

The Board of Retirement

of the San Mateo County Employees' Retirement Association
will convene a two-day meeting on
Tuesday, April 23, 2013, starting at 9:00 a.m.
Wednesday, April 24, 2013, starting at 9:00 a.m.

Please take notice that the Board of Retirement, will hold a two-day meeting to take place at the times and dates listed above. The meeting is for the purpose of discussing and transacting the following business:

Day 1: Agenda for Tuesday, April 23, 2013

PUBLIC SESSION - The Board will meet in Public Session at 9:00 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
 - 2.3 Retreat Presentations and Discussions *(see attached agenda and list of presenters)*
3. **Approval of the Minutes** *(Set for 2:30 p.m. time certain. *)*
4. **Approval of the Consent Agenda** *(Items removed from the Consent Agenda will be taken up during the Regular Agenda under Item 5.1 and in the order determined by the Board Chair.)*

<ol style="list-style-type: none">4.1 Member Benefit and Account Actions<ul style="list-style-type: none">Disability Retirements<ul style="list-style-type: none">• Jerome Wethington• Liza Dea• Ana SaplingService RetirementsContinuances	<ul style="list-style-type: none">Deferred RetirementsMember Account RefundsMember Account Rollovers4.2 Approval of Final SACRS Officers Nominating Committee Slate of Candidates4.3 Approval of Annual Manager Review Questionnaires for Value Managers4.4 Trustee Conference Request
---	---
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
 - 6.2 Report on the Annual Review of SamCERA's International Managers (Eaton Vance, Franklin Templeton, and Pyramis)
7. **Board & Management Support Services**
 - 7.1 Presentation of Monthly Financial Report
 - 7.2 Presentation of Quarterly Budget Report
 - 7.3 Adopt a Resolution establishing a "Board of Retirement Records Retention Policy"
 - 7.4 Adopt a Resolution creating a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff"
 - 7.5 Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement
8. **Management Reports**
 - 8.1 Chief Executive Officer's Report
 - 8.2 Assistant Executive Officer's Report
 - 8.3 Chief Investment Officer's Report
 - 8.4 Chief Legal Counsel's Report

** Matters set for a time certain. Time listed is approximate. In no case will any item be heard before the time it is scheduled.*

Notice of Public Meeting

Page 2 of 3

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

C1 Consideration of Disability Items, if any, Removed from the Consent Agenda

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

10. **Recess** (*the meeting/retreat will reconvene at 9:00 a.m. on Wednesday, April 24, 2013*)

Day 2: Agenda for Wednesday, April 24, 2013

PUBLIC SESSION - The Board will reconvene at 9:00 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

2.3 Retreat Presentations and Discussion (*Continued from Tuesday, April 23, 2013, see attached agenda and list of presenters*)

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

Hardy, Isaac	October 8, 2012	Public Health
Locke, Ray	December 6, 2012	Ag. Commission
Mertl, Eric	January 30, 2013	Sheriff's Department
Simbe, Robert	February 25, 2013	Human Services Agency
Mateo, Jaime	March 5, 2013	Sheriff's Department
Wilder, Shirley	March 5, 2013	Controller's Office
Howey, Viola	March 5, 2013	Social Services
Henderson, Teresa	March 10, 2013	Human Resources
Blackwell, Winfrey	March 12, 2013	Ben. of Blackwell, William
Johnson, Adrienne	March 14, 2013	Ben. of Ralph Johnson
Knorr, Bernice	March 23, 2013	Courts
Gainer, Frances	March 12, 2013	Ben. of Gainer, Kenneth
Shaver, Syble	March 12, 2013	Ben. of Shaver, George
Bell, Christine	March 19, 2013	Collections
Cruz, Alfonso	March 20, 2013	Human Services Agency
Espen, Irving	March 29, 2013	Ben. of Espen, Elsie
Stephens, Cherie	March 29, 2013	Public Health
Manley, Frances	March 25, 2013	Sheriff's Office
Berrier, Ellen	March 29, 2013	Public Health
Stanton, Florence	March 31, 2013	Mental Health



David Bailey, Chief Executive Officer

Printed: 4/17/13

THE BOARD MEETS AT 100 MARINE PARKWAY, SUITE 160,

WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD SHORES.

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.

Notice of Public Meeting

Page 3 of 3

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.

Agenda & Presenters

Board / Staff Retreat

April 23 & 24, 2013



San Mateo County Employees'
Retirement Association

SamCERA

**BOARD / STAFF RETREAT AGENDA
Day One—Tuesday, April 23, 2013**

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
	Coffee and Refreshments
9:00 a.m.	Welcome <i>David Bailey, Chief Executive Officer, SamCERA</i>
9:15 a.m.	Expectations for the US and World Economies <i>Presenter: John L. Bellows, Investment Management Strategy Analyst, Western Asset Management Company</i>
10:15 a.m.	Break
10:30 a.m.	Asset-Liability Study Overview - When would be the best time to conduct an asset-liability study of the fund and what would be involved in the process? <i>Presenters: Patrick Thomas, Vice President, SIS and Michael Coultrip, Chief Investment Officer, SamCERA</i>
11:30 a.m.	Open Discussion
12 Noon	Lunch
1:15 p.m.	Real Assets - Should real assets be considered for the SamCERA portfolio? If so, how should it be structured? Role of liquid vs. illiquid strategies. <i>Presenters: John Nicolini, Strategic Investment Solutions and Michael Coultrip, Chief Investment Officer, SamCERA</i>
2:15 p.m.	Break
2:30 p.m.	Return to Regular Board Meeting Agenda

**BOARD / STAFF RETREAT AGENDA
Day Two—Tuesday, April 24, 2013**

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
	Coffee and Refreshments
9:00 a.m.	Ethics, Fiduciary Duties and Investment Decisions <i>Presenter: Brenda Carlson, Chief Legal Counsel, SamCERA</i>
10:15 a.m.	Break
10:30 a.m.	Risk Analysis - Looking at different ways to view the risks of the fund. Economic risk factors, leverage, liquidity, etc. <i>Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions</i>
11:30 a.m.	Open Discussion
12 noon	Lunch (Board and SamCERA Staff)
1:15 p.m.	Ready to Retire – SamCERA’s presentation provided to members planning to retire soon. Elizabeth will also talk about who attends, what the evaluations show, and what we may change in future presentations. <i>Presenter: Elizabeth LeNguyen, SamCERA Retirement Analyst</i>
2:15 p.m.	Break
2:30 p.m.	Annual Assessment of the Portfolio - Compare total fund performance against investment objectives; compare each investment manager’s performance against their stated benchmark, evaluate risk exposures, evaluate portfolio rebalancing activity for the year, and evaluate the fund’s liquidity requirements. <i>Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions</i>
3:30 p.m.	Evaluating Non-Traditional Investment Guidelines - Should non-traditional investment guidelines, such as Environmental, Social, Governance (ESG), United Nations Guidelines, or other factors play a role in SamCERA’s investment approach, and, if so, how? What is the Board’s fiduciary duty in this area? <i>Presenter: Chad E. Spitler, Managing Director PMG - Corporate Governance & Responsible Investment, BlackRock</i>
4:30 p.m.	Open Discussion
5:00 p.m.	End of Retreat – Adjournment in the Memory of Our Deceased Members



John L. Bellows

Investment Management Strategy Analyst
Western Asset Management Company

Dr. John L. Bellows is an Investment Management Strategy Analyst with Western Asset. Prior to joining the Firm in 2012, Dr. Bellows served at the U.S. Department of the Treasury, most recently as the Acting Assistant Secretary for Economic Policy.

He holds a Bachelor of Arts degree in Economics from Dartmouth College, and a PhD in Economics from the University of California, Berkeley.



San Mateo County Employees' Retirement Association

April 23, 2013

John L. Bellows



Table of Contents

I. Organizational Update

II. US Growth and Inflation Outlook

III. Global Central Bank Policy

- Global Central Banks
- Federal Reserve

IV. Appendix

- Market Review and Investment Themes

Organizational Update

Western Asset Management

Western Asset is a global investment management firm committed to understanding the needs of each client, identifying investment solutions and delivering superior long-term investment results

We Believe in Value

Investment Philosophy

Long-term, fundamental value discipline

- Bottom-up
- Top-down

Diversified strategies

- Depth of resources
- Global

Integrated analytics and risk management

- Relative value analysis
- Transparency and communication

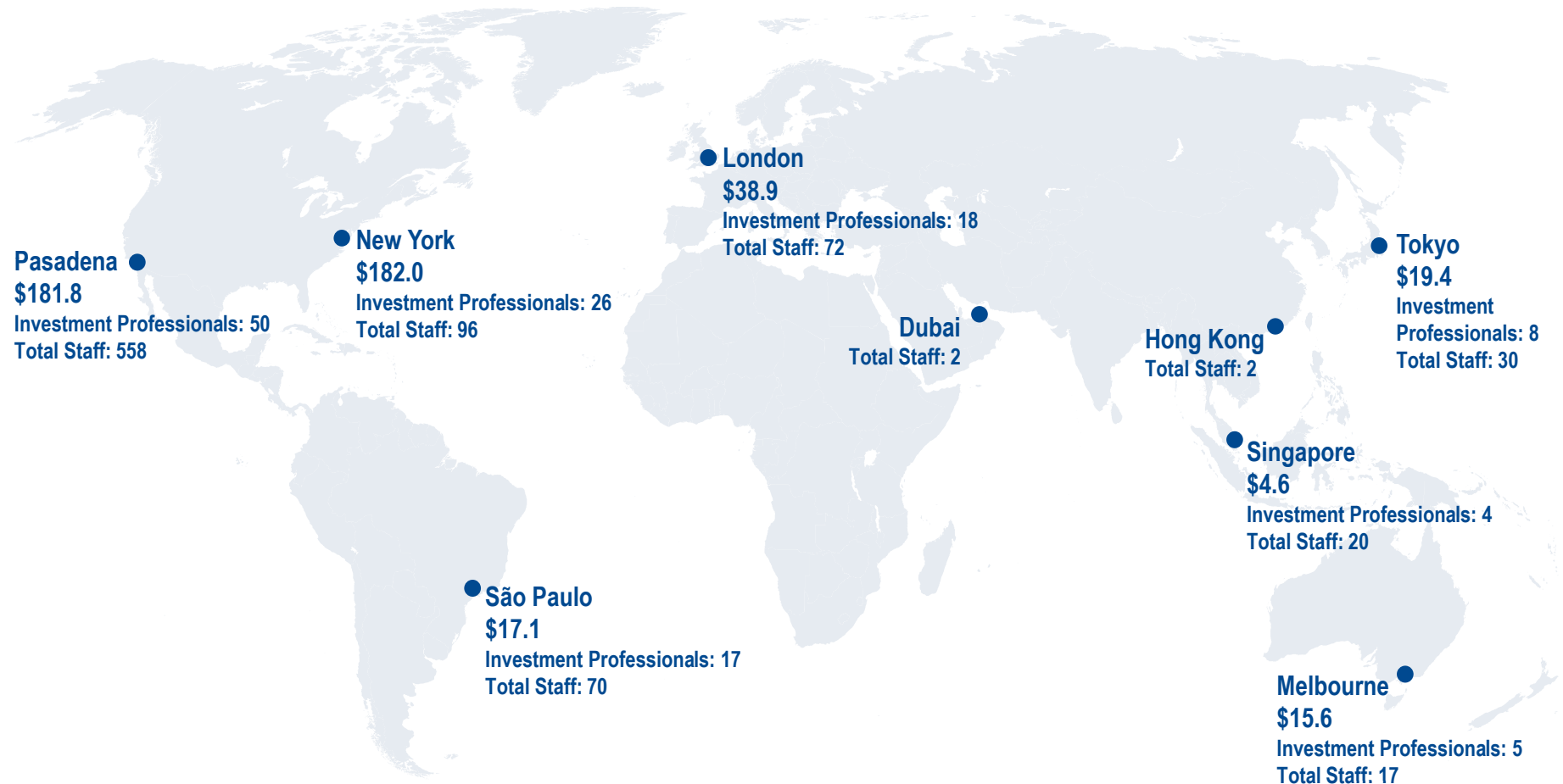
Global Breadth and Local Depth

March 31, 2013

Total AUM: \$459.4 billion

8 Countries

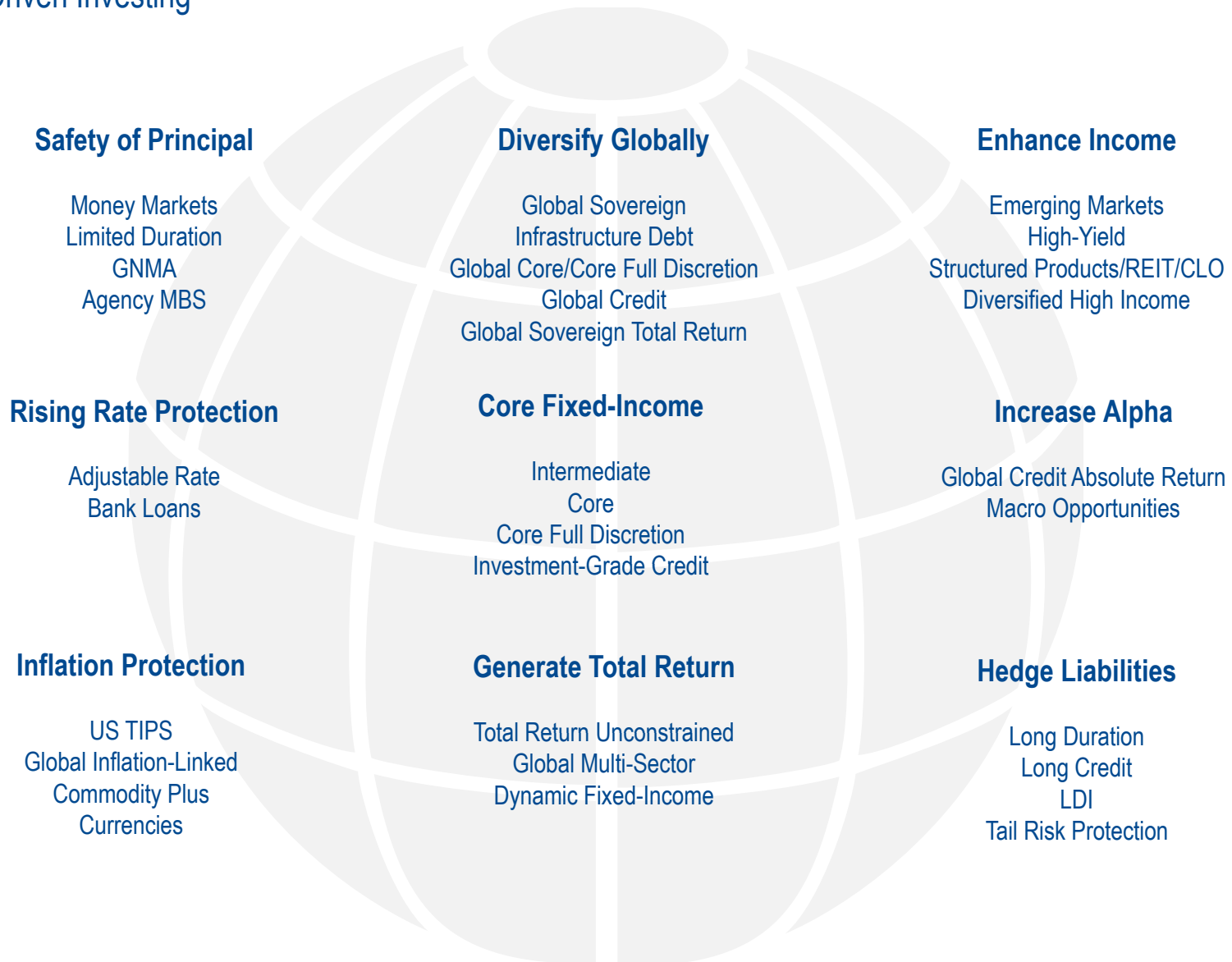
Total Staff: 867



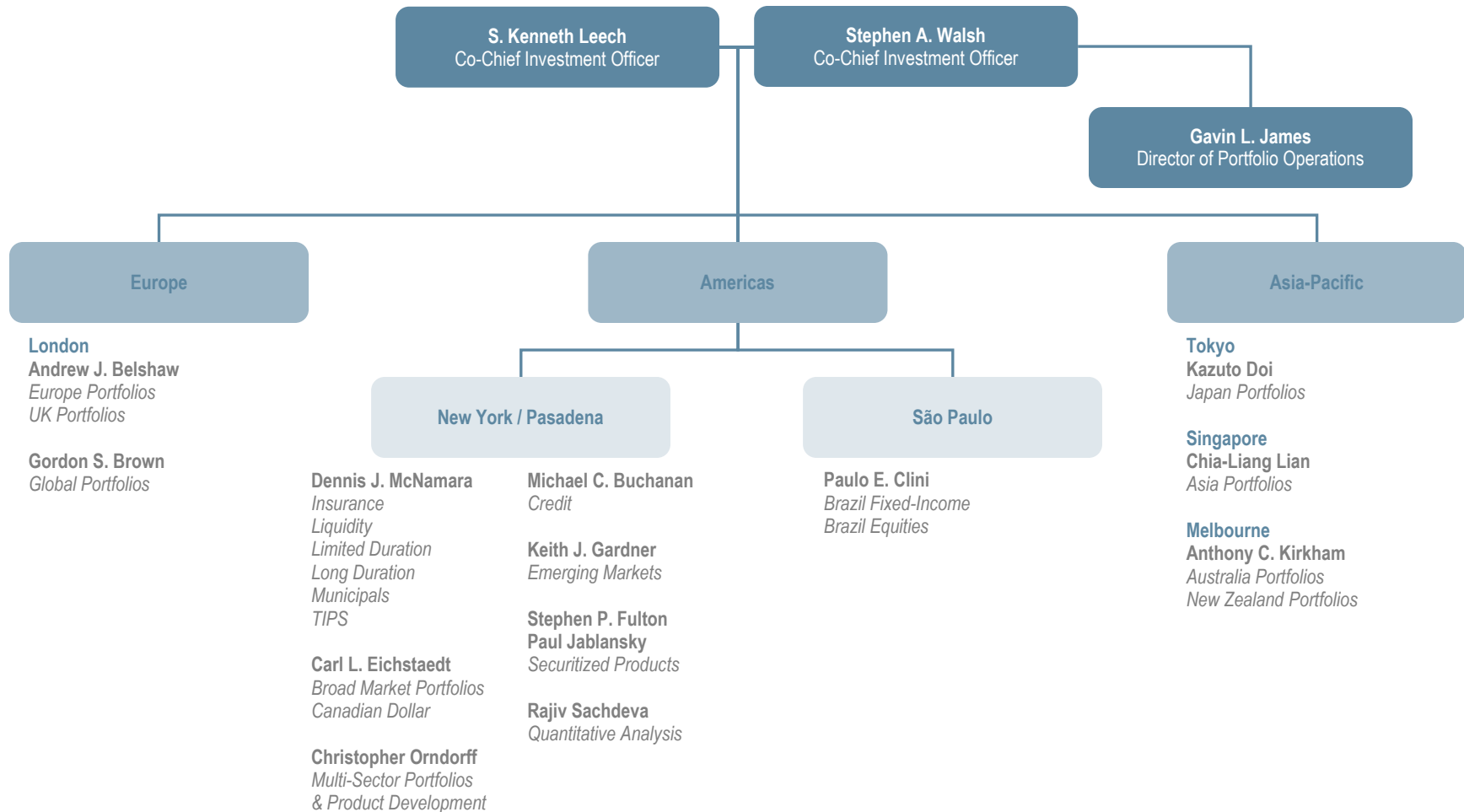
Assets under management in USD (billions)

Investment Solutions

Objective-Driven Investing



Team-Based Investment Management*



As of 21 Mar 13

*Illustrates direct-reporting only and does not represent the entire investment management team.

Committed to Excellence in Client Service

Representative Client List

Corporate	Public	Multi-Employer / Union	Insurance
Allied Domecq Pension Fund	Anne Arundel (MD) Retirement Systems	1199 SEIU National Benefit Fund	AXA
American Cast Iron Pipe Company	Arkansas Local Police and Fire Retirement System	Alaska Electrical Trust Funds	Blue Cross Blue Shield of Massachusetts
ArcelorMittal USA Inc.	Arkansas Teacher Retirement System	Bert Bell / Pete Rozelle NFL Player Retirement Plan	Catalina Holdings (Bermuda) Ltd
AT&T Investment Management Corporation	Baltimore County (MD) Employees Retirement System	Boilermaker Blacksmith National Pension Trust	Great-West Life & Annuity Insurance Company
BASF Corporation	California State Teachers' Retirement System	Directors Guild of America-Producer Pension and Health Plan	Health Care Service Corporation
Bayer Corporation	City of Grand Rapids	Graphic Communications International Union, Inter-Local Pension Fund	Highmark, Inc.
Bristol-Myers Squibb Company	City of Orlando	IUOE Employers Construction Industry Retirement Plan, Locals 302 and 612	Maryland Automobile Insurance Fund
Campbell Soup Company	Fife Council Pension Fund	Line Construction Benefit Fund	Oil Investment Corporation Ltd.
Cathay Securities Investment Trust	Fonds de compensation AVS	Major League Baseball Players Benefit Plan	Reliance Standard Life Insurance Company
Chrysler LLC	Fresno County Employees' Retirement Association	National Education Association of the United States	United Services Automobile Association
CNH Global N.V.	Gloucestershire County Council	New England Healthcare Employees Union, District 1199, AFL-CIO	WellPoint, Inc.
Consolidated Edison Company Of New York, Inc.	Government of Bermuda Public Funds	UAU Local No. 290 Plumber, Steamfitter & Shipfitter Industry Pension Trust	Healthcare
Consolidated Rail Corporation	Hampshire County Council	United Food and Commercial Workers Union Local 919	Baptist Healthcare System, Inc.
Crown Cork & Seal Company, Inc.	Indiana State Treasurer's Office	Western States Office & Professional Employees Pension Trust	Baylor Health Care System
Delta Air Lines, Inc.	Iowa Public Employees' Retirement System	Eleemosynary	Catholic Health Initiatives
Electronic Data Systems Ltd	Kansas Public Employees Retirement System	Abilene Christian University	Catholic Health Investment Management Company
Galileo & Worldspan U.S. Legacy Pension Plan Trust	Korea Investment Corporation	Abington Memorial Hospital	Children's Hospital of New Orleans
Graphic Packaging International Incorporated	Los Angeles County Employees Retirement Association	Baha'i World Centre	Lehigh Valley Hospital
International Paper Company	Marin County Employees' Retirement Association	Battelle Memorial Institute	Medica
Investeringsforeningen Gudme Raaschou	Minnesota State Board of Investment	Bill & Melinda Gates Foundation Trust	NorthShore University HealthSystem
John Lewis Partnership Pensions Trust	Nevada Public Employees Retirement System	Board of Trustees of Southern Illinois University	OhioHealth Corporation
LSI Logic Corporation	New Jersey Transit	Commonfund	Pinnacle Health System
Macy's, Inc.	North Dakota State Investment Board	Creighton University	Providence Health and Services
McKesson Corporation	Ohio Police & Fire Pension Fund	Domestic & Foreign Missionary Society ECUSA	Sisters of Charity of St. Augustine Health System, Inc.
National Grid USA	Orange County Transportation Authority	E. Rhodes & Leona B. Carpenter Foundation	St. George Corporation
Nestle USA, Inc.	Oregon Investment Council	Indiana University	Sub-Advisory
Nisource, Inc.	Public Employee Retirement System of Idaho	Saint Louis University	DIAM Co., Ltd.
PCS Administration (USA), Inc	Public School Teachers' Pension and Retirement Fund of Chicago	Texas A&M Foundation	Fondaco LUX S.A.
Pensioenfond Horeca & Catering	Salt River Project Agricultural Improvement and Power District	The Rotary Foundation of Rotary International	GuideStone Capital Management
PPG Industries	School Employees Retirement System of Ohio	United Negro College Fund	Highbury Pacific Capital Corp.
Southern California Edison	Seattle City Employees Retirement System	University of Colorado	KOKUSAI Asset Management Co., Ltd.
Stichting Pensioenfond DSM-Nederland	Sonoma County Employees' Retirement Association	University of Illinois	Legg Mason, Inc.
Sunoco, Inc.	Surrey County Council	University of Miami	Morgan Stanley Smith Barney Consulting Group
The Dun & Bradstreet Corporation	Tennessee Valley Authority	University of Southern California	Polaris Investment S.A.
ThyssenKrupp USA, Inc.	Ventura County Employees' Retirement Association	University of Wisconsin Foundation	Russell Investment Group
Unilever United States, Inc.	Virginia Retirement System	Voelcker Foundation	SEI Investments Management Corporation
Unisys Corporation	Wiltshire Council	Washington College	Shinko Asset Management Co., Ltd.
YMCA Retirement Fund	Wyoming Retirement System	Washington State University	Toyota Asset Management Co., Ltd.

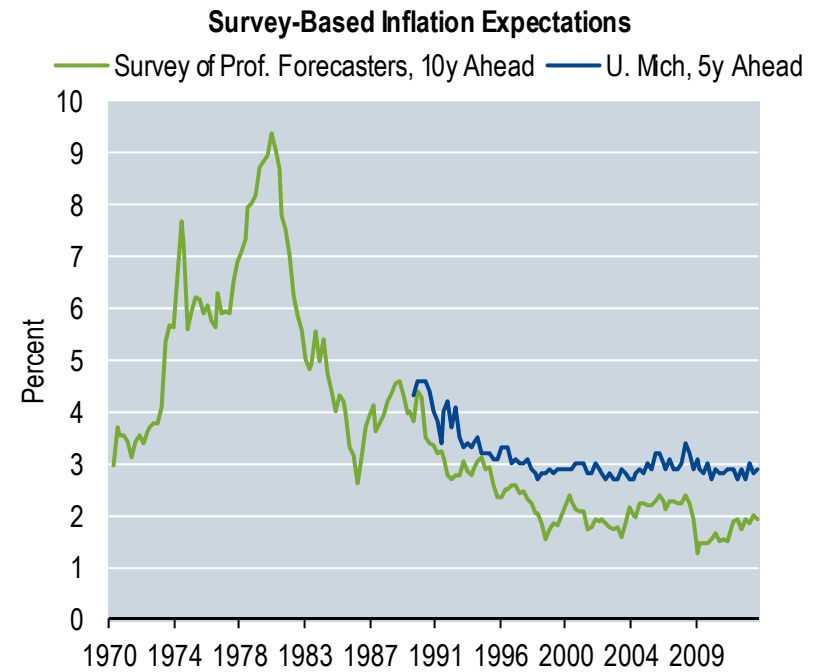
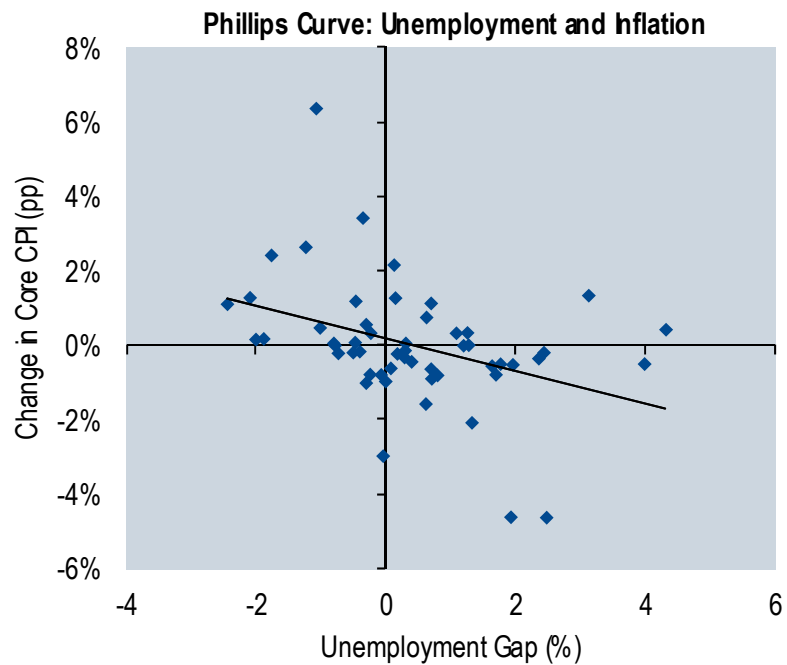
As of 28 Feb 13. Please see the Representative Client List Disclosure in the Appendix for more information. All have authorized the use of their names by Western Asset for marketing purposes. Such authorization does not imply approval, recommendation or otherwise of Western Asset or the advisory services provided.

US Growth and Inflation Outlook

Inflation likely to remain low

Large output gap will continue to constrain inflation

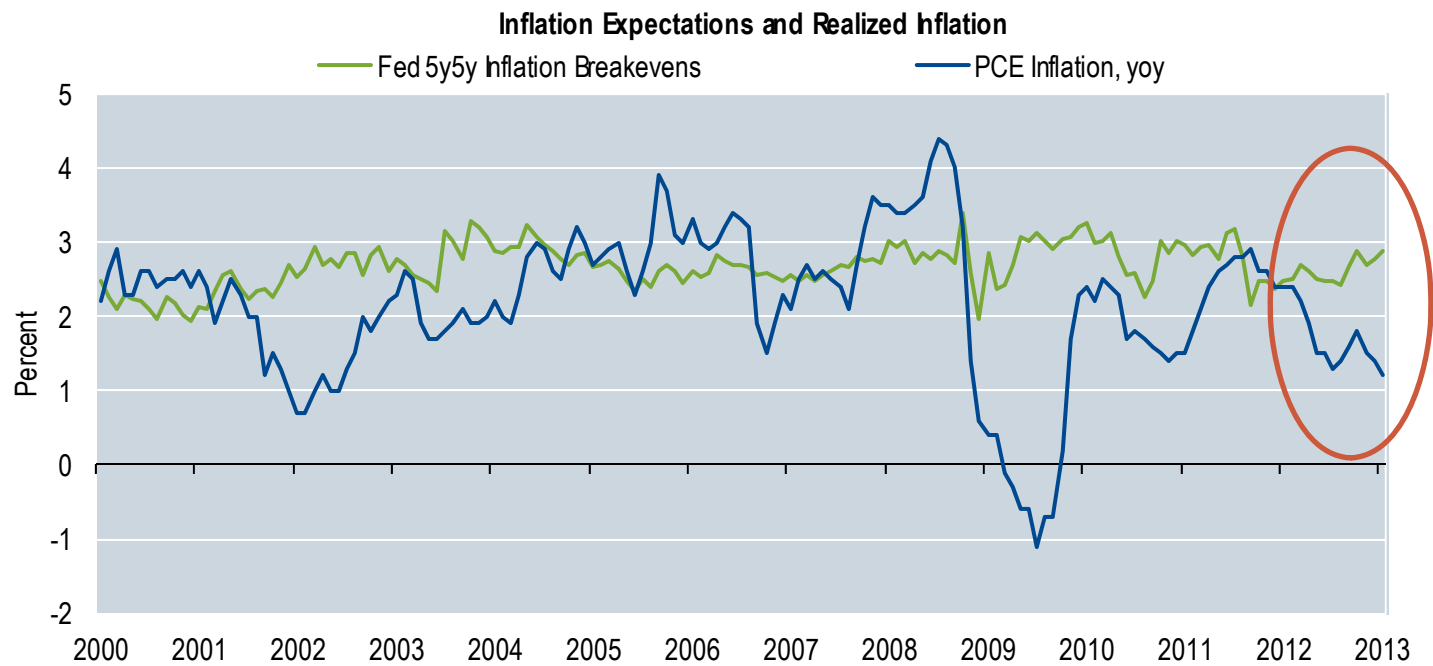
Inflation expectations remain anchored



Source: Bureau of Labor Statistics, Bloomberg

Inflation likely to remain low

Realized inflation running well below TIPS breakevens

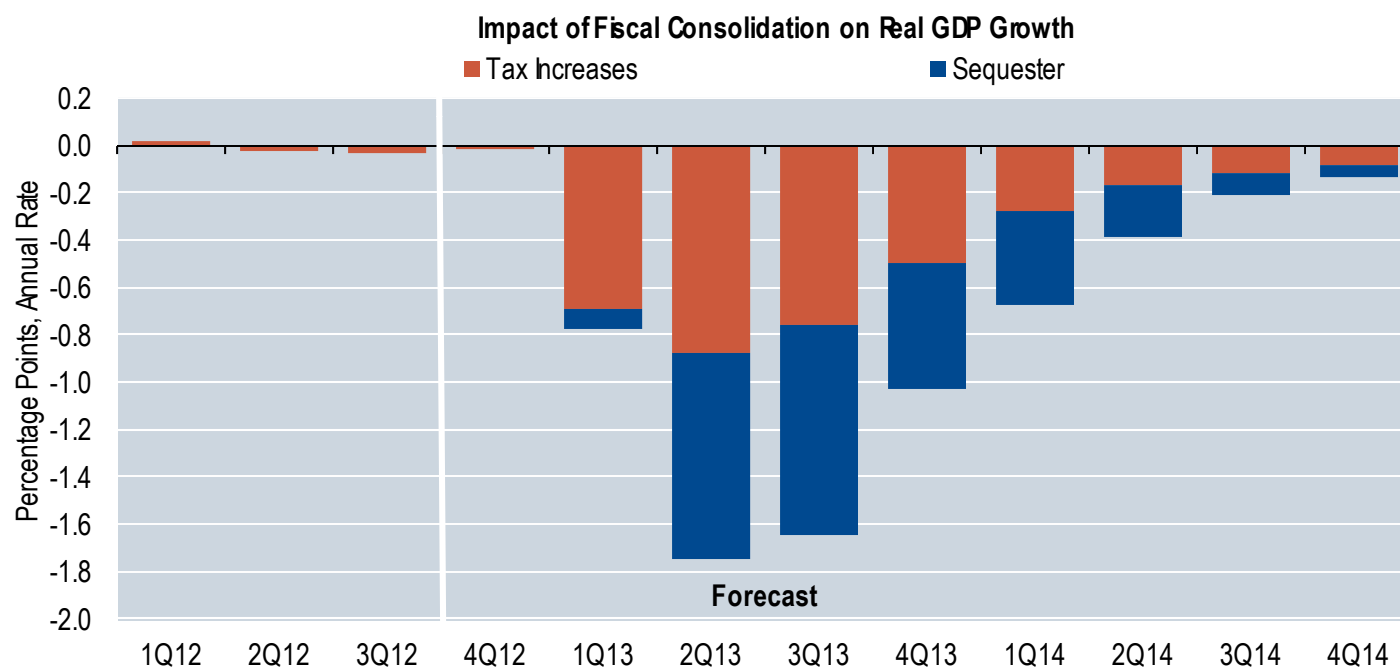


Source: Bloomberg

US Economic growth likely sluggish

Fiscal consolidation in 2013 likely to be a drag on US growth

- Jan 1st deal raised taxes by \$180bn in 2013 (~1-½ percent of GDP)
- Sequester will reduce government spending by \$65bn in 2013 (~½ percent of GDP)
- Fiscal consolidation will offset strengthening private demand

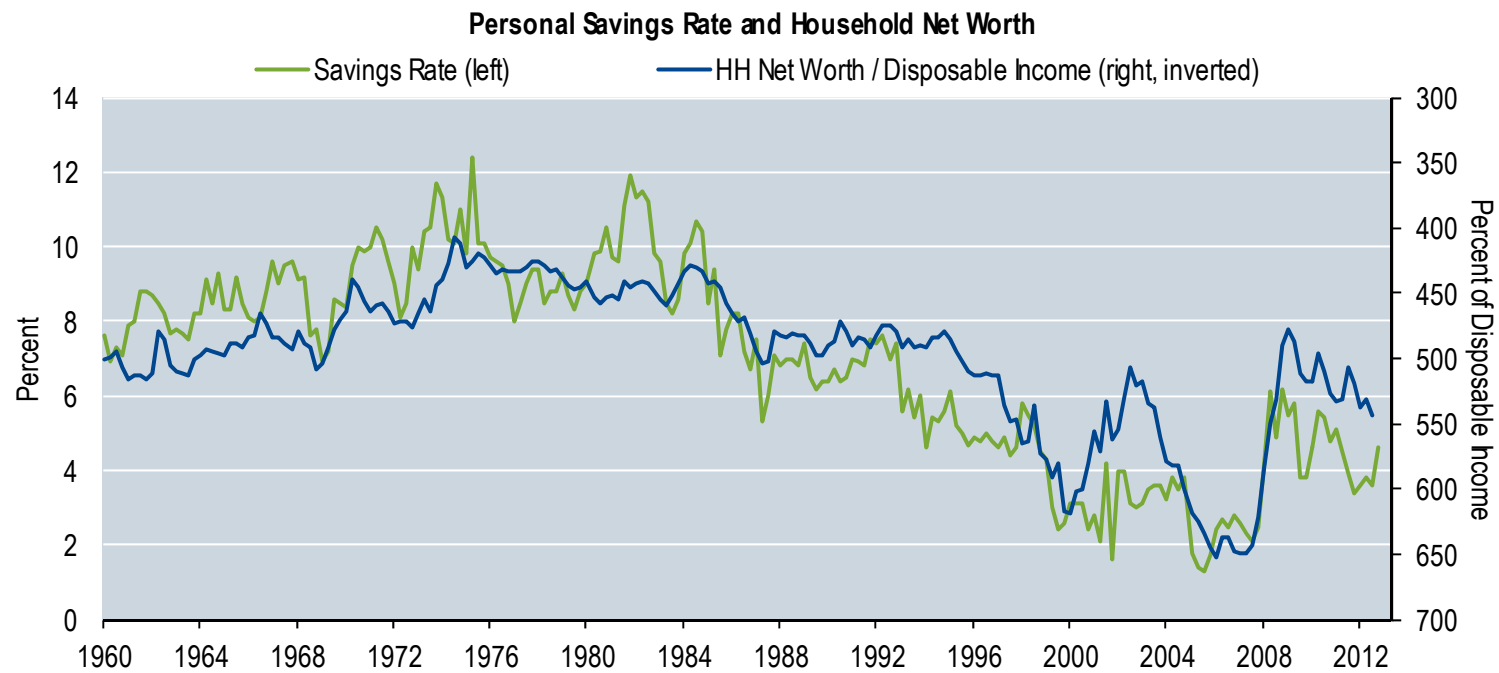


Source: Goldman Sachs

US Economic growth likely sluggish

Consumer balance sheets still not fully repaired in the US

- Absent a decline in the savings rate, any increase in consumption will have to come from increases in income (i.e. hiring, wage increases)

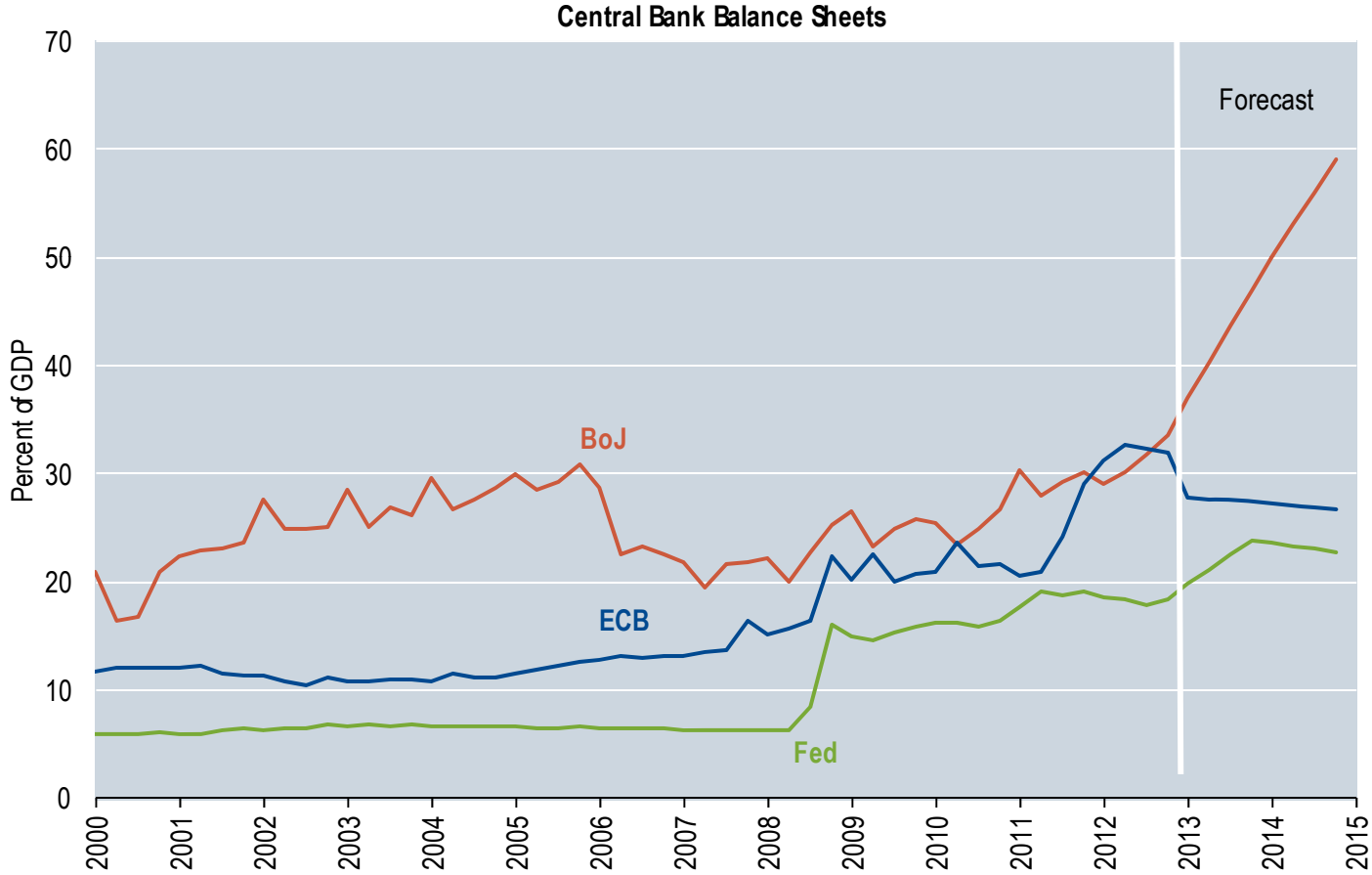


Source: Federal Reserve, Bureau of Economic Analysis

Global Central Bank Policy

Global Central Bank Policy

Unprecedented expansion of central bank balance sheets



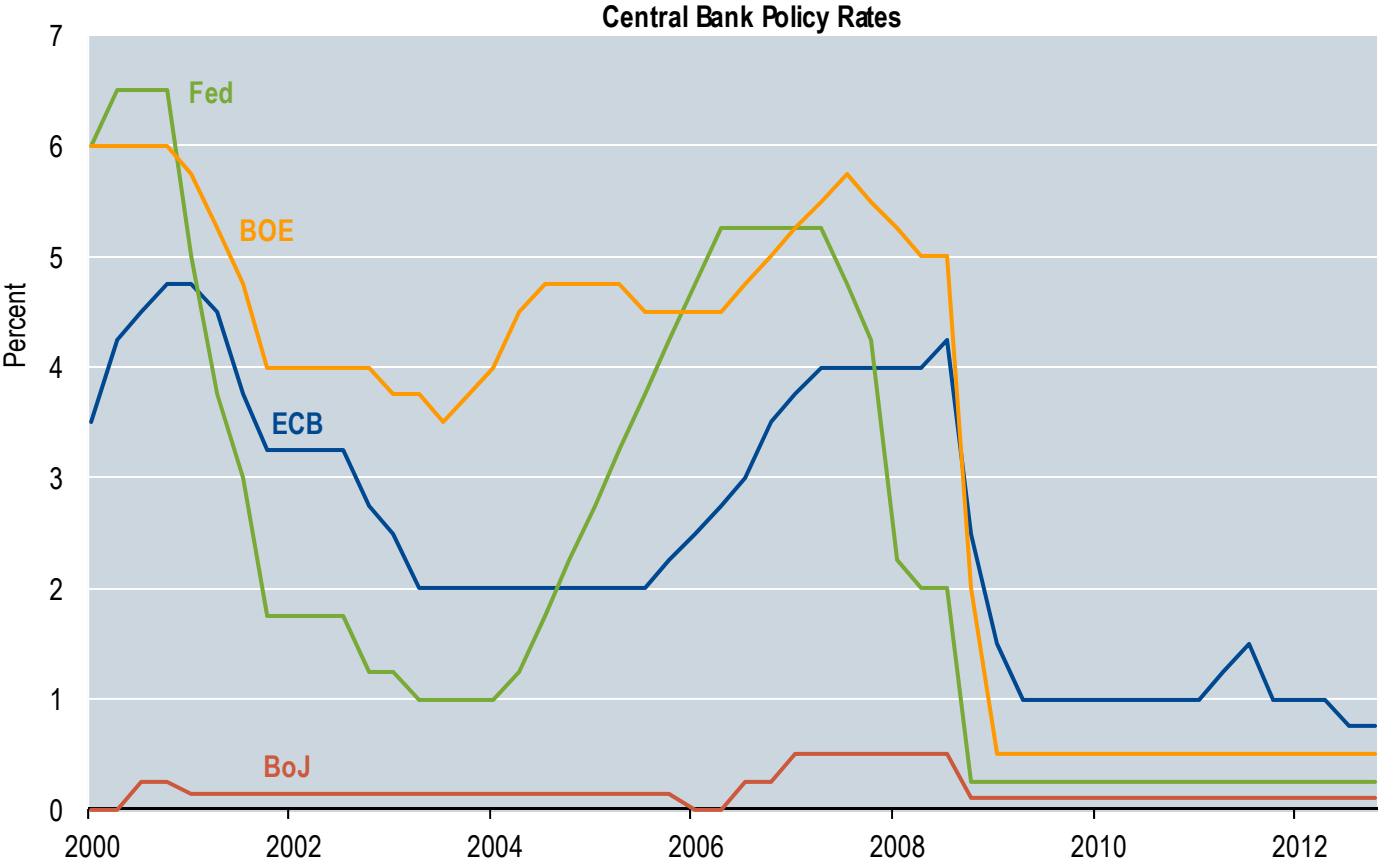
Source: Federal Reserve, Bank of Japan, European Central Bank



