk. Staff is working with ISD to conduct penetration testing to make sure appropriate measures are in place to safeguard member data. Staff expects that following successful penetration test results that Web Member Services can be up and running and available to members by 3/31/15.

14-5

The updated disability pamphlet is completed and will be made available after final formatting is completed. The disability forms are currently being reviewed and modified. Staff anticipates that the pamphlet will be available by 1/31/15 and forms will be updated by 3/1/15.

14-6

The Retirement Communications Specialist (RCS) was tasked with the responsibility of creating and updating all SamCERA forms. Staff compiled all current forms and provided them to the PASS vendor for inclusion during the PASS development. **COMPLETED 8/4/14**

14-7

The hiring process for the Investment Analyst is underway. The job has been posted and staff will review resumes on 1/22/15. The panel interviews are scheduled to take place 2/2 and 2/3. The departmental interviews will take place later in February. Staff anticipates completing the process by 2/28/15.

14-8

The Board, staff, and consultant spent the first six months of 2014 reviewing and updating the investment policy. The Policy was completely refreshed, and the Board approved the changes on 6/3/2014. **COMPLETED 6/3/14**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

14-9

GASB 67 Financial Reporting for Pension Plans – An amendment of GASB Statement No. 25 was fully implemented in SamCERA's 2014 Comprehensive Annual Financial Report (CAFR) with required disclosures and schedules. The Board approved the CAFR at its October meeting.

COMPLETED 10/28/14

14-10

GASB 68 Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27 requirements was implemented in SamCERA's 2014 CAFR. SamCERA's actuary, Milliman Inc., prepared the required GASB 68 disclosures and schedules that were included in the 2014 CAFR. Plan sponsors can use information from SamCERA's 2014 CAFR in their 2015 financial reports. A final meeting was held with the Implementation Task Force on December 9, 2014, to review Milliman's GASB 67 & 68 Disclosure report. **COMPLETED 10/28/14**

14-11

Staff has been actively engaged in the County's Workday rollout. The Workday file is very close to replicating the file generated by the current Personnel Information Payroll System (PIPS). Staff and the County anticipate successful integration of Workday and PensionGold by 3/31/15.

14-12

Staff compiled survey results at the end of the year and continues to elicit feedback from members through a point-of-service survey specific to forms. All of the comments received have been positive. **COMPLETED 12/31/14**

14-13

Staff has conducted a series of contacts with members such as new employee orientations for specific departments, the annual benefits fair and drop-in sessions. For the remainder of the fiscal year, staff will participate in the County's new hire program, publish the active and retired newsletters, conduct several financial education classes, conduct new hire orientations at the Medical Center and Sheriff's Department, hold 'Ready to Retire' workshops and have quarterly drop-in sessions at different locations. Staff will complete the schedule on 6/30/15 and will schedule events for subsequent years.

14-14

Staff is working on developing a framework for essential information that members need throughout their career and into retirement. A member education master plan will identify the key information members need and when they need to receive it. Staff estimates the framework will be established by 6/30/15 and completion of the plan will likely take into the next fiscal year.

14-15

Staff is currently identifying and reviewing all policies. Staff expects to have all key Board policies updated and posted on the Board's webpage on the new website.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

14-16

Due to staffing growth, the previous counseling room was converted to an office. Staff recognized that there was a need, once again, to have a counseling room versus conducting individual counseling in their offices. Modifications to two areas on the Benefits side were done to make the counseling room feasible. **COMPLETED 11/16/14**

14-17

Staff and Contractor completed the upgrade to Microsoft Dynamics Great Plains 2013 on time and 20% under budget. **COMPLETED 11/16/14**

14-18

In order to preserve clarity regarding employees who are who are eligible for SamCERA membership, staff proposed changes to Board regulations. On 7/29/14 the Board of Retirement approved a definition of 'Term Employee' in its regulations and on 9/9/14 the Board of Supervisors ratified the changes to the regulations. **COMPLETED 9/9/14**

14-19

It was agreed upon that the County's Human Resources (HR) Department would conduct a salary study of the Chief Executive Officer (CEO) prior to the recruitment of the position. If the CEO's salary was not in-line then a full salary study of all SamCERA positions would be conducted. The result confirmed that the CEO salary was competitive and no further staffing studies would be done. **COMPLETED 7/17/14**

14-20

Staff has been engaged with HR staff and the unions during the current round of negotiations and will continue to support the negotiations process through the remainder of the fiscal year of 6/30/15.

15-1

Staff is developing a replication and recovery plan to be reviewed by ISD. Upon agreement, staff and ISD will begin implementation. This implementation is expected to begin in the next fiscal year and is not expected to be completed until 9/30/15.