Global Central Bank Policy

Rates have been cut to zero

- Federal Reserve has used forward guidance to set expectations

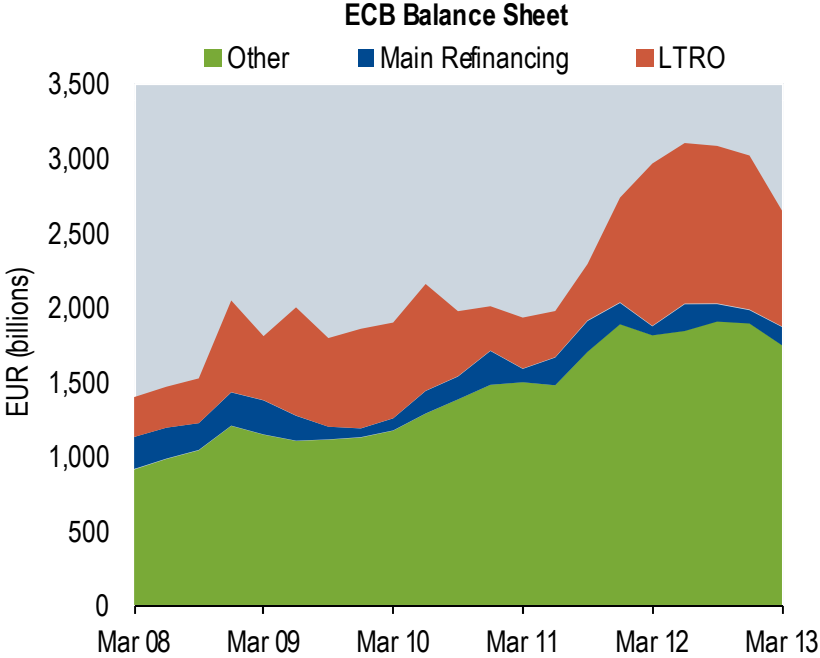
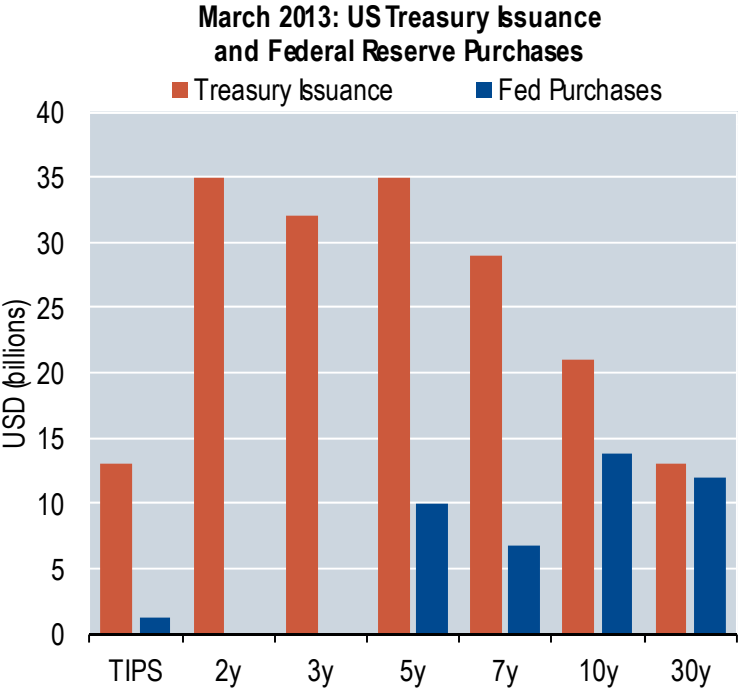


Source: Federal Reserve, FRBNY Primary Dealer Survey, Bank of Japan, European Central Bank

Global Central Bank Policy

Composition of QE has varied across central banks

- Federal Reserve has bought long duration government debt
- ECB has financed banks through LTROs (which have credit risk)
- BoJ will now start buying long(er) duration government debt



Source: Federal Reserve, US Treasury, ECB



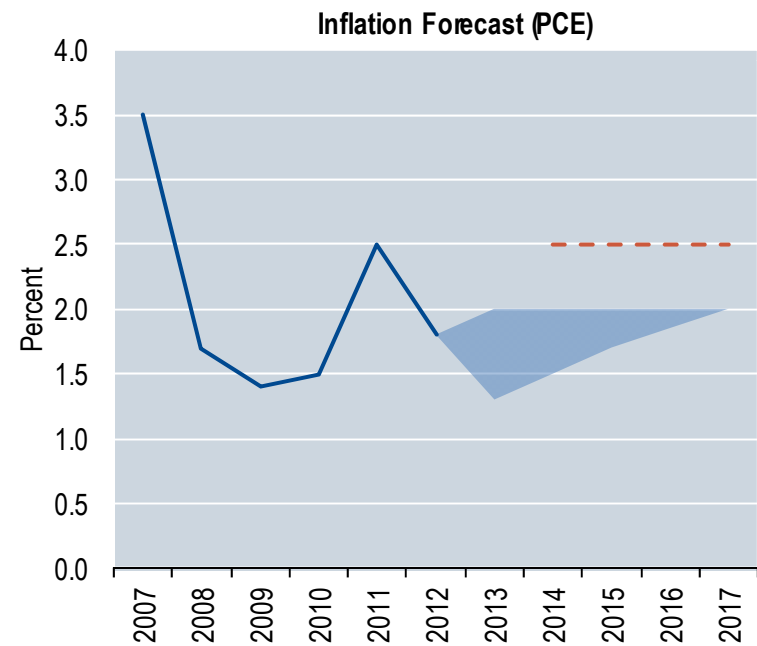
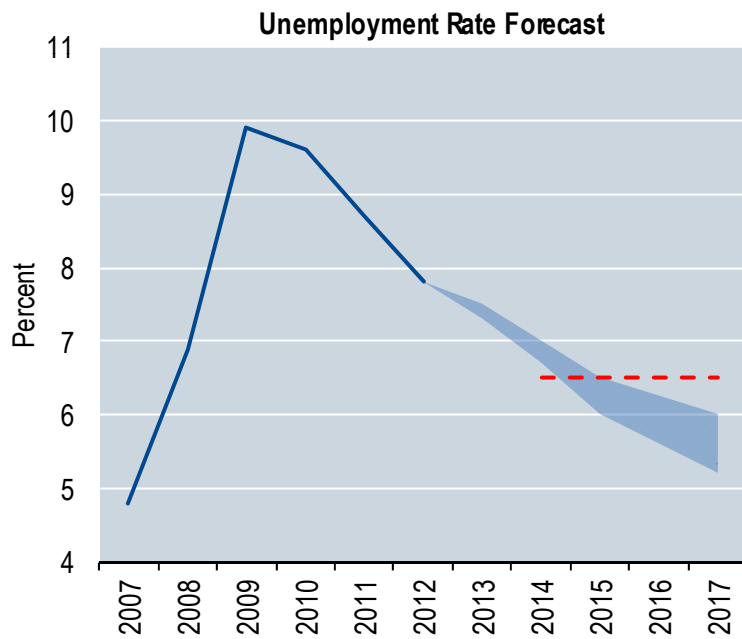
US Federal Reserve

US Federal Reserve

Unemployment projected to come down slowly; inflation projected to remain contained

Thresholds unlikely to be hit before 2015

- Thresholds are not triggers



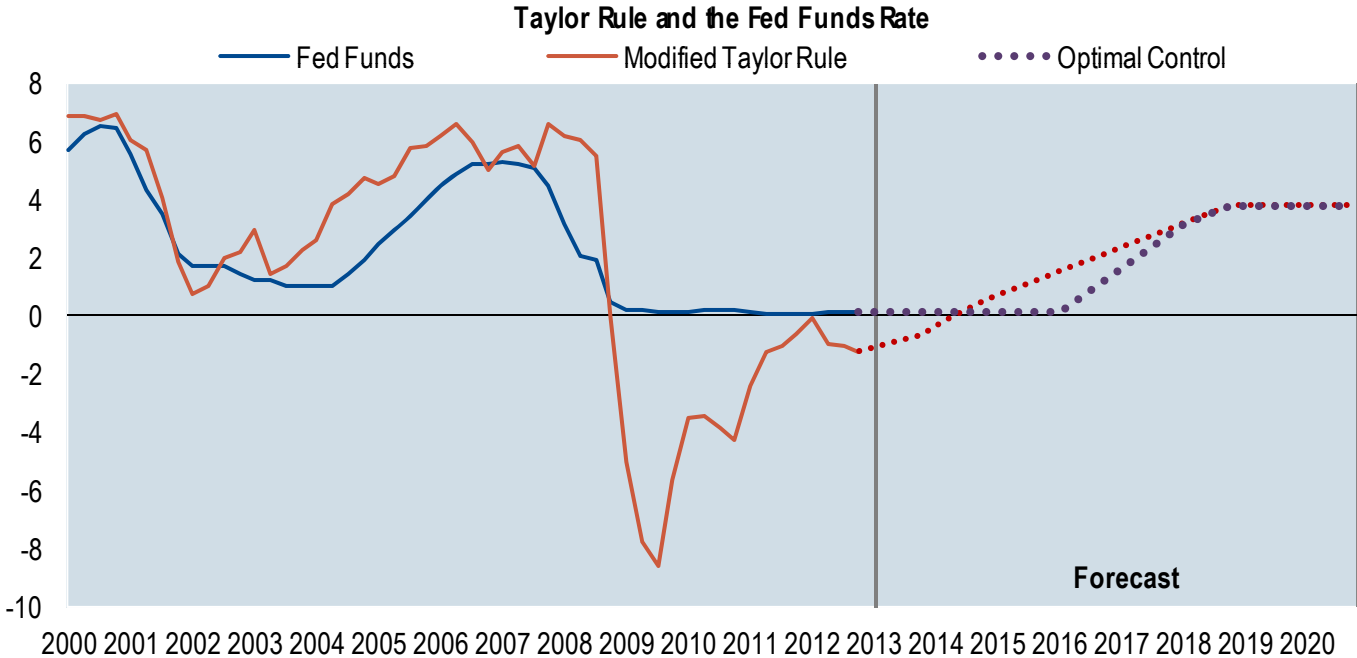
Source: Federal Reserve Statement of Economic Projections, March 2013

US Federal Reserve

Tightening will happen after normal Taylor Rule tightening point

Bernanke and Yellen are concerned about tightening too early

- “With employment so far from its maximum level and with inflation running below the Committee’s 2 percent objective, I believe it’s appropriate for progress in the labor market to take center stage in the conduct of monetary policy.” - J. Yellen, March 4, 2013



Source: Bloomberg, Federal Reserve

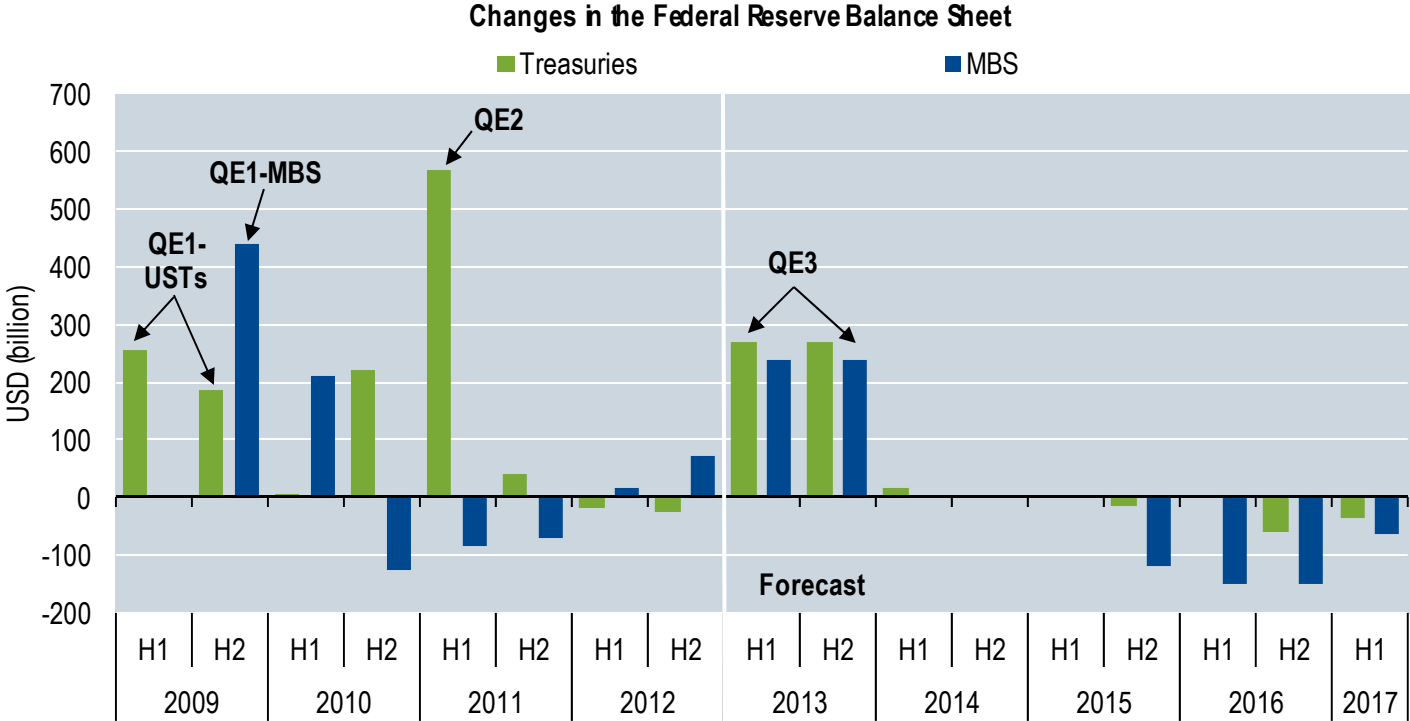


US Federal Reserve

Primary dealers expect QE3 to continue at current pace through the end of 2013

Bernanke and Yellen are comfortable with cost/benefit of LSAPs

- “Turning to the potential costs of the Federal Reserve’s asset purchases, there are some that definitely need to be monitored over time. At this stage, I do not see any that would cause me to advocate a curtailment of our purchase program.” - J. Yellen, March 4, 2013



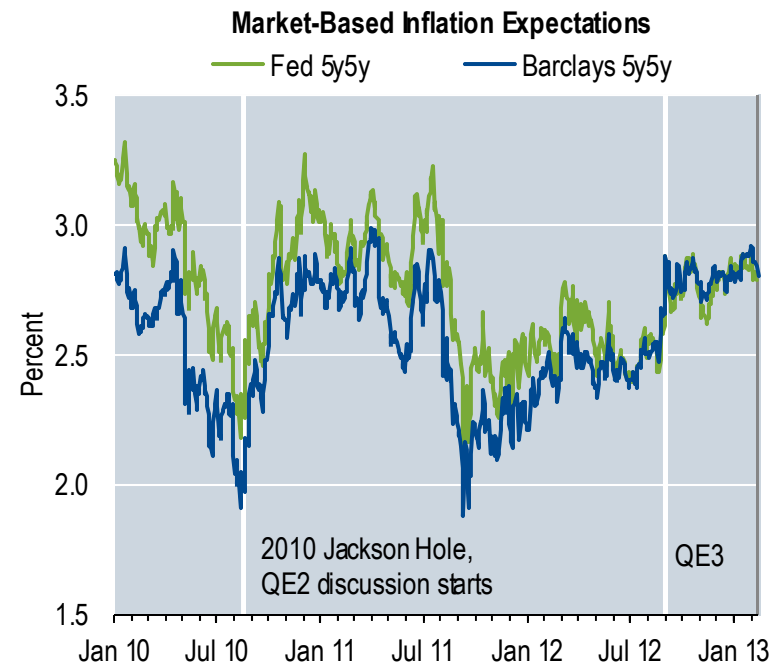
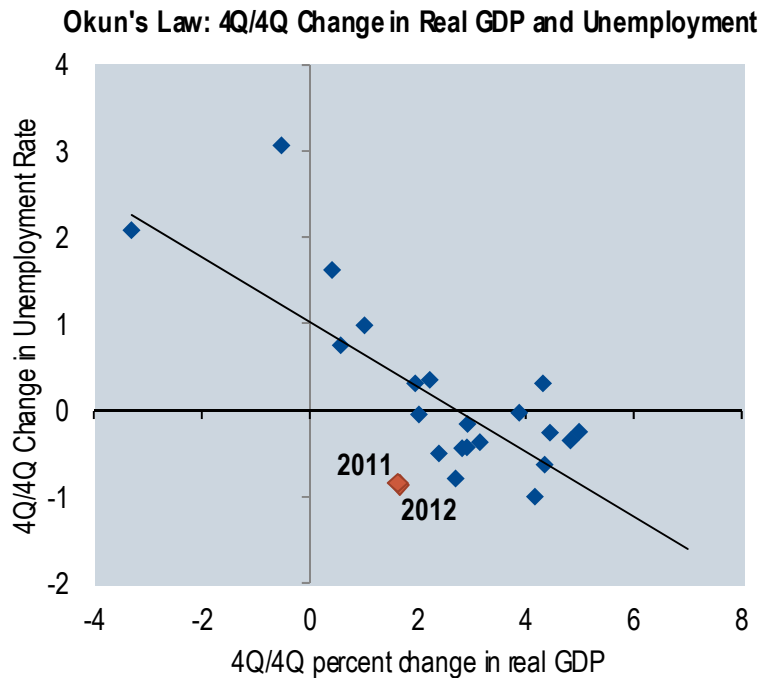
Source: Federal Reserve Bank of New York



US Federal Reserve

Risks that the Fed may tighten early:

- Risk #1: Unemployment falls faster than they expect
- Risk #2: Inflation expectations increase



Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve, Bloomberg

US Interest Rates

Implications for US Interest Rates in 2013

UST 10y yields declined 150 bps from 1Q11 to 1Q13

What changed?

- Federal Reserve policy: forward guidance*, Operation Twist, QE3
- Risk/Growth outlook: heightened European risks; downgraded US growth expectations



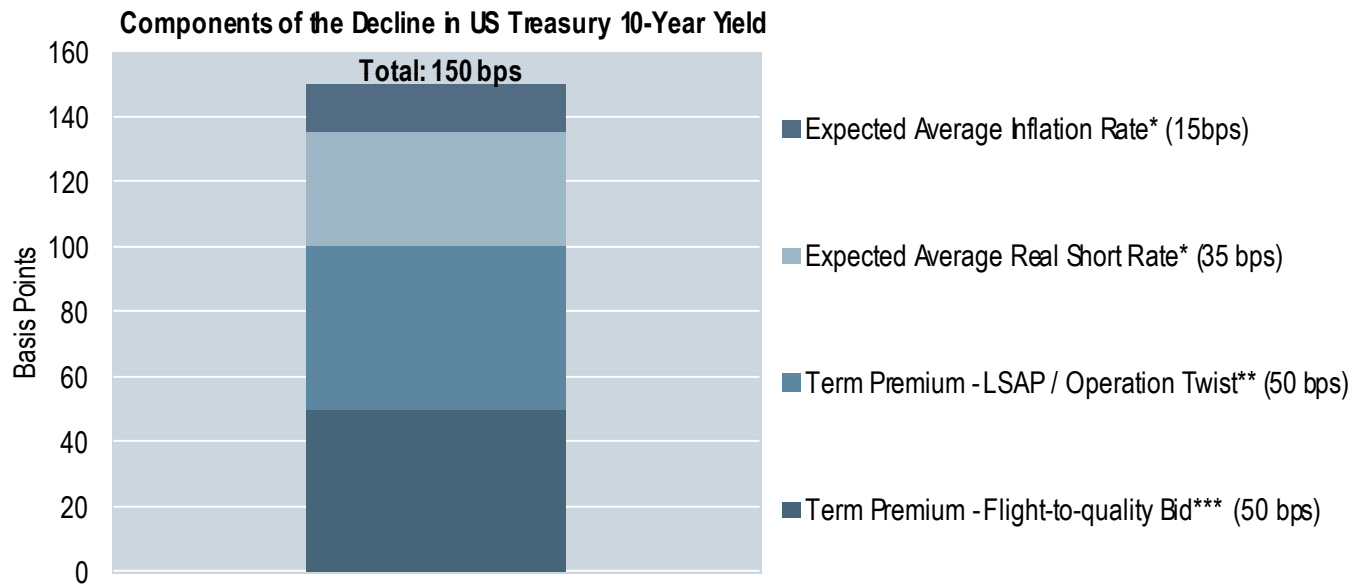
Source: Bloomberg

* Over this time period the Fed's forward guidance evolved as follows: "extended period" => "mid-2013" => "late-2014" => "mid-2015" => tightening will be based on 6.5% unemployment / 2.5% inflation forecast thresholds)

Implications for US Interest Rates in 2013

Of the 150 bps move down in UST yields since 1Q11, how much can reverse in 2013?

- Expected average inflation unlikely to increase; Fed actions to push down term premium (LSAP / Op Twist) unlikely to be unwound
- Some of the expected average real short rate will reverse due to approaching Fed tightening (+20 bps)
- Improving Europe/economic outlook could lead to a reduced flight-to-quality bid (+30 bps)
- Total potential increase in UST yields +50 bps



Notes: * From Bernanke "Long-Term Interest Rates", March 1, 2013, ** Based on estimates of the impact of Fed LSAPs, see Bernanke "Monetary Policy since the Onset of the Crisis", August 31, 2012, *** Defined as the residual

Appendix

Market Review and Investment Themes

Global Investment Themes

Outlook

- Global recovery ongoing
- 2%-3% GDP growth in the US
- A mild recession in Europe, structural reforms continue
- China GDP growth 7% – 8%
- Secular headwinds remain in developed countries
 - Fiscal constraint
 - Deleveraging
- Near-term inflation outlook stable, longer-term concerns
- Globally, central bank policy to remain extraordinarily accommodative, exit strategies debated in the US

Primary risks

- Renewed European concerns
- Geopolitical tensions and policy uncertainty
- US fiscal policy process
- Excess global liquidity causes valuation bubbles
- Central banks are unwilling or unable to remove reserves causing inflation expectations

Strategy considerations

- Select investment-grade financials and high-yield credit
- Emerging markets provide value and diversification, focus on USD corporates and local markets
- Non-agency RMBS loss-adjusted yields favorable, fundamentals improving
- Neutral agency mortgages, favor lower coupons and prepay protected pools
- Tactical duration management
- Short euro to hedge renewed European concerns
- Long duration US Treasury securities as a risk sector diversifier

The above reflects the opinions of Western Asset as of 31 Mar 13

First Quarter 2013 Review

Market sentiment was driven by

- Greater global economic, monetary and political diversity as systemic risks receded
- Global monetary easing continuing with the Bank of Japan preparing to stimulate growth and inflation
- European political and banking concerns resurfacing
- Strong rebound in US economic growth but from weak 4Q 12 levels
- Housing improvement broadening
- Calmer domestic political landscape following the implementation of sequestration

Key investment themes

- Risk assets performance mixed given concerns over higher rates and valuations
- US Treasury rates rose modestly and the yield curve steepened
- USD generally strengthened given growth differentials, European problems, and possibility of ECB action

Performance vs. the index¹

- Positives
 - IG US finance added value
 - HY positive excess returns, led by lower quality
 - EM positive in corporate and select local markets
 - Non-agency MBS continue to improve
 - Short euro and yen vs. USD
 - Long select EM currencies
- Negatives
 - IG Industrials lagged
 - Yield curve steepened
 - Longer duration EM sovereigns lagged given US interest rate concerns
 - Agency MBS lagged/coupon selection

The above reflects the opinions of Western Asset as of 31 Mar 13
¹Comparison of the core full strategy vs. the Barclays U.S. Aggregate Index

Excess Returns by Sector

2007 – 2013

	2007	2008	2009	2010	2011	2012	YTD 2013*
US Agency	-52	-110	238	72	19	97	5
US MBS	-177	-232	495	225	-106	91	-13
US ABS	-634	-2223	2496	169	52	246	-5
US CMBS	-435	-3274	2960	1501	47	841	-3
US Investment-Grade Credit	-464	-1786	1990	192	-322	693	20
US High-Yield Credit	-777	-3832	5955	974	-240	1394	281
Emerging Markets	-457	-2842	3797	508	-537	1503	-128

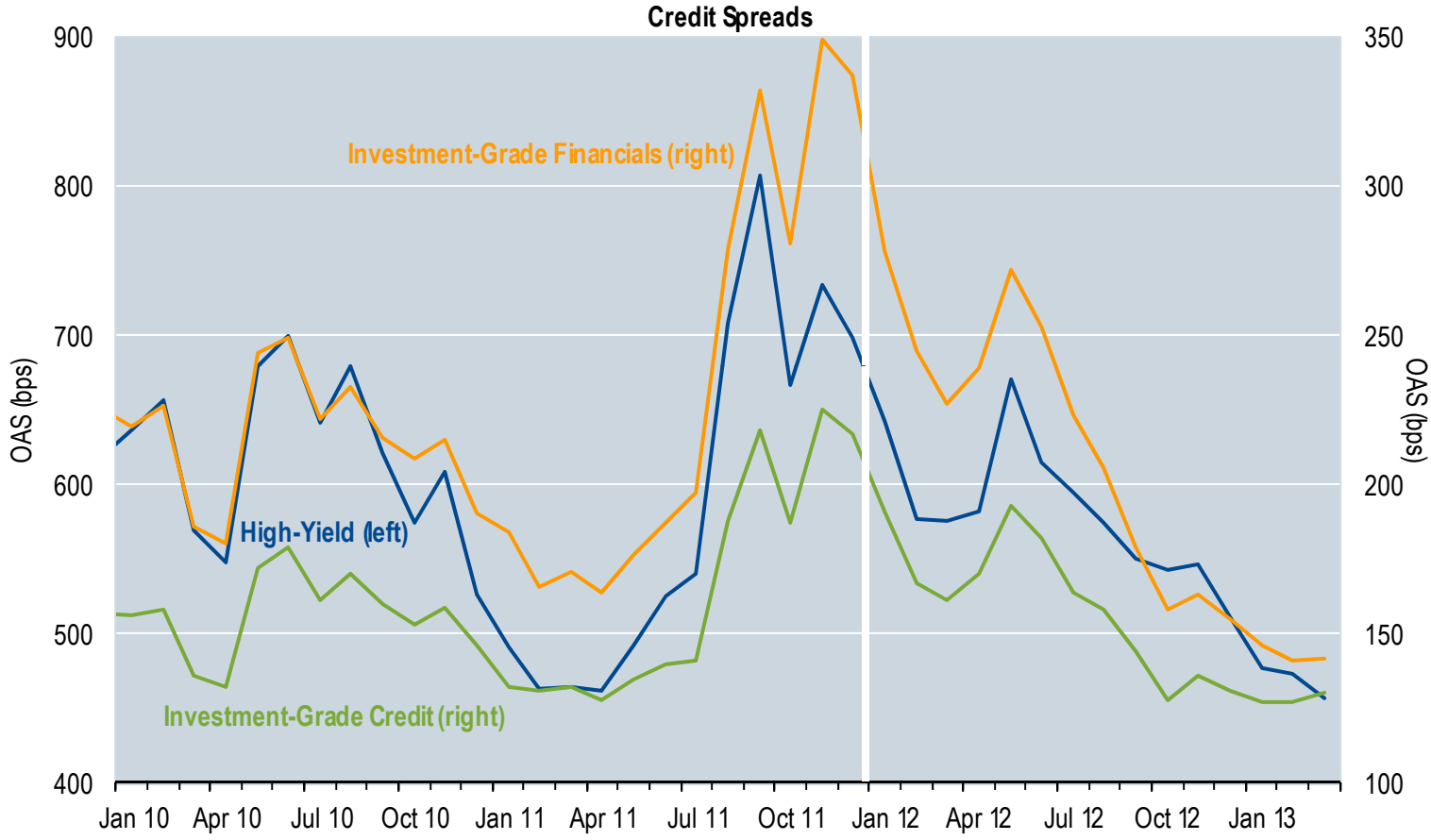
Source: Barclays

Sectors represented by Barclays U.S. indices.

All figures shown in basis points.

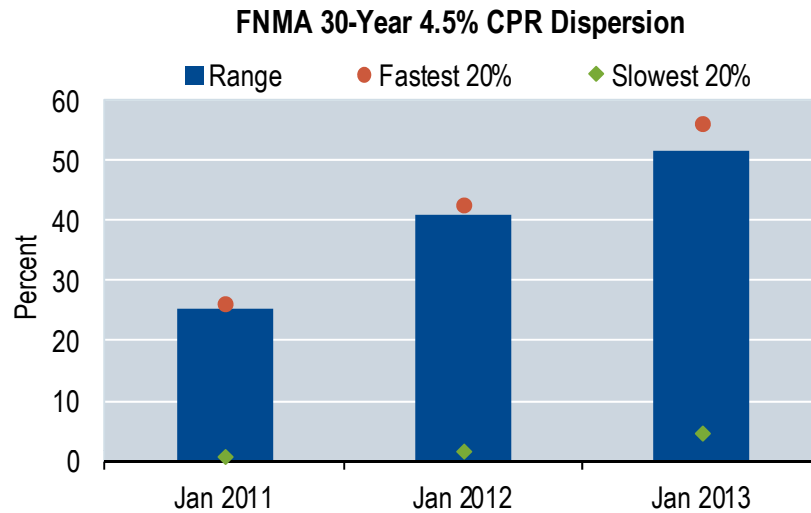
*As of 31 Mar 13

Credit Spreads



Source: Barclays. As of 31 Mar 13

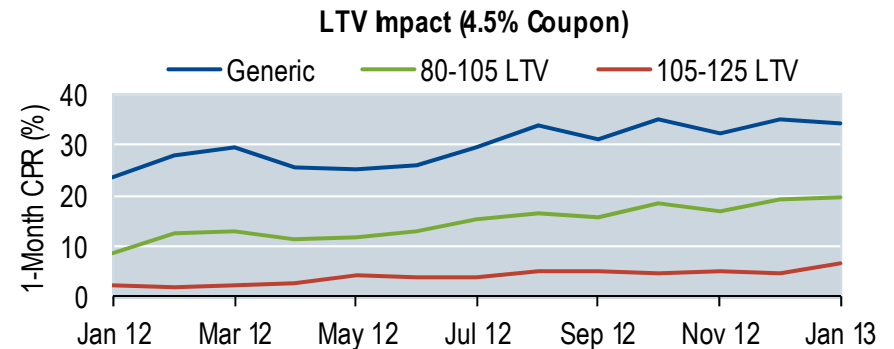
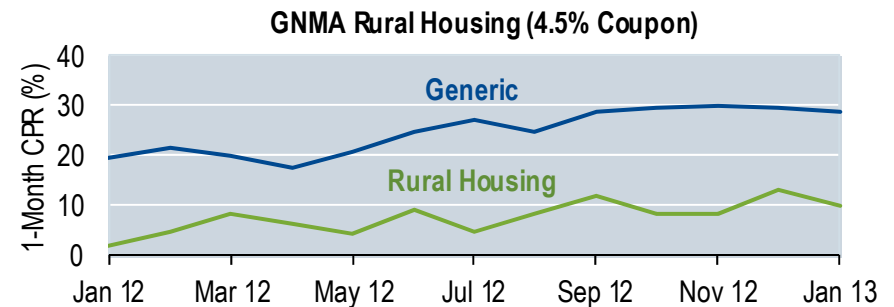
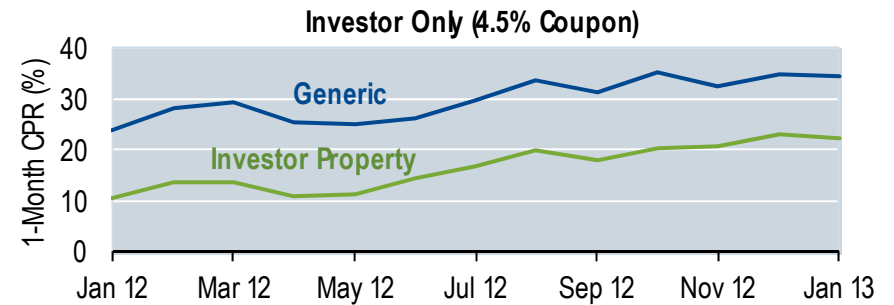
Current Agency Pass-Through Strategy



Source: Morgan Stanley. As of 31 Jan 13

Low CPR target characteristics

- High loan-to-value (LTV) production of Home Affordable Refinance Program (HARP) loans
- Low LTV loans pre-HARP cutoff
- GNMA pools originated in summer 2010 and/or high % FHA, low % VA loans
- Low % of third-party originated loans
- High mortgage spreads at origination compared to their cohort
- Lower loan balance
- Credit impaired, low FICO scores
- Investor-only pools

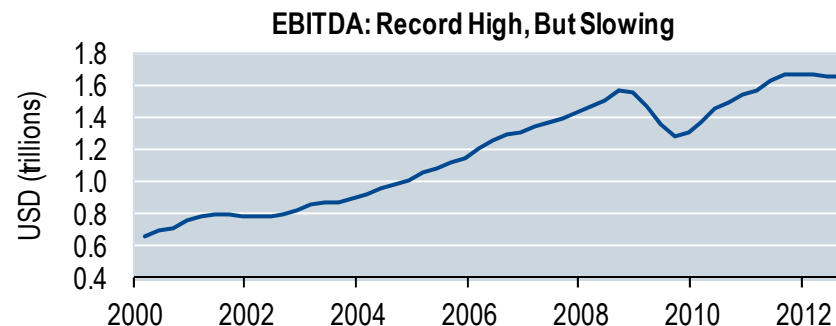


Source: RW Baird. As of 31 Jan 13

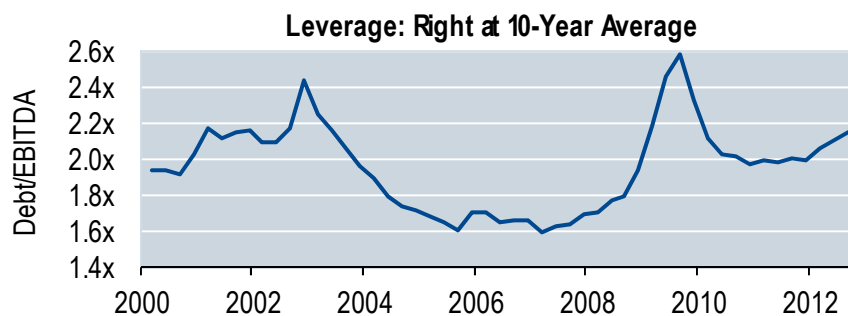
High-Grade Credit Fundamentals Are Peaking



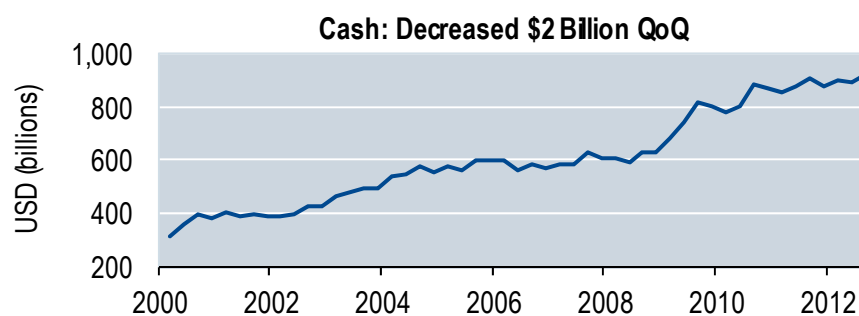
Source: JPMorgan. As of 30 Sep 12 (last 12 months)



Source: JPMorgan. As of 30 Sep 12 (last 12 months)



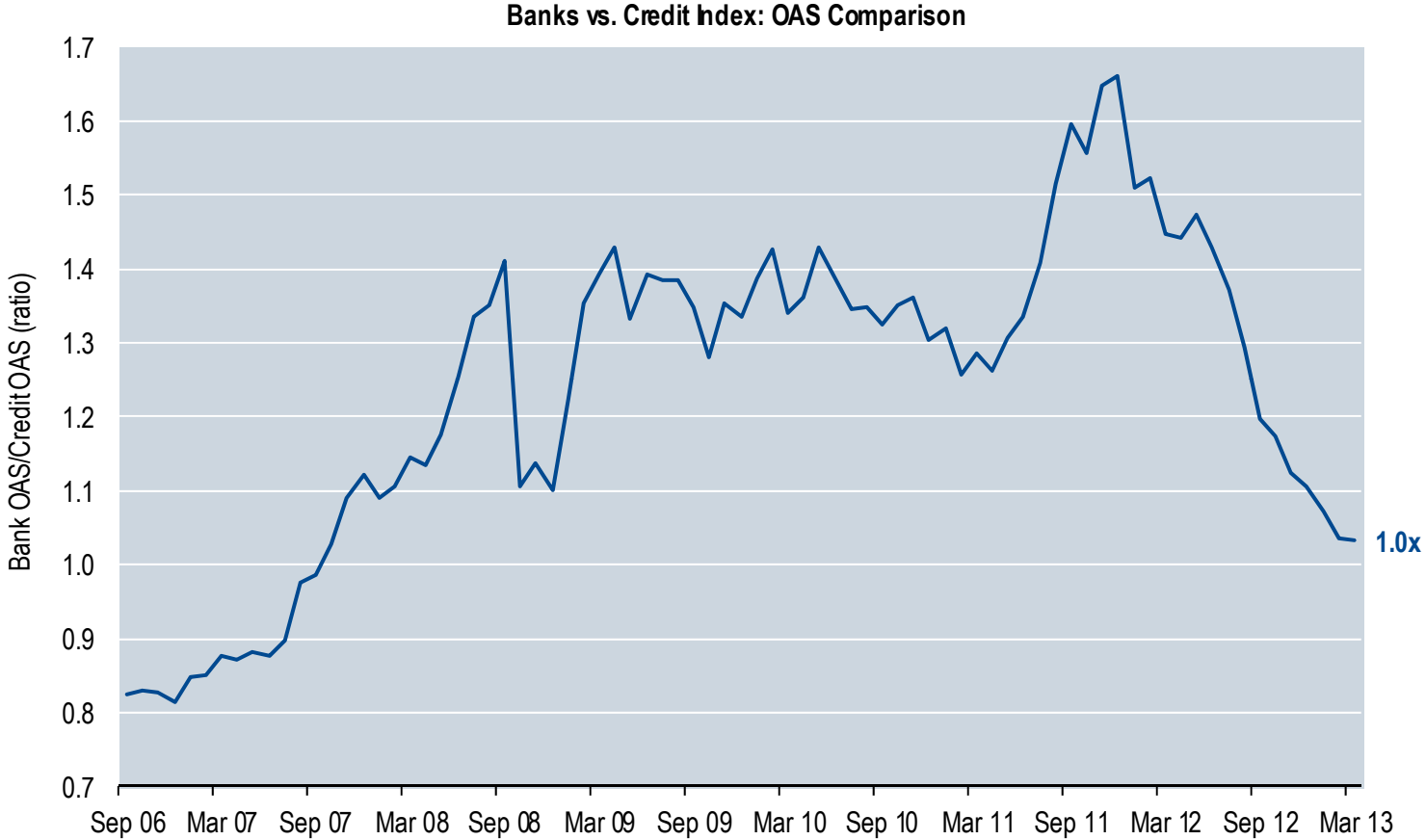
Source: JPMorgan. As of 30 Sep 12 (last 12 months)



Source: JPMorgan. As of 30 Sep 12 (last 12 months)

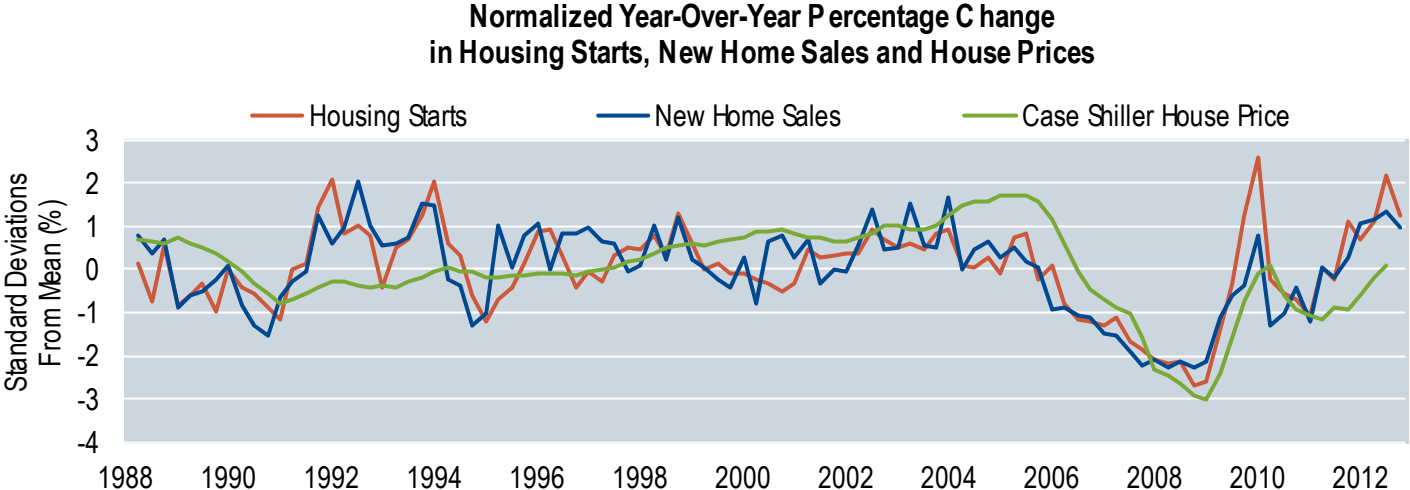
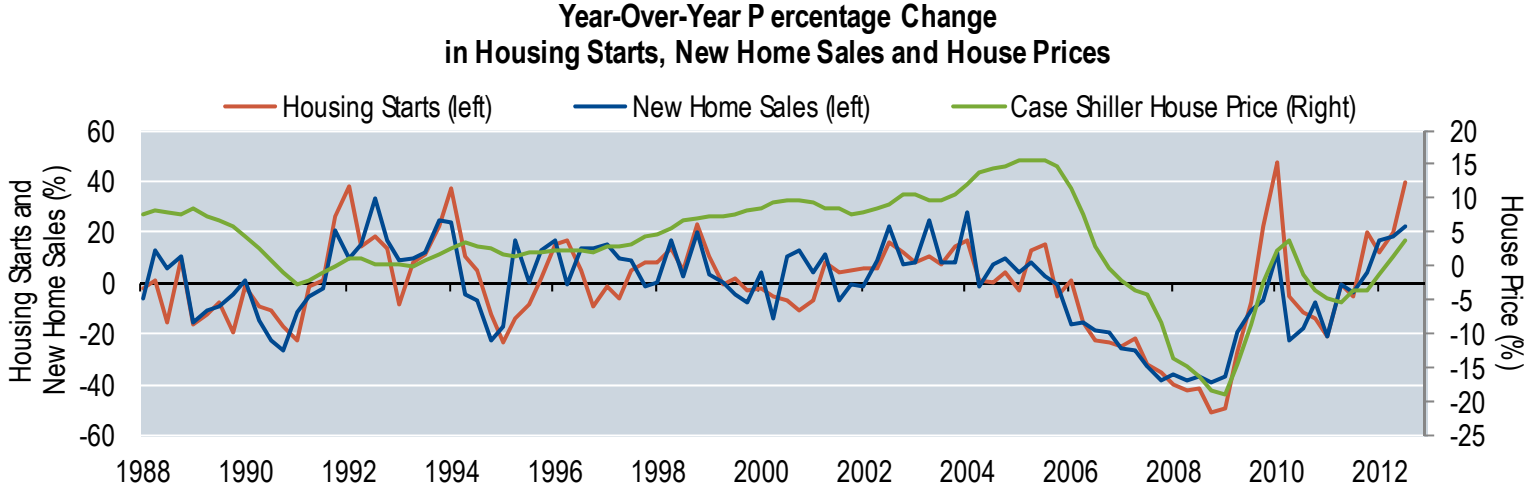
Credit Fundamentals	Trend	Credit Impact	Comment
Revenue	Neutral	Neutral	Decreased <1% quarter-over-quarter, increased 5.7% year-over-year
Capex	Increasing	Neutral	Capacity utilization at 78.3% from 67% at depth of crisis
Interest Expense	Decreasing	Positive	Flat quarter-over-quarter, average coupon 3 1/2%
Debt	Increasing	Negative	Increased 2% quarter-over-quarter, 8% year-over-year

Financials Still Have Room to Normalize



Source: Barclays. As of 31 Mar 13

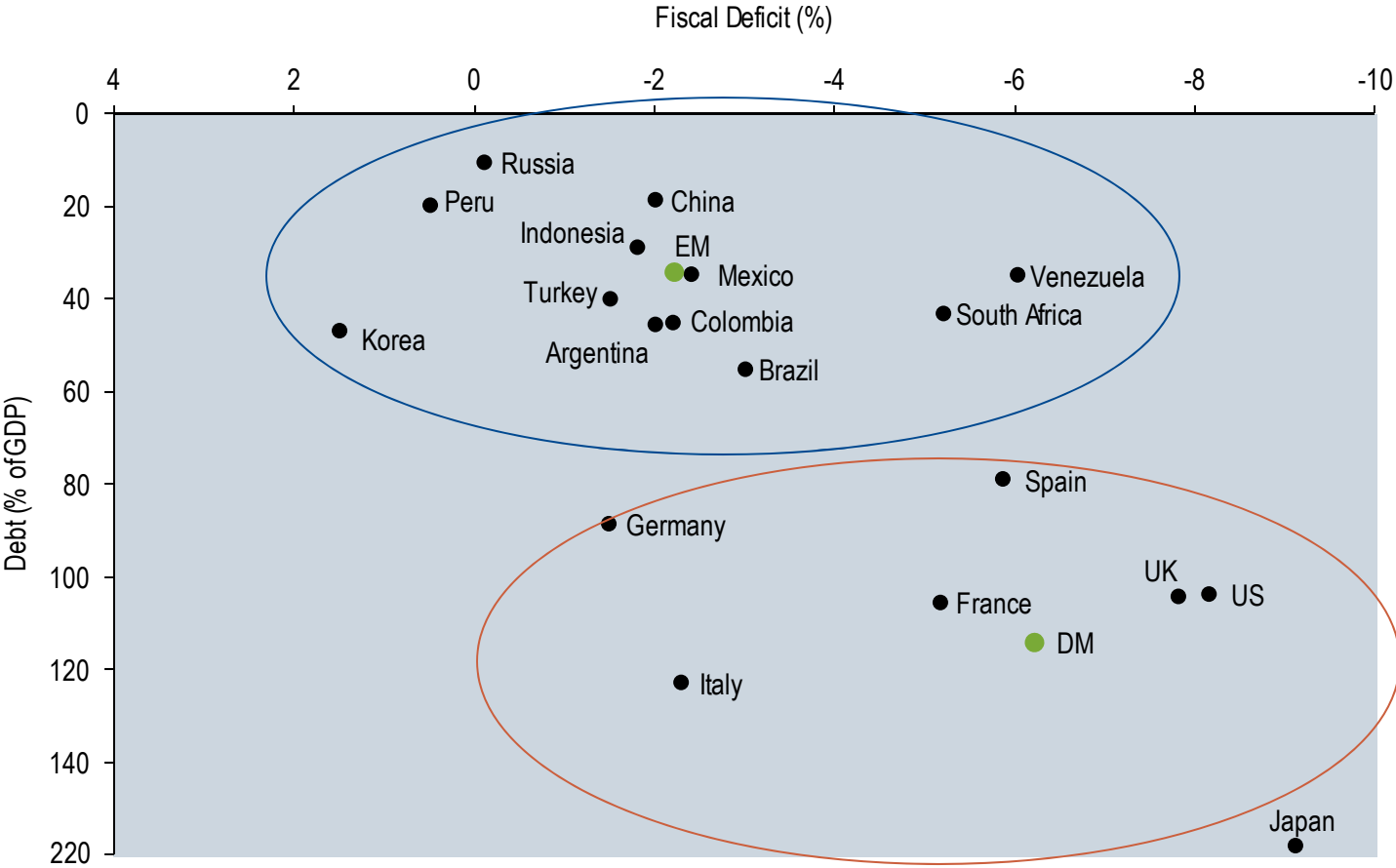
US Housing Trends: Positive Year-Over-Year Changes Suggest Start of Recovery



Source: US Census Bureau, Case-Shiller, Bloomberg, Western Asset. As of 31 Dec 12

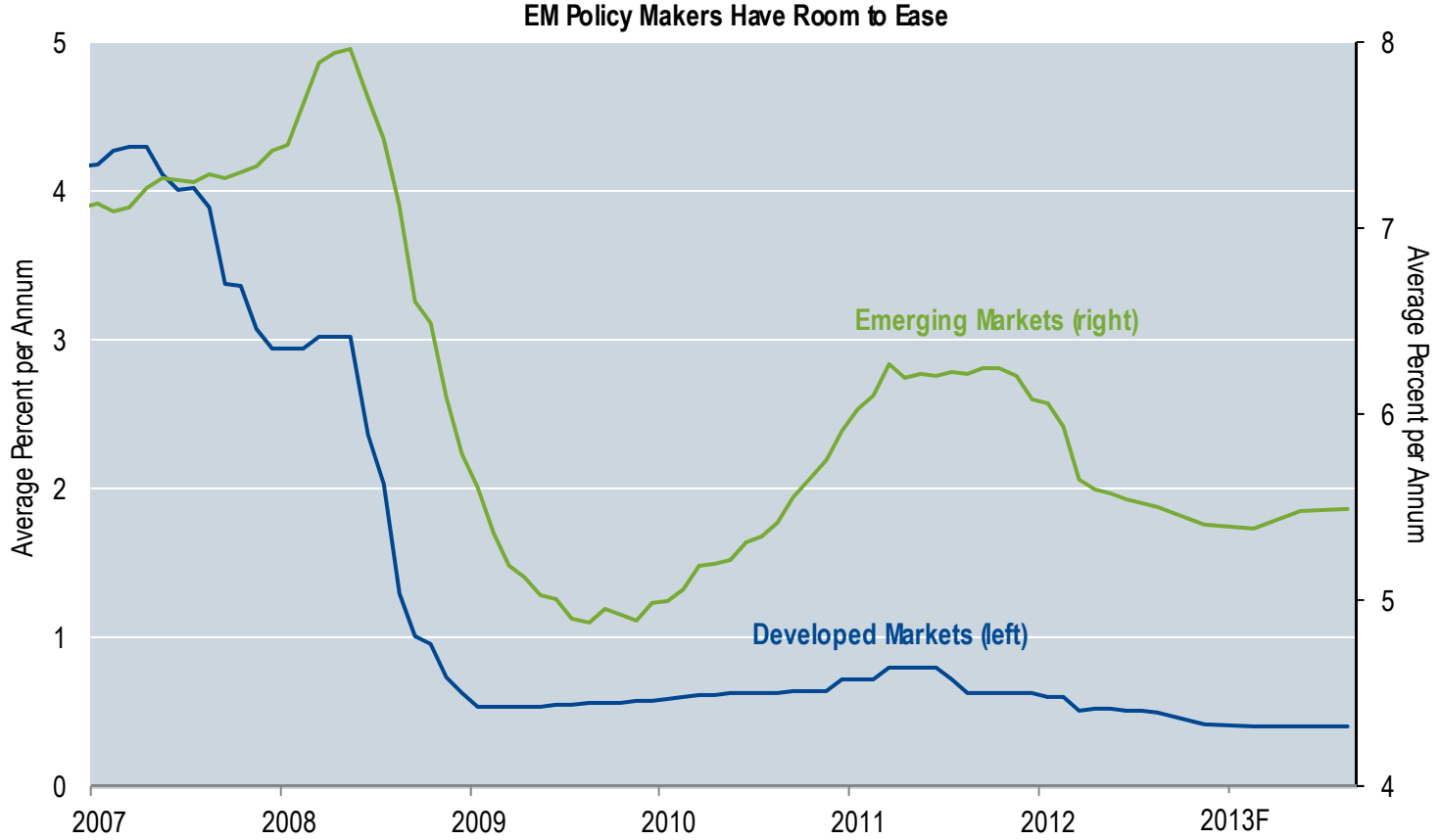


EM Balance Sheet Strength is One Pillar of Support



Source: JPMorgan. 2012 estimate as of 30 Nov 12

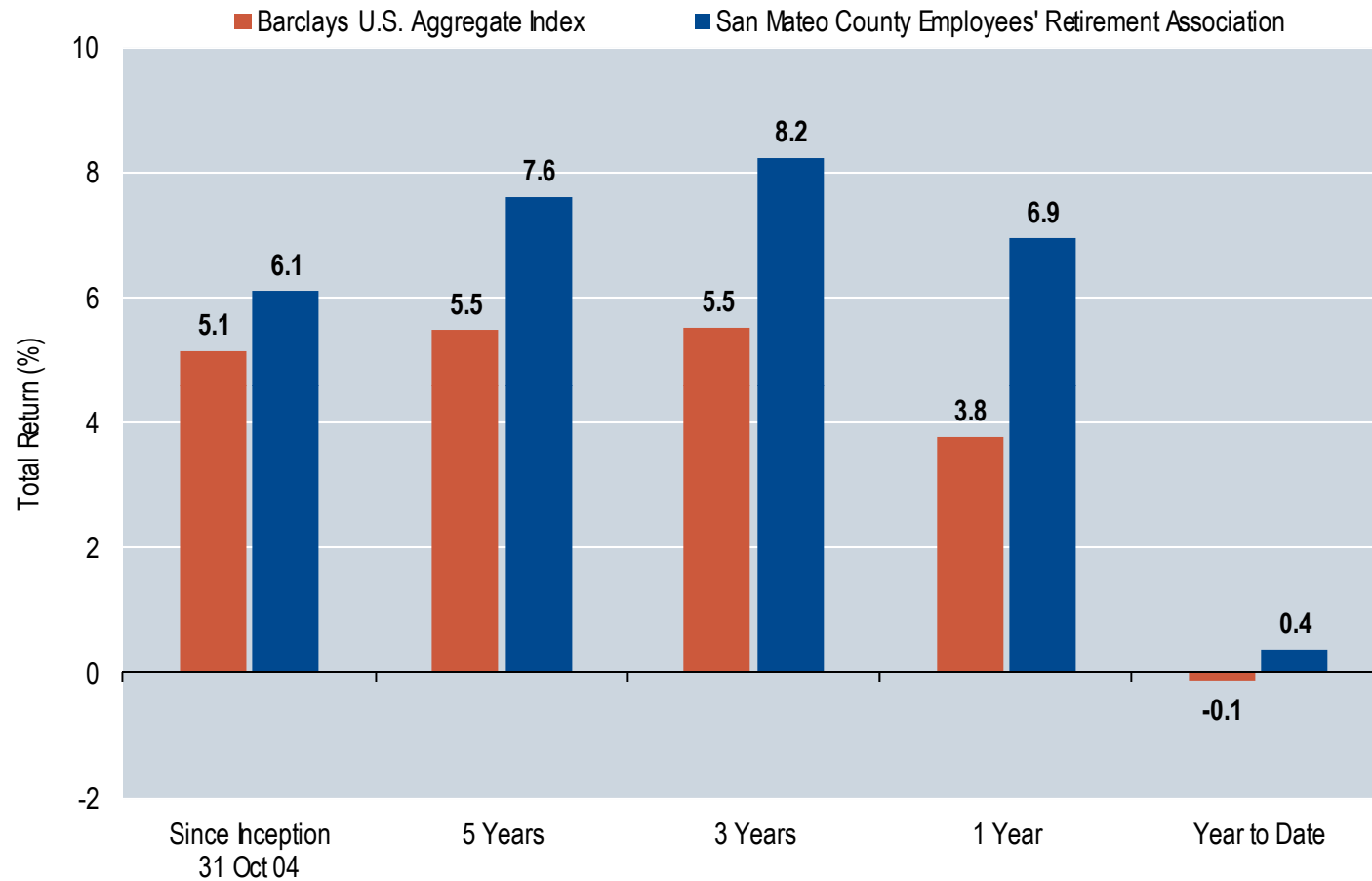
EM Policy Flexibility is the Other Pillar of Support



Source: JPMorgan. As of 28 Feb 13

Portfolio Review

Investment Results

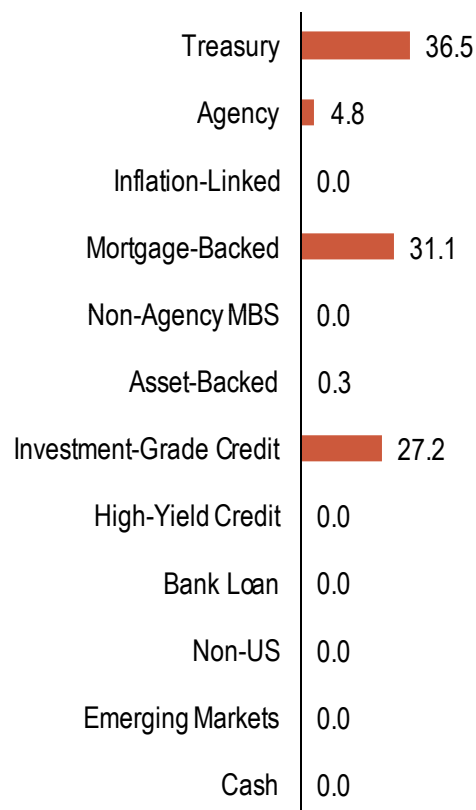


As of 31 Mar 13. Performance shown is gross of investment advisory fees. The account's actual return will be reduced by those fees and any other expenses chargeable to the account. The fee schedule for this strategy may be found in Part 2 of Western Asset's Form ADV. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance were 10%, the compounding effect of the fees would result in a net performance of approximately 8.93%. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

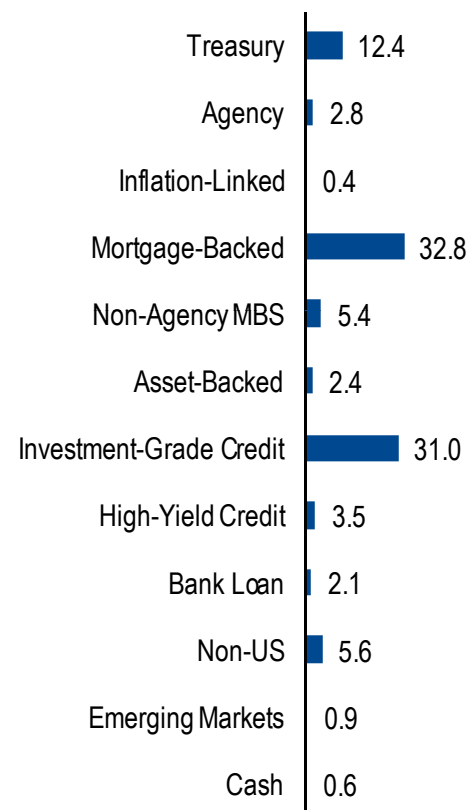
Sector Exposure

March 31, 2013

Barclays U.S. Aggregate Index (%)
Yield: 1.86



San Mateo County Employees' Retirement Association (%)
Yield: 2.73



Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. A negative cash position may be reported, which is primarily due to the portfolio's unsettled trade activity. Data may not sum to 100% due to rounding.

Biography

JOHN L. BELLOWS

4 Years Experience

- Western Asset Management Company – Investment Management Strategy Analyst, 2012-
- U.S. Department of the Treasury – Acting Assistant for Economic Policy; Deputy Assistant Secretary for Microeconomic Analysis; Senior Advisor in the Office of Economic Policy, 2009-2011
- *University of California, Berkeley, Ph.D. Economics*
- *Dartmouth College, B.A. Economics, Magna Cum Laude*

Note: Western Asset experience reflects current position title and hire date.

Representative Client List Disclosure

The clients listed in the Corporate company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$55(M) or greater.

The clients listed in the Public company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$94(M) or greater.

The clients listed in the Multi-Employer / Union company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$20(M) or greater.

The clients listed in the Eleemosynary company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$8(M) or greater.

The clients listed in the Insurance company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$48(M) or greater.

The clients listed in the Healthcare company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$50(M) or greater.

The clients listed in the Sub-Advisory company type are in all mandates, located in all countries and all regions of the United States, and with portfolios with an AUM of \$100(M) or greater.

Clients that have advised Western Asset of account terminations have been excluded from the lists.

Risk Disclosure

© Western Asset Management Company 2013. This presentation is the property of Western Asset Management Company and is intended for the sole use of its clients, consultants, and other intended recipients. It should not be forwarded to any other person. Contents herein should be treated as confidential and proprietary information. This material may not be reproduced or used in any form or medium without express written permission.

Past results are not indicative of future investment results. This presentation is for informational purposes only and reflects the current opinions of Western Asset Management. Information contained herein is believed to be accurate, but cannot be guaranteed. Opinions represented are not intended as an offer or solicitation with respect to the purchase or sale of any security and are subject to change without notice. Statements in this material should not be considered investment advice. Employees and/or clients of Western Asset Management may have a position in the securities mentioned. This presentation has been prepared without taking into account your objectives, financial situation or needs. Before acting on this information, you should consider its appropriateness having regard to your objectives, financial situation or needs. It is your responsibility to be aware of and observe the applicable laws and regulations of your country of residence.

ASSET LIABILITY STUDY INTRODUCTION

STRATEGIC INVESTMENT SOLUTIONS, INC.

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

Risk Management Approaches

RISK

- Human Nature

APPROACH

Educate/Understand
Build Consensus Buy-In

- Total Fund Volatility

Identify Sources (Risk Budget Awareness)
Economic Scenario Analysis
Balanced Risk Alternatives

- Asset Class

Identify Optimal Risk Exposure vs. Objective
Active/Passive Decision
Balanced Active Risk Allocation

- “Overpaying”

Fee Negotiations

Asset/Liability Modeling

- A Dynamic Process Designed to Enhance the Long-Term Return and Risk Profile of a Multiple Asset Class Portfolio
- Portfolio Management at its Highest Level
- Risk Management at its Most Fundamental Level
- Greatly Impacts the Long-Term Level and Variability of Total Fund Returns
- Dependent Upon a Rational Interpretation of Existing Capital Market Risk and Return Characteristics
- Liability Really Means the Employer Contribution Rate
- **Plan Objective:** To Achieve the Systematic Construction of a Total Fund Portfolio Consistent with the Investment Objective of Maximizing the Expected Return for the Chosen Level of Risk

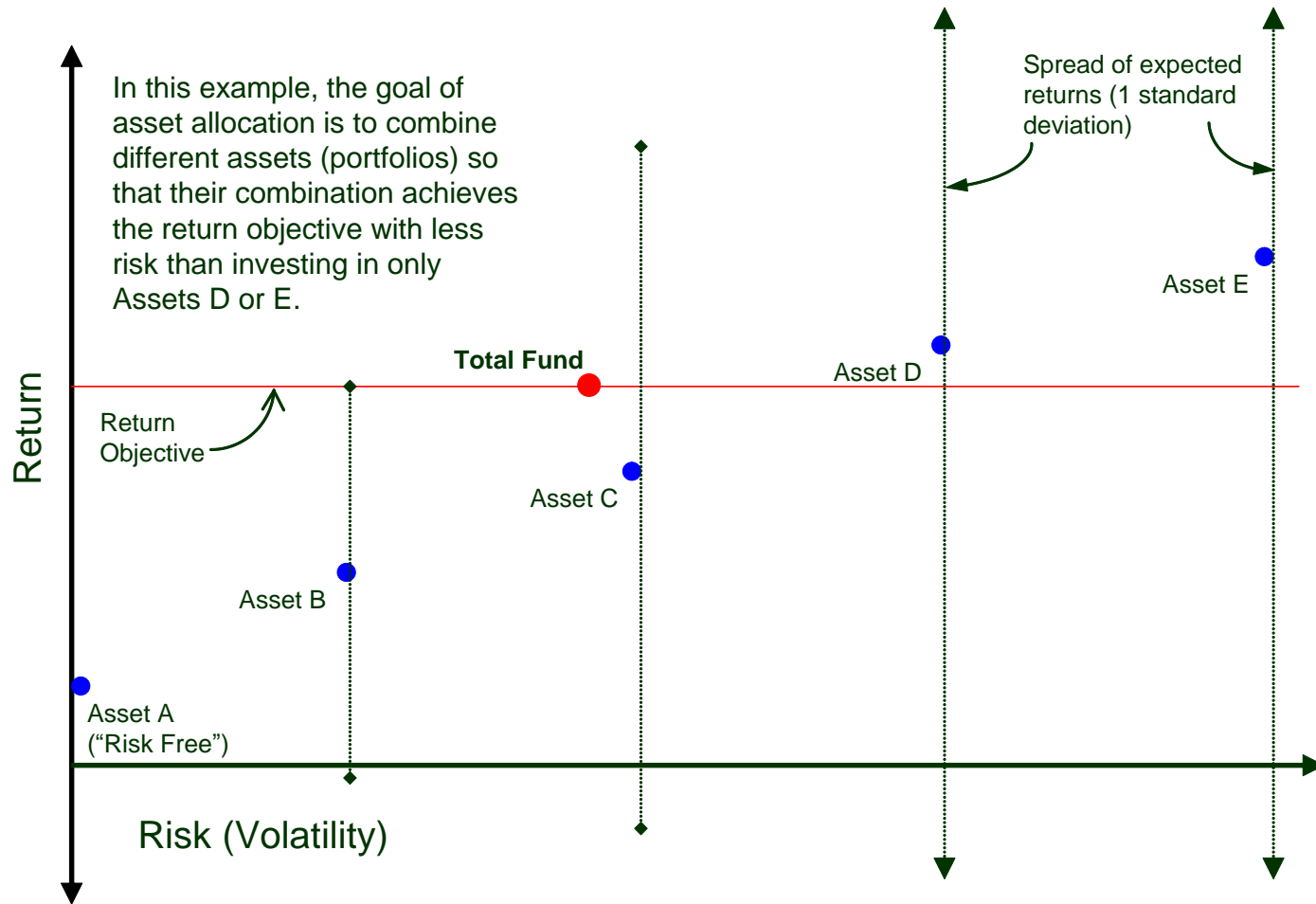
Asset-Only Allocation Strategy

- The **Return Enhancement** portfolios allow us to **create wealth** by maximizing total return. These must have expected returns that meet or exceed the Total Fund return objective.
 - Public Equity
 - Private Equity
 - Enhanced Return/Private Real Estate
 - High Yield / Distressed Debt

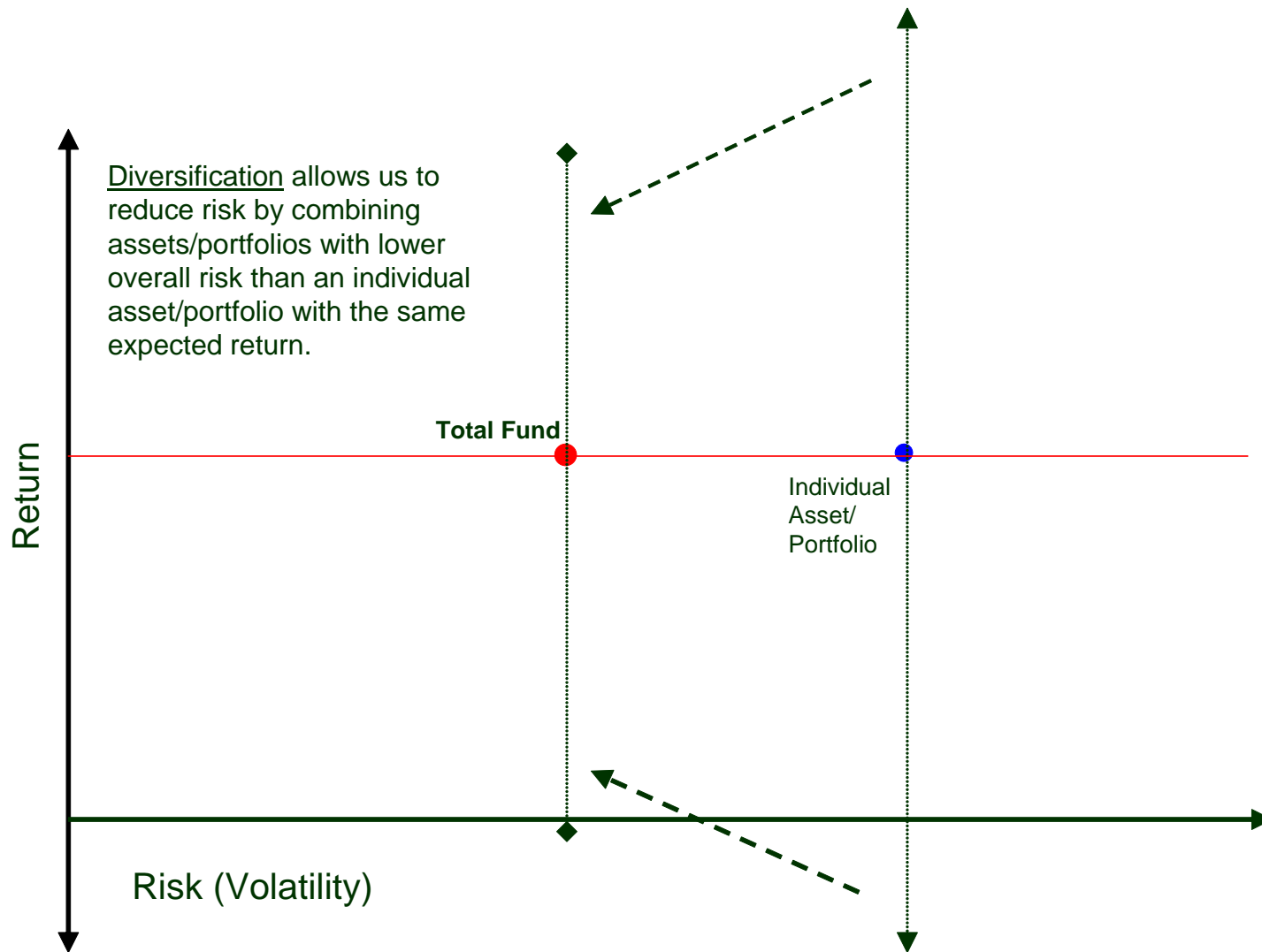
- The Risk Reduction portfolios allow us to **preserve wealth** during weak market conditions. These must have expected returns with a relatively **low or negative correlation** with the Return Enhancement portfolios.
 - Investment-Grade Fixed Income
 - Cash Equivalents
 - Core Real Estate
 - Absolute Return Strategies

Problem: Asset Only optimization only deals explicitly with the first of these three risks (Investment Shortfall Risk). We also wish to capture the Interest Rate and Inflation Risks imbedded in the liabilities.

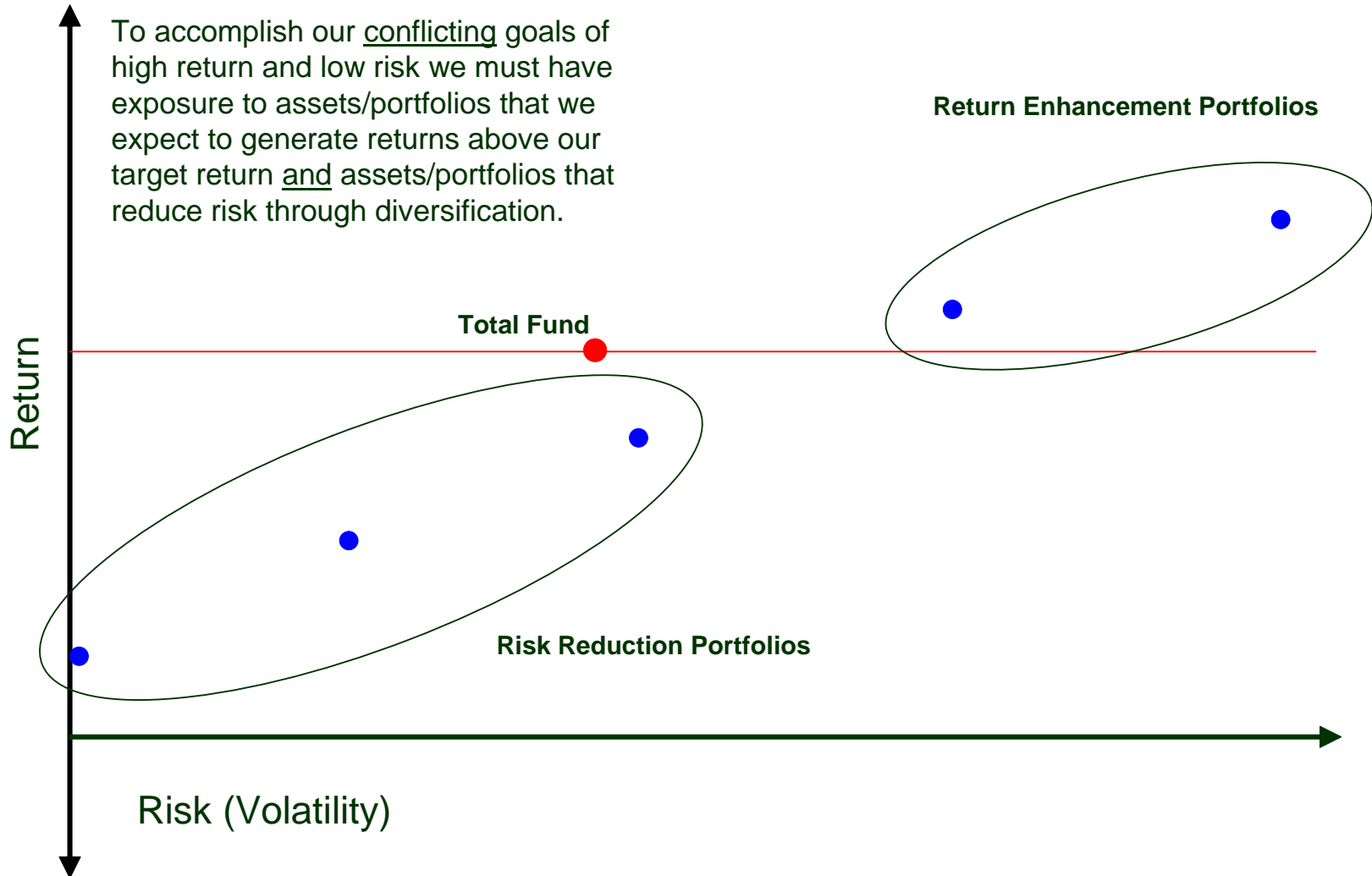
Asset Allocation: Example



Asset Allocation: Example



Asset Allocation: Example

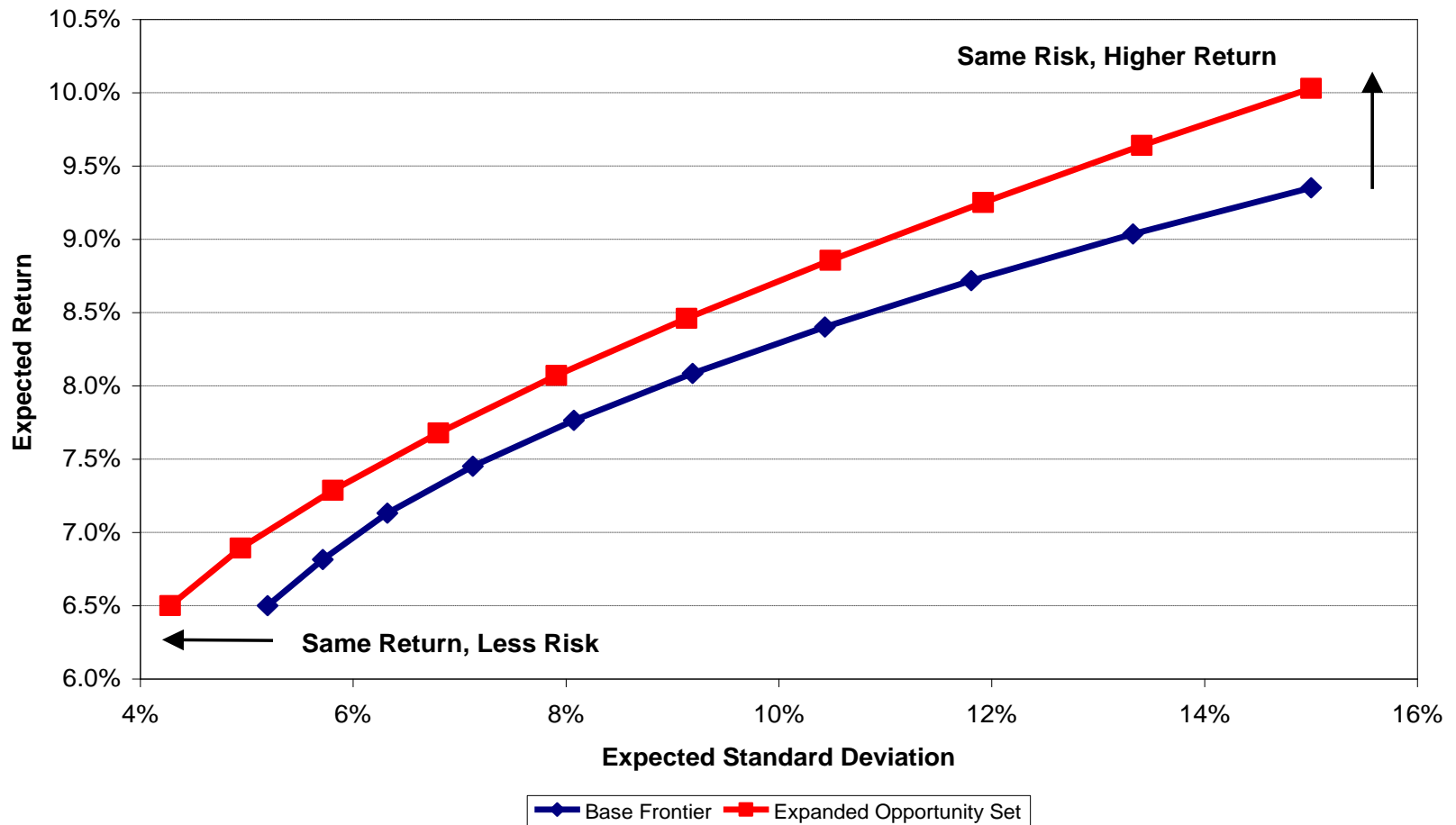


Asset Mix Optimization

- Three Inputs (In Order of Importance)
 - Return (Geometric; Annual Growth Rate)
 - Risk (Standard Deviation Around Expectation)
 - Correlation (Degree to Which Assets Move Together)
- Determining Inputs
 - How Are You Going to Use Them? Tactically or Strategically?
 - Extrapolate Trends, Mean Reversion or Full History?
- Output
 - Efficient Frontier — Lowest Level of Risk Per Unit of Return; Highest Available Return Per Unit of Risk

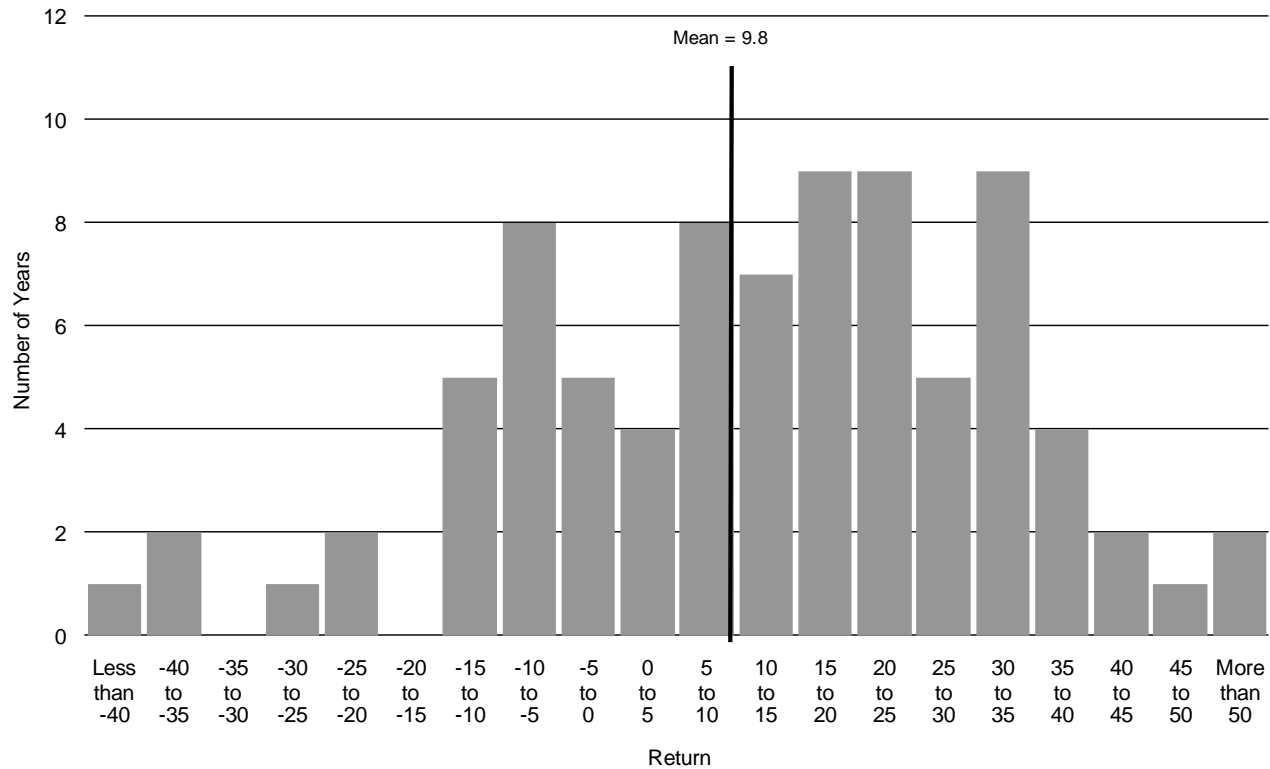
Efficient Frontiers (Additional Asset Classes)

Unconstrained Efficient Frontiers

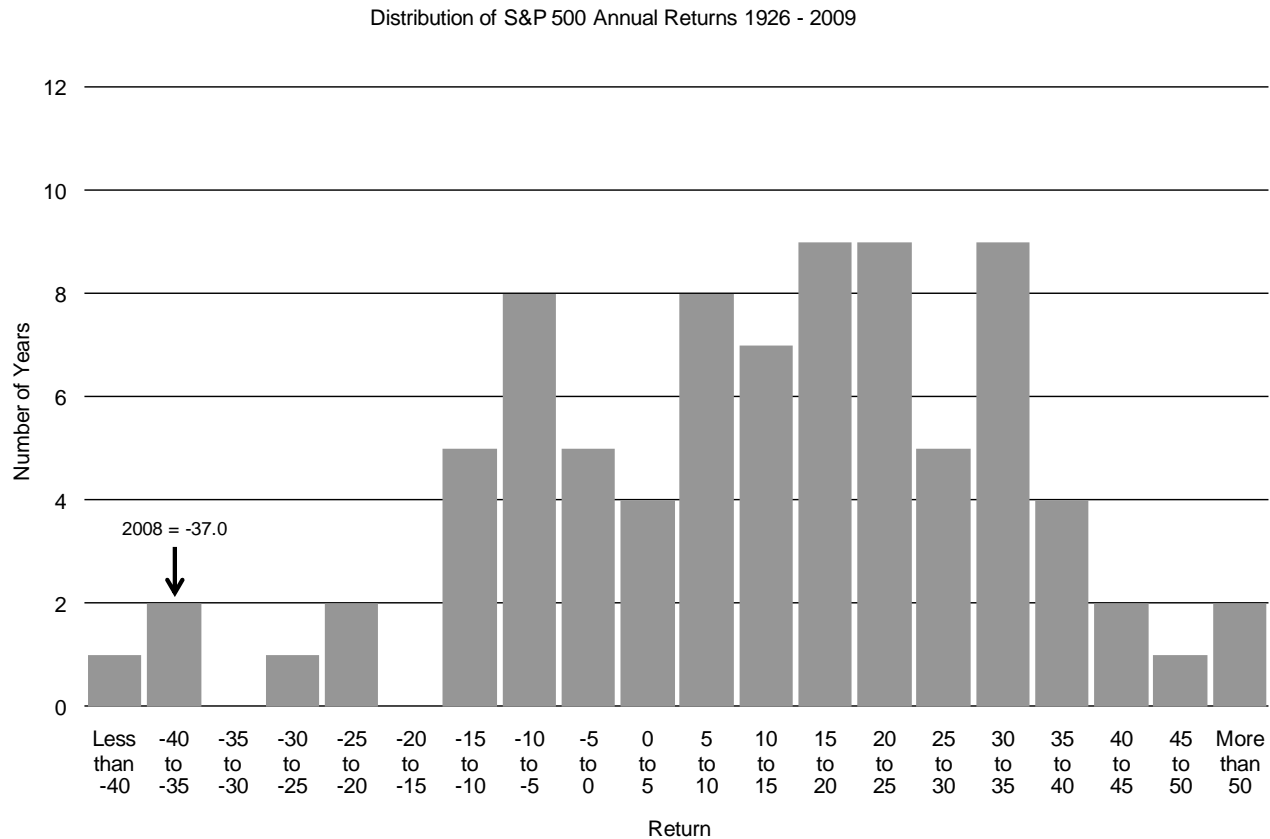


What Return Do We Plan On?

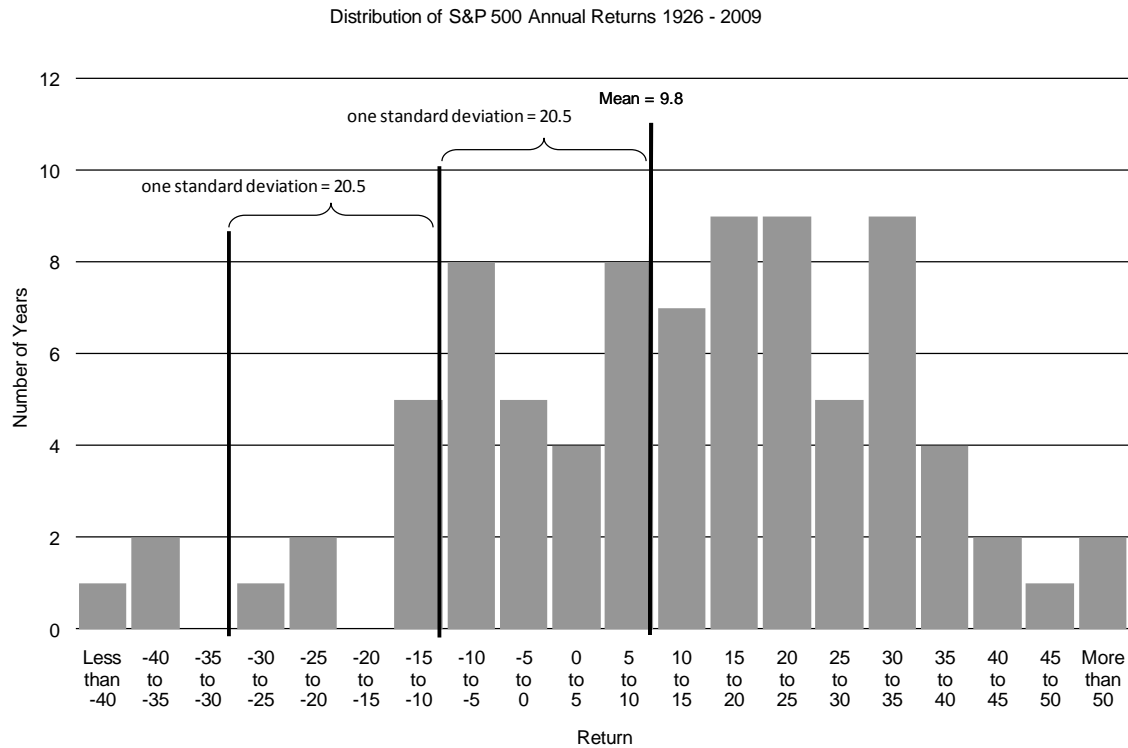
Distribution of S&P 500 Annual Returns 1926 - 2009



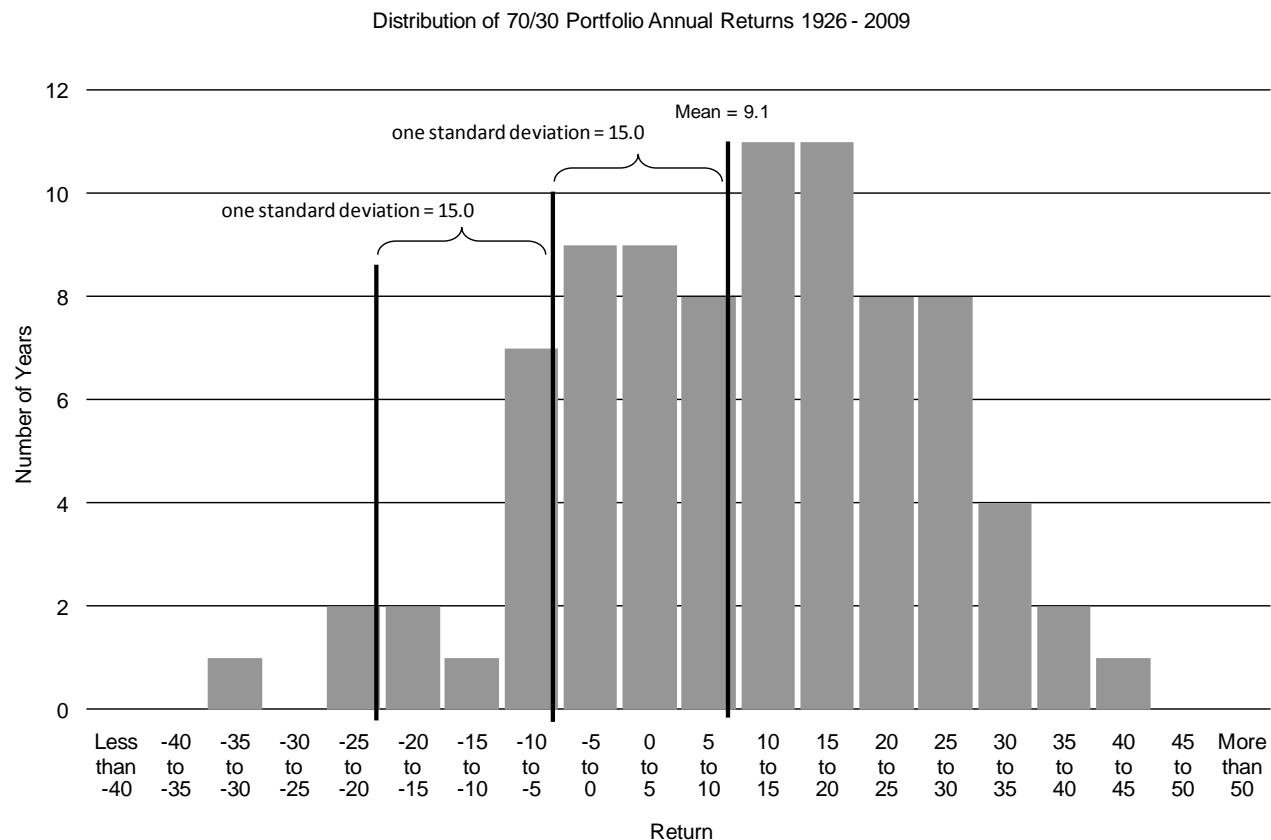
How Risky are Investment Returns?