15-2

The results of SamCERA's point-of-service (POS) survey were disclosed in SamCERA's fall newsletter. SamCERA received an average ranging from 97% to 99% member satisfaction. Staff continues to solicit member comments. **COMPLETED 11/19/14**

15-3

SamCERA Chief Legal Counsel updates the Board and staff on new legislation affecting SamCERA at the end of each legislative year and as necessary throughout the year. Counsel

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

also routinely updates the Board on court cases involving issues relevant to SamCERA. These legal updates are ongoing and will continue in the future but do not need to be contained in the Strategic Plan. **COMPLETED 10/27/14**

15-4

At the July Board meeting, the Board amended the Interest Crediting Policy to eliminate the creation of "excess earnings." **COMPLETED 7/29/14**

15-5

Staff will update the current manual in order to be available prior to the start of the term for any newly elected and/or appointed trustees that may start at the beginning of the next fiscal year. Staff expects the manual to be available on 5/1/15.

15-6

Staff anticipates submitting the Request for a Tax Determination Letter to the IRS by 3/31/15.

15-7

A parallel actuarial audit was completed by the Segal Company. The audit report was accepted by the Board at the September meeting. **COMPLETED 9/29/14**

15-8

Staff is reviewing the procedure that allows staff to correct overpayments and underpayments to/from members. Staff anticipates that any recommended changes will be brought to the Board for approval at its April meeting on April 29, 2015.

15-9

Staff worked with both the new custodian (Northern Trust) and the incumbent custodian (State Street) to ensure a relatively smooth transition. Northern Trust created a transition team that held weekly calls with staff to ensure the process was as efficient as possible. On 7/1/14, SamCERA officially transitioned to Northern Trust, and by September all reconciliation activities were complete. **COMPLETED 9/30/14**

15-10

Staff and SIS have been working on a 'risk dashboard' that gives a snapshot of the various risks of the SamCERA portfolio. The dashboard will be provided to staff on a semi-annual basis, with 6/30 and 12/31 values. Based on Board feedback, staff will share the dashboard contents annually with the Board during the Board Retreat (using 12/31 data). Staff and SIS will next use the dashboard during the April 2015 Board/Staff Retreat on April 29, 2015. **COMPLETED 7/31/14**

15-11

Staff continues to implement changes in accordance with direction provided from the asset liability study. In January, the Board will review opportunities in the opportunistic credit space. In February, the Board will review strategies for potential additional hedge fund allocations.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The implementation is anticipated to be completed in the next fiscal year before the end of the first quarter on 9/30/15.

15-12

Staff and SIS will provide the Board an educational session on strategies to hedge against currency fluctuations during the April 2015 Board/Staff Retreat. Subject to guidance from the Board, staff anticipates this to be completed in the next fiscal year before the end of the first quarter on 9/30/15.

Attachments

- A. *Strategic Plan "Dashboard"*
- B. *Current Strategic Plan*

Strategic Plan Project Overview

FY 2014-15

	Q1			Q2			Q3			Q4		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
14-1	Improve SamCERA's website											X
14-2									X			
14-3												X
14-4									X			
14-5								X				
14-6	X							COMPLETED				
14-7								X				
14-8	X							COMPLETED				
14-9				X				COMPLETED				
14-10				X				COMPLETED				
14-11									X			
14-12						X		COMPLETED				
14-13												X
14-14												X
14-15												X
14-16					X			COMPLETED				
14-17					X			COMPLETED				
14-18			X					COMPLETED				
14-19	X							COMPLETED				
14-20												X

↑ 14-series projects were carried over from FY 2013-14.

This slide was last updated: 1/15/2015



X = completion date

X = projected completion date (ongoing project)

Strategic Plan Project Overview

FY 2014-15													
	Q1			Q2			Q3			Q4			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
15-1	Offsite disaster recovery											→ X	
15-2	Release survey results				X	COMPLETED							
15-3	SamCERA aware of pension legislation			X		COMPLETED							
15-4	X	Medicare Part-B				COMPLETED							
15-5	Update trustee manual											X	
15-6	File tax determination letter											X	
15-7	Actuarial audit		X			COMPLETED							
15-8	Update procedure for deductions not taken											X	
15-9	Transition to Northern Trust			X		COMPLETED							
15-10	X	Understand portfolio risks				COMPLETED							
15-11	Finish asset liability implementation											→ X	
15-12	Currency hedging programs											→ X	

↑ 15-series projects were developed for FY 2014-15.

This slide was last updated: 1/15/2015



San Mateo County Employees' Retirement Association

Strategic Plan

2014-15 UPDATE

Executive Summary

This is an update of SamCERA's Strategic Plan, which covers the fiscal year 2014-15.