How Do We Measure Investment Risk?



Diversification Reduces Risk (at Some Cost)





SIS CAPITAL MARKET ASSUMPTIONS

SIS Capital Markets Expectations Process

- Strategic Purpose – Horizon = 2 to 3 Market Cycles
- Building-Block Approach
- Based on CAPM – Investor Must Be Compensated for Taking Higher Risk
- Long-Term Real Return Corridors, Combined with Mean Reversion
- Data Sources/Return
 - Blue Chip Economic Forecast (Inflation, GDP Growth Estimates)
 - Global Manager and “Sell-Side” Forecasts
 - CAPM (Equity Asset Classes)
 - Historical Data
- Correlations – Most Stable (90-Month Half- Life, 1985 to Present)
- Risks- Stable; Two-Factor Model

Building Block Approach to Assumptions

Inflation	Consensus of economists' forecasts, TIPS
Cash	Inflation + 1% to 2% premium
US Large Cap	CAPM, 3% to 6% equity premium, macroeconomic DDM
US Small Cap	CAPM, (beta of ~1.2)
Private Equity	CAPM, (beta of ~1.6)
US Fixed	Yield to Worst on Aggregate Index (compare to historic bond risk premium); adjusted for client's duration target and unique sector allocations
International Equity	Weighted sum of local market premium + local risk free rate
International Bond	US fixed return, adjusted for Quality and Duration (currency effects based on PPP)
Real Estate	Historical behavior of equity REITs; current appraisal cap rates; CAPM; adjusted for client's portfolio structure (core/value added/opportunistic)
Hedge Funds	Expected net premium to LIBOR (3-4%); 0.40 Sharpe Ratio
High Yield	Historical ratio: spread of High Yield over US Fixed Income divided by spread of Large Cap over US Fixed Income
Commodities	Cash equivalents + 300-400 bps for rebalancing premium and roll yield
Diversified Real Assets	Based on a portfolio consisting 20% Timberland and Farmland, 40% Industrial Commodity producers (Energy, Metals and Mining), 20% Infrastructure (UBS Index) and 20% direct investing represented by spot (not futures based) commodity price movements.

SIS Capital Market Expectations (11/2012)

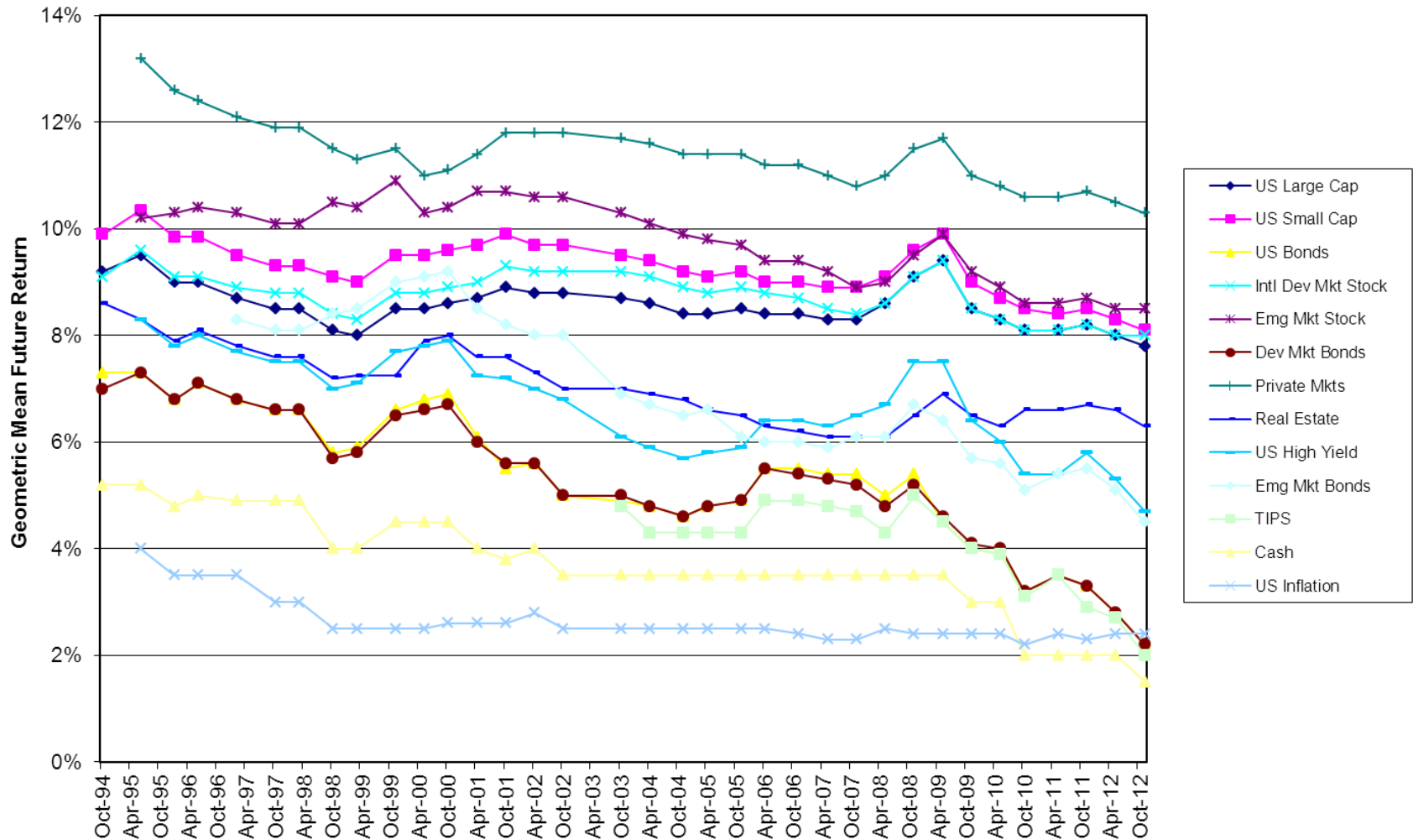
	EXPECTED RETURN	STANDARD DEVIATION	SHARPE RATIO
U.S. INFLATION	2.4%	-----	-----
U.S. LARGE CAP STOCK	7.8%	18.0%	0.350
U.S. SMALL CAP STOCK	8.1%	20.5%	0.322
U.S. FIXED INCOME	2.2%	4.5%	0.156
INT'L DEVELOP MKT STOCK	8.0%	19.0%	0.342
EMERGING MKT STOCK	8.5%	27.0%	0.259
INT'L FIXED INCOME	2.2%	10.0%	0.070
PRIVATE MARKETS	10.3%	33.0%	0.267
REAL ESTATE	6.3%	18.5%	0.259
U.S. HIGH YIELD	4.7%	10.0%	0.320
EMERGING MKT DEBT	4.5%	10.5%	0.286
U.S. TIPS	2.0%	4.5%	0.111
INT'L ILB	2.0%	4.0%	0.125
FLOATING RATE BANK LOANS	4.3%	7.0%	0.400
INFRASTRUCTURE	6.9%	25.0%	0.216
HARD ASSET EQUITY	7.4%	28.0%	0.211
COMMODITIES	4.0%	30.0%	0.083
HEDGE FUNDS	4.9%	10.0%	0.340
CASH	1.5%	1.0%	0.000

SIS Capital Market Expectations (11/2012)

	US LRG CAP STK	US SML CAP STK	US FI	INTL DEV STK	EMERG MKT STK	INTL FI	PVT EQ	REAL EST	HIGH YIELD	EM DEBT	TIPS	FR BK LOAN	INTL ILB	ABS RETURN	COMMOD	INFRAST	HARD ASSET	CASH
US LARGE CAP STK	1.00																	
US SMALL CAP STK	0.86	1.00																
US FIXED INCOME	0.18	0.09	1.00															
INTL STK	0.77	0.72	0.07	1.00														
EMERG MKT STK	0.58	0.66	-0.09	0.71	1.00													
INTL FIXED INCOME	0.11	0.02	0.46	0.36	0.13	1.00												
PRIVATE EQUITY	0.63	0.60	-0.07	0.56	0.55	0.01	1.00											
REAL ESTATE	0.63	0.65	0.17	0.57	0.51	0.00	0.32	1.00										
US HIGH YIELD	0.70	0.73	0.35	0.61	0.60	0.30	0.53	0.68	1.00									
EMERG MKT DEBT	0.51	0.51	0.36	0.44	0.55	0.14	0.39	0.44	0.49	1.00								
US TIPS	0.11	0.08	0.62	0.08	0.09	0.43	-0.08	0.26	0.32	0.39	1.00							
FR BK LOAN	0.64	0.63	0.14	0.61	0.58	0.10	0.42	0.67	0.78	0.42	0.25	1.00						
INTL ILB	0.45	0.30	0.59	0.44	0.20	0.47	0.26	0.26	0.41	0.32	0.52	0.33	1.00					
ABSOLUTE RETURN	0.61	0.54	0.25	0.67	0.52	0.21	0.50	0.42	0.35	0.60	0.24	0.47	0.37	1.00				
COMMODITIES	0.27	0.29	-0.07	0.30	0.38	0.09	0.17	0.28	0.12	0.44	0.43	0.26	0.16	0.47	1.00			
INFRASTRUCTURE	0.51	0.52	0.43	0.50	0.44	0.22	0.30	0.62	0.61	0.53	0.36	0.57	0.17	0.58	0.23	1.00		
HARD ASSET	0.49	0.52	0.04	0.59	0.58	0.08	0.30	0.55	0.37	0.42	0.31	0.44	0.29	0.46	0.69	0.45	1.00	
CASH	0.15	0.10	0.33	0.09	0.00	0.07	0.03	-0.15	-0.16	0.23	0.05	-0.08	0.11	0.60	0.18	0.34	0.06	1.00

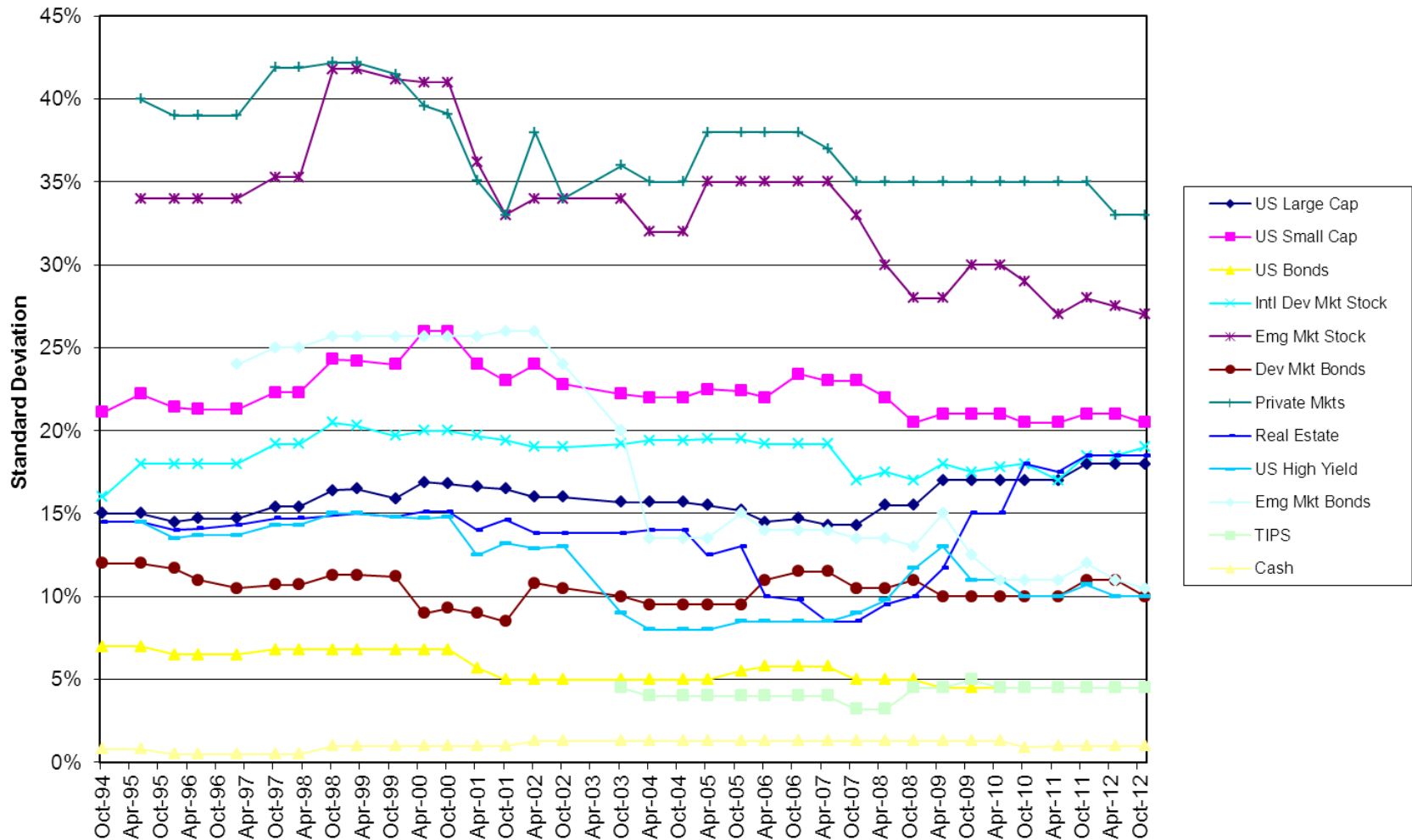
SIS Capital Market Expectations (History)

Expected Returns



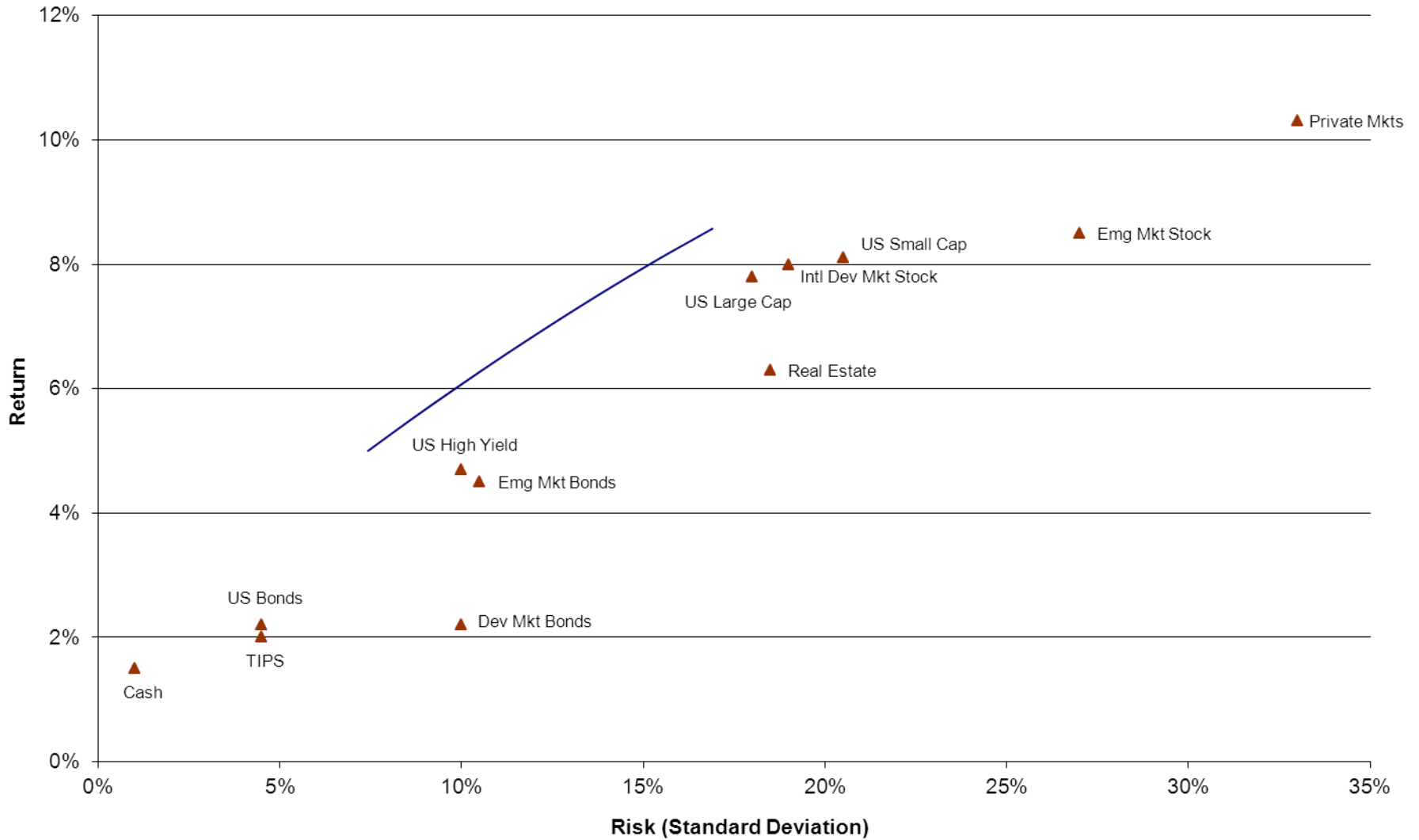
SIS Capital Market Expectations (History)

Expected Risks



Efficient Frontier

Expected Risk/Return





ASSET/LIABILITY MODELING INTRO

Liabilities

- The Actuarial Liability of the Plan Is the Sum of Several Components:
 - Present Value of Benefits to Retirees
 - Present Value of Benefits to Former Employees with Vested Pension Rights but Not Yet Retired
 - Present Value of Vested Benefits Accrued to Date for Active Employees
 - Present Value of Non-Vested Benefits for Active Employees
 - Present Value of Future Salary Increases on Service Benefits Accrued to Date

The Liability Essentially Means the Sum of the Cumulative Employer Contributions

- Output Is Expected and Range of Possibilities of:
 - Range of Realized Returns/Market Values
 - Contributions as a Percentage of Pay
 - Funded Status
 - Plan Membership Demographics
 - Projected Payroll
 - Benefit Payments
 - Actuarial Liability
 - Ultimate Net Cost of the Plan

Typical Pension Funding Objectives

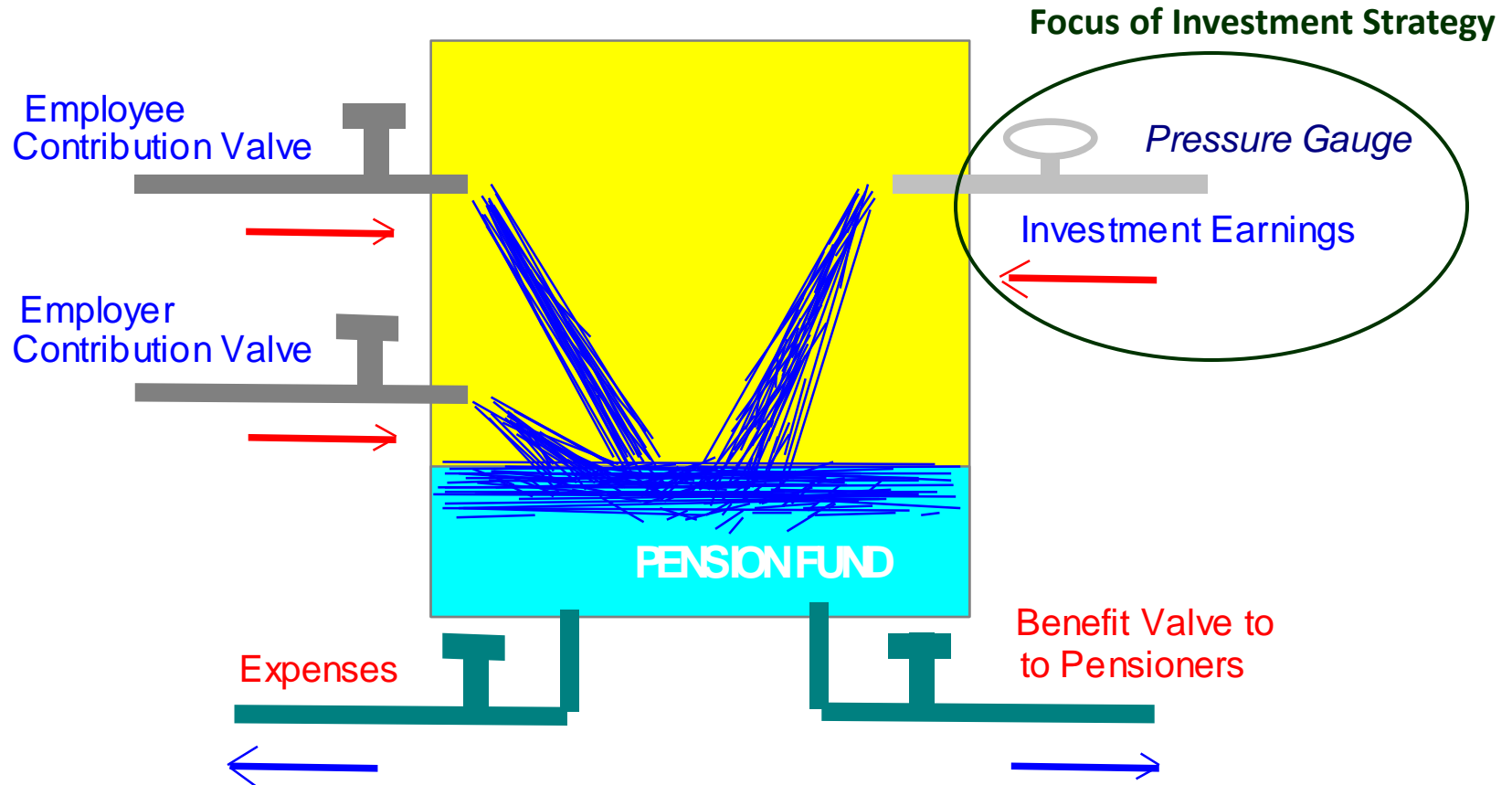
- Intergenerational Equity (Matching Costs to Services)
- Limit Contribution Rates
- Limit Contribution Rate Volatility
- Maintain Certain Funded Status
- Sustain Benefit Structure
- Meet Actuarial Earnings Rate
- Limitation
 - While these objectives may be achievable over a long time period (30+ years), none of them recognizes the market's risk characteristics (*i.e.*, they all may be impossible to meet in a protracted bear market).

Integrating Asset and Liability Forecasts

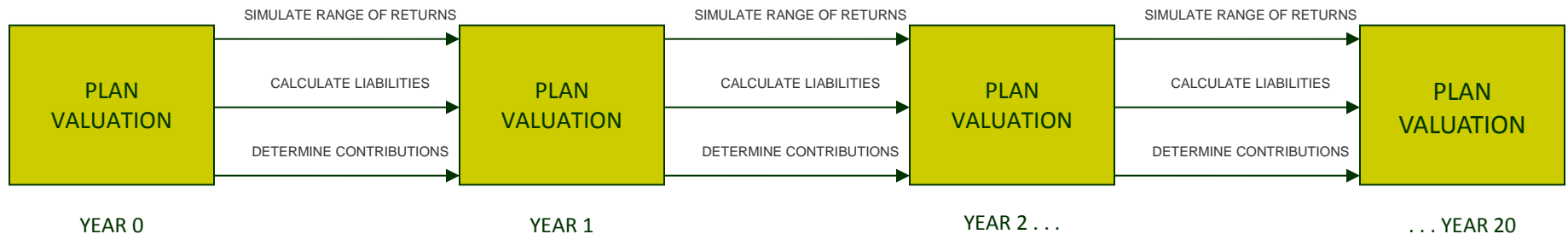
- Liability projections are integrated with range of asset projections (5th to 95th percentile) each year via stochastic* simulations (5000 multi-year outcomes).
- Review 99th percentile outcomes to preview “2008” experience.
- Model estimates actuarial valuation at start of each new year, using actuary’s assumptions and methods.
- Decision Making.
- Project future financial condition under range of policy portfolios over five or seven years.
- Focus on Ultimate Net Cost (PV of Cumulative Contributions plus PV of Unfunded Liability) less any surplus at horizon.
- Trade off gains (lower Ultimate Net Costs) at median versus shortfalls (higher costs) at 95th (worst 1 in 20) percentile.

* See Appendix for Glossary of Terms

Asset Liability Modeling



Asset/Liability Modeling



- Asset Simulations

- Monte Carlo – 5000 “Random” Multi-Year Outcomes

- Liability Simulations/Contribution Determinations

- Based on Range of Investment Results
 - Annual Valuation for Range of Outcomes
 - Year-by-Year, NOT Straight-Line Projection



ASSET LIABILITY SIMPLE EXAMPLE CASE STUDY



Asset Allocation Starting Point: What Is Risk?

Risk is the likelihood that things will not go as expected!

What's the Plan?



R. Joe, a hypothetical example:

- Does administrative work for Any County, CA
- Age 45
- Salary \$80k
- 10 years on the job
- Will retire @ 65
- Will live to 85

Here's the Plan

Benefit % 2.5%
 Exp Raise 3.75%
 Exp COLA 2%
 Exp Return 7.75%

\$ in thousands

Year	Age	Service	Pay	Raise	Pension Benefit	COLA	PVFB	Normal Cost	Normal Cost %	Liability (L)	Assets (A)	A/L	Next Yr Return
2000	35	0											
2001	36	1	\$ 57	3.75%			\$ 167	\$ 9	16%	\$ 9	\$ 9	100%	7.75%
2002	37	2	60	3.75%			180	9	16%	19	19	100%	7.75%
⋮													
2010	45	10	80	3.75%			326	13	16%	151	151	100%	7.75%
2011	46	11	83	3.75%			351	13	16%	176	176	100%	7.75%
2012	47	12	86	3.75%			379	14	16%	204	204	100%	7.75%
⋮													
2028	63	28	155	3.75%			1,250	25	16%	1,204	1,204	100%	7.75%
2029	64	29	161	3.75%			1,347	26	16%	1,322	1,322	100%	7.75%
2030	65	30	167				1,451	27	16%	1,451	1,451	100%	7.75%
2031	66				\$ 125	2%				1,439	1,439	100%	7.75%
2032	67				128	2%				1,422	1,422	100%	7.75%
⋮													
2049	84				179	2%				169	169	100%	7.75%
2050	85				183					(0)	(0)		

Benefits “Earned”

Benefit %	2.5%											
Exp Raise	3.75%											
Exp COLA	2%											
Exp Return	7.75%											
\$ in thousands												
			Earned Benefit - By Years of Service									
Year	Age	Expected Pension Benefit	1	2	5	10	15	20	25	30		
2031	66	\$ 125	\$ 4	\$ 8	\$ 21	\$ 42	\$ 63	\$ 84	\$ 104	\$ 125		
2032	67	128	4	9	21	43	64	85	106	128		
2033	68	130	4	9	22	43	65	87	109	130		
⋮												
2049	84	179	6	12	30	60	89	119	149	179		
2050	85	183	6	12	30	61	91	122	152	183		

How Realistic Is This?

Similarities To Benefit formula

- Salary scale
- COLA
- Assumed return on assets
- Average age of active member
- Entry Age Normal cost method

Differences From

- Starts 100% funded
- No asset smoothing

What Could Go Wrong?



Risks we will not consider

- Joe quits
- Joe retires early
- Joe lives longer
- Joe's benefit formula changes

Risks we will consider

- Joe's salary changes due to inflation
- Investment return is not as expected

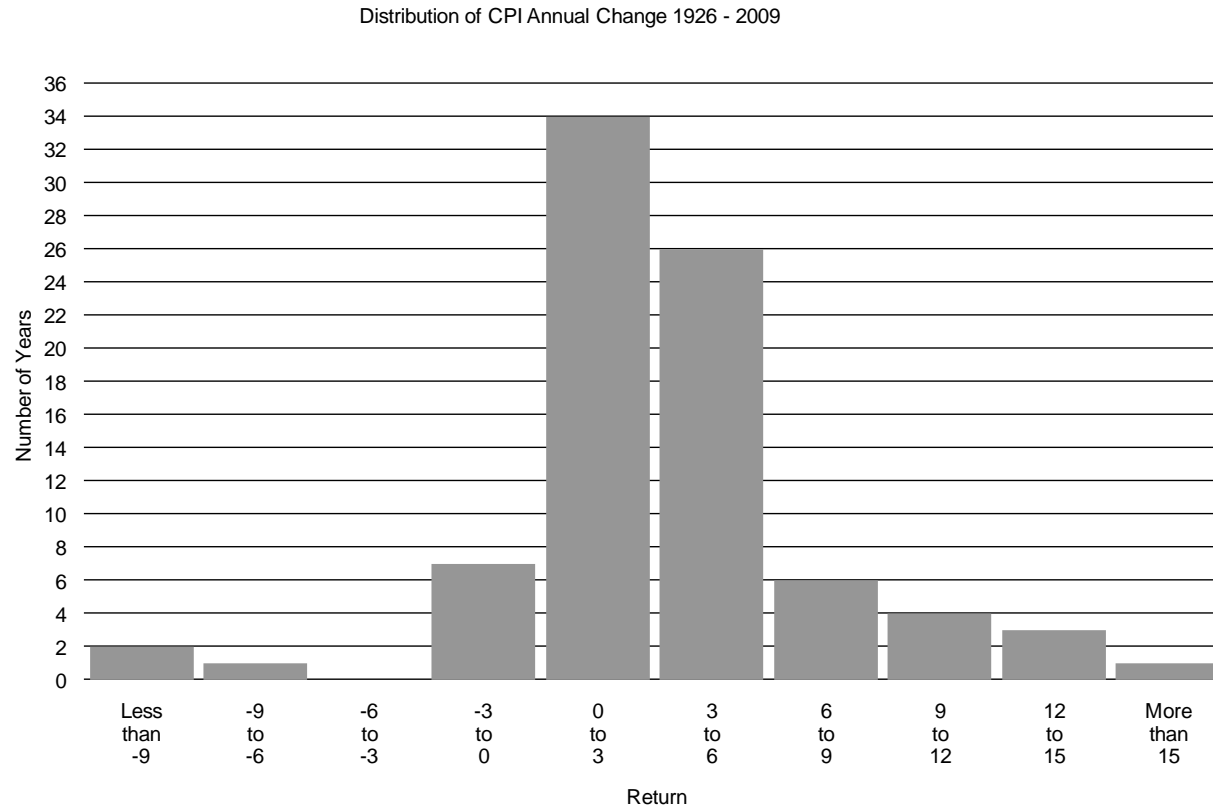
Unexpected Inflation (1977 – 1981 Levels)

Benefit % 2.5%
 Exp Raise 3.75%
 Exp COLA 2%
 Exp Return 7.75%

\$ in thousands

Year	Age	Pay	Raise	Normal Cost	Normal Cost %	Liability (L)	Assets (A)	L-A (UAAL)	Amort	Amort%	Amort% + NC%	Final Assets	Final A/L	Next Yr Return
2010	45	\$ 80	3.75%	\$ 13	16%	\$ 151	\$ 151	\$ (0)	\$ (0)	0%	16%	\$ 151	100%	7.75%
2011	46	83	6.80%	13	16%	176	176	(0)	(0)	0%	16%	176	100%	7.75%
2012	47	89	9.00%	14	16%	210	204	6	1	1%	17%	205	98%	7.75%
2013	48	97	13.30%	15	16%	253	236	17	2	2%	18%	238	94%	7.75%
2014	49	109	12.40%	17	16%	315	274	40	6	5%	21%	280	89%	7.75%
2015	50	123	8.90%	20	16%	387	321	66	9	8%	24%	331	85%	7.75%
2016	51	134	3.75%	21	16%	459	377	81	12	9%	25%	389	85%	7.75%
2017	52	139	3.75%	22	16%	516	442	75	11	8%	24%	453	88%	7.75%
2018	53	144	3.75%	23	16%	579	511	68	11	8%	23%	522	90%	7.75%
2028	63	208	3.75%	33	16%	1,616	1,610	6	5	2%	18%	1,615	100%	7.75%
2029	64	216	3.75%	34	16%	1,776	1,775	1	3	1%	17%	1,778	100%	7.75%
2030	65	224		36	16%	1,949	1,951	(2)	1	0%	16%	1,952	100%	7.75%
2031	66					1,932	1,936	(4)	(0)			1,935	100%	7.75%
2032	67					1,910	1,914	(4)	(0)			1,913	100%	7.75%
2049	84					227	231	(3)	(0)			230	101%	7.75%
2050	85					(0)	3	(3)	(0)			3		

Such Inflation Has Been Rare



Worst 1-Year Return on Record (1931, 70/30 Portfolio)

Benefit % 2.5%
 Exp Raise 3.75%
 Exp COLA 2%
 Exp Return 7.75%

\$ in thousands

Year	Age	Pay	Raise	Normal Cost	Normal Cost %	Liability (L)	Assets (A)	L-A (UAAL)	Amort	Amort%	Amort% + NC%	Final Assets	Final A/L	Next Yr Return
2010	45	\$ 80	4%	\$ 13	16%	\$ 151	\$ 151	\$ (0)	\$ (0)	0%	16%	\$ 151	100%	7.75%
2011	46	83	4%	13	16%	176	176	(0)	(0)	0%	16%	176	100%	-30.90%
2012	47	86	4%	14	16%	204	135	68	9	11%	27%	145	71%	7.75%
2013	48	89	4%	14	16%	234	170	63	9	10%	26%	179	77%	7.75%
2014	49	93	4%	15	16%	266	208	58	9	9%	25%	217	81%	7.75%
2015	50	96	4%	15	16%	302	249	53	8	9%	25%	257	85%	7.75%
2016	51	100	4%	16	16%	342	293	49	8	8%	24%	301	88%	7.75%
2017	52	104	4%	16	16%	384	341	44	8	7%	23%	348	91%	7.75%
2018	53	107	4%	17	16%	431	392	39	7	7%	23%	399	93%	7.75%
2019	54	111	4%	18	16%	482	448	34	7	6%	22%	455	94%	7.75%
2020	55	116	4%	18	16%	538	509	30	6	6%	21%	515	96%	7.75%
2021	56	120	4%	19	16%	599	574	25	6	5%	21%	580	97%	7.75%
2022	57	124	4%	20	16%	665	645	20	6	5%	20%	651	98%	7.75%
2023	58	129	4%	20	16%	737	721	16	5	4%	20%	727	99%	7.75%
2024	59	134	4%	21	16%	815	804	11	5	4%	20%	810	99%	7.75%
2025	60	139	4%	22	16%	901	894	6	5	3%	19%	899	100%	7.75%
2026	61	144	4%	23	16%	993	992	2	4	3%	19%	996	100%	7.75%

Worst 5-Years of Returns on Record (1929 – 1933, 70/30 Portfolio)

Benefit % 2.5%
 Exp Raise 3.75%
 Exp COLA 2%
 Exp Return 7.75%

\$ in thousands

Year	Age	Pay	Raise	Normal Cost	Normal Cost %	Liability (L)	Assets (A)	L-A (UAAL)	Amort	Amort%	Amort% + NC%	Final Assets	Final A/L	Next Yr Return
2010	45	\$ 80	3.75%	\$ 13	16%	\$ 151	\$ 151	\$ (0)	\$ (0)	0%	16%	\$ 151	100%	7.75%
2011	46	83	3.75%	13	16%	176	176	(0)	(0)	0%	16%	176	100%	-4.90%
2012	47	86	3.75%	14	16%	204	181	22	3	4%	19%	184	91%	-15.03%
2013	48	89	3.75%	14	16%	234	171	63	9	10%	26%	180	77%	-30.90%
2014	49	93	3.75%	15	16%	266	139	128	18	20%	35%	157	59%	-2.49%
2015	50	96	3.75%	15	16%	302	168	134	20	20%	36%	188	62%	40.89%
2016	51	100	3.75%	16	16%	342	281	61	10	10%	26%	291	85%	7.75%
2017	52	104	3.75%	16	16%	384	330	55	10	9%	25%	339	88%	7.75%
2018	53	107	3.75%	17	16%	431	383	49	9	9%	24%	392	91%	7.75%
2019	54	111	3.75%	18	16%	482	440	43	9	8%	24%	449	93%	7.75%
2020	55	116	3.75%	18	16%	538	502	37	8	7%	23%	510	95%	7.75%
2021	56	120	3.75%	19	16%	599	568	30	8	6%	22%	576	96%	7.75%
2022	57	124	3.75%	20	16%	665	641	24	7	6%	22%	648	97%	7.75%
2023	58	129	3.75%	20	16%	737	719	19	7	5%	21%	725	98%	7.75%
2024	59	134	3.75%	21	16%	815	803	13	6	5%	21%	809	99%	7.75%
2025	60	139	3.75%	22	16%	901	894	7	6	4%	20%	900	100%	7.75%
2026	61	144	3.75%	23	16%	993	992	1	5	4%	20%	998	100%	7.75%



APPENDIX

Definitions

STRATEGIC ASSET ALLOCATION

The discipline used to determine which assets and what proportion among those assets meet an investor's cash flow requirements, planning horizon, and attitude toward risk.

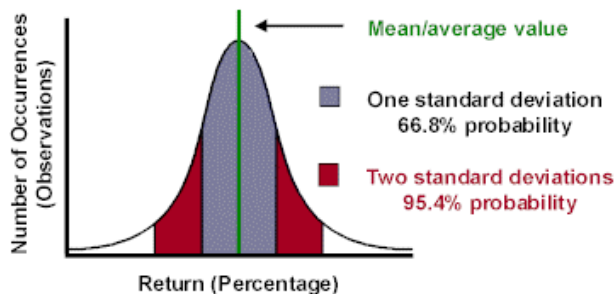
EXPECTED RATE OF RETURN

The expected value or mean of a probability distribution of returns. In our case, the expected return is the compounded annual return which is the same as the geometric mean. After tax expected return nets out the expected income and capital gains taxes paid by the trust.

STANDARD DEVIATION

A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The square root of the variance. When returns are normally distributed, an individual return will fall within one standard deviation of the mean about two-thirds of the time. For example, if a portfolio had an expected return of 5% and an expected risk (standard deviation) of 13, then:

Risk Measurement
Probability of Dispersion
Above or Below the Mean/Average



One Standard Deviation 68% of the time, returns can be expected to fall between -8.0% and $+18\%$

Two Standard Deviations 95% of the time, returns can be expected to fall between -21% and $+31\%$

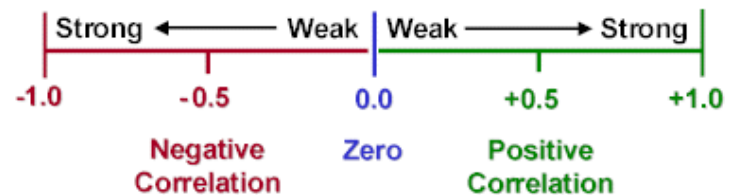
Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. In performance measurement, it is generally assumed that a larger degree of dispersion implies that greater risk was taken to achieve the return.

Definitions

CORRELATION COEFFICIENT

Correlation coefficient (r) is a measure of the degree of **correlation** between two quantities or variables, such as the rates of return on stocks and on bonds. A negative coefficient of correlation indicates an inverse or negative relationship, whereas a positive value indicates a direct or positive relationship. The range of values is from -1 to +1 inclusive. A zero (0) value indicates that no correlation exists. Correlation coefficients are useful in **asset class** identification and portfolio **diversification**.

Correlation Coefficient
Shows Strength & Direction of Correlation



Glossary

- **Asset Allocation** – (1) The way investments are distributed and weighted among different asset classes. (2) The distribution of investments among categories of assets, such as equities, fixed income, cash equivalents, and real estate.
- **CAPM** – Capital Asset Pricing Model. A system of equations that describes the way prices of individual assets are determined in efficient markets, that is, in markets where information is freely available and reflected instantaneously in asset prices. According to this model, prices are determined in such a way that risk premiums are proportional to systematic risk, measured by the beta coefficient, which cannot be eliminated by diversification. CAPM provides an explicit expression of the expected returns for all assets. Basically, the model holds that if investors are risk averse, high-risk stocks must have higher expected returns than low-risk stocks. CAPM maintains that the expected return of a security or a portfolio is equal to the rate on a risk-free investment plus a risk premium.
- **Correlation** – A relationship between two quantities, such that when one changes, the other does. A measure (ranging in value from 1.00 to -1.00) of the association between a dependent variable (fund, portfolio) and one or more independent variables (index). Correlation is a measure, not necessarily of causality, but rather of the strength of a relationship. A correlation coefficient of 1.00 implies that the variables move perfectly in lockstep; a correlation coefficient of -1.00 implies that they move inversely in lockstep; and a coefficient of 0.00 implies that the variables as calibrated are uncorrelated.
- **Efficient Frontier** – A set of optimal portfolios, one for each level of expected return, with minimum risk.
- **Expected Return** -- Estimate of the return of an investment or portfolio from a probability distribution curve of all possible rates of return; statistically, it is the mean (either geometric mean or arithmetic mean) of the distribution or the "most likely" outcome.
- **Factor Model** – Regression-based mathematical calculation used to determine the extent to which macroeconomic factors or other explanatory variables affect the value or price movement of a specific security or portfolio.

Glossary

- **Geometric Return** – Similar to the arithmetic mean, which is what most people think of with the word "average", except that instead of adding the set of returns and then dividing the sum by the number of return observations (N), the numbers are multiplied and then the Nth root of the resulting product is taken. Also known as compound return.
- **Mean Reversion** – Statistical phenomenon stating that the greater the deviation of a given observation (e.g. a quarterly or annual return) from its mean, the greater the probability that the next measured observation will deviate less far. In other words, an extreme event is likely to be followed by a less extreme event.
- **Monte Carlo Simulation** – Uses stochastic processes to simulate the various sources of uncertainty that affect the value of the instrument, portfolio or investment in question, and calculates a representative value or distribution of possible outcomes given the simulated values of the underlying inputs.
- **Optimization** – Process of determining the portfolio composition such that expected return is maximized for a given risk level, or risk is minimized for a given expected return level. Other optimizations could target risk of shortfall, maximization of Sharpe ratio, or minimization of tracking error.
- **Sharpe Ratio** – A ratio of return to volatility, useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the more sufficient are returns for each unit of risk. It is calculated by first subtracting the risk free rate from the return of the portfolio, then dividing by the standard deviation of the portfolio.
- **Treasury Inflation-Protected Securities (TIPS)** – Inflation-indexed bonds issued by the U.S. Treasury. The principal is adjusted to the Consumer Price Index (CPI), the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal, thus protecting the holder against inflation. TIPS are currently offered in 5-year, 10-year and 20-year maturities. Beginning in February 2010, the U.S. Treasury will once again offer 30-year TIPS bonds.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Real Asset Education

Strategic Investment Solutions, Inc.

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

Discussion Topics

Overview of Real Assets

Fixed Income Real Assets

Real Estate/Infrastructure

Commodities

Energy/Mining

Agriculture/Timberland/Ranching

Conclusion

Overview of Real Assets

- Stocks and Bonds are poor hedges to unanticipated inflation.
- Real Assets are expected to provide a hedge to unanticipated inflation
- The assets cash flows (TIPS, Infrastructure/Real Estate) or valuations (Natural Resources) have a real or perceived link to inflationary pressures
- SIS groups real assets into two buckets:
 - Fixed Income Real Assets – TIPS, ILBs and Floating Rate Notes
 - Equity Real Assets – Real Estate/Infra, Public/Private Natural Resources and Financial Commodities
- San Mateo will have some exposure to natural resource producers through their existing equity holdings

Overview of Real Assets

- Commodity Futures offer the highest beta to inflation
- Stocks and Bonds exhibit negative beta to inflation
- Pension Plans with wage inflation adjustments are vulnerable to inflation risk.