Some projects identified in this plan will extend beyond that time period. The update includes this summary and the Action Plan Matrix, which lists and describes the projects staff will pursue during the year. All the steps in the Strategic Planning process leading up to the writing of the report were conducted as usual this year. All staff held a retreat in April 2014 and discussed the strengths, weaknesses, opportunities and threats facing SamCERA. The result of these discussions is the Action Plan Matrix below.

This year's Action Plan Matrix also includes two new categories: (1) "Lead," which identifies the individual responsible for coordinating that particular action item, and (2) "End State," which describes the conditions which must be met before that action item can be considered "done."

Staff will provide a full review and rewrite the plan for the 2015-16 fiscal year.

During the 2014-15 fiscal year SamCERA will continue to pursue its three major goals, all of which are derived from and consistent with SamCERA's mission statement.

SamCERA Mission

SamCERA exists to serve as loyal fiduciary for its members and as prudent administrator of the retirement system.

Asset Management Goal

Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.

Major projects under this goal include transitioning to a new custodial bank, revising the Investment Policy, building a risk dashboard to better understand the risks in SamCERA's portfolio, and ensuring that SamCERA properly implements new Government Accounting Standards Board (GASB) statements.

Customer Services Goal

Provide caring, fair, accurate, timely and knowledgeable professional services and information to members and other stakeholders.

Over the coming years, meeting this goal will involve providing input to the Enterprise Content Management (ECM) and Pension Administration Software System (PASS) vendors in order to assure that the new systems provide users and members with new tools that improve efficiency, accuracy and customer service.

Operations Goal

Constantly improve the effectiveness and efficiency of SamCERA's operations.

This will involve updates to some of SamCERA's core technologies, including the creation of a new SamCERA website with integrated Web Member Services. It will also include filing a new tax determination letter with the IRS, to ensure that the laws governing SamCERA are consistent with federal guidelines.

Each goal has a number of specific projects designed to help achieve it. The projects incorporate ideas generated during all staff retreats beginning in 2005. The 2014-15 plan

is SamCERA's ninth under the Government Finance Officers' Association (GFOA) Strategic Planning approach. There are now 32 projects for the staff to initiate and/or complete during the 2014-15 fiscal year. That said, the count of 32 tasks broadly understates the tasks ahead for the staff during the next few years as SamCERA continues with its Technology Modernization Project.

During the previous plan year, the staff completed 27 projects. Projects that were not completed but still relevant are continued on this current plan. In the previous 9 years, staff has completed a total of 178 projects, all over and above their regular duties.