Historical Beta to CPI

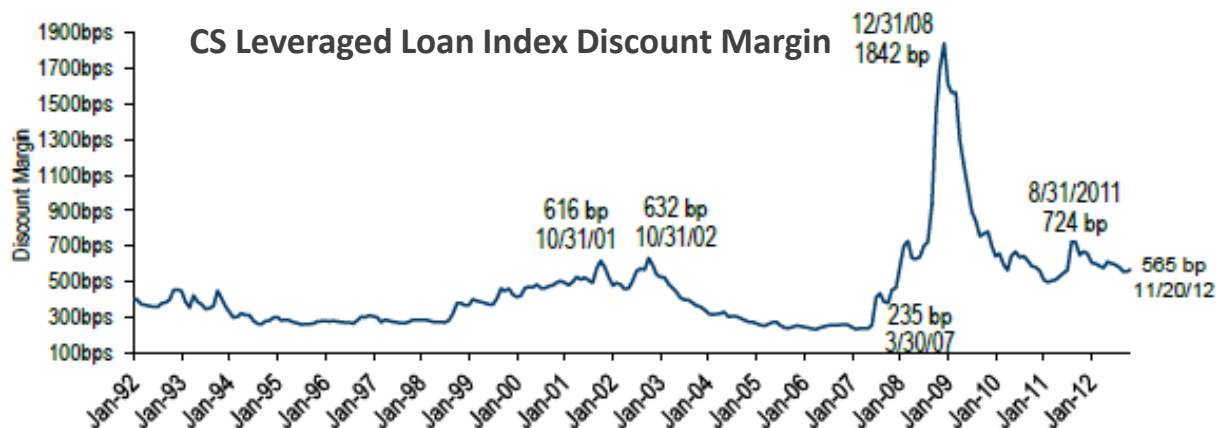
12/31/2012	BC Aggregate Bond	S&P 500	Barclay TIPS	NCREIF Property	DJ-UBS US Commodity
5 Yrs	-0.83	3.12	0.48	1.16	5.55
10 Yrs	-0.58	1.07	0.49	0.57	4.34
15 Yrs	-0.38	0.88	0.57	0.46	3.68
20 Yrs	-0.4	0.26	0.63	0.43	3.15
25 Yrs	-0.46	-0.51	0.63	0.59	2.96
30 Yrs	-0.62	-0.37	0.63	0.46	2.96
35 Yrs	-1.3	-0.46	0.63	0.53	2.96

Fixed Income Real Assets

- TIPS, ILBs and Floating Rate Notes are the primary fixed income securities utilized by investors looking for inflation hedges
- TIPS are treasury securities that feature a CPI (inflation measure) adjustment to the principal value of the bonds. Interest payments will adjust every six months to reflect the latest principal amount
- ILBs are also issued by non-US countries and have similar features to TIPS though the inflation measure will be relative to the country issuing the bonds
- Floating Rate Notes (FRNs) are most often Bank Loans with adjustable coupons linked to either LIBOR or the Fed Funds Rate. They thus offer protection from rising interest rates and not explicitly inflation

Fixed Income Real Assets

- Investor fear of rising inflation and rising interest rates has increased interest in TIPS and FRNs leading to compressed yields
- TIPS are yielding negative rates on the 5, 7 and 10 Year Maturities
 - 5 Year: (1.44%)
 - 7 Year: (0.97%)
 - 10 Year: (0.57%)
- Floating Rate Notes are trading above longer term averages (450bp) but have narrowed substantially in the last year

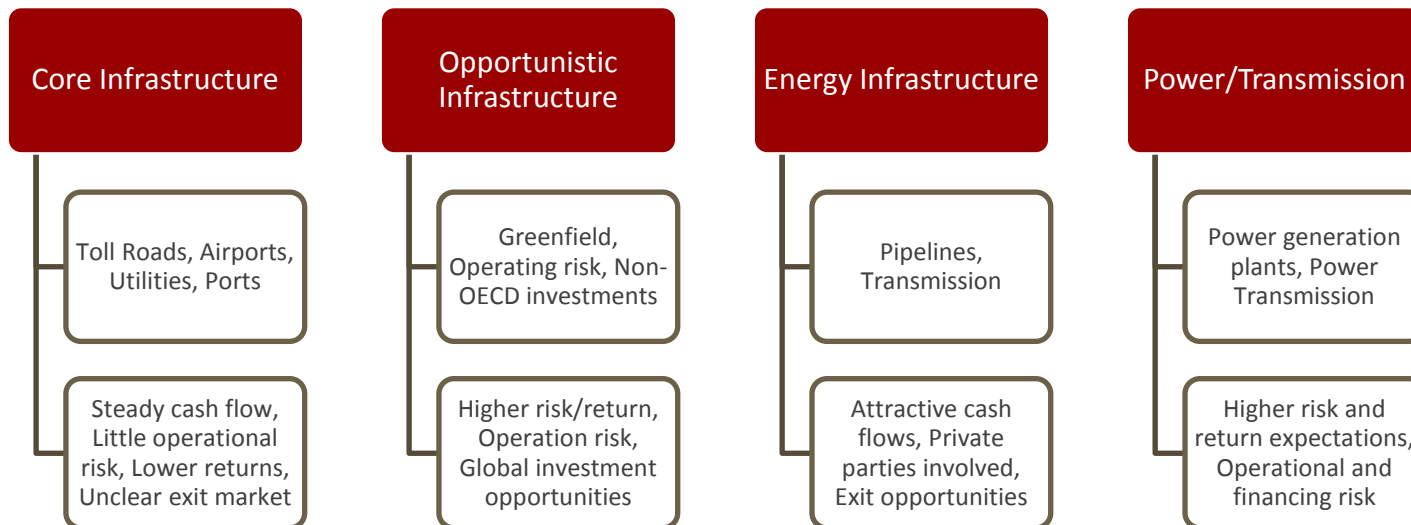


*Discount margin (DM) assumes 3-year average life

Source: Credit Suisse

Real Estate/Infrastructure

- Real Estate remains a key asset class in Real Asset portfolios
 - The rental income has positive correlation to inflation
 - The land value provides the better inflation hedge longer term
- Infrastructure is a growing but still undeveloped asset class for US investors
 - Some projects will have inflation linked cash flows
 - Very few will have a land component that offers upside to inflation



Real Estate/Infrastructure

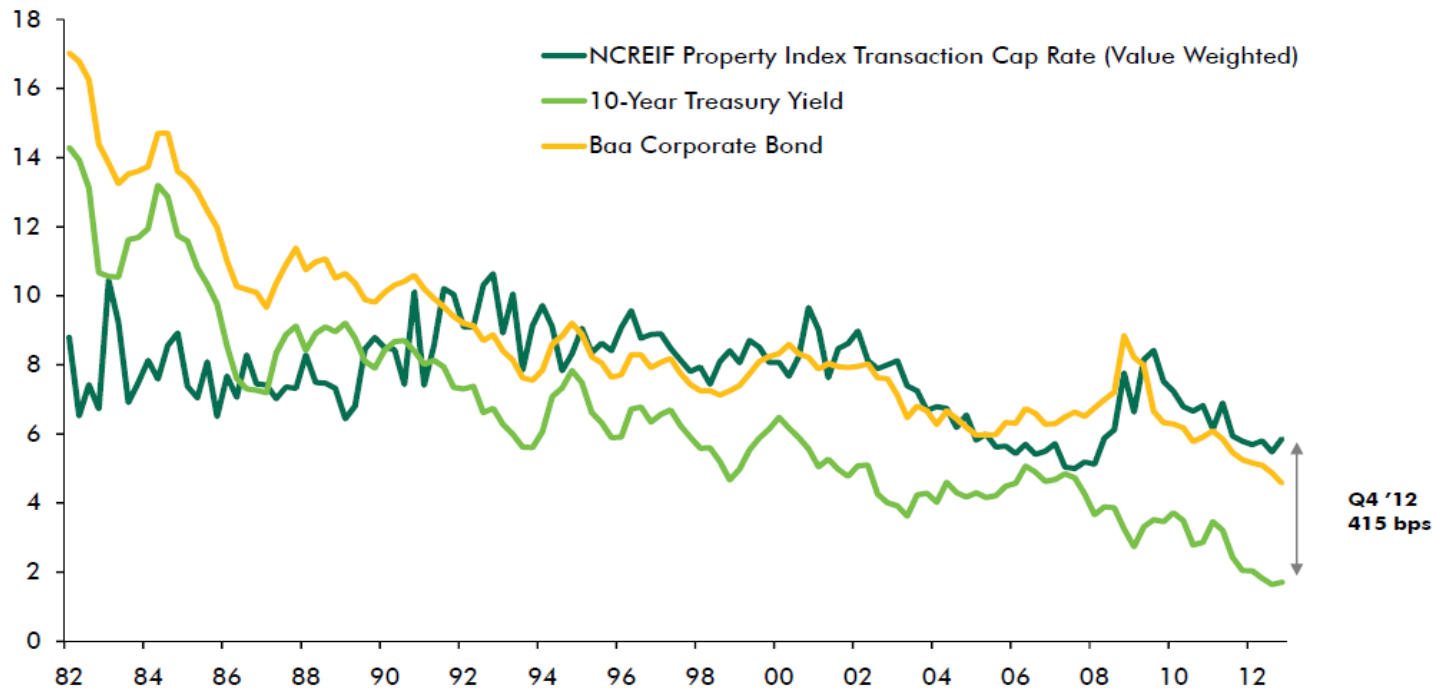
- Real Estate has delivered fairly steady returns with attractive income characteristics
- Cap rate compression presents an issue for new investors in real estate
- Infrastructure returns are not readily available in the private market
 - Energy Infrastructure can be proxied with the MLP index (Alerian)
 - Core Infrastructure is less straight forward but two global indices proxy many of the assets found in private infrastructure
- Energy related infrastructure and investor desire for yield has driven returns in infrastructure assets in recent years
- We see greater opportunity in energy infra and power generation

Historical Returns - Real Estate and Infrastructure

12/31/2012	NCREIF Property	Alerian MLP	S&P Global Infrastructure	S&P Global 1200 Utilities
1 Yr	10.54	4.8	11.88	2.78
3 Yrs	12.63	17.48	5.64	-0.18
5 Yrs	2.13	12.53	-2.06	-5.3
10 Yrs	8.44	16.48	12.55	9.6
15 Yrs	9.19	15.17	NA	5.51
20 Yrs	8.85	NA	NA	NA

Real Estate/Infrastructure

- Core real estate has largely recovered from the '08-'09 period and in certain markets has hit high valuations again.
- Opportunistic, value-add and core real estate in secondary cities still have attractive valuations relative to other income producing assets.

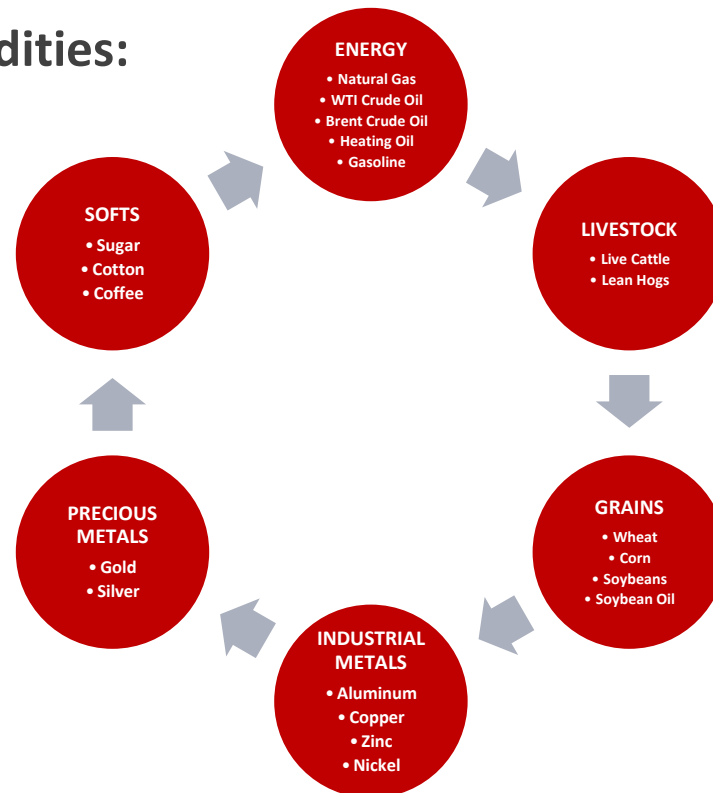


Commodities

Definition of Commodities:

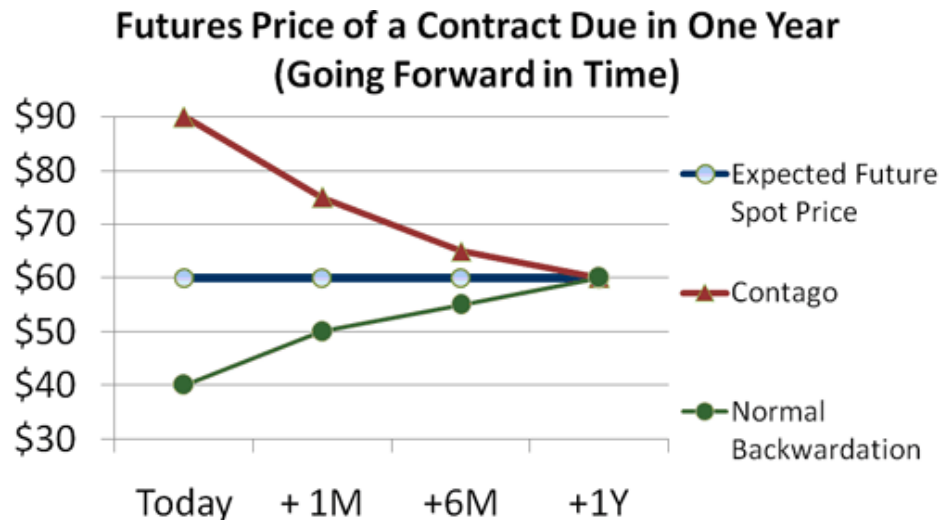
A physical substance, such as agricultural products, energy, and metals, which is interchangeable with another product of the same type, and which are traded on exchanges, primarily through swaps, futures, and forward contracts.

Types of Commodities:



Sources of Return

- Collateral Yield: The return on cash used as margin to take long derivatives exposure. Generally, this is a T-bill return but active collateral management in “enhanced” strategies can enhance this yield, though with increased risk.
- Roll Yield: The return from rolling forward the maturity of the derivatives position. For long investors, this is positive when the market is in “backwardation” and negative in “contango”.



- Rebalancing Return: The return from rebalancing commodity exposure towards targets.
- Spot Price Return: Returns generated by changes in the spot price of commodities; this is driven by supply and demand.

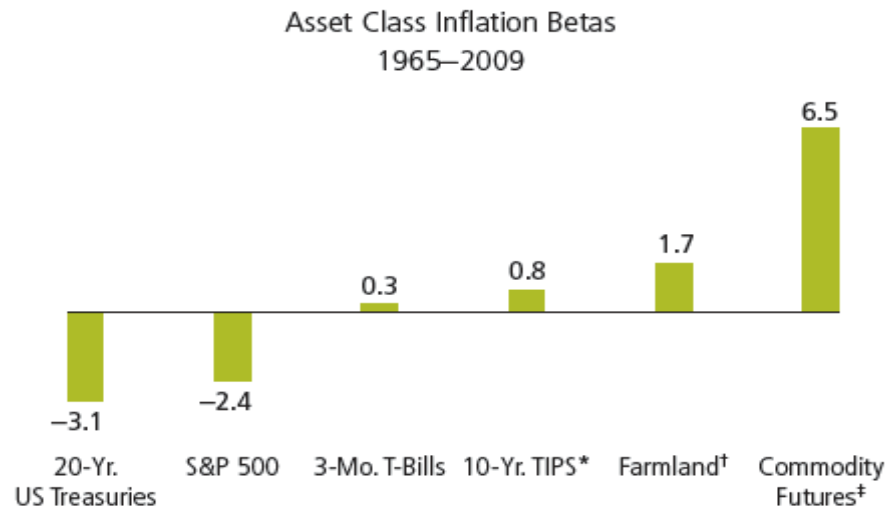
Components of Return Over Time

		Supply Shocks		Rising Marginal Costs	
	30 Years (1970–1999)	10 Years (1970's)	10 Years (1980's)	10 Years (1990's)	10 Years (2000's)
S&P GSCI Total Return	11.71	21.25	10.67	3.89	5.05
S&P GSCI Price Return	2.24	9.05	-1.37	-0.63	10.16
S&P GSCI Excess Return	4.32	13.67	1.04	-1.16	2.18
Component					
Total Return	11.71	21.25	10.67	3.89	5.05
Spot Return	2.24	9.05	-1.37	-0.63	10.16
Roll Yield Return	2.08	4.62	2.41	-0.53	-7.98
Interest on Collateral Return	7.39	7.58	9.62	5.05	2.87

Performance quoted represents past performance and does not guarantee future results
 Source: Factset, RS Investments

Energy/Mining

- Investors can access exposure to energy and mining in a number of ways:
 - Direct exposure to price movements through futures
 - Indirect exposure to price but with value creation through *public* equity companies in exploration/production
 - Indirect exposure to price but with value creation through *private* equity energy groups
- The highest inflation betas have come from energy and metal futures (i.e. the most upside in response to inflationary pressures)



Energy/Mining

- Volatility is very high in the energy futures markets though fairly uncorrelated with traditional assets leading to a good portfolio diversifier.
- Indirect investing has less volatility but still carries greater risk than a broader investment index.
- Investors take price, exploration and operational risk when they invest in energy companies. Political risk is also present given controversy around drilling techniques and tax/royalty payments
- Public energy stocks will have a high beta to the overall stock market

Historical Risk - Energy Markets

9/30/12	S&P 500 Sec/Energy	S&P GSCI Energy Spot	S&P GSCI Energy	S&P 500 Index
1 Year	22.31	24.94	25.18	13.78
5 Years	24.14	32.72	33.45	19.13
10 Years	21.21	31.35	32.1	15.21
15 Years	20.89	32.68	33.44	16.3
20 Years	19.08	30.37	31.05	15.12

Energy/Mining

- Historical returns in the futures markets have lagged the public/private markets though that would be expected given the value creation (i.e. labor input) involved in turning a commodity into a useful product
- Returns in private and public companies in the energy markets are attractive though we'd caution past performance given the commodity bull market
- Opportunities in the private markets appear most attractive though they carry much higher fees (1.5-2.0% management fees & 20% carry)

Historical Returns - Energy Markets

9/30/12	Global Private Equity Energy	S&P 500 Sec/Energy	S&P GSCI Energy Spot	S&P GSCI Energy	S&P 500 Index	Consumer Price Index
1 Year	8.36	27.14	13.29	13.99	30.2	1.99
3 Years	9.77	12.73	12.27	4.86	13.2	2.33
5 Years	7.14	0.99	3.72	-7.7	1.05	2.11
10 Years	15.91	14.56	11.88	2.53	8.01	2.49
15 Years	14.22	9.35	10.14	3.54	4.7	2.44
20 Years	15.80	11.82	7.7	4.09	8.5	2.5

Energy/Mining

- Like energy, mining offers investors direct and indirect commodity price exposure
- Mining companies exhibit a high degree of risk relative to the broader market. The underlying commodities are volatile themselves but the additional business risk associated with mining appears to compound commodity price movement.
- Private market investments in mining companies are available to investors though the universe is quite small and relatively underdeveloped compared to energy.

Historical Risk – Metal/Mining Markets

12/31/2012	S&P 500 Metals & Mining	S&P GSCI Precious Metal	S&P GSCI Industrial Metal	S&P GSCI Precious Metal Spot	S&P GSCI Industrial Metal Spot
1 Year	25.34	17.71	21.78	17.76	21.83
5 Years	37.09	23.7	28.78	23.77	28.82
10 Years	32.12	20.11	25.03	20.21	24.86
15 Years	32.51	18.13	22.34	18.14	22.21
20 Years	29.69	16.84	20.85	16.9	20.74

Energy/Mining

- Mining companies have not fared well in an environment of high energy costs and declining resource availability. Precious metals offers the most striking example of returns from holding the commodity vs. the commodity producer.
- Given the decline in available resources, the industry will most likely experience consolidation as scale becomes even more advantageous to mining producers.
- Private mining offers some opportunity to take advantage of the small to mid market resource opportunities.

Historical Returns - Metal/Mining Markets

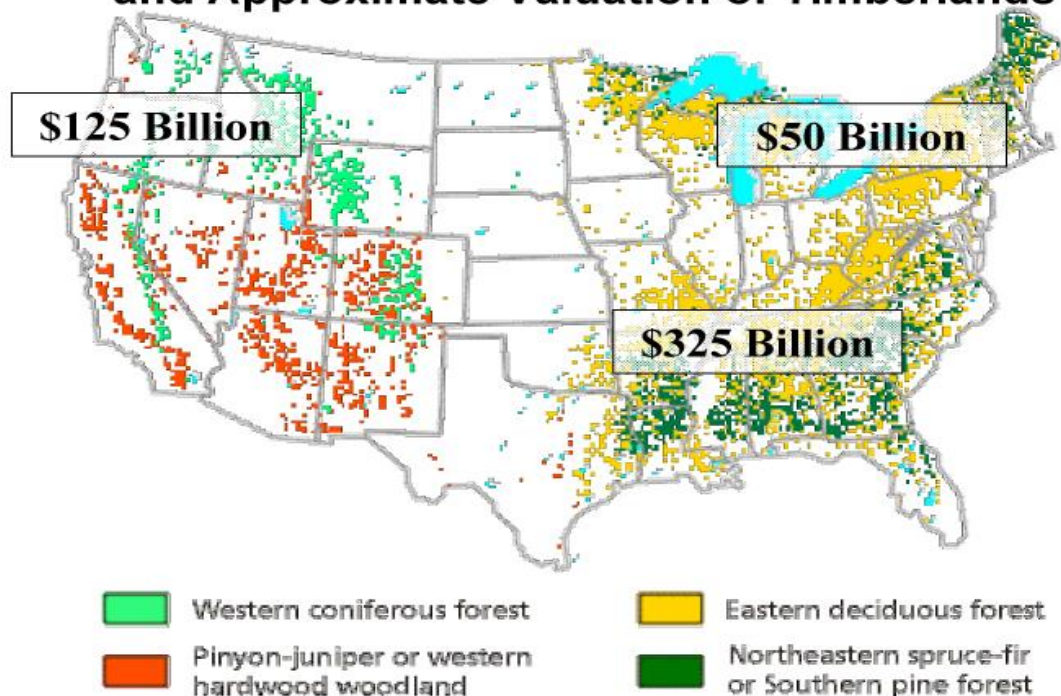
12/31/2012	S&P 500 Metals & Mining	S&P GSCI Precious Metal	S&P GSCI Industrial Metal	S&P GSCI Precious Metal Spot	S&P GSCI Industrial Metal Spot
1 Year	-10.22	6.21	-10.12	-1.12	-8.02
3 Years	-5.17	15.05	-0.59	19.07	1.88
5 Years	-9.79	13.86	-6.87	16.8	-4.51
10 Years	8.04	16.36	11.47	18.69	10.12
15 Years	4.98	12.36	5.72	12.47	5.16
20 Years	4.54	9.11	5.62	8.98	4.63

Timberland: Overview

Timberland Definition:

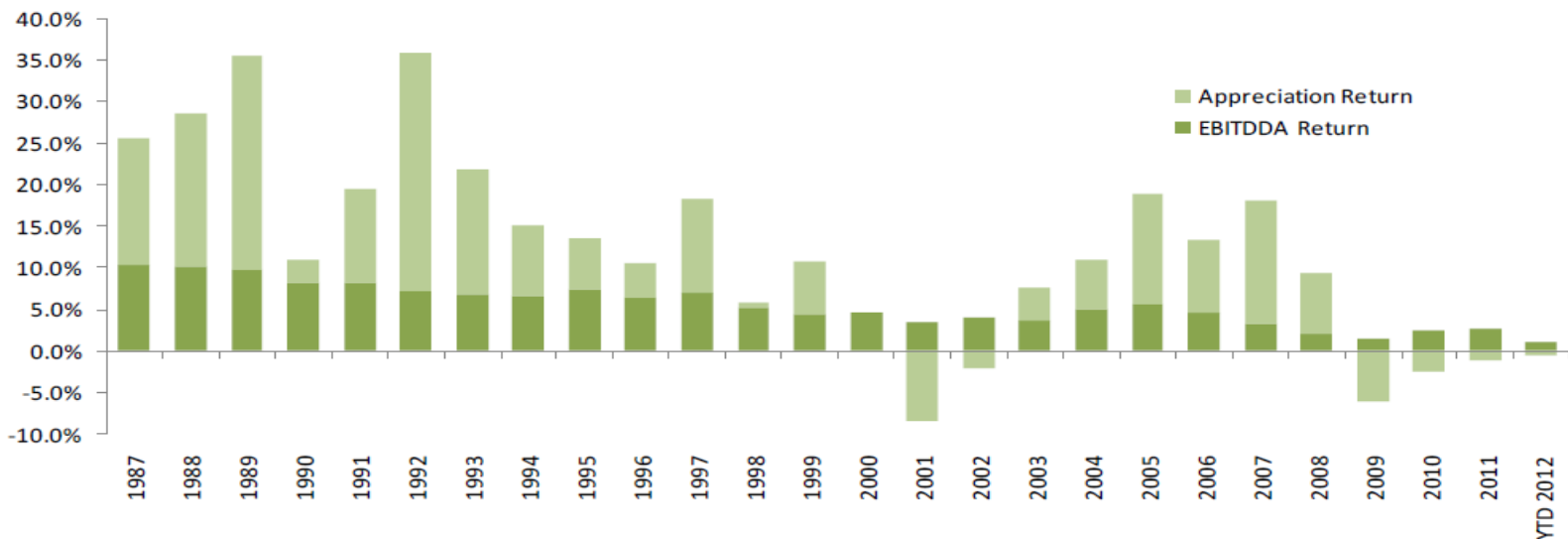
Timberland is defined by the Forest Service as forest land that is capable of creating crops of at least 20 cubic feet per acre of industrial wood

Forest Cover in the United States and Approximate Valuation of Timberlands



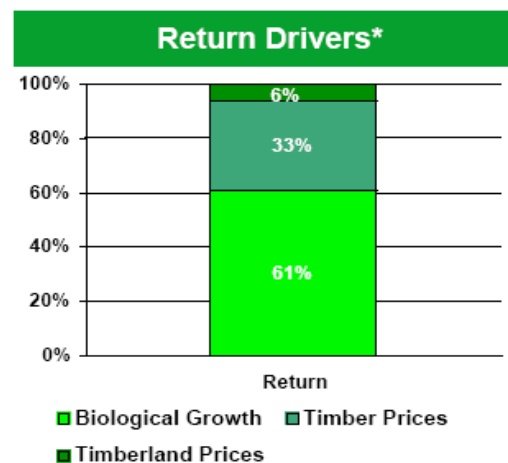
Timberland: Sources of Return

NCREIF Timberland Index: U.S. Historical Calendar Year Returns



- Timberland has a unique source of return in income from biological growth
- Appreciation came mostly from “higher & better use” (i.e. converting to residential property)

- Biological growth (~61%*)
 - Independent of all other factors
 - Largest component
 - Highly predictable
- Timber prices (~33%*)
 - Consistently trended above inflation over the last century
- Timberland prices (~6%*)

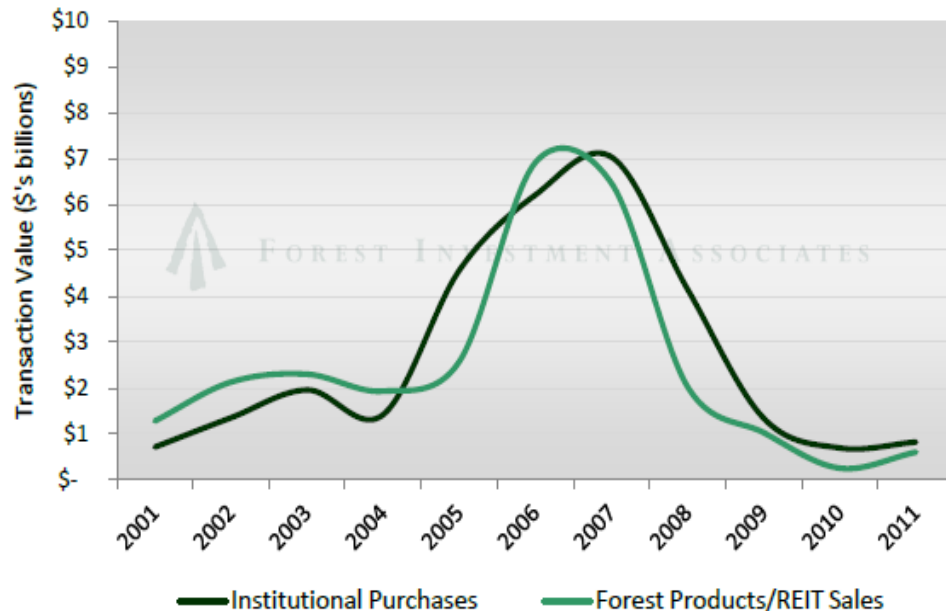


Timberland

Who is buying Timberland?

- Institutional Investors are buying Timberland. And the Forest/Paper Industry & Timber REITs are selling.
- This created a large number of transactions in Timberland during the housing boom as home builders sought land for residential housing. Investors piled into the space as land prices rose.

Who will Institutional Investors sell to?



Source: FIA internal data

Farmland: Overview

- Institutional investments focus on globally competitive agricultural sectors including:
 - Corn, soy, and other row crops that can be produced most efficiently at scale
 - Permanent crops such as nuts, grapes or citrus
 - Livestock including dairy and grazing operations
- Property management structure
 - Passive: flat rate lease to a third-party farmer (no price or yield risk)
 - Active: contract farming (investors take all price and yield risk)
 - Combination: through various share or participating lease combinations at a range of risk/return profiles

Farmland: Overview

- The fundamental and most important drivers of yield are:
 - Soil quality
 - Rain and water availability
 - Climate
 - Operational efficiency (land use, labor, technology, etc.)
- Yield can be influenced by:
 - Crop selection
 - Seed choice
 - Fertilizer

Farmland: Sources of Return

- Direct investments in rural land, crop and livestock assets which produce food/fiber/energy
- Farmland return sources:
 - Annual income
 - Lease income from properties leased to local operators
 - Range of risk/return profiles: cash lease to participating rent
 - Crop sales from direct farm operation
 - Change in market value of land and improvements
 - Capital improvements can increase productivity and add value
 - Higher (lower) crop prices are eventually capitalized into land values

Agriculture/Timberland/Ranching

- Agriculture, Timber and Livestock do not exhibit as strong of an inflation hedge as energy and metals. Some arguments have been made for the land price appreciation in Farmland or Timber but the evidence is lacking.
- On the private side, risk would seem low based on volatility but this conceals much of the weather, operational and regulatory risk present in the asset class. The commodities themselves exhibit a fairly high degree of volatility though much lower than energy and metals.

Historical Risk – Ag/Livestock

12/31/2012	NCREIF Farmland	NCREIF Timberland	S&P GSCI Agrcl&Livestock	S&P GSCI Agrcl&Livestock Spot
1 Year	9.85	5.84	20.35	17.86
5 Years	7.35	4.25	23.25	23.3
10 Years	10.85	6.62	18.69	19.11
15 Years	9.13	6.08	16.54	17.1
20 Years	8.2	7.36	15.32	15.79

Agriculture/Timberland/Ranching

- Returns in the underlying commodities have underperformed inflation over time due to the advances in farming production.
- The private markets have exhibited much more attractive returns drawing some investor capital to the space though we think more recent investors will find future returns much more muted.
- Domestic Timber will rely on a rebound in housing and residential real estate pricing. Domestic Farmland has a series of unique dynamics specific to that market that make it unlikely to continue to appreciate at historical levels.

Historical Returns - Ag/Livestock

12/31/2012	NCREIF Farmland	NCREIF Timberland	S&P GSCI Agrcl&Livestock	S&P GSCI Agrcl&Livestock Spot
1 Year	18.58	7.75	3.79	4.43
3 Years	14.11	3	5.34	9.64
5 Years	12.85	2.65	-3.61	4.13
10 Years	16.35	8.17	0.41	8.08
15 Years	12.79	6.57	-3.01	4.58
20 Years	11.89	8.89	-0.42	3.72

Agriculture/Timberland/Ranching

- As an inflation hedge, Agriculture, Timber and Ranching will have some positive attributes though they don't offer near as attractive "betas" to inflation as other real assets.
- Investors can gain exposure in the commodity futures market or through private investments. The public equity space does not offer the direct production exposure found in energy or metals.
- Private investments have a number of drawbacks in our view but could make sense on a tactical basis with the right strategy and team.

Conclusion


- SamCERA already has several important elements of a Real Asset portfolio in place.
 - Core Real Estate
 - TIPS/ILBs
 - Commodity Futures
 - Private Equity Energy Producers (Sheridan)
 - Natural Resource Equities
- As part of the new ALM study, SamCERA should consider combining these existing elements into a comprehensive Real Assets exposure.
- In addition, SamCERA should investigate other asset classes mentioned in the presentation that may offer inflation protection and attractive risk-adjusted returns.

RETIREMENT SEMINAR

SamCERA

Your San Mateo County
Employees' Retirement Association

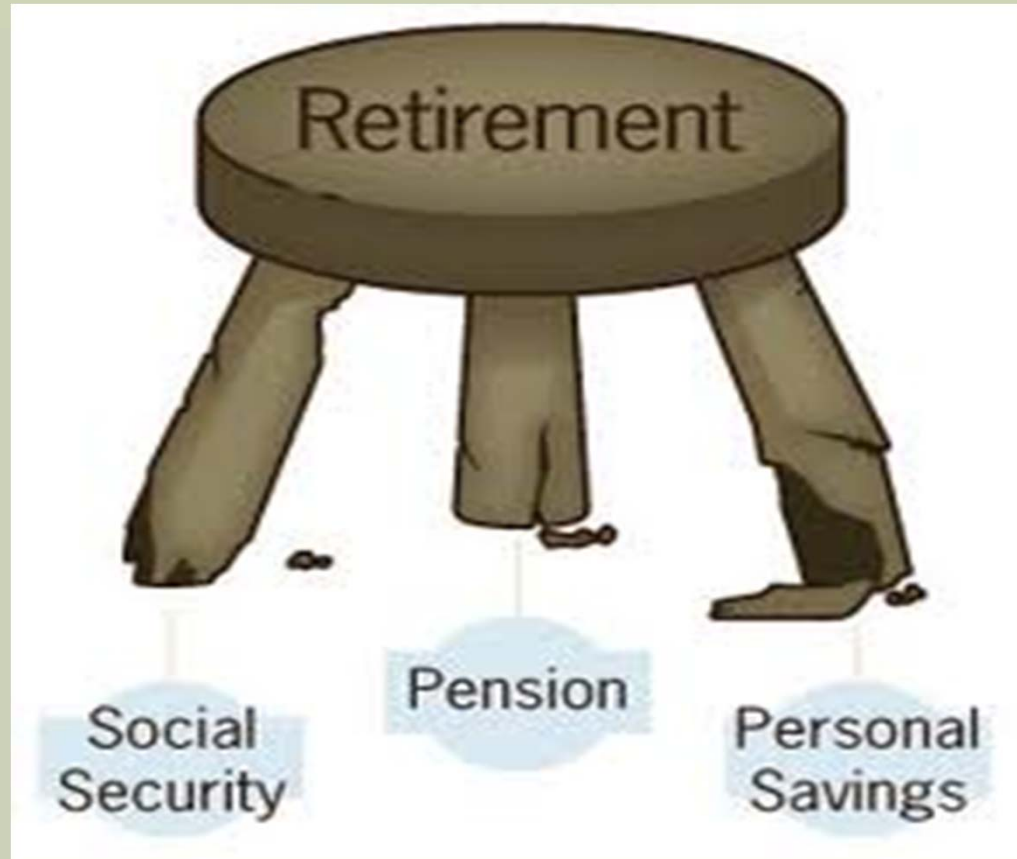




**Will you have
enough money to
retire?**

YOUR RETIREMENT INCOME

Successful retirement has always been built on three major components of retirement income:



Various studies show that you will need between 70% to 90% of your pre-retirement income to maintain your standard of living in retirement.

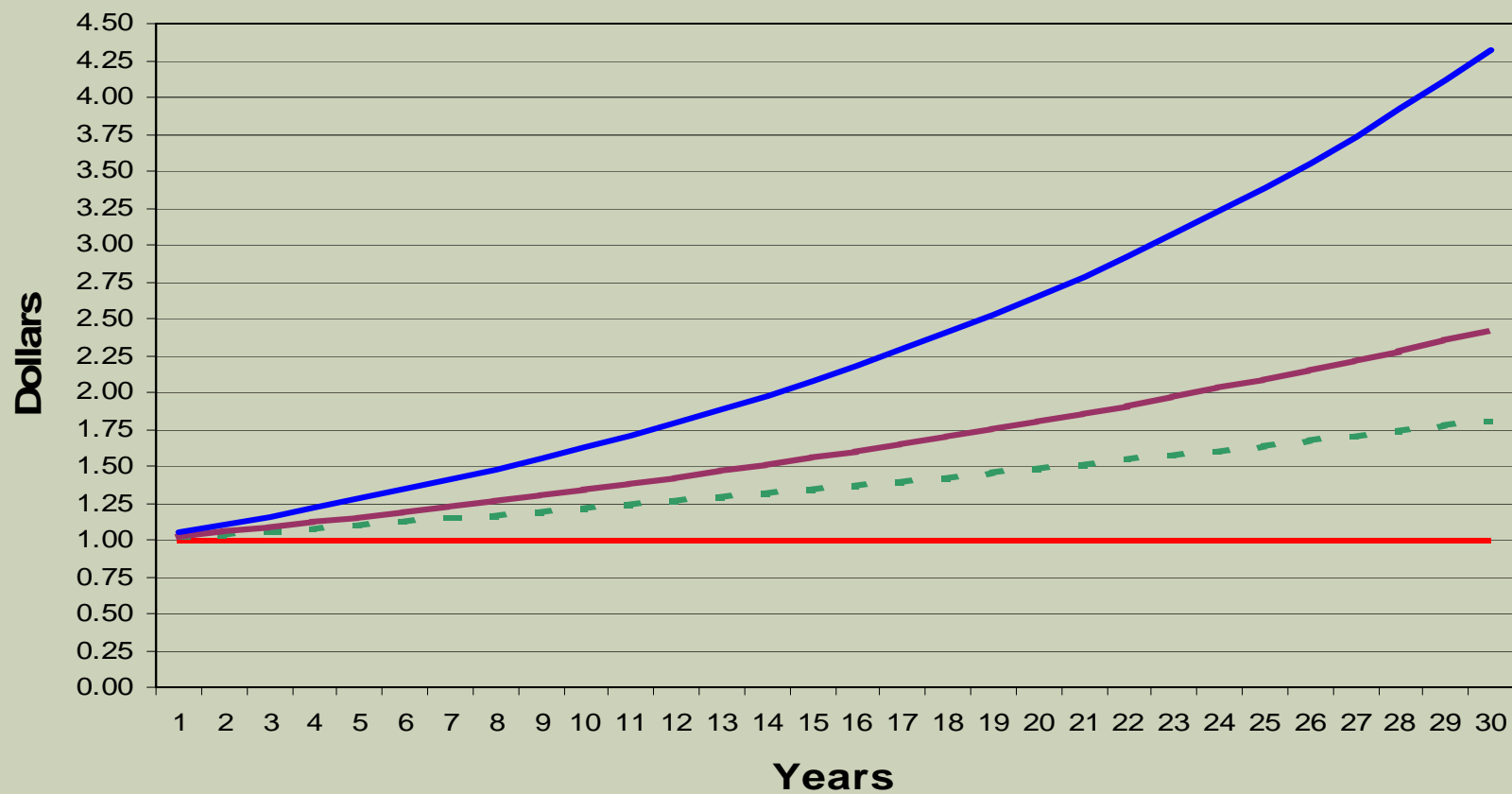
SAMCERA'S DEFINED BENEFIT PLANS

- ❖ Lifetime pension
- ❖ Regardless of account balance

Contributory	Non-Contributory
Plan 1 Plan 2 Plan 4	Plan 3



SAMCERA'S COLA'S



— Plan 3=0% - - - Plan 4=2% - - - Plan 2=3% — Plan 1=5%

Actual COLA's are based on CPI



VESTING

❖ Plan 1, 2, or 4

Five years of service credit
(10,400 hours)

❖ Plan 3:

Ten years of service credit
(20,800 hours)

IF YOU TERMINATE EMPLOYMENT

Non-Vested	Vested
Withdraw your contributions and interest OR Establish Reciprocity	Withdraw your contributions and interest OR Establish Reciprocity OR Defer Retirement

GOING THROUGH A DIVORCE

Your SamCERA retirement account is part of your community property.

SamCERA must be given a copy of your divorce order to determine what, if any, portion of your retirement account has been awarded to the former spouse.

Your refund or retirement pension cannot be paid until any and all divorces have been cleared by our legal counsel.

IF YOU BECOME DISABLED

❖ **Service-connected disability**

Lifetime monthly pension equal to 50% of your monthly final average salary. [Plan 3 members ineligible]

❖ **Non-service-connected disability**

If you have at least 5 years of service credit, a lifetime monthly pension equal to ~1/3 of your monthly final average salary. [Plan 3 members ineligible]

IF YOU DIE BEFORE YOU RETIRE

❖ **Death Benefit:** One-time lump sum payment to your primary beneficiary(ies) equal to one month's salary for each year of service up to 6 years maximum; plus refund of total member contributions & interest.

OR

❖ **Non-Duty Death:** If you have at least 5 years of service credit, a monthly pension paid to your eligible survivor equal to ~1/3 of your monthly final average salary. [Plan 3 members ineligible].

OR

❖ **Duty Death:** Monthly pension paid to your eligible survivor equal to 50% of your monthly final average salary. [Plan 3 members ineligible]

SAMCERA RETIREMENT ELIGIBILITY

General Members:

- ❖ Age 50 With 10 Years of Service (Age 55 for Plan 3)
- ❖ 30 Years of Service Regardless of Age

Safety/Probation Members:

- ✓ Age 50 With 10 Years of Service
- ✓ 20 Years of Service Regardless of Age

Part-Time/ Seasonal Employees:

- Age 55 With 5 years of Service and 10 Years of Employment

Age 70 Regardless of Service Credit

**How much will your
SamCERA retirement
pension be?**

SAMCERA'S DEFINED BENEFIT FORMULA

1: Service Credit

x

2: Final Average Compensation (FAC)

x

3: Age Factor

=

Your Unmodified Monthly Retirement Benefit

(Not applicable to Plan 3)

SAMCERA'S DEFINED BENEFIT FORMULA

Service Credit

Based on hours worked, not calendar dates

Maximum of 80 hours a biweekly

Overtime does not count

2080 hours equals 1 year of service credit

SAMCERA'S DEFINED BENEFIT FORMULA

Monthly Final Average Compensation

Plan 1 & 2 = Highest 2080 hours (1 year)

Plan 3 & 4 = Highest 6240 hours (3 year)

Not all paycodes count towards retirement

SAMCERA'S DEFINED BENEFIT FORMULA

Age at Retirement

Age Factor Based on Quarter Age

Max. Age Factor is 62 for General Members

Max. Age Factor is 50 for Safety/Probation

SAMCERA'S RETIREMENT OPTIONS

❖ **Unmodified with eligible spouse***

Provides a 60% continuance

❖ **Unmodified without eligible spouse**

Pays out lump-sum balance of contributions and interest

*Eligible spouse/domestic partner - must be married/registered for 1 year prior to date of retirement.

SAMCERA'S RETIREMENT OPTIONS

- ❖ **Option 1** Pays out lump-sum balance of contributions and interest
- ❖ **Option 2** Provides a 100% continuance
- ❖ **Option 3** Provides a 50% continuance
- ❖ **Option 4**** Provides a continuance split amongst multiple beneficiaries

**Must be actuarially calculated, which may delay your first payment.

Retirement Estimate

SamCERA



Social Security Number ***-**-****	Name	Today's Date 04/10/2013	
We have prepared the following Estimate of your SamCERA Retirement Benefits based upon your request:			
Type of Retirement Service Retirement		Date of Retirement 06/02/2013	Final Average Salary \$9,011.01
Membership Type General Plan 4	Maximum Annual COLA 2.00	Date of Membership 02/16/2003	Years of Service 10.4738
Member Contributions \$114,158.05		Date of Birth 06/02/1953	Age at Retirement 60.00
Interest Credited to Account \$16,326.95		Beneficiary's Name	
Total Member Contributions & Interest \$130,485.00		Is Beneficiary Spouse? Yes	Beneficiary's Sex & Age Female 60.25

YOUR ESTIMATED MONTHLY BENEFITS (Based on 2% @ Age 55.5)

The Allowance You Select	Determines Your Beneficiary's Benefit:	Member's Benefit	Beneficiary's Benefit
Unmodified with eligible spouse	Pays 60% of Member's Monthly Benefit to Surviving Spouse, if married for one year prior to retirement & still married at death of member	\$2,302.55	\$1,381.53
Unmodified with no eligible spouse	Your Beneficiary receives the Balance of Your Accumulated Member's Contributions LESS the sum of All MONTHLY ALLOWANCES.	2,302.55	One Time Balance, if any
Option 1	Your Beneficiary receives the Balance of Your Accumulated Member's Contributions LESS the sum of All ANNUITY PAYMENTS. <i>Contributions & Interest</i> 130,485.00 <i>Monthly Annuity Payment</i> 989.66	2,281.21	One Time Balance, if any
Option 2	Pays 100% of Member's Monthly Benefit to Beneficiary	2,120.05	2,120.05
Option 3	Pays 50% of Member's Monthly Benefit to Beneficiary	2,207.53	1,103.77



WHAT YOU CAN DO TO ENHANCE YOUR PENSION

- ❖ Establish Reciprocity
- ❖ Redeposit Previously Withdrawn Contributions
- ❖ Purchase Credit for Your Extra Help Hours
- ❖ Upgrade Your Plan 3 Time

You must enter a purchase contract before retirement and complete the purchase within 120 days after retirement.

FILLING OUT YOUR APPLICATION

DIRECT DEPOSIT FORM:

- ❖ Savings or Checking Account
- ❖ Domestic accounts only

FEDERAL/STATE TAX WITHHOLDING:

- ❖ Your retirement pension is taxable income
- ❖ We cannot withhold out of state taxes
- ❖ You will receive a 1099R each January to report taxes

POST RETIREMENT AGREEMENT

- ❖ Must have 180 day break in service
- ❖ Limited to 960 hours each fiscal year

REQUIRED DOCUMENTS

- ❖ Copy of our birth certificate (passport will suffice)
- ❖ Copy of your primary beneficiary's birth certificate if choosing Option 2, 3, or 4.
- ❖ Marriage License/Declaration of California State Registration Domestic Partnership, if applicable
- ❖ For Plan 3 members - a copy of your social security estimate
- ❖ Dissolution of marriage documents - retirement payments will not begin until all divorce documents are cleared by our legal counsel.

TO DO LIST

Pick a retirement date and complete your application for retirement.

Submit your application and required documents within 60 days prior to retirement.

Contact the Benefits Dept. at 363-1919 to set up your health insurance.

Expect your first pension payment on the last business day of the month after you retire.

CALCULATE YOUR RETIREMENT PENSION ONLINE

San Mateo County Employees' Retirement Association

[Home](#) [About](#) [Member Services](#) [Communications](#) [Search](#) [Links](#) [Forms](#)



Directions

100 Marine Parkway,
Suite 125
Redwood City, CA
94065-5208

Pony: RET141

(650) 599-1234 Tel
(650) 591-1488 Fax



What's New!

Board of Retirement Elections (04/04/2013)

Interested in serving on the Board of Retirement? SamCERA will hold elections for one general member seat, as well as the two retiree seats. For more details, [click here](#).