2014-15 Action Plan Matrix

Ranking: A=Must be started and/or completed in FY. B=Should be completed in FY. C=Should be started in FY.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-1	Ops.	B	SamCERA's Website is well appreciated by members, but could be improved. Website data is hard to update and design is out of date. Navigation could be improved.	<p>Create new website with Web Member Services integrated. Add site map to website (during website redesign). Use focus group to inform design? Work on technology and procedures to allow web updates from staff.</p> <p>Next Event: Select vendor to implement new website.</p>	IT/Comm./Legal	Tariq	Continue in FY 14-15. Colin Bishop and Darius Nagal met regarding design, look and feel. Proposal evaluation is underway.	New website is live and integrated with Web Member Services.
14-2	Ops./Cust. Serv.	B	Today, SamCERA retirees receive paper advices each month with the amount of their monthly payment and deductions. This is a costly method of supplying this information.	<p>Consider methods to convert to provision of monthly payment information via an electronic method. Will look at putting advice information on web member services. Plan is that after implementation:</p> <ul style="list-style-type: none"> • Current retirees will opt in; • New retirees will opt out; • Each retiree will receive a minimum of one paper advice per year at year end and whenever a change takes place <p>Next Event: Develop timeline, including communication plan, for implementation.</p>	Ben./Admin.	Gladys	<p>Continue in 14-15. LRS has been asked to create an on-screen pay advice that looks like a typical pay advice.</p> <p>Estimate from LRS received in August 2013. Make e-advice the default. Opt in for paper. Plan for notice in newsletter.</p>	Members can get their advices online.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-3	Ops.	A	SamCERA must be prepared to react to all types of emergencies that might affect the ability of the association to fulfill its responsibilities.	<p>Staff will:</p> <ul style="list-style-type: none"> Create a committee to meet every two months to review and recommend steps to improve safety and emergency preparedness. Annually review and update the Safety and Emergency Plans. Continue to hold table-top exercises at Staff Meetings. Document the technology emergency plan (for PensionGold, backups, etc.). Document the retiree payroll plan (PensionGold, moving funds, creating and sending files). Keep the emergency contacts information up to date. <p>Next Event: Committee to develop task list/milestones for coming year.</p>	Admin./All Divisions	Scott	<p>Continue in FY 14-15. Created a Safety and Emergency Planning Committee in fall 2012.</p> <p>Committee is updating plan. All should update phone with contact numbers.</p>	SamCERA is prepared to react to all emergencies.
14-4	Cust. Serv.	A	Web Member Services allows members with access to the County Intranet to view information about their accounts. To date, security concerns have prevented SamCERA from making this information also available to retired members via the Internet.	<p>Proceed with tests of security protections for WMS provided via the Internet.</p> <p>Next Event: Rollout, with communication plan, and develop penetration testing plan (post production)</p>	IT	Tariq	<p>Continue in FY 14-15. Updated WMS was rolled-out in June. Member response has been strong, with a nearly 20-fold increase in hits to the WMS site. Security testing set for spring 2014 prior to allowing to web access.</p>	WMS is available on the Internet.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-5	Cust. Serv.	A	Disability forms and pamphlet are not current.	<p>Review and update board disability regulations (COMPLETE), application forms and form letters. Identify which steps in the process take the most time. The new PASS will support this effort. Update the Disability pamphlet. Use workflow as tool to facilitate processing. [consider breaking this into smaller tasks – we may have BPR workflow for this, per Tariq ... additionally, we need to add other elements under the Technology Modernization Project umbrella, including SharePoint, Office 365, and board packet software]</p> <p>Next Event: Update Disability Pamphlet and Disability Forms. Integrate disability workflow into the PASS.</p>	Ben./Legal/Comm.	Gladys	<p>Some parts COMPLETE, others Continue in FY 14-15. Backlog has been reduced and processing more streamlined. Additional work continuing and will include tools in PASS to assist these efforts. Updated disability pamphlet is pending. Regulation change approved by Board to delete active member death provision and revise wording of right to a hearing.</p>	Disability forms and pamphlet are published.
14-6	Cust. Serv.	A	With new plans and tiers of members, the complexity of benefits processing has increased significantly. Forms used for benefits processing is one area where better form control will be needed.	<p>All correspondence is to have bar codes. 60 forms have been included in the PASS project.</p> <p>Next Event: Work with LRWL to prioritize this list early in the process.</p>	Comm./Ben./Legal	Gladys	Continue in FY 14-15 . Bar coding added to process of scanning all member documents. Progress being made putting forms on website.	Finalize list of forms to be integrated into PASS.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-7	Asset Mgmt.	A	SamCERA has significantly increased the diversification of its fund resulting in an increase in investment management firms from 10 in 2009 to 33 as of 2012. Additional firms will be added as SamCERA builds out its private equity portfolio. The addition of firms and the introduction of private equity firms has increased the need for staff interaction, monitoring and review of each firm's activities.	Staff will analyze the staffing of the Investment Division and make a recommendation to the Board. Determine job description for new position. [add BPR discussion] Next Event: Meet with HR to develop job description and timeline for implementation.	Inv./Admin.	Mike	Continue in FY 14-15. Funds for an additional position are included in the 2014-15 budget. Likely implementation in first half of FY 14-15.	Hire additional investment staff.