Spring 2013 SamCERA Times Newsletters (04/04/2013)

You can find these and other newsletters [here](#).

[Active Member Edition: Spring 2013](#)

[Retired Member Edition: Spring 2013](#)

2013 Service Purchases (04/01/2013)

SamCERA will accept this year's purchase requests through May 9, 2013. Purchase agreements with money due must be received by June 6, 2013.

Pension Legislation FAQs (03/13/2013)

SAMCERA IS HERE FOR YOUR BENEFIT

❖ By Phone

- 650-599-1234
- General Inquiries

❖ By Appointment

- Answers to **your** retirement, purchases, divorce, and disability questions

❖ On the Web

- Informational Pamphlet and Brochures
- Retirement Benefits Estimator
- Access to your Account



BIOGRAPHY

Chad E. Spitler
Managing Director
PMG - Corporate Governance & Responsible Investment
BlackRock
400 Howard Street
San Francisco, California 94105
Phone 415-908-7198
Fax 415-618-1919
chad.spitler@blackrock.com



Chad Spitler, Managing Director, is the Global Chief Operating Officer for BlackRock's Corporate Governance & Responsible Investment team within the Portfolio Management Group. He is responsible for the daily operations of the team worldwide and strategic planning. Mr. Spitler is the Proxy Facilitator for the Securities Evaluation Group of the International Standards Organization (ISO), and is a member of the International Corporate Governance Network's (ICGN) Shareholders Responsibility Committee, and the Broadridge Global and Domestic Steering Committees.

Mr. Spitler's service with the firm dates back to 2000, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, Mr. Spitler last managed the Americas proxy voting team, responsible for analyzing and voting proxies, and engaging with the corporations of which BGI was a shareholder. Throughout his tenure he managed the corporate actions, trade operations, cash analysis and central control departments. Prior to BGI, Mr. Spitler was a Senior Market Research Analyst with the Franklin Templeton Group.

Mr. Spitler earned an MA degree in Anthropology from the University of Colorado in 1996, and a BS degree in Resource Management from the University of Michigan in 1992. He is a Series 7, 6 and 63 FINRA Registered Securities Representative.

San Mateo County Employees' Retirement Association
Minutes of a Special Meeting of the Board of Retirement

April 23, 2013

Agenda Item 3.0

March 26, 2013 – Special Meeting Agenda

PUBLIC SESSION – The Board will hold a special meeting in Public Session at 9:00 A.M.

1. Call to order
2. Roll Call
3. Oral Communications from the Public
4. Interview Finalists for SamCERA's Large Cap Growth Manager (Regular Agenda Item 6.2)
 - 9:00 a.m. Delaware Investments – Large-Cap Growth
 - 10:00 a.m. Brown Advisory – Large-Cap Growth
 - 11:00 a.m. TCW – Concentrated Core
5. Discussion and Selection of Large Cap Growth Manager (Regular Agenda Item 6.3)
6. Adjournment

March 26, 2013 – Special Meeting Minutes

1. **Call to Order:** Ms. Sandie Arnott, Chair, called the Special Meeting of the Board of Retirement to order at 9:03 a.m.
2. **Roll Call:**
Present: Sandie Arnott, Lauryn Agnew, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello (arrived after roll was called) and Eric Tashman.
Excused: Ben Bowler
Alternates Present: Christopher Miller (sat in for David Spinello briefly, until Mr. Spinello arrived), John Murphy
Staff: David Bailey, Michael Coultrip, Brenda Carlson and Kristina Perez.
Consultants: Patrick Thomas, Jonathan Brody, and John Nicolini from Strategic Investment Solutions.
3. **Oral Communications form the Public:** None
4. **Interview Finalists for SamCERA's Large Cap Growth Manager (Regular Agenda Item 6.2)**
Each of the finalists appeared before the Board of Retirement, for approximately 60 minutes each, in the order listed below. The finalists gave presentations about their respective strategies and answered questions from Board members.

Delaware Investments – Large-Cap Growth

Trevor Blum, Kenneth Broad and Jeff Van Harte represented Delaware Investments.

Brown Advisory – Large-Cap Growth

Ken Stuzin and Charlie Constable represented Brown Advisory.

TCW – Concentrated Core

Craig Blum and Chris Scibelli represented TCW.

San Mateo County Employees' Retirement Association
Minutes of a Special Meeting of the Board of Retirement

5. Discussion and Selection of Large Cap Growth Manager (Regular Agenda Item 6.3)

The presentations from the finalists concluded at approximately 12:30 p.m. and further discussion between the Board members, staff and consultants from SIS continued for approximately one hour. Each of the finalist's strengths and weaknesses were reviewed and discussed.

Action: Ms. Agnew moved to select Delaware Investments as SamCERA's large-cap growth manager. The motion was seconded by Ms. Settles, but failed to pass, with a roll call vote of 4-4-1.

Ayes: Arnott, Agnew, Settles and Spinello

Noes: David, Hackleman, Kwan Lloyd, and Tashman

Absent: Bowler

Action: Mr. David moved to select Brown Advisory as SamCERA's large-cap growth manager. The motion was seconded by Mr. Hackleman and carried with a roll call vote of 7-1-1.

Ayes: Arnott, David, Hackleman, Kwan Lloyd, Settles, Spinello and Tashman.

Noes: Agnew

Absent: Bowler

6. Adjournment: With no further business, Ms. Arnott adjourned the Special Meeting at 1:30 p.m.

David Bailey
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

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

April 23, 2013

Agenda Item 3.0

March 26, 2013 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 1:00 p.m.

1. Call to Order, Roll Call and Miscellaneous Business

2. Oral Communications

- 2.1 Oral Communications From the Board
- 2.2 Oral Communications From the Public

3. Approval of the Minutes

4. Approval of the Consent Agenda

- Disability Retirements
 - Errol Erskine
 - Janell LeBlanc
 - Eric Mertl
 - Shahrokh Pakdaman
- Service Retirements
- Continuances
- Deferred Retirements
- Member Account Refunds
- Member Account Rollovers
- Approve a Resolution Adopting Procedures for Auditing of Employer Data and Information to Determine Correctness of Member's Retirement Benefits, Compensation and Enrollment
- Report on SACRS Recommended Officers
- Approval to Reschedule the Regular April Meeting of the Board of Retirement

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
- 6.2 Interview Finalists for SamCERA's Large Cap Growth Manager (Special Meeting Item #4)
- 6.3 Discussion and Selection of Large Cap Growth Manager (Special Meeting Item #5)
- 6.4 Approval of Annual Review Questionnaires for Core Equity
- 6.5 Quarterly Investment Performance Report for the Period Ending December 31, 2012
- 6.6 Approval of Overlay Manager RFP Questions
- 6.7 Approval of DE Shaw 130/30 Strategy
- 6.8 Approval of Resolution Authorizing Contract Extension for Strategic Investment Solutions, Inc.

7. Board & Management Support Services

- 7.1 Presentation of Monthly Financial Report
- 7.2 Report on the Status of *SamCERA's* Annual Board Retreat on April 23 & 24, 2013
- 7.3 Report on Upcoming Trustee Elections and Appointments
- 7.4 Introduction of *SamCERA's Sources, Uses, and Budget Report* for Fiscal Year 2013-2014
- 7.5 Acceptance of Report on the Prepayment of the County's Contribution for Fiscal Year 2013-2014
- 7.6 Approval of Voting Delegate and Alternates for the SACRS Spring 2013 Business Meeting

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

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

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 Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9, In re: Dendreon Corporation Class Action Litigation, United States District Court Western District of Washington at Seattle, Master Docket No. CII-1291 JLR
- C3 Public Employee Performance Evaluation in accordance with Government Code §54957
Title: Chief Executive Officer

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Hiller, Ruth	January 27, 2013	Public Health
Martin, Paul M.	January 31, 2013	Public Works
Mitchell, Jeanette	February 9, 2013	Purchasing
Stafford, Violet	February 10, 2013	Crystal Springs
Martinet, Raymond	February 13, 2013	Ben. of Blanka Martinet
Marcopulos, Barbara	February 17, 2013	Courts
Juarez, Jose	February 16, 2013	General Services
Fernelius, Betty	February 20, 2013	Ben. of Keith Fernelius
Cooke, Louis	February 5, 2013	Def'd. from Courts
Lowe, Mary	February 3, 2013	Human Services
O'Brien, Edwin	February 15, 2013	Ben. of Linnea O'Brien
Nakanishi, Robert	February 6, 2013	Ben. of Florence Nakanishi
Maruyama, Thomas	February 24, 2013	Def'd. Sheriff's Office
Mora, Bulmaro	February 26, 2013	Public Works

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

March 26, 2013– Board Minutes

1303.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Sandie Arnott, Chair, called the Public Session of the Board of Retirement to order at 1:35 p.m.

Roll Call:

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

Alternates Present: Christopher Miller, John Murphy.

Excused: Ben Bowler

Staff: David Bailey, Michael Coultrip, Brenda Carlson, Gladys Smith, and Kristina Perez.

1303.2.1 **Oral Communications From the Board:** Ms. Agnew reported her attendance at the IMN Public Funds Summit in Huntington Beach on March 13 – 15, 2013, and the CALAPRS General Assembly in San Francisco on March 3-5, 2013. Ms. Settles also attended the CALAPRS General Assembly and the IMN Public Funds Summit. Mr. Spinello and Mr. Miller reported their attendance at the CALAPRS General Assembly as well.

1303.2.2 **Oral Communications From the Public:** None

1303.3.1 **Approval of the Board Meeting Minutes:**

Action: Mr. Hackleman moved to approve the minutes from the regular Board meeting held on February 26, 2013. The motion was seconded by Mr. David and carried unanimously.

1303.4.0 **Approval of the Consent Agenda:** The Chair asked if there were any items to be removed from the Consent Agenda, and none were taken off.

Action: Mr. Hackleman moved to approve the Consent Agenda, and the motion was seconded by Ms. Kwan Lloyd and carried unanimously, with Ms. Arnott abstaining.

1303.4.0

Consent Agenda

Disability Retirements

1. The Board found that Errol Erskine is (1) disabled from performing his usual and customary duties as a Medical Service Assistant I, (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.
2. The Board found that Janell LeBlanc is (1) disabled from performing her usual and customary duties as a Senior Retirement Analyst, (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.
3. The Board found that Eric Mertl is permanently disabled from the duties of a Deputy Sheriff and granted survivor benefits, pursuant to Government Code Section 31762, to the member's spouse, Susan Bowie.
4. The Board found that Shahrokh Pakdaman is (1) not permanently incapacitated for the performance of his duties as a Revenue Collector II and (2) denied his application for a service-connected disability retirement.

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

1303.4.0 **Service Retirements**

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

Aguilar, Freddy	January 17, 2013	Hospital
Becker, Joan	January 3, 2013	Def'd. from Mental Health
Bogatz, Lawrence	January 31, 2013	HSA
Cook, Violet	January 2, 2013	Def'd. from Public Health
Dames, Elizabeth	January 17, 2013	Library
Garvey, G. C.	January 5, 2013	Medical Ctr.
Jacobs Gibson, Rose	January 8, 2013	Board of Supervisors
Keller, Debra	January 19, 2013	Probation
Lee, Marlene	January 17, 2013	Library
Luebke, Brenda	January 19, 2013	HSA
Seguine, Richard	January 26, 2013	Sheriff
Rodriguez, Maria	January 7, 2013	QDRO
Washington, Tony	January 5, 2013	Medical Center
Raffaelli, Patricia	January 6, 2013	Sheriff's Dept.
Lim, Paquito	January 19, 2013	Public Works
Price, Anna	January 16, 2013	Def'd. from HSA
Van Wassenhove, Rhonda	February 12, 2013	QDRO
Tyler, Timothy	February 12, 2013	QDRO

1303.4.0 **Continuances**

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

Survivor's Name	Beneficiary of
Giannini, Carla	Giannini, Louis
Brothers, Betty	Brothers, Ronald
Mills, Alice	Mills, Leighton
Piotti, Beverly	Piotti, John
Price, William	Price, Barbara
Struffenegger, Anna	Struffenegger, Hans

1303.4.0 **Deferred Retirements**

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

Member Name	Retirement Plan Type
Petty, Andrea	P4 Vested
Walsh, Heather	G4 Vested - Reciprocity
Watt, Maricela	G4 Vested – Auto Defer
Simbe, Robert	G4 Vested – Auto Defer
Sarto, Ariel	G4 Vested – Auto Defer
Rodriguez, Sandra	G4 Vested – Auto Defer
Rodas, Carmen	G2 Vested – Auto Defer
Picazo, Cristina	G4 Vested – Auto Defer
Perttula, Kelsi	G4 Vested – Auto Defer
Ow, Jennifer	G4 Vested – Auto Defer

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

1303.4.0 **Deferred Retirements** (con't)

Member Name	Retirement Plan Type
Minter, Kimberly	G4 Vested – Auto Defer
Lineman, Nancy	G4 Vested – Auto Defer
Leonor, Cheryl	G4 Vested – Auto Defer
Harris, Cecily	G4 Vested – Auto Defer
Francis, Albert	G4 Vested – Auto Defer
Cloud, Carmen	G4 Vested – Auto Defer
Chi, Carlin	G4 Vested – Auto Defer
Alonzo, Connie	G4 Vested – Auto Defer
Baker, Glenda	G3 Vested – Auto Defer
Gherman, Maria	G2 Vested – Auto Defer

Member Account Refunds

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

Member Name	Retirement Plan Type
Sanchez-Arias, Rodrigo	G4 Non-vested
Cola, Mila	G4 Vested
DeLos Reyes, Rene	G4 Vested
Villena, Marilyn	G4 Vested
Sacdalan, Kenneth	G4 Non-vested
Ingram, Gareth	G4 Non-vested
Phyllis Collins	G5
Fletcher, Kimberly	G4 Non-vested
Blanchard, Michael	G4 Non-vested
Liongita, Moses	P4 Vested
Doreza, Mae	G4 Vested
Locke, Luisa	Ben. of Ray Locke

1303.4.0 **Other Consent Agenda Items:**

- The Board adopted a resolution establishing “Board of Retirement Procedures for Auditing of Employer Data and Information to Determine Correctness of Member’s Retirement Benefits, Reportable Compensation, Enrollment In and Reinstatement to, the Retirement System.”
- The Board received a memo from the SACRS Nominating Committee, with the committee’s recommended officers for FY 2013-2014.
- The Board approved a change to the time and duration of the regularly scheduled April 2013 meeting of the Board of Retirement to facilitate the annual Board/Staff Retreat and to conduct regular business.

1303.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.

The Chair called for agenda item 6.7 to be heard out of order. The remaining items were heard in the order below. Items 6.2 and 6.3 were not heard at the Regular Board Meeting but rather in the Special Meeting and minutes for those items are included in the Special Meeting minutes.

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

1303.6.0 **Investment Services**

1303.6.7 **Approval of DE Shaw 130/30 Strategy:** Mr. Coultrip discussed his due diligence trip to D.E. Shaw's offices in New York. An updated report was included in the "Day of Meeting" folder and distributed to Board members. Mr. Coultrip reported that personnel transitions at D.E. Shaw warrant taking time to assess the stability of the new team; and he recommended delaying implementation of the proposed transition to the 130/30 strategy for a period of up to three months. Mr. Coultrip affirmed that SamCERA would stay in D.E. Shaw's "long-only" strategy.
Action: Mr. David moved to delay the implementation of the 130/30 strategy for three months; the motion was seconded by Ms. Kwan Lloyd and carried unanimously.

1303.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the report and summarized the fund and market performance.

1303.6.4 **Approval of Annual Review Questionnaires for Core Equity:** Mr. Coultrip reviewed the annual review process with the Board. The questionnaires will be sent to the core equity managers once approved by the Board.
Action: Ms. Agnew moved to approve the proposed annual review questionnaires for SamCERA's Core Equity Managers. The motion was seconded by Mr. David and carried unanimously.

1303.6.5 **Quarterly Investment Performance Report for the Period Ending December 31, 2012:** Mr. Coultrip and Mr. Thomas went over the report with the Board members. It was noted that new reporting features are now being utilized by SIS, and are included in the report starting this month.

1303.6.6 **Approval of Overlay Manager Request for Proposal (RFP) Questions:** Mr. Coultrip presented the staff report and asked if the Board members had any questions to add to the list compiled for the overlay manager RFP. There were no changes made to the RFP questions.
Action: Mr. David moved to approve the sample Request for Proposal (RFP) questions for overlay management services, and to authorize SIS to submit the RFP to a number of overlay management service providers. The motion was seconded by Mr. Spinello and carried unanimously.

1303.6.8 **Approval of Resolution Authorizing Contract Extension for Strategic Investment Solutions, Inc.:** Mr. Coultrip discussed consideration of a one-year extension to the contract with SIS to allow time to work on the asset allocation/ asset liability study. He noted the recent evaluation and review of SIS' services were positive.
Action: Mr. Hackleman moved to approve a resolution authorizing the Chief Executive Officer to execute a First Amendment to the agreement with Strategic Investment Solutions, Inc. ("SIS") for investment consulting services, extending the term by one year to August 31, 2014. The motion was seconded by Ms. Settles and carried unanimously.

1303.7.0 **Board & Management Support Services**

1303.7.1 **Monthly Financial Report:** Ms. Smith presented the report. This item was informational only and no action was taken.

1303.7.2 **Report on the Status of SamCERA's Annual Board Retreat on April 23 & 24, 2013:** Mr. Bailey reviewed the updated schedule of presentations and speakers with Board members. This item was informational only and no action was taken.

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

1303.7.3 **Report on Upcoming Trustee Elections and Appointments:** Ms. Smith reported terms are expiring on June 30, for three elected seats (Natalie Kwan Lloyd, Paul Hackleman and John Murphy) and two appointed seats (Michal Settles and Ben Bowler) on the Board of Retirement. She reviewed the election time line with the Board and stated that the election would be held on June 10, 2013. This item was informational and no action was taken.

Mr. Tashman was excused at 2:52 pm for the remainder of the meeting.

1303.7.4 **Introduction of SamCERA's Sources, Uses, and Budget Report for Fiscal Year 2013-2014:** Ms. Smith presented the staff report and explained the County will be transitioning to a 2-year budget. This item was informational and no action was taken.

1303.7.5 **Acceptance of Report on the Prepayment of the County's Contribution for Fiscal Year 2013-2014:** Ms. Smith reviewed the report with Board members, and recommended the Board accept the report on the prepayment of \$145,138,538 employer contributions for fiscal year 2013/2014. Discussion followed and with no objections, the report was accepted.

1303.7.6 **Approval of Voting Delegate and Alternates for the SACRS Spring 2013 Business Meeting:** Mr. Bailey presented the proposed slate of voting delegates for SACRS. Following past years' practice, the highest-ranking Board member in attendance at the conference is selected as SamCERA's voting delegate, with the next senior Board member as the alternate. The CEO typically serves as the second alternate, however, Mr. Bailey stated he will not be in attendance, and suggested Ms. Smith be designated as the second alternate.

Action: Ms. Agnew moved to approve the designation of Sandie Arnott, Chair, as the Voting Delegate, Lauryn Agnew, Secretary, as the First Delegate Alternate, and Gladys Smith, Acting Assistant Executive Officer, as the Second Delegate Alternate to cast SamCERA's votes at the Spring 2013 SACRS Conference.

1303.8 **Management Reports**

1303.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported on the progress of the document-imaging project and discussed the need for a retention schedule, which will come before the Board at a future meeting. Mr. Bailey stated the Board room would be used for the back file scanning and the Board meeting scheduled in May would be held off-site. He also informed Board members that the County has made changes to its travel policy. Mr. Bailey explained that staff would update SamCERA's policy to comply with the County and IRS regulations, and bring the updated policy to the Board for consideration next month.

1303.8.2 **Assistant Executive Officer's Report:** None.

1303.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported meetings with International Managers (Franklin, Pyramis and Eaton Vance) were scheduled for next week. He informed Board members of a recent capital call.

Mr. Spinello was excused at 3:10 pm for the remainder of the meeting. Mr. Miller then assumed the role of Safety member at the meeting.

1303.8.4 **Chief Legal Counsel's Report:** Mr. Carlson reported there are several legislative bills regarding PEPRA. She is continuing to keep informed of these bills and other legal issues regarding PEPRA.

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

Ms. Arnott adjourned the public session of the meeting at 3:14 p.m. to closed session and the room was cleared of all staff and audience members; with the exception of Mr. Bailey and Ms. Carlson who attended for item C2 only.

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda** – None
- C2 **Conference with Legal Counsel - Existing Litigation:** Pursuant to subdivision (a) of Government Code Section 54956.9, In re: Dendreon Corporation Class Action Litigation, United States District Court Western District of Washington at Seattle, Master Docket No. CII-1291 JLR
- C3 **Public Employee Performance Evaluation** in accordance with Government Code §54957
Title: Chief Executive Officer.

Ms. Arnott reconvened the meeting at 4:47 p.m. , into open session.
Ms. Carlson reported there was no action taken on item C2 regarding existing litigation.
Ms. Settles reported the Board met in closed session to review Mr. Bailey’s performance and there was no reportable action taken on item C3.

1303.10 **Adjournment:** With no further business, Ms. Arnott adjourned the meeting at 4:18 p.m. in memory of the following deceased members:

Hiller, Ruth	January 27, 2013	Public Health
Martin, Paul M.	January 31, 2013	Public Works
Mitchell, Jeanette	February 9, 2013	Purchasing
Stafford, Violet	February 10, 2013	Crystal Springs
Martinet, Raymond	February 13, 2013	Ben. of Blanka Martinet
Marcopulos, Barbara	February 17, 2013	Courts
Juarez, Jose	February 16, 2013	General Services
Fernelius, Betty	February 20, 2013	Ben. of Keith Fernelius
Cooke, Louis	February 5, 2013	Def'd. from Courts
Lowe, Mary	February 3, 2013	Human Services
O'Brien, Edwin	February 15, 2013	Ben. of Linnea O'Brien
Nakanishi, Robert	February 6, 2013	Ben. of Florence Nakanishi
Maruyama, Thomas	February 24, 2013	Def'd. Sheriff's Office
Mora, Bulmaro	February 26, 2013	Public Works

David Bailey
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 4.1 (a)

To: Board of Retirement

From: Gladys Smith, Acting Assistant Executive Officer



Subject: Approval of Consent Agenda

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.

Disability Retirements

1. The Board find that **Jerome Wethington** is (1) disabled from performing his usual and customary duties as a Food Service Worker, (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.
2. The Board find that **Liza Dea** is (1) disabled from performing her usual and customary duties as a Medical Services Assistant, (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.
3. The Board find that **Ana Sapling** is (1) not permanently incapacitated from the performance of her duties as a Systems Engineer and (2) deny her application for a service-connected disability retirement.

Service Retirements

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

Member Name	Effective Retirement Date	Department
Barrett, Martin	February 1, 2013	Probation
Casares, Raul	January 18, 2013	Def'd. from HSA
Fornes, Kevin	February 27, 2013	ISD
Young, Sheryl	February 28, 2013	Def'd. from Health Dept.
Goldstone, Jay	January 11, 2013	Def'd. from Community Srvs.
Hein, John	February 28, 2013	Sheriff's Office
Maguire, Sharon	February 27, 2013	Probation

McCoy, Janett	March 1, 2013	Human Services Agency
Medeiros, Linda	February 2, 2013	Def'd. from Public Health
Rich, Leon	February 26, 2013	Def'd. from ISD
Runneals, Robert	February 16, 2013	Sheriff's Office
Stoll, Arthur	March 1, 2013	Human Services Agency

Continuances

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

Survivor's Name	Beneficiary of:
Bomberger, David	Bomberger, Carolann
Cooke, Maria	Cooke, Louis
Martin, Eleanor	Martin, Paul
Bowie, Susan	Mertl, Eric

Deferred Retirements

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

Member Name	Retirement Plan Type
Miranda, Ma M.	G4 Vested
Turner, Alice	G4 Vested
Womack, Kathleen	G4 Vested
Espinoza, Francoise	G4 Vested
Boyd, Areda	P4 Vested
Wong, Sherrie	G4 Vested - Reciprocity
Owen, Peter	G4 Vested - Reciprocity
Dallamaria, Katie	G4 Vested - Reciprocity
Clipper, Marguerite	G4 Vested - Reciprocity

Member Account Refunds

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

Member Name	Retirement Plan Type
Pahutan, Rachelle	G4 Vested

Leslie, William	G4 Vested
Yraola, Aileen	G4 Vested
Burton, Darrell	P4 Vested
DaCosta, Douglas	G4 Non-vested
Holzman, Cindy	G4 Non-vested
Hartford, Adrienne	G2 Non-vested
Henderson, Teresa	G2 Vested
Mateo, Jaime	G5
Shehee, Terry	P4 Non-vested
Flores Uribe, Mireya	G4 Non-vested

Member Account Rollovers

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


DuSaint, Robin	G4 Non-vested
Sachs, Neil	G4 Non-Vested

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 4.2

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer 

SUBJECT: Approval of Final SACRS Officers Nominating Committee Slate of Candidates

Staff Recommendation:

Approve the "SACRS Board of Directors Elections 2012-2013 – Final Ballot" as shown in the attached memo from SACRS Nominating Committee Chair, Ray McCray.

Background:

The attached SACRS memo is similar to memos presented to the SamCERA Board in January and March of this year.

- In January, a memo from Mr. McCray summarized the nomination process.
- A March memo contained notice of the recommended slate of officer candidates from the SACRS Nominating Committee.
- The attached memo presents the committee's final ballot of officers for the 2013-14 fiscal year.

Per SACRS bylaws, the administrator of each 1937 Act system is required to provide this information to their trustees.

The Nominating Committee's recommended slate is:

President	Doug Rose, Trustee, San Diego CERA
Vice President	Yves Chery, Trustee, Los Angeles CERA
Treasurer	Tom Ford, Trustee, Sonoma CERA
Secretary	John Kelly, Trustee, Sacramento CERS

These nominees currently serve in the same positions. It is common for SACRS officers to serve two consecutive one-year terms.

SACRS MEMORANDUM

April 1, 2013

Attn: SACRS Administrators
From: Raymond McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2012-2013 – Final Ballot

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee...”

Below is the final ballot/slate – As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete ballot/slate. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference May 13 – 17, 2013 at the Napa Valley Marriott, Napa, CA. Elections will be held during the Annual Business meeting on Friday, May 17, 2013.

Please distribute the ballot/slate to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at sulema@sacrs.org.

Continued

SACRS Nominating Committee Recommended 2012-2013 Nominees/Candidates:

President Doug Rose, San Diego CERA

Vice President Yves Chery, Los Angeles CERA

Treasurer Tom Ford, Sonoma CERA

Secretary John Kelly, Sacramento CERS

If you have any questions or require assistance, please contact me directly at 209-468-2163 or raym1@sbcglobal.net. Thank you for your prompt attention to this timely matter.

Sincerely,

Raymond McCray

Raymond McCray, San Joaquin County
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator

Attachment

RMC:shp

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 4.3

TO: Board of Retirement

Lilibeth M. Dames

FROM: Lilibeth Dames, Investment Analyst

SUBJECT: Approval of Annual Review Questionnaires for Value Managers

Staff Recommendation:

Approve the proposed annual review questionnaires, after reviewing the questions and offering changes or additional questions as appropriate, for our Value managers (Barrow Hanley, Mondrian Investment Partners, and The Boston Company).

Background:

As part of the manager annual review process, questionnaires are sent to each manager and the responses are returned before their review dates. Staff will review the Value managers on June 6, 2013.

Attachments:

- A. *Barrow Hanley U.S. Large Cap Value Equity Questionnaire*
- B. *Mondrian International Value Equity Questionnaire*
- C. *The Boston Company U.S. Small Cap Value Equity Questionnaire*

SamCERA's ANNUAL REVIEW QUESTIONNAIRE

ORGANIZATIONAL UPDATE

1. Provide an update on your firm's organization, with particular emphasis on (a) changes to your structure over the past eighteen months, (b) growth and acquisition of assets under management, (c) clients gained or lost in the past year, and (d) recent corporate acquisitions, including negative and positive effects. All significant changes should be accompanied by an explanation.
2. Outline the firm's strategic focus and growth targets over the next three years, including new investment strategies or products currently under consideration.
3. Provide a breakdown of assets under management (AUM) by client and asset class/product type, in \$US millions.
4. Has your firm ever liquidated, dissolved or otherwise terminated a strategy, hedge fund or other commingled fund that was focused on equity investments? If so, please provide details.
5. Specify separately the individuals (up to ten) who you feel are key to the success of your firm. If the list has changed in the last eighteen months, identify and explain the change(s).
6. Describe your firm's management succession plan. Have dates been established regarding the succession of any key personnel, specifically those reported in the preceding questions?
7. Has your firm or any of its employees been involved in regulatory or litigation actions related to your business in the past eighteen months? E-mail your firm's most recent ADV Parts I & II to investments@samcera.org.
8. When did the Securities & Exchange Commission, Attorney General, or the Financial Industry Regulatory Authority (FINRA) last audit your firm? Please note any material findings or recommendations.
9. Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm (i.e., amounts and respective carriers) and e-mail the certificates of insurance to investments@samcera.org.
10. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
11. Do you have a written policy on ethics? If so, please e-mail the policy to investments@samcera.org.
12. Provide the location of your firm's investment and accounting back-office staff. Are any of your investment activities or operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted. Are any of these firms considered affiliates of your firm?
13. What are your mission critical systems? Has your firm experienced any problems with these systems in the past eighteen months? When were these systems implemented and when were they last upgraded? Do you anticipate any changes to these systems in the next eighteen months?
14. Provide an overview of your firm's business continuity plan as it relates to the investment process.
15. E-mail your firm's most recent SAS 70 Report or equivalent to investments@samcera.org.

INVESTMENT TEAM

16. Specify separately the individuals (up to five) who you feel are key to the success of SamCERA's product and describe their respective role(s) and experience. Also indicate the location(s) of these individuals. In addition, indicate other responsibilities, both in terms of investment products and management/administrative duties, for each of the named individuals and provide an estimate of the percentage of time each spends managing the strategy. If this list has changed in the last eighteen months, identify and explain the change(s).

INVESTMENT STRATEGY & PROCESS

17. What are the current assets in this product? What proportion of total AUM do the assets in this product make-up of the firm? Please provide the year-end AUM in this product for the past 5 years. What are the capacity constraints for this product and who determines the constraints? How does your firm determine the capacity threshold?
18. What percentage of assets in product is controlled by your 5 largest accounts? What size does SamCERA's account comprise of total product assets?
19. Discuss your firm's investment strategy relative to market environments. Are there market cycles that are particularly favorable to your firm's investment strategy and process? Are there market cycles that are historically difficult for your firm's investment strategy and process?
20. Provide the product's annual turnover for each of the last 5 years. Please explain any outlier volumes.
21. What percentage of investments would you deem to be illiquid? How long would it take to liquidate our portfolio without undue impact costs? What security-level liquidity parameter is used when constructing the portfolio?
22. Regarding risk management:
 - a. List the main risks associated with the strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
 - b. Identify the person(s) or group primarily responsible for the risk management function.
 - c. Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
23. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?
24. Does your firm have a policy that incorporates Environmental, Social and Governance (ESG) issues into the investment decision making process?
25. If ESG issues are considered, are they considered separate and apart from traditional financial criteria, or are ESG issues integrated into a company assessment? Are the sources of ESG research internal, external, or both?
26. Does your firm regard ESG factors as risk factors which can have a material impact on investment performance? Does your firm support the concept that companies can enhance value and long-term profitability by incorporating ESG factors into their strategic plans? If so, briefly discuss.
27. What is your firm's proxy voting policy? Does the firm vote its own proxies, or is this done by a third party provider? What principles or policies guide the voting?

PERFORMANCE

28. Is the performance composite constructed for SamCERA's portfolio in compliance with the Global Investment Performance Standards (GIPS)? When was the performance composite last audited?
29. Indicate established performance targets or expectations (e.g., absolute return, relative return, volatility, tracking error) for the strategy. Has the strategy achieved these targets on a net basis? Regarding the expected sources of relative positive return, how has expectations differed with actual results?
30. Detail your firm's perspective of SamCERA's performance expectations, as spelled out in the Investment Management Agreement and SamCERA's Investment Policy. How is your firm doing relative to those expectations?
31. Are SamCERA's investment guidelines adequate? Do the guidelines impose constraints on the portfolio that would result in a significant dispersion from other portfolios? If so, please provide details.
32. What is a reasonable expected tracking error to the benchmark? What are the expected sources of the tracking error?
33. Please discuss the strategy's performance relative to the benchmark for the one, three and five year periods ending March 31, 2013.
34. What is your firm's source(s) for pricing equities? Does this source differ from that of SamCERA's custodian, State Street Bank & Trust? How are pricing variances with the custodian resolved?
35. Are there pricing issues relative to methodology or pricing sources utilized by your firm versus those utilized by the benchmark?
36. Is SamCERA's benchmark, the Russell 1000 Value, appropriate?
37. Attach an Excel file containing a list of portfolio holdings as of the review date. Please include security name, CUSIP or other relevant identifier, amount, cost basis, market value, and % of total portfolio.
38. Provide a full review of performance attribution (on a net of fee basis) for the trailing 12 month period versus the benchmark.

OPERATIONS, TRADING & CONTROLS

39. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
40. Describe your trading procedures in detail. What trading platforms does your firm use? How many brokers were used during calendar year 2012?
41. Does your firm monitor trade effectiveness? If so, how is that documented? To whom does trading report?
42. How many brokers were used during calendar year 2012? List the top ten brokers used during that period. Have you discontinued the use of any broker in the last eighteen months?
43. Describe your firm's policies regarding the use of soft dollars. If soft dollar arrangements were not used to acquire products and services in 2012, what would be the dollar increase in your firms total operating expenses?

44. Describe how your firm obtains and pays for outside research reports. Please list the primary sources of research upon which your firm relies.
45. Please disclose the firms you employ for introductions to industry experts.
46. What is your firm's position regarding participation in directed brokerage and/or commission recapture programs? Is there a maximum amount of trades that you allow to be directed? How many of your clients utilize direct brokerage?
47. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
48. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
49. Regarding counterparties:
 1. List all counterparties you have engaged to execute trades/establish positions within the strategy over the most recent 12 month period and provide an estimate of the percentage of trades allocated to each.
 2. How are your trading counterparties selected, monitored and evaluated?
 3. Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties? If so, please outline them.
50. Do you have a policy regarding the selection and review of brokers and counterparties. If you do, please e-mail a copy to investments@samcera.org
51. Please forward your proxy voting policy to investments@samcera.org.

CONCLUSION

52. What issues are other clients concerned with in regards to products, markets, education and governance?
53. Describe your assessment of the relationship between your firm and SamCERA. How can we better utilize your firm's capabilities?
54. Is there any information that would be timely pursuant to SamCERA's Investment Policy, the Investment Management Agreement with SamCERA, and this annual review?
55. Are your clients making significant changes in their asset mixes? Please describe these changes.
56. What market opportunities should SamCERA consider?

SamCERA's ANNUAL REVIEW QUESTIONNAIRE

ORGANIZATIONAL UPDATE

1. Provide an update on your firm's organization, with particular emphasis on (a) changes to your structure over the past eighteen months, (b) growth and acquisition of assets under management, (c) clients gained or lost in the past year, and (d) recent corporate acquisitions, including negative and positive effects. All significant changes should be accompanied by an explanation.
2. Outline the firm's strategic focus and growth targets over the next three years, including new investment strategies or products currently under consideration.
3. Provide a breakdown of assets under management (AUM) by client and asset class/product type, in \$US millions.
4. Has your firm ever liquidated, dissolved or otherwise terminated a strategy, hedge fund or other commingled fund that was focused on equity investments? If so, please provide details.
5. Specify separately the individuals (up to ten) who you feel are key to the success of your firm. If the list has changed in the last eighteen months, identify and explain the change(s).
6. Describe your firm's management succession plan. Have dates been established regarding the succession of any key personnel, specifically those reported in the preceding questions?
7. Has your firm or any of its employees been involved in regulatory or litigation actions related to your business in the past eighteen months? E-mail your firm's most recent ADV Parts I & II to investments@samcera.org.
8. When did the Securities & Exchange Commission, Attorney General, or the Financial Industry Regulatory Authority (FINRA) last audit your firm? Please note any material findings or recommendations.
9. Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm (i.e., amounts and respective carriers) and e-mail the certificates of insurance to investments@samcera.org.
10. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
11. Do you have a written policy on ethics? If so, please e-mail the policy to investments@samcera.org.
12. Provide the location of your firm's investment and accounting back-office staff. Are any of your investment activities or operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted. Are any of these firms considered affiliates of your firm?
13. What are your mission critical systems? Has your firm experienced any problems with these systems in the past eighteen months? When were these systems implemented and when were they last upgraded? Do you anticipate any changes to these systems in the next eighteen months?
14. Provide an overview of your firm's business continuity plan as it relates to the investment process.
15. E-mail your firm's most recent SAS 70 Report or equivalent to investments@samcera.org.

INVESTMENT TEAM

16. Specify separately the individuals (up to five) who you feel are key to the success of SamCERA's product and describe their respective role(s) and experience. Also indicate the location(s) of these individuals. In addition, indicate other responsibilities, both in terms of investment products and management/administrative duties, for each of the named individuals and provide an estimate of the percentage of time each spends managing the strategy. If this list has changed in the last eighteen months, identify and explain the change(s).

INVESTMENT STRATEGY & PROCESS

17. What are the current assets in this product? What proportion of total AUM do the assets in this product make-up of the firm? Please provide the year-end AUM in this product for the past 5 years. What are the capacity constraints for this product and who determines the constraints? How does your firm determine the capacity threshold?
18. What percentage of assets in product is controlled by your 5 largest accounts? What size does SamCERA's account comprise of total product assets?
19. Discuss your firm's investment strategy relative to market environments. Are there market cycles that are particularly favorable to your firm's investment strategy and process? Are there market cycles that are historically difficult for your firm's investment strategy and process?
20. Provide the product's annual turnover for each of the last 5 years. Please explain any outlier volumes.
21. What percentage of investments would you deem to be illiquid? How long would it take to liquidate our portfolio without undue impact costs? What security-level liquidity parameter is used when constructing the portfolio?
22. How much of the portfolio can be invested in emerging markets? How much of the portfolio has been invested in emerging markets over each of the last five calendar years ending 3/31/2013? How do your buy/sell criteria differ for emerging market names, if at all, and what are portfolio construction rules for emerging markets?
23. How much of the portfolio can be invested in frontier markets? How much of the portfolio has been invested in frontier markets over each of the last five calendar years ending 3/31/2013? How do your buy/sell criteria differ for frontier market names, if at all, and what are portfolio construction rules for frontier markets?
24. Does the strategy employ leverage? If so, discuss how leverage is used, typical amounts, limits, etc., and provide justification for its use. In addition, describe the leverage facility including providers, structure, terms, cost, etc.
25. Describe any portfolio- or security-level hedging activities utilized in the strategy, including what risks/exposures are typically hedged, the types of instruments used and how your hedging activities are expected to add value. If applicable, please provide specific examples of how your hedging activities have reduced risk at an opportune time and positively impacted returns.
26. Describe your approach to managing and hedging non-USD currency exposures. Is currency evaluated and managed on a stand-alone basis, or is it integrated into the broader research process? If not covered above, describe the use of derivatives in the strategy including the rationale, types, typical amounts, and any associated limits or constraints.
27. Regarding risk management:

- a. List the main risks associated with the strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
 - b. Identify the person(s) or group primarily responsible for the risk management function.
 - c. Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
28. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?
 29. Does your firm have a policy that incorporates Environmental, Social and Governance (ESG) issues into the investment decision making process?
 30. If ESG issues are considered, are they considered separate and apart from traditional financial criteria, or are ESG issues integrated into a company assessment? Are the sources of ESG research internal, external, or both?
 31. Does your firm regard ESG factors as risk factors which can have a material impact on investment performance? Does your firm support the concept that companies can enhance value and long-term profitability by incorporating ESG factors into their strategic plans? If so, briefly discuss.
 32. What is your firm's proxy voting policy? Does the firm vote its own proxies, or is this done by a third party provider? What principles or policies guide the voting? Please forward your proxy voting policy to investments@samcera.org.

PERFORMANCE

33. Is the performance composite constructed for SamCERA's portfolio in compliance with the Global Investment Performance Standards (GIPS)? When was the performance composite last audited?
34. Indicate established performance targets or expectations (e.g., absolute return, relative return, volatility, tracking error) for the strategy. Has the strategy achieved these targets on a net basis? Regarding the expected sources of relative positive return, how has expectations differed with actual results?
35. Detail your firm's perspective of SamCERA's performance expectations, as spelled out in the Investment Management Agreement and SamCERA's Investment Policy. How is your firm doing relative to those expectations?
36. Are SamCERA's investment guidelines adequate? Do the guidelines impose constraints on the portfolio that would result in a significant dispersion from other portfolios? If so, please provide details.
37. What is a reasonable expected tracking error to the benchmark? What are the expected sources of the tracking error?
38. Please discuss the strategy's net performance relative to the benchmark for the one, three and five year periods ending March 31, 2013.
39. What is your firm's source(s) for pricing equities? Does this source differ from that of SamCERA's custodian, State Street Bank & Trust? How are pricing variances with the custodian resolved?
40. Are there pricing issues relative to methodology or pricing sources utilized by your firm versus those utilized by the benchmark?
41. Is SamCERA's benchmark appropriate?

42. Attach an Excel file containing a list of portfolio holdings as of the review date. Please include security name, CUSIP or other relevant identifier, amount, cost basis, market value, and % of total portfolio.
43. Provide a full review of performance attribution (on a net of fee basis) for the trailing 12 month period versus the benchmark.

OPERATIONS, TRADING & CONTROLS

44. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
45. Describe your trading procedures in detail. What trading platforms does your firm use? How many brokers were used during calendar year 2012?
46. Does your firm monitor trade effectiveness? If so, how is that documented? To whom does trading report?
47. How many brokers were used during calendar year 2012? List the top ten brokers used during that period. Have you discontinued the use of any broker in the last eighteen months?
48. Describe your firm's policies regarding the use of soft dollars. If soft dollar arrangements were not used to acquire products and services in 2012, what would be the dollar increase in your firms total operating expenses?
49. Describe how your firm obtains and pays for outside research reports. Please list the primary sources of research upon which your firm relies.
50. Please disclose the firms you employ for introductions to industry experts.
51. What is your firm's position regarding participation in directed brokerage and/or commission recapture programs? Is there a maximum amount of trades that you allow to be directed? How many of your clients utilize direct brokerage?
52. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
53. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
54. Regarding counterparties:
 1. List all counterparties you have engaged to execute trades/establish positions within the strategy over the most recent 12 month period and provide an estimate of the percentage of trades allocated to each.
 2. How are your trading counterparties selected, monitored and evaluated?
 3. Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties? If so, please outline them.
55. Do you have a policy regarding the selection and review of brokers and counterparties. If you do, please e-mail a copy to investments@samcera.org

CONCLUSION

56. What is your firm's outlook for the international equity markets?
57. What issues are other clients concerned with in regards to products, markets, education and governance?

58. Describe your assessment of the relationship between your firm and SamCERA. How can we better utilize your firm's capabilities?
59. Is there any information that would be timely pursuant to SamCERA's Investment Policy, the Investment Management Agreement with SamCERA, and this annual review?
60. Are your clients making significant changes in their asset mixes? Please describe these changes.
61. What market opportunities should SamCERA consider?

SamCERA's ANNUAL REVIEW QUESTIONNAIRE

ORGANIZATIONAL UPDATE

1. Provide an update on your firm's organization, with particular emphasis on (a) changes to your structure over the past eighteen months, (b) growth and acquisition of assets under management, (c) clients gained or lost in the past year, and (d) recent corporate acquisitions, including negative and positive effects. All significant changes should be accompanied by an explanation.
2. Outline the firm's strategic focus and growth targets over the next three years, including new investment strategies or products currently under consideration.
3. Provide a breakdown of assets under management (AUM) by client and asset class/product type, in \$US millions.
4. Has your firm ever liquidated, dissolved or otherwise terminated a strategy, hedge fund or other commingled fund that was focused on equity investments? If so, please provide details.
5. Specify separately the individuals (up to ten) who you feel are key to the success of your firm. If the list has changed in the last eighteen months, identify and explain the change(s).
6. Describe your firm's management succession plan. Have dates been established regarding the succession of any key personnel, specifically those reported in the preceding questions?
7. Has your firm or any of its employees been involved in regulatory or litigation actions related to your business in the past eighteen months? E-mail your firm's most recent ADV Parts I & II to investments@samcera.org.
8. When did the Securities & Exchange Commission, Attorney General, or the Financial Industry Regulatory Authority (FINRA) last audit your firm? Please note any material findings or recommendations.
9. Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm (i.e., amounts and respective carriers) and e-mail the certificates of insurance to investments@samcera.org.
10. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
11. Do you have a written policy on ethics? If so, please e-mail the policy to investments@samcera.org.
12. Provide the location of your firm's investment and accounting back-office staff. Are any of your investment activities or operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted. Are any of these firms considered affiliates of your firm?
13. What are your mission critical systems? Has your firm experienced any problems with these systems in the past eighteen months? When were these systems implemented and when were they last upgraded? Do you anticipate any changes to these systems in the next eighteen months?
14. Provide an overview of your firm's business continuity plan as it relates to the investment process.
15. E-mail your firm's most recent SAS 70 Report or equivalent to investments@samcera.org.

INVESTMENT TEAM

16. Specify separately the individuals (up to five) who you feel are key to the success of SamCERA's product and describe their respective role(s) and experience. Also indicate the location(s) of these individuals. In addition, indicate other responsibilities, both in terms of investment products and management/administrative duties, for each of the named individuals and provide an estimate of the percentage of time each spends managing the strategy. If this list has changed in the last eighteen months, identify and explain the change(s).