14-8	Asset Mgmt.	A	SamCERA's Investment Policy has not had a significant review for several years.	The CIO is working with the Retirement Board to review the Investment Policy. Next Event: Agendize and discuss at subsequent Board meetings.	Inv.	Mike	Continue in FY 14-15. CIO working with Board to revise policy.	Board approves revised investment policy.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-9	Asset Mgmt./Ops.	A	The Government Accounting Standards Board has issued new statements that affect retirement plans including SamCERA. Statement No. 67, Financial Reporting for Pension Plans, revises existing guidance for the financial reports of most pension plans.	<p>Implementation date: July 1, 2014. Per GASB, "The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014."</p> <p>SamCERA must work with its actuarial and auditing firms, as well as the County of San Mateo, Superior Courts of San Mateo, and Mosquito District to make sure that implementation of these new rules is performed in an accurate and timely manner.</p> <p>Next Event: Task Force meeting to discuss results of Dry Run.</p>	Fin.	Mabel	Continue in FY 14-15. SamCERA is leading a working group of employers and actuarial and financial auditing consultants to conduct a "dry run" of the new GASB processes.	SamCERA complies with implementation date and GASB 67 is implemented.
14-10	Asset Mgmt./Ops.	B	Statement No. 68, Accounting and Financial Reporting for Pensions, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.	<p>Implementation date: July 1, 2015. SamCERA must work with its actuarial and auditing firms, as well as the County of San Mateo, Superior Courts of San Mateo, and Mosquito District to make sure that implementation of these new rules is performed in an accurate and timely manner.</p> <p>Next Event: Task Force meeting to discuss results of Dry Run.</p>	Fin.	Mabel	Continue in FY 14-15. SamCERA is leading a working group of employers and actuarial and financial auditing consultants to conduct a "dry run" of the new GASB processes.	SamCERA complies with implementation date and GASB 67 is implemented. Information needed for Employer Reporting in GASB 68 will be available from the plan's valuation and Comprehensive Annual Financial Report.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-11	Asset Mgmt.	A	San Mateo County is implementing a new payroll system. SamCERA receives data from the system with each bi-weekly payroll issuance. It is important that the new payroll system integrate well with SamCERA's current and future technology.	<p>Ensure SamCERA is kept in the loop regarding the implementation of the new payroll system.</p> <p>Ensure that programming rules are kept intact.</p> <p>Ensure existing files don't change.</p> <p>Continue discussion with County regarding PIPS.</p> <p>Next Event: PIPS Solutions Committee Meeting.</p>	IT/Fin.	Tariq	<p>Continue in FY 14-15. SamCERA is included in bi-weekly PIPS Solution Committee meetings. Staff will continue to monitor until new payroll system is implemented.</p> <p>In Oct. staff asked Controller for payroll reports for SamCERA to be included in Workday project scope.</p>	Import file from Workday will be transformed to work with Pension Gold, and also be directly imported into PASS.
14-12	Cust. Serv.	C	We don't know if our forms are user-friendly.	<p>Make it a practice to review forms with staff after new forms have been in use for some time to see if there are frequent errors. Change forms accordingly. Ultimately want PASS to audit forms as the member fills them out.</p> <p>Next Event: Determine prioritized forms list.</p>	Comm./Ben./Legal	Gladys	<p>Continue in FY 14-15. A survey of retirees, actives and staff who have used forms is in the works as of July 2013.</p> <p>As of Sept. 2013, survey being distributed as Point of Service survey.</p>	We have survey results to determine if forms are user-friendly.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-13	Cust. Serv.	C	We need more opportunities to provide counseling to members.	<ul style="list-style-type: none"> • Set-up Offsite Drop-In <ul style="list-style-type: none"> - Locations County Campus Medical Center Health Services Alameda de las Pulgas (Family Health) Fair Oaks HSA – 1 Davis Dr. Courts location • Article in newsletter about Drop-Ins for departments • Wellness/Safety – Inform group about availability to do presentation at departments ➤ Every other month in a different location [do we want to break this category down in smaller components?] ➤ Additional ideas: (1) we can provide attendees at drop-in session with fliers for upcoming SamCERA classes; (2) we should be more clear about what members will get at drop-in sessions (better info in fliers, etc) <p>Next Event: Develop drop-in schedule and incorporate into newsletter and website.</p>	Ben./Comm.	Gladys	<p>COMPLETED but Continue in FY 14-15.</p> <p>Projects begun in July 2013. Drop-ins and off-sites held at Medical Center, HSA offices, and Mosquito District. Planning to visit Fair Oaks. Will also plan for orientations when new hiring for new jail occurs.</p>	We have increased and improved the quality of contact with members.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-14	Cust. Serv.	B	Member education is a key to successful retirement planning and the most effective use of SamCERA benefits. Many members are without financial management knowledge. We should provide different types of education to members.	Continue strengthening member education programs. Include: Regular attendance at training/meetings of payroll clerks, use of website and advices to notify members of new information, update of the Survivor Handbook, use of more focus groups for publications, web site, etc. Next Event: Develop plan and timeline.	Ben./Comm.	Scott	Continue in FY 14-15. Progress made.	Develop Member Education Master Plan.
14-15	Ops.	B	SamCERA needs a procedure to update the website when policies are adopted or revised.	Post our governing documents to website. Next Event: Identify current list of policies. Create web page and links.	Legal	Brenda	Continue in 14-15. In progress.	All current policies posted to website.
14-16	Cust. Serv.	A	No counseling room; privacy needed for counseling.	Work on overall configuration of office, including adding counseling room. Next Event: Complete plan for converting old kitchen into copier room. Meet with KRJ to design and furnish new space, develop plan to relocate existing furnishings.	Ben./Admin.	Gladys	In progress.	Counseling room complete.
14-17		A	Upgrade Great Plains and reporting tools.	Next Event: Select vendor and ensure implementation minimizes disruption with year-end closing activities.	IT/Fin.	Tariq	In progress.	Great Plains is upgraded.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-18	Ops./Cust. Serv.	A	San Mateo County is making plans to become an "Agile Organization." Clarify that a 'Term' employee is a temporary employee.	SamCERA needs to clarify that a 'Term' employee is a temporary employee. ... involve Mosquito and Courts in this discussion. Next Event: Introduce Board Regulations that make this clear.	Legal/Ben.	Scott	Continue in 14-15. Some discussions with County HR already held. Working to schedule another meeting with HR, Courts and Mosquito.	Board approves regulation change defining term employee.
14-19	Ops.	C	Staff salary growth is limited due to the absence of COLA increases and the limited career progression paths available at SamCERA.	Look at salaries and job descriptions in other systems to determine if SamCERA remains competitive. Are there additional benefits to offer employees? Discuss special district option. Look at other ways to make the work environment pleasant. Include evaluations of how much complexity has been added to each position since the last salary survey. Next Event: On hold until HR completes CEO salary study.	Admin.	Scott	Continue in 14-15 if economy continues to improve. AEO will lead salary research. Initial survey showed SamCERA is not out of line with sister systems in the Bay Area.	HR provides results of salary survey.
14-20	Ops.	B	Past MOUs have contained provisions that have been difficult for SamCERA to implement or administer. AFSCME, SEIU, CNA are being negotiated this FY.	SamCERA should work with negotiators and get information early in the process to help avoid mistakes in new MOUs and allow SamCERA to properly advise negotiators. Work with County HR and Courts to set a process going forward. Suggest a Technical Committee to include SamCERA representation. Next Event: Develop meeting schedule with HR for negotiations. Continue educational meetings with employee groups.	Admin./Legal/Ben./Fin.	Gladys	Continue in 14-15. Initial meeting held in April 2014 with HR and County Counsel. SamCERA is participating in meetings with employee groups.	Contracts have been signed with input from SamCERA.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
15-1	Ops.	A	No offsite disaster recovery location for critical technology.	Next Event: Consider options then develop plan.	IT	Tariq	Edward Ick is developing a replication and recovery plan. First phase will be to replicate to the County data center, second phase will be to replicate elsewhere.	Thorough disaster recovery and business continuance plan for critical technology is operational at another site.
15-2	Cust. Serv.	B	Releasing POS survey results	Next Event: Develop a plan to release results.	Ben./Comm.	Gladys		We release survey results.
15-3	Ops.	B	SamCERA should be aware of pension legislation.	Next Event: Determine reliable sources of pension-related information	Legal	Brenda		Staff is aware of pending legislation and laws that may impact the fund and members.
15-4	Asset Mgmt.	A	Medicare Part B is not included in the Interest Crediting Policy.	Discussed at Board meeting 4/30. Next Event: Updating of Interest Crediting Policy will form the baseline for the next discussion with the Board.	Admin./Legal	David		Investment Crediting Policy addresses Medicare Part B.
15-5	Ops.	A	Potentially new board members in coming FY	Update trustee manual. Next Event: Review current manual, prioritize items for updating.	Admin./Legal	Scott		SamCERA trustee manual is updated.
15-6	Ops.	A	Tax determination letter needs to be filed	Next Event: Team needs to develop a plan and timeline.	Legal/Fin./Admin.	Scott		SamCERA files its tax determination letter.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
15-7	Asset Mgmt./Ops.	A	Actuarial audit	Next Event: Provide data files and financial information to Milliman and Segal on target dates; respond to questions and request from Milliman and Segal in a timely manner. Ensure movement of data from Milliman to Segal.	Fin./Inv.	Mabel	In progress, from May to September.	Actuarial audit findings reported to Board of Retirement.
15-8	Cust. Serv./Ops.	B	Procedure for Deductions Not Taken needs to be updated	Next Event: Schedule meeting to review and amend existing underpayment and overpayment regulations and staff procedures.	Fin./Ben./Legal	Mabel		Board approves over/under payments with a resolution or amendment.
15-9	Asset Mgmt./Ops.	A	Custodial bank transition	Next Event: Negotiate contract, publish plan.	Inv./Fin./ Legal	Mike		Northern Trust is SamCERA's custodial bank.
15-10	Asset Mgmt.	B	We need to better understand the risks in our portfolio	We are building a risk dashboard. Next Event: Review examples, develop an implementation plan and timeline.	Inv.	Mike	Shared with Board risk dashboard prototype during April 2014 Retreat. Board requested receiving risk metrics annually during future retreats. In addition, staff will get risk data semi-annually from SIS for monitoring purposes. Working with SIS to finalize data points to be included in Risk Dashboard.	SIS will provide risk dashboard data on semi-annual basis ending 6/30 and 12/31.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
15-11	Asset Mgmt.	B	Finish ALM Implementation	Next Event: Search for Risk Parity strategy to complement AQR; Search for Opportunistic Credit strategy; Search for Hedge Fund strategy to complement AQR Delta	Inv.	Mike	<p>Risk Parity Finalist will be selected during June Board meeting.</p> <p>During June Board meeting an educational session on Fixed Income Direct Lending will be provided.</p> <p>HF search will be conducted in the 2nd half of the year.</p>	Implementation of risk parity, opportunistic credit, and hedge fund strategies.
15-12	Asset Mgmt.	B	SamCERA's new target policy has a higher allocation to international equity, increasing the plan's potential exposure to currency fluctuations.	<p>Next Event: SIS will present an educational session on currency risks and hedging during a future Board meeting.</p> <p>SIS and staff will analyze SamCERA's currency exposure and inherent risks to determine whether to recommend a currency hedging policy be implemented.</p>	Inv.	Mike	During Q3.	Analyze need for currency hedging program.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 7.3