INVESTMENT STRATEGY & PROCESS

17. What are the current assets in this product? What proportion of total AUM do the assets in this product make-up of the firm? Please provide the year-end AUM in this product for the past 5 years. What are the capacity constraints for this product and who determines the constraints? How does your firm determine the capacity threshold?
18. What percentage of assets in product is controlled by your 5 largest accounts? What size does SamCERA's account comprise of total product assets?
19. Discuss your firm's investment strategy relative to market environments. Are there market cycles that are particularly favorable to your firm's investment strategy and process? Are there market cycles that are historically difficult for your firm's investment strategy and process?
20. Provide the product's annual turnover for each of the last 5 years. Please explain any outlier volumes.
21. What percentage of investments would you deem to be illiquid? How long would it take to liquidate our portfolio without undue impact costs? What security-level liquidity parameter is used when constructing the portfolio?
22. Regarding risk management:
 - a. List the main risks associated with the strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
 - b. Identify the person(s) or group primarily responsible for the risk management function.
 - c. Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
23. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?
24. Does your firm have a policy that incorporates Environmental, Social and Governance (ESG) issues into the investment decision making process?
25. If ESG issues are considered, are they considered separate and apart from traditional financial criteria, or are ESG issues integrated into a company assessment? Are the sources of ESG research internal, external, or both?
26. Does your firm regard ESG factors as risk factors which can have a material impact on investment performance? Does your firm support the concept that companies can enhance value and long-term profitability by incorporating ESG factors into their strategic plans? If so, briefly discuss.
27. What is your firm's proxy voting policy? Does the firm vote its own proxies, or is this done by a third party provider? What principles or policies guide the voting?

PERFORMANCE

28. Is the performance composite constructed for SamCERA's portfolio in compliance with the Global Investment Performance Standards (GIPS)? When was the performance composite last audited?
29. Indicate established performance targets or expectations (e.g., absolute return, relative return, volatility, tracking error) for the strategy. Has the strategy achieved these targets on a net basis? Regarding the expected sources of relative positive return, how has expectations differed with actual results?
30. Detail your firm's perspective of SamCERA's performance expectations, as spelled out in the Investment Management Agreement and SamCERA's Investment Policy. How is your firm doing relative to those expectations?
31. Are SamCERA's investment guidelines adequate? Do the guidelines impose constraints on the portfolio that would result in a significant dispersion from other portfolios? If so, please provide details.
32. What is a reasonable expected tracking error to the benchmark? What are the expected sources of the tracking error?
33. Please discuss the strategy's performance relative to the benchmark for the one, three and five year periods ending March 31, 2013.
34. What is your firm's source(s) for pricing equities? Does this source differ from that of SamCERA's custodian, State Street Bank & Trust? How are pricing variances with the custodian resolved?
35. Are there pricing issues relative to methodology or pricing sources utilized by your firm versus those utilized by the benchmark?
36. Is SamCERA's benchmark appropriate?
37. Attach an Excel file containing a list of portfolio holdings as of the review date. Please include security name, CUSIP or other relevant identifier, amount, cost basis, market value, and % of total portfolio.
38. Provide a full review of performance attribution (on a net of fee basis) for the trailing 12 month period versus the benchmark.

OPERATIONS, TRADING & CONTROLS

39. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
40. Describe your trading procedures in detail. What trading platforms does your firm use? How many brokers were used during calendar year 2012?
41. Does your firm monitor trade effectiveness? If so, how is that documented? To whom does trading report?
42. How many brokers were used during calendar year 2012? List the top ten brokers used during that period. Have you discontinued the use of any broker in the last eighteen months?
43. Describe your firm's policies regarding the use of soft dollars. If soft dollar arrangements were not used to acquire products and services in 2012, what would be the dollar increase in your firms total operating expenses?

44. Describe how your firm obtains and pays for outside research reports. Please list the primary sources of research upon which your firm relies.
45. Please disclose the firms you employ for introductions to industry experts.
46. What is your firm's position regarding participation in directed brokerage and/or commission recapture programs? Is there a maximum amount of trades that you allow to be directed? How many of your clients utilize direct brokerage?
47. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
48. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
49. Regarding counterparties:
 1. List all counterparties you have engaged to execute trades/establish positions within the strategy over the most recent 12 month period and provide an estimate of the percentage of trades allocated to each.
 2. How are your trading counterparties selected, monitored and evaluated?
 3. Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties? If so, please outline them.
50. Do you have a policy regarding the selection and review of brokers and counterparties. If you do, please e-mail a copy to investments@samcera.org
51. Please forward your proxy voting policy to investments@samcera.org.

CONCLUSION

52. What issues are other clients concerned with in regards to products, markets, education and governance?
53. Describe your assessment of the relationship between your firm and SamCERA. How can we better utilize your firm's capabilities?
54. Is there any information that would be timely pursuant to SamCERA's Investment Policy, the Investment Management Agreement with SamCERA, and this annual review?
55. Are your clients making significant changes in their asset mixes? Please describe these changes.
56. What market opportunities should SamCERA consider?

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 4.4

TO: Board of Retirement
FROM: David Bailey, Chief Executive Officer
SUBJECT: Trustee Request for Conference Approval



Staff Recommendation

Staff recommends approval of attendance at the below-mentioned educational event.

Background

The *SamCERA* Education Policy allows trustees to expend certain levels of system funds for continuing education sponsored by organizations approved in the policy. The policy also states that, “the board may approve participation in additional educational activities...”

Trustee Lauryn Agnew would like to attend SOCAP13 (Social Capital Markets 13), which will be held at Fort Mason Center in San Francisco, CA from September 3-6, 2013. SOCAP, “recognizes our ability to direct the power and efficiency of market systems toward social impact. Social Capital Markets is dedicated to supporting the growth of this market.”

Due to early registration, SamCERA will receive a 50% discount on the conference price. The cost is within the trustee’s educational budget.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 6.1

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ending **March 31, 2013**



Staff Recommendation:

Accept the preliminary performance report dated March 31, 2013.

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 Angelo Gordon's PPIP, AQR's risk parity, and AQR's hedge fund portfolios. The quarterly performance metrics are not yet available for the Angelo Gordon STAR Fund and 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 now shows both net and gross of fee returns for the total plan. Page one shows the net of investment manager fee performance results for the total fund (in the top left quadrant), while page two shows gross of fee returns.

Discussion:

The fund's net preliminary return for March was +1.94%, while the trailing twelve month return was +10.7% net (+11.0% gross). The twelve-month return is above (on a net and gross basis) both SAMCERA's Total Plan Policy Benchmark return of 10.4% and the Actuarial Assumed Earnings Rate of 7.50%. 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.

March was a stellar month for the U.S. equity market, with all U.S. equity indices up over 3.5%. The broad U.S. equity market (S&P 500) was up 3.75% and closed the month at a record high, while mid and small-cap stocks outperformed large-cap stocks and returned 4.25% and 4.6%, respectively. U.S. economic data remained positive but muted. Housing in particular showed strength while employment data was slightly positive.

Developed international equity indices were mixed on the month, with the MSCI World ex-US slightly higher by 0.25%. Developed markets (as measured by MSCI EAFE) were up 0.88% while emerging markets were lower by -1.7%. Banking stress in Cyprus dominated the headlines, with a bank rescue plan requiring large depositors to forfeit a portion of their deposits to help fund the bank rescue.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The general fixed income market was slightly positive (+0.08%) as interest rates were largely unchanged during the month. The high yield market was up over 1.0% during the month as it continued to benefit from investors' thirst for yield.

Attachments:

SIS Market Update

State Street Performance Report

U.S. EQUITY

U.S. equity investors seem to be remaining optimistic with the U.S. housing sector recovering and companies hiring more workers. Healthy profits for corporations and continuing stimulus from the Federal Reserve have contributed to a boost in asset prices.

The month of March was once again a strong positive one and capped an excellent quarter for equities. The Russell 1000 Growth Index was up +3.8% for the month and the Russell 1000 Value Index was up +4.0%. The Russell 2000 Growth Index was up +5.1% and the Russell 2000 Value was also up +4.2%. The S&P 500 Index ended the month up +3.8%. The Russell 3000 Index was up +11.1% for the first quarter of 2013.

The S&P 500 Index has a trailing P/E ratio of 18.5 and a forward 12-month estimate P/E ratio of 14.1 and dividend yield of 2.1%.

FedEx Corp. and Caterpillar were two leading U.S. companies that each lowered 2013 forecasts in March.

Corporate merger highlights for the month included: A. Schulman made a \$560 million offer to acquire Ferro Corp.; Industrial pump maker Gardner Denver has agreed to sell itself to KKR for about \$3.7 billion; Dominion Resources will sell three fossil-fuel fired merchant generation power stations for about \$650 million to Energy Capital Partners; Ally Financial will sell agency mortgage servicing rights to Ocwen Financial for about \$585 million; Liberty will acquire 27% of Charter Communications, the 4th largest U.S. cable operator, for about \$2.6 billion; Private equity firms are joining forces in the auction of BMC Software, raising the possibility of it being taken private in a deal that would top \$6 billion; and, American Realty Capital Properties raised its bid for Cole Credit Property Trust III to about \$6.7 billion.

FIXED INCOME

The International Monetary Fund predicts that recent spending cuts could reduce U.S. growth by -0.5% in 2013. The Federal Reserve modestly lowered GDP forecasts for 2013 to a range between 2.3% and 2.8% from their prior estimate of 2.3% to 3.0%.

The ADP National Employment Report showed private employers added 198,000 jobs in February, beating expectations for an increase of 170,000. The March

unemployment report was disappointing as payrolls only rose by 88,000 (well below consensus estimate of 190,000). The retail sector was weak.

Long-term interest rates were little changed in the month of March. The bellwether 10-year Treasury note ended the month yielding 1.85% down from 1.89% at the close of February. At month-end, the 30-year bond yield was 3.10% with the 3-month T-bill at 0.08%. The Barclays Capital US Aggregate Index was up by +0.08% in March.

Foreign holdings of U.S. Treasury securities rose for a 13th straight month in January to a record \$5.6 trillion; China holds the most at \$1.3 trillion.

Americans have regained the \$16 trillion they lost to the Great Recession, with household wealth now topping the pre-recession peak of \$64.7 trillion.

On the economic front, the following key data was released in March:

THE GOOD

*U.S. manufacturing expanded in February at the fastest pace since June 2011.

*U.S. auto sales rose significantly in February versus a year ago with GM up 7%, Ford up 9%, Chrysler and Toyota up 4% and VW up 3%.

*The Institute for Supply Management reported that its services index rose in February to 56.0 from 55.2 in January, the highest level since February 2012.

*The Commerce Dept. reported that orders for core capital goods, which includes computers, rose 7.2% in January from December, the largest gain in more than a year.

*Retail sales increased 1.1% in February, the largest rise since September, after a revised 0.2% gain in January.

*The producer price index grew a seasonally adjusted 0.7% in February from January; wholesale prices have risen just 1.7% in the past 12 months.

*Factory output rose at a seasonally adjusted 0.8% in February, aided by a strong increase in auto output.

*The Commerce Dept. reported that housing starts rose 0.8% in February to a 917,000 unit annual rate.

*The Conference Board's index of leading indicators rose 0.5% in February to 94.8. The gauge is designed to anticipate economic conditions three to six months out.

*U.S. sales of previously occupied homes rose in February to their fastest rate in more than three years.

*The Commerce Dept. reported that durable goods orders jumped 5.7% in February, reversing January 3.8% plunge.

*The S&P/Case Shiller composite index on single family home prices rose at an 8.1% annual pace in January, its largest rise since June 2006.

*Personal income rebounded by 1.1% in February.

THE NOT SO GOOD

*Spending on U.S. construction projects fell 2.1% in January, the largest amount in 18 months.

*The Commerce Dept. reported that factory orders declined 2% in January from December.

*Productivity fell at a 1.9% annual rate in the fourth quarter, the weakest pace since the 4th quarter of 2008.

*The Commerce Dept. reported that business inventories increased 1.0% in January, the largest increase since May 2011, after rising 0.3% in December.

*The U.S. ran a budget deficit of \$203 billion in February, down 12% from the same month one year ago.

*The U.S. current account deficit narrowed in the final three months of 2012, but widened for the year to its highest imbalance since 2008 at \$475 billion.

The Conference Board's March consumer confidence index fell to 59.7 from a revised reading of 68.0 in February.

NON-U.S. MARKETS

The Bank of Canada left its policy rate unchanged at 1.00%, where it has been since September 2010.

The Bank of England made no changes to monetary policy. The decision left the policy rate at 0.50% (where it has been since March 2009) and the asset purchase target at £375 billion (where it has been since last July). Industrial production unexpectedly dropped 1.2% in January.

Unemployment in the Eurozone hit a record high of 11.9% in January. The European Central Bank (ECB) left monetary policy unchanged, keeping its minimum bid rate at 0.75%, the marginal lending rate at 1.50% and the deposit rate at 0.00%.

Italy's GDP contracted -0.9% in the fourth quarter, the six consecutive quarterly decline (a cumulative fall of -3.7%).

Spain's year-end debt burden rose to a record 84% of GDP; it stands at \$1.14 trillion, up 20% from last year.

France's plan to raise taxes on the wealthy is being scaled back after a second legal opinion said the proposed marginal rate of 75% was unfair.

Cyprus averted imminent financial collapse after it agreed to reform its troubled banking sector and inflict large losses on wealthy depositors in troubled banks to secure a €10 billion bailout from Europe.

Japan's economy did better than first thought in the last quarter of 2012, eking out a slight expansion instead of shrinking. The Bank of Japan (BoJ) left monetary policy unchanged in March. The target interest rate was kept at 0.0%-0.1%, monthly purchases of government securities at ¥1.8 trillion, and the asset purchase program at ¥76 trillion. Core machinery orders plunged -13.1% in January.

China's economy should expand 8.5% in 2013 and more in 2014, according to the OECD.

Non-U.S. equities were slightly higher in March. The MSCI ACWI Ex-U.S. was up +0.20% (US dollars) in March. Developed stocks (EAFE) were up +0.82% while Emerging Markets fell by -1.7% for the month.

CONCLUSION

Global growth rates have stabilized in recent months although there are large divergences between countries. Easy monetary policies contributed to acceleration in U.S. and Chinese growth rates in 2012 and in recent months growth rates in economies with large trade ties to these countries such as Japan and emerging Asia have begun to benefit.

European growth has not improved as monetary and fiscal policies continue to be tight relative to economic conditions. This ongoing contraction in Europe remains in contrast with the rest of the developed world.

The U.S. economy has seen a gradual normalization of cyclical expansion. Strong housing is leading the move.

The improvement in home and asset prices has helped to create an improvement in household balance sheets. Borrowing conditions have improved and rates remain extremely low. Corporations have strong, healthy balance sheets. This has all been going on when the U.S. may be at its peak of its fiscal tightening, such that underlying growth may even be healthier than what we are witnessing today.

Global growth has slowed progressively over the last two years but may be on the verge of reaccelerating over the next two. Inflation remains close to current levels and below the 2.0% U.S. Federal Reserve targets. Monetary policy continues to be unusually accommodative.

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Mar-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	3.92	11.07	11.07	14.56	10.81	12.97	6.32	5.14	9.15
Russell TOP 200 Index	3.69	10.12	10.12	13.20	11.53	12.23	5.28	4.83	7.75
Russell TOP 200 Growth Index	3.66	8.77	8.77	9.06	11.51	12.71	7.09	6.22	7.80
Russell TOP 200 Value Index	3.73	11.45	11.45	17.49	11.53	11.72	3.40	3.40	7.74
S&P 500 Index	3.75	10.61	10.61	13.96	11.22	12.67	5.81	5.01	8.53
Russell 1000 Index	3.86	10.96	10.96	14.43	11.10	12.93	6.15	5.20	8.97
Russell 1000 Growth Index	3.75	9.54	9.54	10.09	10.55	13.06	7.30	6.08	8.62
Russell 1000 Value Index	3.96	12.31	12.31	18.77	11.56	12.74	4.85	4.19	9.18
Russell Mid-Cap Index	4.25	12.96	12.96	17.30	10.08	14.62	8.37	6.19	12.27
Russell Mid-Cap Growth Index	3.99	11.51	11.51	12.76	8.51	14.23	7.98	5.94	11.53
Russell Mid-Cap Value Index	4.48	14.21	14.21	21.49	11.47	14.96	8.53	6.11	12.57
Russell 2000 Index	4.62	12.39	12.39	16.30	7.75	13.45	8.24	4.59	11.52
Russell 2000 Growth Index	5.10	13.21	13.21	14.52	7.38	14.75	9.04	5.20	11.61
Russell 2000 Value Index	4.16	11.63	11.63	18.09	8.09	12.12	7.29	3.87	11.29
DJ US REIT Index	2.66	7.04	7.04	13.19	13.36	16.94	6.07	4.13	12.10
DJ-UBS US Commodity Index TR	0.67	-1.13	-1.13	-3.03	-9.90	1.42	-7.11	-1.16	3.67
DJ-UBS US Gold Index TR	0.99	-5.01	-5.01	-5.26	4.54	11.91	10.70	14.35	15.86

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Mar-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	0.25	3.27	3.27	8.87	0.76	4.87	0.07	3.10	11.41
MSCI AC World Index	1.88	6.63	6.63	11.19	5.34	8.35	2.63	4.01	9.92
MSCI EAFE Index	0.88	5.23	5.23	11.79	2.89	5.49	-0.40	2.10	10.19
MSCI Emerging Markets index	-1.70	-1.57	-1.57	2.30	-3.26	3.59	1.39	6.73	17.41
ML Global Government Bond Ex. U.S. Index	-0.31	-4.80	-4.80	-4.52	0.34	4.03	3.13	6.19	5.51
Euro	-1.78	-2.60	-2.60	-3.57	-4.88	-1.73	-4.12	0.85	1.64
Japanese Yen	-1.87	-8.04	-8.04	-12.47	-6.11	-0.21	1.15	3.30	2.35
UK Pound Sterling	0.03	-6.59	-6.59	-4.96	-2.67	0.03	-5.24	-1.88	-0.40

US Fixed Income Indices Trailing Performance

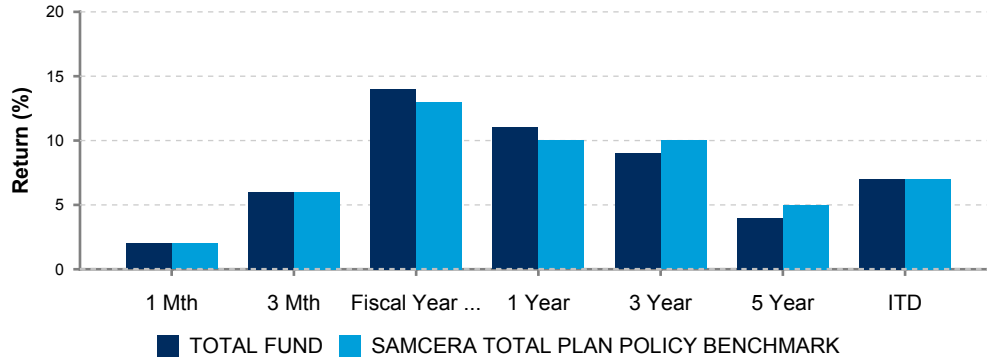
Annualized Performance to Date: Ending Mar-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.02	0.02	0.02	0.12	0.09	0.11	0.34	1.61	1.75
BarCap Aggregate Bond Index	0.08	-0.12	-0.12	3.77	5.73	5.52	5.47	5.94	5.02
ML U.S. Corp/Govt Master Index	0.08	-0.16	-0.16	4.75	6.57	6.17	5.50	6.03	5.07
ML U.S. Corporate Master Index	0.07	0.05	0.05	7.79	8.43	8.16	7.75	6.96	6.05
BarCap Mortgage Backed Securities Index	0.12	-0.05	-0.05	1.97	4.07	4.17	5.15	5.78	4.98
ML U.S. High Yield Master Index	1.03	2.87	2.87	13.05	9.31	10.90	11.19	9.01	9.81
JPM EMBI Global	-0.75	-2.30	-2.30	10.45	11.51	10.55	9.81	9.18	10.59

San Mateo County Total Fund Characteristics

March 31, 2013



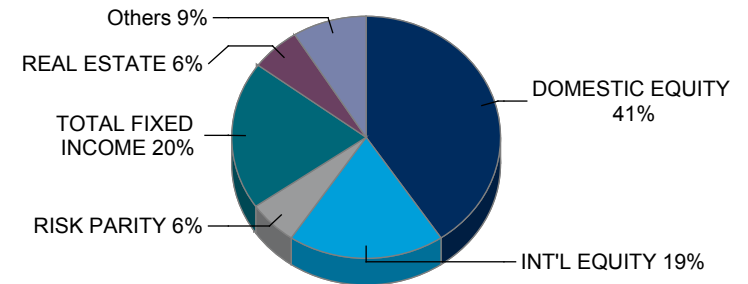
Net Performance



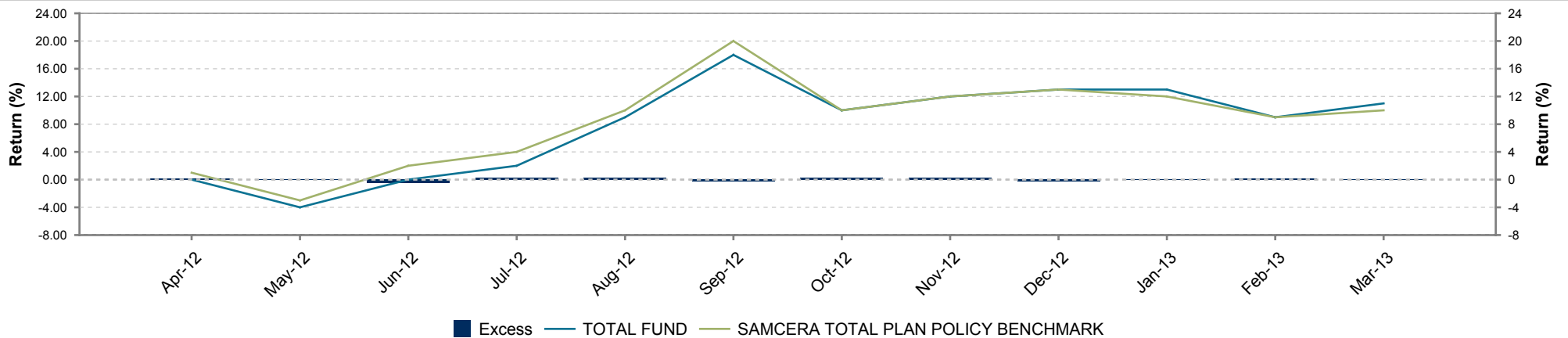
	1-Mth	3-Mth	Fiscal YTD	1-Yr	3-Yr	5-Yr	10-Yr	ITD
TOTAL FUND	1.94	5.73	13.58	10.70	9.24	4.17	7.70	6.53
SAMCERA TOTAL PLAN POLICY BENCHMARK	1.97	5.67	12.80	10.36	9.91	5.17	8.62	6.86
Excess	-0.02	0.05	0.78	0.35	-0.66	-1.00	-0.92	-0.33

Asset Allocation

	Ending Market Value (\$)	Allocation (%)
DOMESTIC EQUITY	1,124,165,795	40.8
INTERNATIONAL EQUITY	518,607,555	18.8
PRIVATE EQUITY	58,947,691	2.1
RISK PARITY	170,645,043	6.2
HEDGE FUND	72,495,664	2.6
COMMODITIES	74,105,579	2.7
FIXED INCOME	564,844,951	20.5
REAL ESTATE	153,983,862	5.6
CASH	18,113,836	0.7
TOTAL FUND	2,755,909,976	100.0

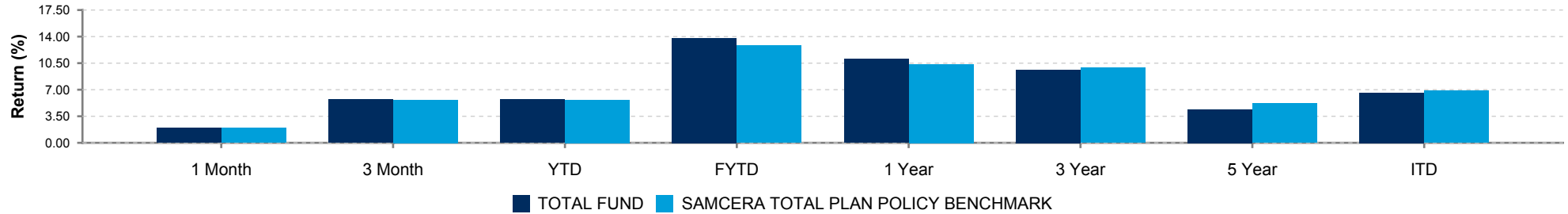


Cumulative Returns



March 31, 2013

Return Comparison



Composite Total Returns (Gross)

	Market Value (\$)	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	ITD
Total Fund	2,755,909,976	1.94	5.73	5.73	13.80	11.03	9.63	4.42	6.61
SAMCERA TOTAL PLAN POLICY BENCHMARK		1.97	5.67	5.67	12.80	10.36	9.91	5.17	6.86
Excess		-0.02	0.06	0.06	1.00	0.67	-0.28	-0.75	-0.25
Total Equity	1,642,773,350	3.15	8.49	8.49	17.95	11.98	9.85	3.43	7.38
SAMCERA TOTAL EQUITY BENCHMARK		2.75	8.52	8.52	18.33	12.88	10.28	4.49	7.68
Excess		0.40	-0.03	-0.03	-0.37	-0.90	-0.43	-1.05	-0.30
Total Fixed Income	564,844,951	0.39	1.47	1.47	8.05	9.92	9.09	7.76	6.37
SAMCERA TOTAL FIXED INCOME BENCHMARK		0.05	-0.55	-0.55	2.30	4.37	6.18	5.86	5.83
Excess		0.34	2.03	2.03	5.76	5.55	2.91	1.90	0.54
Total Risk Parity	170,645,043	2.70	4.48	4.48	15.05	15.12			11.76
RISK PARITY BENCHMARK		2.38	6.52	6.52	11.43	10.31			8.82
Excess		0.32	-2.04	-2.04	3.62	4.82			2.94
Hedge Funds	72,495,664	-0.91	0.71	0.71	4.64	6.76			2.31
LIBOR + 4%		0.34	1.03	1.03	3.15	4.23			4.24
Excess		-1.25	-0.32	-0.32	1.49	2.53			-1.94
Private Equity	58,947,691	1.02	2.08	2.08	1.67	8.00			-62.46
PRIVATE EQUITY BENCHMARK		4.17	11.87	11.87	20.89	17.96			18.48
Excess		-3.14	-9.79	-9.79	-19.22	-9.97			-80.94

San Mateo County Composite Return Summary



March 31, 2013

Composite Total Returns (Gross)

	Market Value (\$)	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	ITD
Commodities	74,105,579	-0.19	-0.96	-0.96	6.01	3.12			-0.72
DJ-UBS COMMODITY		0.67	-1.15	-1.15	1.52	-3.12			-9.67
Excess		-0.85	0.19	0.19	4.50	6.24			8.95
Total Real Estate	153,983,862	0.00	0.00	0.00	6.00	7.80	14.28	-0.90	7.64
SAMCERA NCREIF NFI ODCE EW (Gross)		0.00	0.00	0.00	5.40	8.20	13.86	-1.04	7.63
Excess		0.00	0.00	0.00	0.59	-0.41	0.43	0.14	0.01
Total Cash	18,113,836	0.05	0.13	0.13	0.37	0.55	0.79	0.20	2.47
91 DAY TREASURY BILL		0.02	0.02	0.02	0.09	0.12	0.11	0.35	2.39
Excess		0.03	0.11	0.11	0.28	0.43	0.67	-0.15	0.07

San Mateo County Manager Return Summary

March 31, 2013



Manager Returns (Gross)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	ITD
TOTAL EQUITY	1,642,773,350	3.15	8.49	17.95	8.49	11.98	9.85	3.43	7.38
SAMCERA TOTAL EQUITY BENCHMARK		2.75	8.52	18.33	8.52	12.88	10.28	4.49	7.68
Excess		0.40	-0.03	-0.37	-0.03	-0.90	-0.43	-1.05	-0.30
TOTAL DOMESTIC EQUITY	1,124,165,795	3.99	10.26	18.13	10.26	12.97	12.36	5.78	7.76
SAMCERA DOMESTIC EQUITY BENCHMARK		4.01	11.25	18.59	11.25	14.82	13.08	6.63	7.97
Excess		-0.03	-0.99	-0.46	-0.99	-1.84	-0.71	-0.84	-0.21
LARGE CAP COMPOSITE	930,160,478	3.88	10.21	17.60	10.21	12.54	11.66	5.33	8.45
RUSSELL 1000 INDEX		3.86	10.96	18.11	10.96	14.43	12.93	6.15	8.79
Excess		0.02	-0.76	-0.50	-0.76	-1.89	-1.27	-0.83	-0.33
DE SHAW INVESTMENT MGT, LLC	142,851,545	4.12	11.62	19.12	11.62	14.94	13.65		17.21
RUSSELL 1000 INDEX		3.86	10.96	18.11	10.96	14.43	12.93		16.34
Excess		0.26	0.66	1.01	0.66	0.52	0.72		0.87
BARROW HANLEY	146,274,800	4.21	11.29	20.27	11.29	15.63	12.35		16.04
Russell 1000 Value Index		3.96	12.31	21.43	12.31	18.77	12.74		16.37
Excess		0.25	-1.02	-1.16	-1.02	-3.14	-0.39		-0.33
BLACKROCK LARGE GROWTH	147,734,131	3.76	9.55		9.55				11.38
Russell 1000 Growth Index		3.75	9.54		9.54				11.35
Excess		0.00	0.01		0.01				0.04
BLACKROCK S&P 500	493,299,990	3.75							5.16
S&P 500		3.75		5.16					5.16
Excess		-0.00							0.00
SMALL CAP COMPOSITE	194,005,316	4.49	12.26	22.08	12.26	16.48	15.70	7.76	6.24
RUSSELL 2000 INDEX		4.62	12.39	20.49	12.39	16.30	13.45	8.24	6.86
Excess		-0.12	-0.13	1.59	-0.13	0.18	2.25	-0.47	-0.62

San Mateo County Manager Return Summary

March 31, 2013



Manager Returns (Gross)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	ITD
BOSTON COMPANY ASSET MGT, LLC	96,950,390	3.99	12.09	23.36	12.09	19.13	13.52		18.03
RUSSELL 2000 VALUE INDEX		4.16	11.63	21.76	11.63	18.09	12.12		16.81
Excess		-0.17	0.46	1.60	0.46	1.04	1.40		1.23
CHARTWELL INVESTMENT MGMT	97,054,347	5.00	13.06	22.51	13.06	15.77	18.55	8.81	8.37
RUSSELL 2000 GROWTH		5.10	13.21	19.22	13.21	14.52	14.75	9.04	7.02
Excess		-0.10	-0.15	3.30	-0.15	1.25	3.80	-0.23	1.35
TOTAL INTERNATIONAL EQUITY	518,607,555	1.39	4.80	17.40	4.80	9.67	4.30	-1.81	5.77
MSCI AC WORLD ex US (GROSS)		0.25	3.27	17.55	3.27	8.87	4.87	0.07	5.65
Excess		1.14	1.54	-0.15	1.54	0.80	-0.57	-1.89	0.12
BAILLIE GIFFORD OVERSEAS LIMITED	176,210,270	1.52	7.61	22.14	7.61				14.37
MSCI ACWI ex US GROWTH (GROSS)		0.80	4.58	18.06	4.58				10.06
Excess		0.72	3.04	4.08	3.04				4.32
EATON VANCE MANAGEMENT	62,821,854	-0.78	0.02	12.23	0.02	3.74			3.74
MSCI Em Markets (USD) GDR		-1.70	-1.57	12.15	-1.57	2.31			2.31
Excess		0.92	1.59	0.09	1.59	1.43			1.43
MONDRIAN INVESTMENT PARTNERS	220,616,053	1.63	3.89	14.37	3.89	7.22	5.49	0.05	6.15
MSCI ACWI EX US VALUE (GROSS)		-0.31	1.94	17.01	1.94	8.24	3.90	-0.02	6.04
Excess		1.95	1.96	-2.64	1.96	-1.02	1.59	0.07	0.12
PYRAMIS	56,280,633	2.60	5.84	22.51	5.84	11.96			11.96
MSCI ACWI ex US Small Cap Gross		1.62	6.61	21.55	6.61	10.88			10.88
Excess		0.98	-0.77	0.96	-0.77	1.08			1.08
TOTAL FIXED INCOME	564,844,951	0.39	1.47	8.05	1.47	9.92	9.09	7.76	6.37
SAMCERA TOTAL FIXED INCOME BENCHMARK		0.05	-0.55	2.30	-0.55	4.37	6.18	5.86	5.83
Excess		0.34	2.03	5.76	2.03	5.55	2.91	1.90	0.54

San Mateo County Manager Return Summary

March 31, 2013



Manager Returns (Gross)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	ITD
ANGELO GORDON GECC PPI FUND	3,866,100	3.05	8.58	29.35	8.58	32.14	19.99		22.73
Barclays BA Intermediate High Yield Index		0.71	1.96	9.06	1.96	11.40	10.40		11.41
Excess		2.34	6.62	20.29	6.62	20.74	9.58		11.32
ANGELO GORDON MANAGEMENT	23,984,786	-0.04	0.57		0.57				0.57
Barclays BA Intermediate High Yield Index		0.71	1.96		1.96				3.03
Excess		-0.75	-1.39		-1.39				-2.46
PYRAMIS GLOBAL ADVISORS	149,297,442	0.15	0.21	2.96	0.21	5.52	6.91	7.14	6.28
Barclays Aggregate Bond		0.08	-0.12	1.68	-0.12	3.77	5.52	5.47	5.71
Excess		0.07	0.33	1.28	0.33	1.75	1.39	1.67	0.57
WESTERN ASSET MGMT	120,076,321	0.29	0.41	4.60	0.41	6.98	8.23	7.69	6.09
Barclays Aggregate Bond		0.08	-0.12	1.68	-0.12	3.77	5.52	5.47	5.15
Excess		0.21	0.53	2.92	0.53	3.21	2.71	2.22	0.94
BRIGADE CAPITAL MANAGEMENT	60,209,280	1.11	3.26	11.98	3.26	13.99			11.55
Barclays BA Intermediate High Yield Index		0.71	1.96	9.06	1.96	11.40			10.25
Excess		0.40	1.30	2.93	1.30	2.59			1.29
BROWN BROTHERS HARRIMAN & CO	83,621,582	0.32	-0.21	3.14	-0.21	6.68			8.63
Barclays US TIPS Index		0.25	-0.49	2.41	-0.49	5.89			8.32
Excess		0.06	0.28	0.73	0.28	0.79			0.31
FRANKLIN TEMPLETON INVESTMENTS	123,787,712	0.45	3.63	16.70	3.63	15.13			9.94
Barclays Multiverse		-0.23	-1.96	1.06	-1.96	1.68			3.69
Excess		0.68	5.59	15.64	5.59	13.46			6.24
TOTAL PRIVATE EQUITY	58,947,691	1.02	2.08	1.67	2.08	8.00			-62.46
PRIVATE EQUITY BENCHMARK		4.17	11.87	20.89	11.87	17.96			18.48
Excess		-3.14	-9.79	-19.22	-9.79	-9.97			-80.94

San Mateo County Manager Return Summary

March 31, 2013



Manager Returns (Gross)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	ITD
TOTAL RISK PARITY	170,645,043	2.70	4.48	15.05	4.48	15.12			11.76
RISK PARITY BENCHMARK			2.38	6.52	11.43	6.52	10.31		8.82
Excess		0.32	-2.04	3.62	-2.04	4.82			2.94
AQR GLOBAL RISK PREM III LP	170,645,043	2.70	4.48	15.05	4.48	15.12			11.76
RISK PARITY BENCHMARK			2.38	6.52	11.43	6.52	10.31		8.82
Excess		0.32	-2.04	3.62	-2.04	4.82			2.94
HEDGE FUND COMPOSITE	72,495,664	-0.91	0.71	4.64	0.71	6.76			2.31
LIBOR + 4%			0.34	1.03	3.15	1.03	4.23		4.24
Excess		-1.25	-0.32	1.49	-0.32	2.53			-1.94
AQR DELTA FUND II, L.P.	72,495,664	-0.91	0.71	4.64	0.71	6.76			2.31
LIBOR + 4%			0.34	1.03	3.15	1.03	4.23		4.24
Excess		-1.25	-0.32	1.49	-0.32	2.53			-1.94
TOTAL COMMODITIES	74,105,579	-0.19	-0.96	6.01	-0.96	3.12			-0.72
DJ-UBS COMMODITY			0.67	-1.15	1.52	-1.15	-3.12		-9.67
Excess		-0.85	0.19	4.50	0.19	6.24			8.95
SSGA MULTISOURCE ACT COMM NL	74,105,579	-0.19	-0.96	6.01	-0.96	3.12			-0.72
DJ-UBS COMMODITY			0.67	-1.15	1.52	-1.15	-3.12		-9.67
Excess		-0.85	0.19	4.50	0.19	6.24			8.95
TOTAL REAL ESTATE	153,983,862	0.00	0.00	6.00	0.00	7.80	14.28	-0.90	7.64
SAMCERA NCREIF NFI ODCE EW (Gross)			0.00	0.00	5.40	0.00	8.20	13.86	-1.04
Excess		0.00	0.00	0.59	0.00	-0.41	0.43	0.14	0.01
INVESCO REAL ESTATE	153,983,862	0.00	0.00	6.00	0.00	7.80	14.28	-0.90	6.21
SAMCERA NCREIF NFI ODCE EW (Gross)			0.00	0.00	5.40	0.00	8.20	13.86	-1.04
Excess		0.00	0.00	0.59	0.00	-0.41	0.43	0.14	0.25

**San Mateo County
Manager Return Summary**

March 31, 2013



Manager Returns (Gross)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	ITD
TOTAL CASH	18,113,836	0.05	0.13	0.37	0.13	0.55	0.79	0.20	2.47
91 DAY TREASURY BILL		0.02	0.02	0.09	0.02	0.12	0.11	0.35	2.39
Excess		0.03	0.11	0.28	0.11	0.43	0.67	-0.15	0.07
SAMCERA GENERAL ACCOUNT	16,030,138	0.01	0.04	0.15	0.04	0.19	0.26	0.58	2.52
SAMCERA TREASURY & LAIF	2,083,698	0.05	0.14	0.51	0.14	0.73	0.96	0.13	3.23
TOTAL FUND	2,755,909,976	1.94	5.73	13.80	5.73	11.03	9.63	4.42	6.61
SAMCERA TOTAL PLAN POLICY BENCHMARK		1.97	5.67	12.80	5.67	10.36	9.91	5.17	6.86
Excess		-0.02	0.06	1.00	0.06	0.67	-0.28	-0.75	-0.25

**San Mateo County
Accounting Change in Market Value Details**

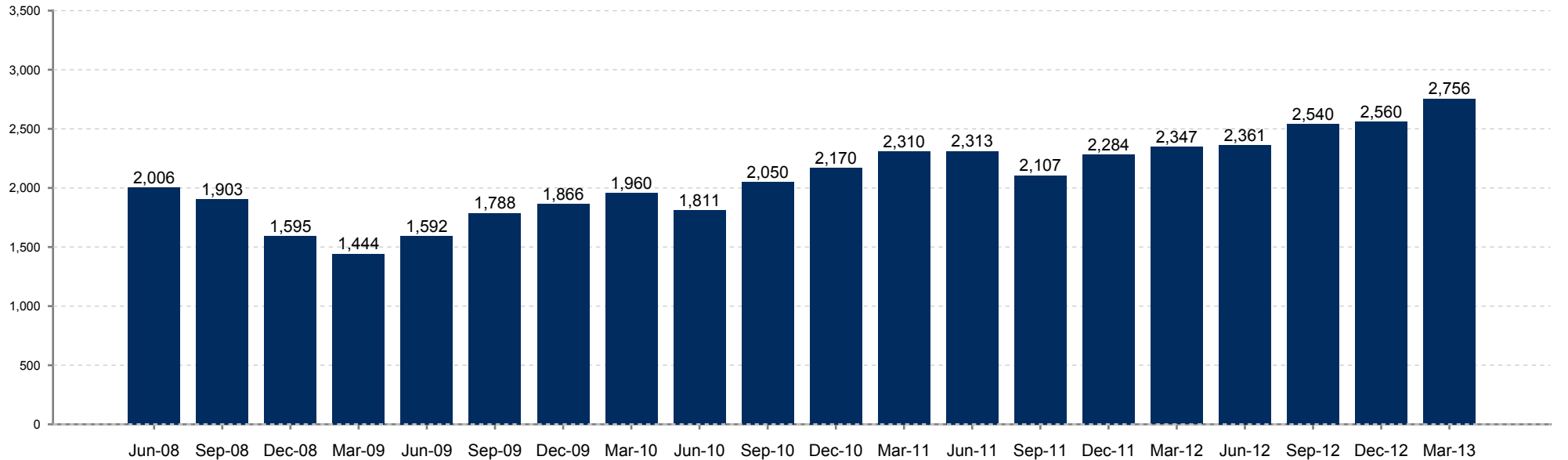
March 31, 2013



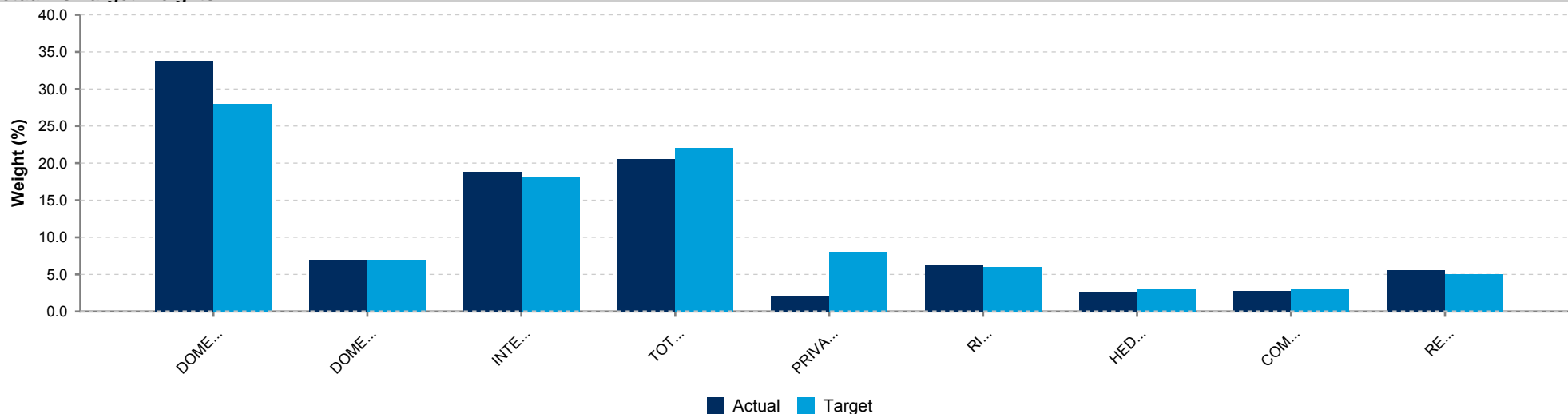
Record of Asset Growth

	One Quarter	One Year
TOTAL FUND		
Beginning Market Value	2,560,229,684	2,447,117,629
Contributions	1,370,847,477	2,341,009,541
Withdrawals	1,324,927,558	2,505,143,199
Income Received	8,929,983	45,108,242
Gain/Loss	140,830,390	228,584,420
Ending Market Value	2,755,909,976	2,755,909,976

Net Asset Values over Time (\$000)



Actual vs Target Weights



% Portfolio Weight

	Min	Actual	Target	Deviation	Max
DOMESTIC LARGE CAP	26.0	33.8	28.0	5.8	30.0
BLACKROCK S&P 500	10.3	17.9	12.3	5.6	14.3
DE SHAW INVESTMENT MGT, LLC	3.3	5.2	5.0	0.2	7.3
BARROW HANLEY	3.3	5.3	5.1	0.2	7.3
BLACKROCK LARGE GROWTH	3.3	5.4	5.2	0.2	5.3
DOMESTIC SMALL CAP	5.0	7.0	7.0	0.0	9.0
BOSTON COMPANY ASSET MGT, LLC	1.5	3.5	3.5	0.0	5.5
CHARTWELL INVESTMENT MGMT	1.5	3.5	3.5	0.0	5.5
INTERNATIONAL EQUITY	15.0	18.8	18.0	0.8	21.0
BAILLIE GIFFORD OVERSEAS LIMITED	3.0	6.4	6.0	0.4	9.0
EATON VANCE MANAGEMENT	0.0	2.3	2.3	0.0	5.3
MONDRIAN INVESTMENT PARTNERS	5.0	8.0	8.0	0.0	11.0
PYRAMIS	0.0	2.0	1.8	0.3	4.8