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: Update and Discussion of April 28 and 29, 2015, Board-Staff Retreat

Staff Recommendation

Provide input regarding 2015 Board-Staff Retreat Agenda topics.

Background

This item is to give trustees another opportunity to review and discuss retreat topics.

Attached is a draft agenda. Staff believes this is a well-balanced list of topics that should fit well with the amount of time planned for the retreat. If you have additional topics to suggest, please mention them during this agenda item.

Discussion

The April 28 and 29, 2015, SamCERA Board-Staff Retreat is scheduled along the same lines as the 2014 retreat:

Days:	Two consecutive days
Timing:	Leaves time in between speakers for discussion
Location:	In the SamCERA boardroom
Speakers:	Draw speakers from outside professionals as well as SamCERA's consultants and staff
Regular Business:	Conduct the Board's regular monthly business during the afternoon on Tuesday of the retreat
Dates:	Tuesday, April 28, and Wednesday, April 29

Attachment

Draft 2015 Board-Staff Retreat Agenda

Agenda & Presenters

Board / Staff Retreat

April 28 & 29, 2015



San Mateo County Employees'
Retirement Association

BOARD / STAFF RETREAT AGENDA
Day One—Tuesday, April 28, 2015

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
8:30 a.m.	Coffee and Refreshments
9:00 a.m.	Welcome Presenter: Scott Hood, SamCERA Chief Executive Officer
9:15 a.m.	Macro Overview Presenter: David Kupersmith, AQR
10:15 a.m.	Break
10:30 a.m.	Potential Impact of Plan Maturation How will this impact Investment Strategies and Liquidity? Presenters: Patrick Thomas, SIS Vice President, Michael Coultrip, SamCERA Chief Investment Officer
11:30 a.m.	Open Discussion
12 Noon	Lunch
1:15 p.m.	Ethics Training Presenter: Brenda Carlson, SamCERA Chief Legal Counsel
2:15 p.m.	Break
2:30 p.m.	Beginning of Regular Board Meeting Agenda

BOARD / STAFF RETREAT AGENDA
Day Two—Wednesday, April 29, 2015

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
8:30 a.m.	Coffee and Refreshments
9:00 a.m.	<p>Deep Dive Led by Mike Coultrip. Assess longer-term manager performance and other characteristics vs indexes and peer groups. Review Risk Dashboard. Presenters: Patrick Thomas, SIS Vice President, Michael Coultrip, SamCERA Chief Investment Officer</p>
10:15 a.m.	Break
10:30 a.m.	Dive Deep - Continued
11:00 a.m.	Open Discussion
11:30 a.m.	Lunch
12:45 p.m.	<p>Approach to Difficult Cases, such as Stress-related Conditions. Presenter: Dr. Henry Brodtkin, SamCERA Medical Advisor.</p>
1:30 p.m.	<p>Risk Management’s Role In Regards to Disabled Employees Presenter: Scott Johnson, San Mateo County Risk Manager</p>
2:15 p.m.	Break
2:30 p.m.	<p>Actuarial Presentation Explicit vs Implicit Assumption Rate Treating SamCERA’s separate employers separately. Presenter: Nick Collier, Milliman, Inc.</p>
3:30 p.m.	<p>Analyzing Currency Risk A summary of the issues surrounding this topic. Presenters: Patrick Thomas, SIS Vice President, Michael Coultrip, SamCERA Chief Investment Officer</p>
4:15 p.m.	<p>Pros and Cons of Implementing a Global Equity Structure. Presenters: Patrick Thomas, SIS Vice President, Michael Coultrip, SamCERA Chief Investment Officer</p>
5:00 p.m.	End of Retreat – Adjournment in the Memory of Our Deceased Members

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 7.4

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: Report on Upcoming Trustee Elections and Appointments

Staff Recommendation

Accept Staff's report on upcoming trustee elections and Board of Supervisor appointments.

Background

The terms of two elected trustees, one elected trustee alternate and two appointed trustees will expire in June of this year. For the elected trustees, the election will be held on June 8, 2015.

Discussion

In regards to the elected trustees, the terms of the Second Member, Mr. David, the Seventh Member, Mr. Spinello and the Seventh Member Alternate, Mr. Miller, all end on June 30, 2015. Although three elected positions will be up for election, only two elections will be held because the Seventh Member and Seventh Member Alternate are selected during the same election. Elections must be scheduled for those seats and Board Regulation 4.1 states that,

"Elections shall be held on the second Monday in June of the years in which the terms of elected trustees expire."

The election will be June 8th of this year. At the February board meeting, staff will present a schedule for the elections as developed in conjunction with the county Elections Division.

As for the appointed trustees, by June, the Board of Supervisors is scheduled to appoint the Fourth Member, currently Mr. Tashman, and the Sixth Member, currently Ms. Agnew, whose terms also end June 30, 2015. Staff will remind the appropriate county staff of the need for these appointments.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 27, 2015

Agenda Item 7.5

TO: Board of Retirement

FROM: Tariq Ali, Chief Technology Officer



SUBJECT: Approval of a Resolution Authorizing Chief Executive Officer to Execute an Agreement with Digital Deployment, Inc. for the Provision of Website Design and Support Services.

Staff Recommendation

Approve a resolution authorizing 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.

Background

SamCERA's current website was developed more than 12 years ago. A new website will improve SamCERA's ability to communicate important information to members via the web and to improve SamCERA's ability to keep the site routinely updated. With the current Pension Administration Software System ("PASS") project and the amount of staff time required for that project over the next two years, SamCERA does not have the resources to complete this project in-house.

Discussion

Staff issued a Request for Proposal soliciting proposals from firms that have web design and development experience for public retirement systems and received 16 proposals. Staff narrowed the field of proposers to two finalists. After interviews and a demonstration of their products, SamCERA selected Digital Deployment, Inc. because it was the overall best fit for the needs of SamCERA.

Digital Deployment, Inc., can provide: an intuitive and easy to learn User Interface; an all-in-one solution (Development and Conversion); available staff support for SamCERA; a strong ongoing support model that includes continuous updates to the platform; annual or bi-annual reviews of the website; regular re-evaluation and adjustment of their internal project management tools; and it has offices located in Sacramento. Digital Deployment, Inc. developed ACERA's new website and received positive reviews from the ACERA staff.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The implementation of newer web technology will also allow staff to collaboratively add and edit content rather than having a single person responsible for the entire site. Key required features for the new website will include:

1. Collaborative interface, enabling contributions by staff
2. Content presented dynamically for several interfaces and devices
3. Easy for our members, stakeholders and the public to navigate and find information
4. Full Section 508 of the Rehabilitation Act of 1973 (electronic and information technology by individuals with disabilities) and World Wide Web Consortium (W3C) Standards compliance
5. Design that reflects the professional nature of SamCERA

The cost of the development services will not exceed \$90,000 and is included in this year's budget. The five years of monthly support services will not exceed \$60,000 and will be included in future budgets. If minor modifications are required over the term of the agreement, the resolution authorizes the Chief Executive Officer to sign them in an amount not to exceed \$10,000 in the aggregate. This will allow staff to address any additional services and resulting costs which may arise due to the integration of the website with the PASS system and with future implementation of any agenda creation and posting software. Digital Deployment, Inc. will host the website free for the "life" of the website.

Attachment

Resolution Authorizing the Chief Executive Officer to Execute an Agreement with Digital Deployment, Inc. for the Provision of Website Design and Support Services.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

RESOLUTION 14-15-__

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN
AGREEMENT WITH DIGITAL DEPLOYMENT, INC. FOR THE PROVISION OF
WEBSITE DESIGN AND SUPPORT SERVICES**

WHEREAS, SamCERA, in accordance with California Government Code Section 31588.2, is authorized to expend funds on the administration of the pension system in order to provide timely and accurate benefits to its members; and

WHEREAS, SamCERA has commenced a comprehensive system-wide project to overhaul and update its technology and business processes, which includes an updated website; and

WHEREAS, Staff developed and issued a Request for Proposals (RFP) for website development and design services and 16 proposals were received; and

WHEREAS, Staff evaluated proposal documentation and product demonstrations, performed reference checks and recommended to the Chief Executive Officer that contract negotiations commence with Digital Deployment, Inc.; and

WHEREAS, the Chief Executive Officer has accepted that recommendation and is of the opinion that Digital Deployment, Inc. best meets the needs of SamCERA and that an agreement be entered into for design and development services support services; and

WHEREAS, this Board has determined that it is in the best interest of SamCERA to enter into an agreement with Digital Deployment, Inc. and for the Chief Executive Officer to execute an agreement or agreements not to exceed \$100,000 with Digital Deployment, Inc. for the provision of the website design and development services and five years of monthly support services not to exceed \$70,000; therefore, be it

RESOLVED, that the Chief Executive Officer is hereby authorized to execute an agreement or agreements with Digital Deployment, Inc. for the provision of the website design and development services and five years of monthly support services not to exceed \$70,000. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$10,000 in the aggregate.