**San Mateo County
Asset Allocation**

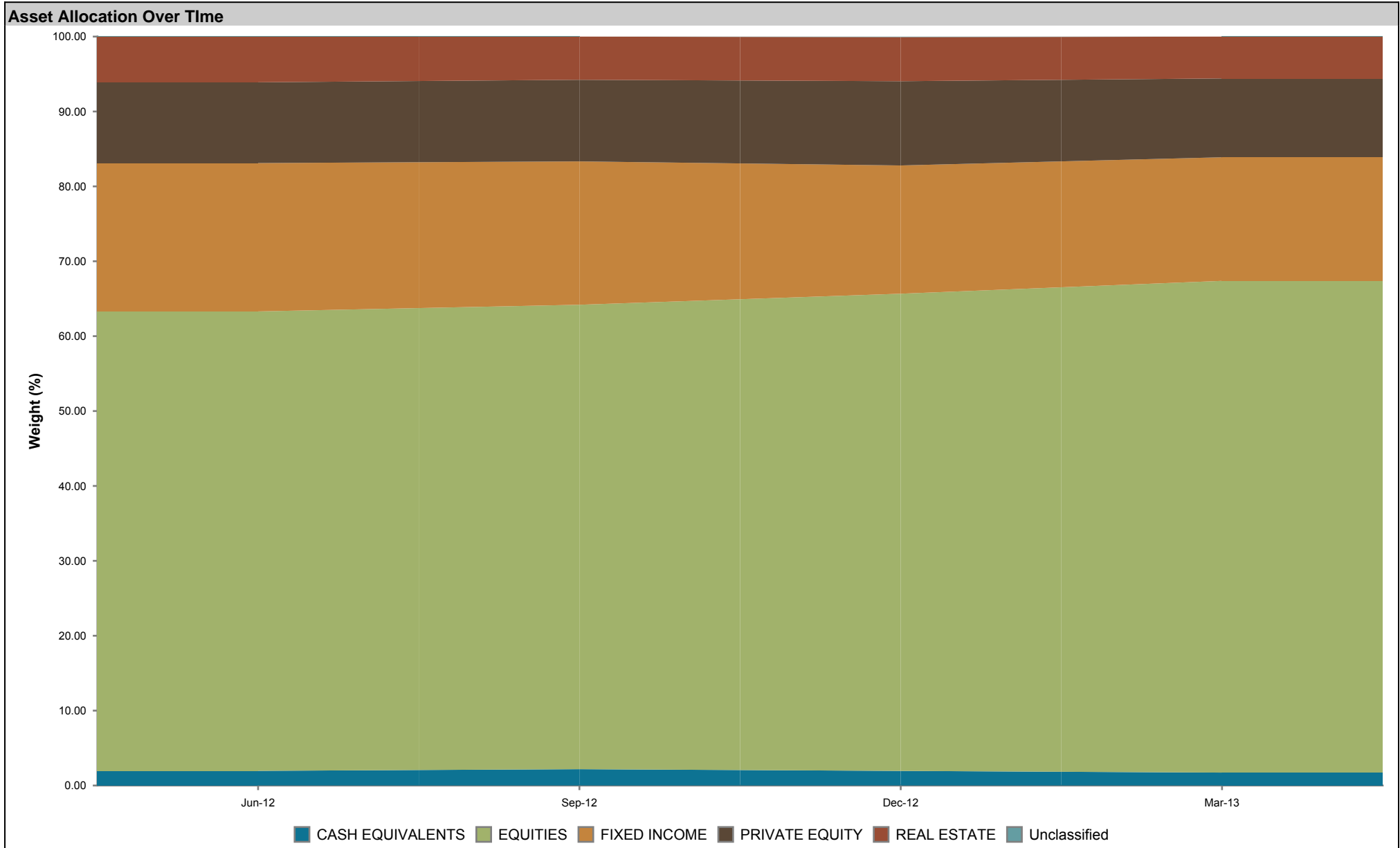
March 31, 2013



% Portfolio Weight	Min	Actual	Target	Deviation	Max
TOTAL FIXED INCOME	19.0	20.5	22.0	-1.5	25.0
ANGELO GORDON	0.0	1.0	1.8	-0.8	3.8
BRIGADE CAPITAL MANAGEMENT	0.0	2.2	1.8	0.4	3.8
BROWN BROTHERS HARRIMAN & CO	1.1	3.0	3.1	-0.1	5.1
FRANKLIN TEMPLETON INVESTMENTS	2.4	4.5	4.4	0.1	6.4
WESTERN ASSET MGMT	2.4	4.4	4.4	-0.0	6.4
PYRAMIS GLOBAL ADVISORS	4.6	5.4	6.6	-1.2	8.6
PRIVATE EQUITY	8.0	2.1	8.0	-5.9	8.0
RISK PARITY	6.0	6.2	6.0	0.2	6.0
AQR GLOBAL RISK PREM III LP	6.0	6.2	6.0	0.2	6.0
HEDGE FUNDS	3.0	2.6	3.0	-0.4	3.0
AQR DELTA FUND II, L.P.	3.0	2.6	3.0	-0.4	3.0
COMMODITIES	3.0	2.7	3.0	-0.3	3.0
SSGA MULTISOURCE ACT COMM NL	3.0	2.7	3.0	-0.3	3.0
REAL ESTATE	3.0	5.6	5.0	0.6	7.0
INVESCO REAL ESTATE	3.0	5.6	5.0	0.6	3.0

San Mateo County Asset Allocation Over Time

March 31, 2013

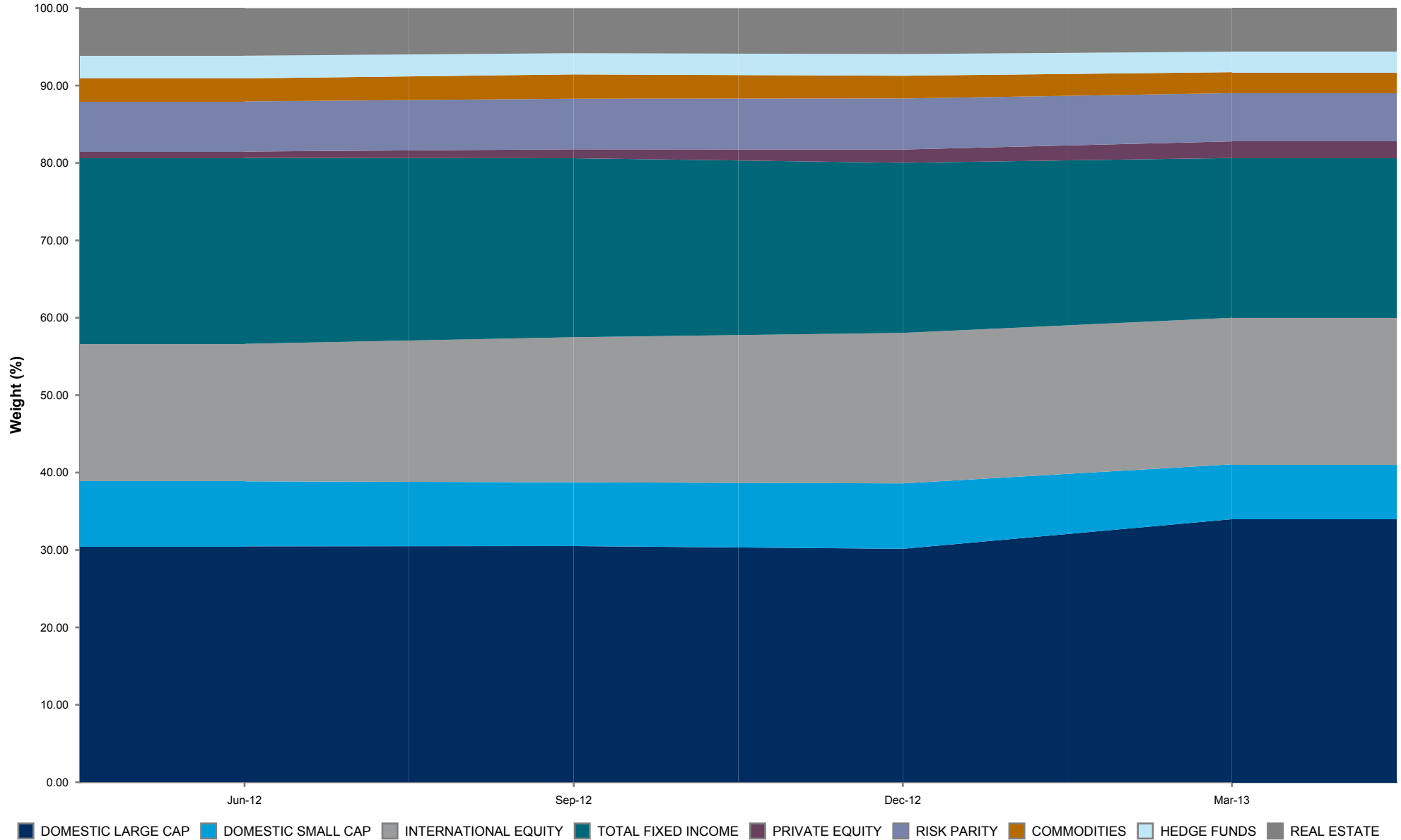


San Mateo County
Sub-Asset Class Allocation Over Time

March 31, 2013



Sub-Asset Class Allocation Over Time




**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement**

April 23, 2013

Agenda Item 6.2

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer 

SUBJECT: Report on the Annual Review of SamCERA's International Managers (Eaton Vance, Franklin Templeton, and Pyramis)

Staff Recommendation:

Accept the report on the annual review of SamCERA's International Managers.

Background:

On April 4th, SamCERA staff and consultant held annual review meetings in SamCERA's office for our international managers. As a reminder, SamCERA's International Value and Growth managers, Mondrian Investment Partners and Baillie Gifford Overseas, will be reviewed later in the year along with domestic managers in their respective investment style.

Each meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook.

Discussion:

The Franklin Templeton Global Multi-Sector Plus bond strategy, which is a global bond mandate managed in an unconstrained fashion using a top-down fundamental framework, was reviewed first. Next, the Eaton Vance Parametric Structured Emerging Markets Equity strategy, which is a structured, rules based approach, was reviewed. Lastly, the Pyramis Select International Small-Cap strategy was reviewed. This is a core strategy that provides a broad exposure to the international small-cap equity asset class.

There were no major concerns identified in the portfolio reviews. Meeting notes from SIS are attached to this memo summarizing the findings from these annual reviews.

Attachments:

- Franklin Templeton Global Multi-Sector Plus Annual Review Meeting Notes
- Eaton Vance Parametric Annual Review Meeting Notes
- Pyramis Select International Small-Cap Annual Review Meeting Notes

Printed on: 04/12/2013

Date of meeting: 4/4/2013

Location: SamCERA

Manager Representative(s)

Pat Hughs (Business Development), Brian Henry
(Institutional Portfolio Manager)

SIS Representative(s)

Jonathan Brody

Client Representative(s)

David Bailey (SamCERA CEO), Mike Coultrip (SamCERA
CIO)

Product Description

Franklin Templeton manages this global bond mandate in an unconstrained fashion using a top-down fundamental framework. In the short-term and on a country-by-country basis there are often inefficiencies in global bond and currency markets; however, over the longer term, the market will generally price to fundamentals. Thus, FT focuses on fundamental research to identify long-term opportunities and uses short-term market inefficiencies to build positions in such investments.

Meeting Notes

Organization

As of year-end 2012 Franklin Templeton is managing \$782 billion, of which \$177 billion is for institutional clients. The Franklin Fixed Income Group oversees \$345 billion.

Investment Team

Franklin Fixed Income Group consists of a team of more than 140 investment professionals located in offices around the world. A large portion of the team, including portfolio managers, is located in the local San Mateo office. The group is structured as sector research teams, which serve to generate investment ideas and present them to the portfolio management team.

Investment Strategy

SamCERA invests in this strategy via a separate account. Mike Coultrip asked the Franklin representatives whether it would be possible to have customized investment guidelines that would restrict investment in certain types of instruments: e.g. mezzanine debt, equity oriented tranches of mortgage securities, etc.) The response was that, although they may be willing to have this conversation, in the past they have generally been quite resistant to customizing mandates, particularly in the multi-sector strategy. They also noted that they offer a product managed by the same team with a more restricted opportunity set, Franklin Global Bond.

The philosophy is that getting the countries right often drives the performance of the portfolio. But there are three main sources of return: currency, interest rates and credit. And currently about 2/3rds of the portfolio's risk is allocated to currency.

The portfolio is not managed to be similar to the benchmark, and there is little focus on tracking error. But they are attentive to other kinds of risks. They model the VAR of the portfolio as well as conditional VAR, which considers tail risks. Recently they have been running at about 800-1000 basis points of VAR. Franklin agreed to provide SamCERA staff with more detailed risk reports.

The investment process integrates inputs from various sources within the fixed income team. The sector heads meet weekly. Different fixed income teams make presentations each week. The portfolio managers participate in these meetings and ultimately they are comparing the relative values of the various sectors. These relative values are considered within the context of the global macro views of the portfolio managers. Analysts pitch their ideas to the portfolio managers, and Michael Hasenstab must sign off on them before they are purchased. The risk team assesses the impact any trade will have on the risk of the portfolio. The investment team also works with trading to determine the most efficient/cost effective means of achieving the desired exposure.

Performance & Positioning

Mike asked about the valuations of high yield bonds and whether they are still attractive at these prices. The team continues to have a moderately positive view of high yield, with spreads in the range of 450-500 basis points. They think that corporate balance sheets look good, although defaults have begun to pick up. They are watching carefully, but have not begun to reduce exposure to high yield. The strategy has substantial credit exposure, but not much in bank loans. Emerging market sovereigns no longer look cheap as a whole. But there are, nevertheless, individual countries that are still attractive.

They have been avoiding longer duration bonds because they think rates will be rising. The team is also of the opinion that the stimulative activities of central banks will ultimately lead to inflation. The duration of the portfolio is currently in the 2.5 - 3 year range.

Recently, in Q4 2012, currency was the main source of alpha. For 2012 as a whole currency and country / yield curve contributed equally to returns. Each contributed close to 8 percentage points of the strategy's overall 21% return for the year.

Printed on: 04/12/2013

Date of meeting: 4/4/2013

Location: SamCERA

Manager Representative(s)

Kristen Gaspar (Relationship Manager), Brian Dillon
(Institutional Portfolio Manager)

SIS Representative(s)

Jonathan Brody

Client Representative(s)

David Bailey (SamCERA CEO), Mike Coultrip (SamCERA
CIO)

Product Description

Parametric utilizes a structured, rules-based approach, which they believe is capable of generating enhanced returns with lower volatility compared to both traditional active management and passive capitalization weighted indices. The basic idea is to structure the portfolio with more balanced country weights than the market cap weighted indices, and also to capture a rebalancing premium. This provides more diversification and greater exposure to smaller countries than is provided by the market cap weighted indices. The approach is to divide emerging markets countries into four tiers, and to equally weight the countries within each tier. Tier 1 countries are the largest eight countries that dominate the cap weighted index. Each successive tier is comprised of smaller countries, each of which is given a smaller target weighting in the model portfolio. In aggregate, the eight Tier 1 countries are given a much lower weighting than in the capitalization weighted index, but they nevertheless comprise more than 50% of the portfolio. Tier 4 countries are in the frontier markets. The SEM strategy targets excess return of 3% over a market cycle with 4.5%-6.5% tracking error. It is designed to generate a level of volatility 85%-95% of the MSCI EM index. The strategy invests in 44 countries and will typically hold 1,000-1,500 securities. Turnover is expected to be in the range of 20%-25%.

Meeting Notes

Organization

Eaton Vance has made two acquisitions of other investment managers in the past year. Last August the firm acquired a 49% stake in Hexavest, a top-down global equity manager located in Montreal. The reason for the acquisition is that global equity represents a gap in Eaton Vance's product lineup. The management of the two firm's also believe that Eaton Vance has the marketing capability to accelerate Hexavest's penetration of the US market. Parametric, which is an Eaton Vance subsidiary, acquired the Clifton Group in the fourth quarter of 2012. Clifton's rules based approach was viewed to be a suitable fit with Parametric's investment philosophy. Parametric now has offices in Seattle WA, Westport CT., and Minneapolis MI. The structured equity strategies are run from the Seattle office.

Eaton Vance recently recruited Kathleen Gaffney from Loomis to serve as the firm's Co-Director of fixed income.

Firm assets are currently in the range of \$238 billion. This represents a substantial recent increase and is attributable primarily to the acquisition of the Clifton Group.

Investment Team

Because this is a structured strategy, there is not a large staff and the investment team is quite technology oriented. Approximately one third of the staff members at Parametric are software developers. The main role of the portfolio manager is to implement the portfolio according to the strategy's rules. Implementation requires careful consideration market liquidity. Most other active decisions, e.g. which countries are included in the strategy and in which tier, occur at the investment committee level.

Investment Strategy

Parametric is now managing approximately \$19 billion in emerging markets equities. The flagship Structured Emerging Markets strategy in which SamCERA is invested constitutes \$14 billion of the total. There is also a similar strategy that omits the frontier market exposure. Although Parametric has no official plans to close the flagship strategy, it is the frontier markets sleeve that will ultimately limit capacity. They monitor liquidity in the frontier markets and regularly publish the results in a liquidity study.

Eight countries account for 80% of the market cap of the MSCI Emerging Market Index. The tiered approach employed by Parametric re-weights the countries to reduce concentration risk. It also is designed to capture a rebalancing premium when there is volatility and performance dispersion among countries. In directional market environment, such as 2008-2009 country weightings tend to dominate the strategy's relative performance. In less directional markets, the rebalancing tends to contribute more significantly to relative return.

Brian acknowledged that the correlations among emerging market countries has risen in recent years and that this is something that they are watching. However, most of this increase in correlations is attributable to the BRICs countries and that correlations remain relatively low among the mid- and smaller tier countries.

Rebalancing triggers range from 20% bands for some countries up to 50% for others. This is determined by country specific liquidity, volatility and transaction costs. When the band is reached, Parametric will rebalance to the country's target weight. They also use cash flows for rebalancing.

There has been no change in the investment strategy, which involves four tiers with countries equally weighted within each. China, the largest weighting in the MSCI EM index, is the only exception. Instead of the target 6% weighting given to the other top tier countries, Parametric weights China at closer to 9% to limit its contribution to tracking error.

The strategy also involves a more equal weighting of sectors at the country level than the benchmark. However, it is often the case that one or two sectors will dominate the market in a given country and therefore it is only possible to reduce, but not eliminate, sector concentration at the country level. They will hold a minimum of .75X the benchmark weighting and a maximum of 4X times the benchmark weighting of any sector within a country. Parametric maintains the view that country, rather than sector, is the dominant driver of returns in the emerging markets.

At the stock level, Parametric invests at the index weight, adjusted for their country and sector weightings, taking liquidity into consideration. Usually they buy securities in the local markets, but they will also buy ADRs and GDRs, as well as country funds, depending on liquidity. Exposure to China is primarily through Hong Kong traded shares.

Printed on: 04/12/2013

Date of meeting: 4/4/2013

Location: SamCERA

Manager Representative(s)

Art Greenwood (Client Service),
Chris Seward (Institutional PM)

SIS Representative(s)

Jonathan Brody

Client Representative(s)

David Bailey (SamCERA CEO), Mike Coultrip (SamCERA
CIO)

Product Description

Pyramis Select International Small Cap is a core strategy that provides broad exposure to the international small cap equity asset class. The firm's analysts actively research, and formally rate, 1200-1300 international small cap companies. The decision making structure is quite efficient, with portfolio manager Rob Feldman making all the buy and sell decisions. His role, as he puts it, is to be an intelligent user of the analysts' research. He selects the 1- and 2-rated stocks that he thinks are compelling and additive to his portfolio, and he sells names when they are downgraded by the analysts. There are approximately 200 holdings in the portfolio. Country and sector weights are within 3 percentage points of the benchmark and position sizes are within 2 percentage points of the benchmark. Turnover tends to be in the 60%-80% range.

Meeting Notes

Organization

Pyramis began the meeting by noting that SamCERA is one of several California counties invested in their Select International Small Cap strategy. Kern County, Marin County and Orange County are also invested in the strategy.

Although it has not yet occurred, Fidelity is planning to segment its research platform in order that analysts serve fewer portfolio managers and portfolio managers have more dedicated resources. When this occurs, Pyramis portfolio managers, such as Rob Feldman, the portfolio manager for the Select International Small Cap strategy, will no longer have access to FIL analysts (Fidelity Worldwide Investment). FIL provides asset management services to investors all over the world outside of the US and Canada and has 135 analysts in Europe and Asia. Pyramis portfolio managers will still have access to 236 Pyramis and Fidelity analysts located in the US and globally. Pyramis itself has 60 analysts located outside the US. (There are currently no holdings the Select International Small Cap strategy covered only by FIL analysts, and not also by either a Pyramis or Fidelity analyst.)

Investment Team

Portfolio manager Rob Feldman is in his 13th year managing the Select International Small Cap strategy. He is supported by two institutional portfolio managers who handle a significant amount of the client communication. In addition to the large research platform of sector and industry analysts at Pyramis and Fidelity, there are three small cap analysts at Pyramis, who are almost a dedicated resource for the Select Small Cap strategies. The group is in the process of recruiting an additional small cap analyst.

Investment Strategy

This strategy maintains approximately neutral sector and regional exposures relative to the benchmark. The approach seeks to add value via stock selection rather than by expressing macro views. The international small cap opportunity set is quite broad with over 7000 stocks, many of which are lightly covered by sell side research analysts. Pyramis is seeking to benefit from its depth of resources, i.e., the firm's ability to conduct research on a large number of these stocks.

The Select International Small Cap portfolio is not limited to the names in the benchmark. And in fact, currently, the portfolio is 25% weighted in out-of-benchmark names. However, all the holdings are domiciled in countries included in the MSCI ACWI ex US Small Cap index.

From a style perspective, this is a core strategy with a "growth at a reasonable price" tilt.

The stated performance objective for the Plus version of this strategy (ACWI ex US) is 300 basis points of alpha and 4%-6% of tracking error.

Performance & Positioning

From account inception through the end of the fourth quarter of 2012, the strategy generated 137 basis points of excess return net of fees. In the first quarter of 2013 the strategy slightly lagged the benchmark.



Portfolio manager Rob Feldman is cautiously optimistic about the market environment for international small cap stocks. He believes that the crisis in Europe is gradually abating. He is also fairly bullish about Japan and expects the Yen to begin to stabilize.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 7.1

To: Board of Retirement

From: Chezelle Milan, Retirement Senior Accountant
Mabel Wong, Finance Officer

Subject: Preliminary Monthly Financial Report for the Period Ending March 31, 2013

Comment: The attached preliminary statements fairly represent *SamCERA's* Financial Statements.

Statement of Fiduciary Net Assets

SamCERA's Net Assets Held in Trust for Pension Benefits as of month end totaled \$2,750,316,929.

Statement of Changes in Fiduciary Net Assets

Net assets held in trust for pension benefits increased by approximately \$43 million, month over month. The increase is due to the market appreciation in assets for the month of March 2013.

The following reports are attached to this agenda item:

Table of Contents	Page
Statement of Fiduciary Net Assets (Year to Year YTD Comparative)	2
Statement of Changes in Fiduciary Net Assets (Year to Year YTD Comparative)	3
Cash Flow Statements	4-5
Statement of Fiduciary Net Assets (YTD Monthly Comparative)	6
Statement of Changes in Fiduciary Net Assets (YTD Monthly Comparative)	7

San Mateo County Employees' Retirement Association
Statement of Fiduciary Net Assets - YTD Comparative
March 2013
PRELIMINARY

	March 2013	March 2012
ASSETS		
CASH AND CASH EQUIVALENTS	53,515,663	56,813,051
SECURITIES LENDING CASH COLLATERAL	134,190,283	156,398,457
TOTAL CASH	<u>187,705,946</u>	<u>213,211,508</u>
RECEIVABLES		
Contributions	0	0
Due from Broker for Investments Sold	140,225,653	153,423,806
Investment Income	4,312,254	5,838,371
Securities Lending Income	35,437	59,975
Other Receivable	113,627	113,646
TOTAL ACCOUNTS RECEIVABLES	<u>144,686,970</u>	<u>159,435,797</u>
PREPAID EXPENSE	7,669	95,169
INVESTMENTS AT FAIR VALUE		
Domestic Fixed Income Securities	432,853,778	451,934,983
International Fixed Income Securities	112,673,321	100,718,829
Domestic Equities	1,120,440,476	957,950,527
International Equities	507,122,940	438,432,810
Real Estate	153,983,862	142,552,672
Private Equities	58,118,492	14,619,078
Risk Parity	170,644,995	152,686,980
Hedge Funds	72,495,676	67,793,530
Commodities	74,105,579	71,860,145
Held for Securities Lending	0	0
Other Investment	0	0
	<u>2,702,439,119</u>	<u>2,398,549,553</u>
FIXED ASSETS	0	0
LESS ACCUMULATED DEPRECIATION	0	0
	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>3,034,839,704</u>	<u>2,771,292,028</u>
LIABILITIES		
Investment Management Fees	3,030,782	2,639,927
Due to Broker for Investments Purchased	146,490,054	166,639,369
Collateral Payable for Securities Lending	134,190,283	156,398,457
Other	811,656	792,547
TOTAL LIABILITIES	<u>284,522,775</u>	<u>326,470,300</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,750,316,929	2,444,821,727

San Mateo County Employees' Retirement Association
Statement of Changes in Fiduciary Net Assets - YTD Comparative
March 2013
Preliminary

	March 2013	March 2012	
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	144,625,182	149,121,805	(4,496,623)
Employee Contribution	42,354,416	34,348,230	8,006,186
TOTAL CONTRIBUTIONS	186,979,598	183,470,034	3,509,564
INVESTMENT INCOME			
Interest and Dividends	43,595,819	43,800,415	(204,596)
Net Appreciation (Depreciation) in fair value of investments	292,957,763	22,524,025	270,433,738
Less Investment Expense	(15,705,976)	(14,428,578)	(1,277,398)
Less Asset Management Expense	0	0	0
NET INVESTMENT INCOME	320,847,606	51,895,862	268,951,744
SECURITIES LENDING INCOME			
Earnings	328,408	325,836	2,571
Less: Securities Lending Expenses	131,595	171,425	(39,831)
NET SECURITIES LENDING INCOME	460,003	497,262	(37,259)
OTHER ADDITIONS	61,867	28,766	33,101
TOTAL ADDITIONS	508,349,074	235,891,924	272,457,149
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	97,328,212	90,282,824	7,045,388
Disability Retirement Allowance	12,351,401	11,500,529	850,872
Survivor, Death and Other Benefits	513,672	536,125	(22,453)
TOTAL ASSOCIATION BENEFITS	110,193,285	102,319,478	7,873,807
REFUND OF MEMBER CONTRIBUTIONS	4,747,552	2,883,906	1,863,646
ADMINISTRATIVE EXPENSE	3,328,216	3,569,658	(241,443)
OTHER EXPENSE	66,744	72,984	(6,239)
TOTAL DEDUCTIONS	118,335,798	108,846,026	9,489,772
NET INCREASE	390,013,276	127,045,899	262,967,377
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	2,360,303,654	2,317,775,829	
End of Period	2,750,316,929	2,444,821,727	

3/26/2013

San Mateo County Employees' Retirement Association
CHANGES IN FIDUCIARY NET ASSETS - TRAILING NINE MONTHS
For the Month Ending March 31, 2013
PRELIMINARY

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	YTD
ADDITIONS							
CONTRIBUTIONS							
Employee Contribution	2,820,513	4,100,889	3,467,750	4,916,326	7,120,469	4,621,415	27,047,362
Employer Contributions - Regular	5,227,912	6,787,153	6,846,971	6,826,372	10,356,330	6,786,582	42,831,320
Employer Contributions - COLA	3,066,756	4,108,293	4,143,138	4,134,035	6,264,565	4,101,038	25,817,824
Employer Prefunded Contribution	63,167,221	(10,867,076)	(10,947,830)	(10,933,964)	(16,578,687)	(9,451,316)	4,388,348
TOTAL CONTRIBUTIONS	74,282,402	4,129,259	3,510,029	4,942,769	7,162,677	6,057,719	100,084,854
INVESTMENT INCOME							
Interest and Dividends	3,439,690	5,715,491	4,884,033	5,951,485	3,875,252	7,924,991	31,790,942
Net Appreciation (Depreciation) in fair value of investments	31,115,382	43,176,516	47,969,515	(6,552,825)	21,817,462	17,267,789	154,793,840
Securities Lending Income	46,312	41,612	47,442	42,561	35,489	33,057	246,473
Other Additions							
Other Investment Related Expense	(705,036)	(291,493)	(408,480)	(1,358,210)	(477,837)	(618,751)	(3,859,807)
Securities Lending Expense	13,766	11,940	50,541	15,602	6,219	14,341	112,409
TOTAL ADDITIONS	108,192,516	52,783,324	56,053,080	3,041,382	32,419,262	30,679,146	283,168,711
DEDUCTIONS							
ASSOCIATION BENEFITS							
Retiree Annuity	2,806,579	2,818,038	2,832,414	2,825,523	2,831,978	2,845,850	16,960,381
Retiree Pension	6,585,517	6,636,640	6,644,399	6,627,254	6,635,446	6,652,992	39,782,248
Retiree COLA	2,764,110	2,755,009	2,753,364	2,739,947	2,727,935	2,717,032	16,457,397
Retiree Deaths and Modified Work Benefit	3,579	3,579	3,579	3,579	3,371	2,886	20,573
Active Member Death Benefit	0	0	0	0	0	0	0
Voided and Reissue	0	0	0	0	0	0	0
TOTAL ASSOCIATION BENEFITS	12,159,785	12,213,266	12,233,756	12,196,303	12,198,730	12,218,759	73,220,599
REFUND OF MEMBER CONTRIBUTIONS							
	360,892	630,225	1,329,046	204,720	198,893	555,853	3,279,629
ACTUARIAL FEES							
	1,250	1,250	11,250	50,850	1,250	1,250	67,100
CONSULTANT FEES - INVESTMENT (SIS)							
	33,333	33,333	33,333	33,333	36,425	33,333	203,092
CUSTODIAN FEES - STATE STREET							
	14,968	18,000	18,000	11,297	14,014	9,799	86,077
OTHER PROFESSIONAL FEES							
	0	0	0	0	0	22,500	22,500
INVESTMENT MANAGEMENT FEE - R1000 INDEX							
	6,182	6,631	6,482	6,984	7,093	7,082	40,453
INVESTMENT MANAGEMENT FEE - ABERDEEN							
	25,974	26,091	26,147	16,316	(2,405)	6,087	98,210
INVESTMENT MANAGEMENT FEE - PYRAMIS							
	14,584	14,611	14,645	21,233	16,426	18,829	100,327
INVESTMENT MANAGEMENT FEE - ANGELO GORDON PPIP							
	116,667	29,167	29,167	(58,333)	29,167	29,167	175,000
INVESTMENT MANAGEMENT FEE - ANGELO GORDON STAR							
	0	0	0	0	0	43,750	43,750
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS							
	10,342	10,319	10,391	10,473	10,555	10,454	62,534
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL							
	35,844	35,844	35,844	37,542	37,542	34,236	216,853
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON							
	35,509	36,313	36,730	37,238	37,813	38,054	221,658
INVESTMENT MANAGEMENT FEE - CHARTWELL							
	37,402	39,705	39,747	39,644	40,547	41,133	238,179
INVESTMENT MANAGEMENT FEE - D E SHAW							
	50,916	52,172	52,644	52,212	53,080	53,009	314,032
INVESTMENT MANAGEMENT FEE - T ROWE PRICE							
	34,450	35,590	35,947	35,546	35,896	36,026	213,455
INVESTMENT MANAGEMENT FEE - BLACKROCK							
	63,847	66,897	66,900	110	(86)	(25)	197,444
INVESTMENT MANAGEMENT FEE - BARROW HANLEY							
	60,540	62,216	62,895	62,995	63,393	63,933	375,771
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY							
	36,320	38,004	38,374	38,297	39,158	40,091	230,245
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES							
	57,011	58,841	59,498	59,405	60,789	61,450	356,994
INVESTMENT MANAGEMENT FEE - MONDRIAN							
	28,186	28,792	27,214	22,849	26,376	25,455	158,872
INVESTMENT MANAGEMENT FEE - ARTIO							
	(369)	0	0	0	0	0	(369)
INVESTMENT MANAGEMENT FEE - PYRAMIS SELECT							
	24,396	37,770	36,108	37,856	37,894	39,689	213,713
INVESTMENT MANAGEMENT FEE - EATON VANCE							
	45,207	50,819	50,627	53,150	50,800	54,569	304,973
INVESTMENT MANAGEMENT FEE - BAILLIE GIFFORD							
	57,923	61,928	61,660	62,960	64,287	64,694	373,452
INVESTMENT MANAGEMENT FEE - WESTERN ASSET							
	22,985	23,094	23,217	23,358	32,022	27,730	152,405
INVESTMENT MANAGEMENT FEE - INVESCO CORE							
	51,345	51,345	51,345	64,580	52,344	51,937	322,896
INVESTMENT MANAGEMENT FEE - SHERIDAN PRODUCTION							
	25,008	25,000	25,000	25,000	25,000	25,000	150,008
INVESTMENT MANAGEMENT FEE - ABRY ADVANCED							
	72,320	0	51,514	0	100,000	0	223,834
INVESTMENT MANAGEMENT FEE - ABRY PARTNERS							
	98,470	0	34,461	11,487	11,487	20,986	176,891
INVESTMENT MANAGEMENT FEE - REGIMENT							
	0	0	73,551	0	75,000	0	148,551
INVESTMENT MANAGEMENT FEE - GENERAL CATALYST							
	37,500	37,500	37,500	37,500	37,500	43,500	231,000
INVESTMENT MANAGEMENT FEE - SYCAMORE PARTNERS							
	31,250	31,250	31,250	31,250	31,250	31,250	187,500
INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR							
	171	171	171	171	171	171	1,025
INVESTMENT MANAGEMENT FEE - AQR GLOBAL RISK PARIT							
	50,876	53,213	53,930	54,985	54,365	55,606	322,975
INVESTMENT MANAGEMENT FEE - AQR DELTA FUND							
	58,053	59,396	58,058	57,730	58,588	59,095	350,920
INVESTMENT MANAGEMENT FEE - SSGA MULTISOURCE							
	32,976	37,445	36,158	37,943	16,881	56,328	217,730
TOTAL PROFESSIONAL FEE							
	1,271,436	1,062,307	1,229,556	975,961	1,154,621	1,106,168	6,800,049
ADMIN EXPENSE - SALARIES & BENEFITS							
	166,062	221,855	228,953	236,156	344,149	231,462	1,428,637
ADMIN EXPENSE - SERVICES & SUPPLIES							
	148,663	106,051	149,640	142,041	140,926	136,250	823,570
TOTAL ADMINISTRATIVE EXPENSES							
	314,724	327,906	378,593	378,196	485,075	367,712	2,252,207
INTEREST FOR PREPAID CONTRIBUTION							
	0	0	0	0	0	1,406,879	1,406,879
OTHER DEDUCTIONS							
	6,067	1,589	10,619	21,416	12,161	4,477	56,330
TOTAL DEDUCTIONS	14,112,905	14,235,294	15,181,569	13,776,597	14,049,479	15,659,849	87,015,692
NET INCREASE	94,079,611	38,548,031	40,871,511	(10,735,214)	18,369,783	15,019,297	196,153,019

4/23/2013

**San Mateo County Employees' Retirement Association
CHANGES IN FIDUCIARY NET ASSETS - TRAILING NINE MONTHS
For the Month Ending March 31, 2013
PRELIMINARY**

	December YTD 2011	January 2013	February 2013	March 2013	YTD
ADDITIONS					
CONTRIBUTIONS					
Employee Contribution	27,047,362	5,659,399	4,289,476	5,358,180	42,354,416
Employer Contributions - Regular	42,831,320	7,119,860	6,995,487	6,953,331	63,899,997
Employer Contributions - COLA	25,817,824	4,289,028	4,214,426	4,168,258	38,489,536
Employer Prefunded Contribution	4,388,348	60,120,949	(11,180,986)	(11,092,663)	42,235,649
TOTAL CONTRIBUTIONS	100,084,854	77,189,235	4,318,402	5,387,106	186,979,598
INVESTMENT INCOME					
Interest and Dividends	31,790,942	5,274,389	2,972,407	3,558,081	43,595,819
Net Appreciation (Depreciation) in fair value of investments	154,793,840	79,701,706	9,876,070	48,648,014	293,019,630
Securities Lending Income	246,473	31,661	23,191	27,083	328,408
Other Additions	0	0	0	0	0
Other Investment Related Expense	(3,859,807)	(235,248)	(311,747)	(41,057)	(4,447,859)
Securities Lending Expense	112,409	4,794	3,763	10,628	131,595
TOTAL ADDITIONS	283,168,711	161,966,538	16,882,086	57,589,855	519,607,190
DEDUCTIONS					
ASSOCIATION BENEFITS					
Retiree Annuity	16,960,381	2,865,592	2,876,427	2,880,994	25,583,394
Retiree Pension	39,782,248	6,710,872	6,709,279	6,831,654	60,034,053
Retiree COLA	16,457,397	2,709,513	2,694,254	2,685,444	24,546,608
Retiree Death and Modified Work Benefit	20,573	2,886	2,886	2,886	29,231
Active Member Death Benefit	0	0	0	0	0
Voids and Reissue	0	0	0	0	0
TOTAL ASSOCIATION BENEFITS	73,220,599	12,288,863	12,282,846	12,400,977	110,193,285
REFUND OF MEMBER CONTRIBUTIONS	3,279,629	587,496	174,921	705,506	4,747,552
ACTUARIAL FEES	67,100	1,250	16,250	1,250	85,850
CONSULTANT FEES - INVESTMENT (SIS)	203,092	33,333	33,333	33,333	303,092
CUSTODIAN FEES - STATE STREET	86,077	14,740	14,345	14,579	129,741
OTHER PROFESSIONAL FEES	22,500	7,500	0	13,833	43,833
INVESTMENT MANAGEMENT FEE - R1000 INDEX	40,453	3,516	13,415	13,812	71,196
INVESTMENT MANAGEMENT FEE - ABERDEEN	98,210	0	825	0	99,035
INVESTMENT MANAGEMENT FEE - PYRAMIS	100,327	19,643	16,214	19,709	155,894
INVESTMENT MANAGEMENT FEE - ANGELO GORDON PPIP	175,000	29,167	29,167	29,167	262,500
INVESTMENT MANAGEMENT FEE - ANGELO GORDON STAR	43,750	43,750	43,750	43,750	175,000
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS	62,534	10,395	10,428	10,444	93,801
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL	216,853	38,883	38,883	38,883	333,501
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	221,658	38,785	39,264	39,160	338,867
INVESTMENT MANAGEMENT FEE - CHARTWELL	238,179	44,111	62,321	56,106	400,717
INVESTMENT MANAGEMENT FEE - D E SHAW	314,032	55,888	57,049	58,636	485,605
INVESTMENT MANAGEMENT FEE - T ROWE PRICE	213,455	105	26,725	103	240,389
INVESTMENT MANAGEMENT FEE - BLACKROCK	197,444	0	0	0	197,444
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	375,771	53,230	54,064	55,372	538,437
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	230,245	42,734	71,404	59,550	403,933
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	356,994	214	0	214	357,421
INVESTMENT MANAGEMENT FEE - MONDRIAN	158,872	26,381	25,762	22,517	233,532
INVESTMENT MANAGEMENT FEE - ARTIO	(369)	0	0	0	(369)
INVESTMENT MANAGEMENT FEE - PYRAMIS SELECT INTL	213,713	41,103	41,154	42,198	338,167
INVESTMENT MANAGEMENT FEE - EATON VANCE	304,973	57,305	57,305	57,305	476,889
INVESTMENT MANAGEMENT FEE - BAILLIE GIFFORD	373,452	67,776	68,441	68,987	578,656
INVESTMENT MANAGEMENT FEE - WESTERN ASSET	152,405	25,728	29,984	29,969	238,085
INVESTMENT MANAGEMENT FEE - INVESCO CORE	322,896	49,855	51,493	60,008	484,251
INVESTMENT MANAGEMENT FEE - SHERIDAN PRODUCTIONS	150,008	25,000	25,000	25,000	225,008
INVESTMENT MANAGEMENT FEE - ABRY ADVANCED	223,834	0	0	0	223,834
INVESTMENT MANAGEMENT FEE - ABRY PARTNERS	176,891	11,487	11,487	11,487	211,352
INVESTMENT MANAGEMENT FEE - REGIMENT CAPITAL	148,551	0	0	0	148,551
INVESTMENT MANAGEMENT FEE - GENERAL CATALYST	231,000	37,500	37,500	37,500	343,500
INVESTMENT MANAGEMENT FEE - SYCAMORE PARTNERS	187,500	31,250	31,250	31,250	281,250
INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR	1,025	171	171	171	1,538
INVESTMENT MANAGEMENT FEE - AQR GLOBAL RISK PARITY	322,975	55,915	56,328	56,328	491,546
INVESTMENT MANAGEMENT FEE - AQR DELTA FUND	350,920	59,701	60,515	60,515	531,651
INVESTMENT MANAGEMENT FEE - SSGA MULTISOURCE	217,730	36,604	36,604	36,604	327,542
TOTAL PROFESSIONAL FEE	6,800,049	963,018	1,060,430	1,027,741	9,851,238
ADMIN EXPENSE - SALARIES & BENEFITS	1,428,637	248,335	257,006	232,037	2,166,015
ADMIN EXPENSE - SERVICES & SUPPLIES	823,570	120,637	112,356	105,637	1,162,201
TOTAL ADMINISTRATIVE EXPENSES	2,252,207	368,972	369,363	337,674	3,328,215
INTEREST FOR PREPAID CONTRIBUTION	1,406,879	0	0	0	1,406,879
OTHER DEDUCTIONS	56,330	(4,946)	5,399	9,962	66,744
TOTAL DEDUCTIONS	87,015,692	14,203,403	13,892,959	14,481,861	129,593,914
NET INCREASE	196,153,019	147,763,135	2,989,127	43,107,995	390,013,276

4/23/2013

**San Mateo County Employees' Retirement Association
Statement of Fiduciary Net Assets - Monthly Comparative
For the Month Ending March 31, 2013**

	March 2013	February 2013	Increase/(Decrease)	% of Incr/Decr
ASSETS				
CASH AND CASH EQUIVALENTS	53,515,663	62,862,472	(9,346,809)	-14.87%
SECURITIES LENDING CASH COLLATERAL	134,190,283	134,190,283	0	0.00%
TOTAL CASH	187,705,946	197,052,755	(9,346,809)	-4.74%
RECEIVABLES				
Contributions	0	0	0	N/A
Due from Broker for Investments Sold	140,225,653	130,134,627	10,091,026	7.75%
Investment Income	4,312,254	4,492,108	(179,855)	-4.00%
Securities Lending Income	35,437	24,679	10,758	43.59%
Other Receivable	113,627	113,137	490	0.43%
TOTAL ACCOUNTS RECEIVABLES	144,686,970	134,764,551	9,922,419	7.36%
PREPAID EXPENSE	7,669	7,669	0	0.00%
INVESTMENTS AT FAIR VALUE				
Domestic Fixed Income Securities	432,853,778	433,790,596	(936,818)	-0.22%
International Fixed Income Securities	112,673,321	113,966,672	(1,293,351)	-1.13%
Domestic Equities	1,120,440,476	1,077,221,419	43,219,057	4.01%
International Equities	507,122,940	501,014,075	6,108,865	1.22%
Real Estate	153,983,862	153,983,862	0	0.00%
Private Equity	58,118,492	56,294,318	1,824,174	3.24%
Risk Parity	170,644,995	170,644,995	0	0.00%
Hedge Funds	72,495,676	72,495,676	0	0.00%
Commodities	74,105,579	74,243,182	(137,603)	-0.19%
Held for Securities Lending	0	0	0	N/A
Other Investment	0	0	0	N/A
	2,702,439,119	2,653,654,796	48,784,324	1.84%
FIXED ASSETS	0	0	0	N/A
LESS ACCUMULATED DEPRECIATION	0	0	0	N/A
	0	0	0	0.00%
TOTAL ASSETS	3,034,839,704	2,985,479,770	49,359,934	1.65%
LIABILITIES				
Investment Management Fees	3,030,782	2,220,982	809,800	36.46%
Due to Broker for Investments Purchased	146,490,054	141,117,491	5,372,564	3.81%
Collateral Payable for Securities Lending	134,190,283	134,190,283	0	0.00%
Other	811,656	742,080	69,576	9.38%
TOTAL LIABILITIES	284,522,775	278,270,835	6,251,940	2.25%
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,750,316,929	2,707,208,935	43,107,995	1.59%

San Mateo County Employees' Retirement Association
Statement of Changes in Fiduciary Net Assets - Monthly Comparative
For the Month Ending March 31, 2013

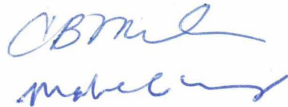
	March 2013	February 2013	
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	144,625,182	144,596,256	28,926
Employee Contribution	42,354,416	36,996,236	5,358,180
TOTAL CONTRIBUTIONS	<u>186,979,598</u>	<u>181,592,492</u>	<u>5,387,106</u>
INVESTMENT INCOME			
Interest and Dividends	43,595,819	40,037,738	3,558,081
Net Appreciation (Depreciation) in fair value of investments	292,957,763	244,318,408	48,639,355
Less Investment Expense	(15,705,976)	(14,637,177)	(1,068,799)
Less Asset Management Expense	0	0	0
NET INVESTMENT INCOME	<u>320,847,606</u>	<u>269,718,968</u>	<u>51,128,637</u>
SECURITIES LENDING INCOME			
Earnings	328,408	301,324	27,083
Less: Securities Lending Expenses	131,595	120,967	10,628
NET SECURITIES LENDING INCOME	<u>460,003</u>	<u>422,291</u>	<u>37,712</u>
OTHER ADDITIONS			
	61,867	53,209	8,659
TOTAL ADDITIONS	<u>508,349,074</u>	<u>451,786,960</u>	<u>56,562,114</u>
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	97,328,212	86,455,220	10,872,991
Disability Retirement Allowance	12,351,401	10,880,128	1,471,273
Survivor, Death and Other Benefits	513,672	456,960	56,713
TOTAL ASSOCIATION BENEFITS	<u>110,193,285</u>	<u>97,792,308</u>	<u>12,400,977</u>
REFUND OF MEMBER CONTRIBUTIONS	4,747,552	4,042,046	705,506
ADMINISTRATIVE EXPENSE	3,328,216	2,990,542	337,674
OTHER EXPENSE	66,744	56,783	9,962
TOTAL DEDUCTIONS	<u>118,335,798</u>	<u>104,881,679</u>	<u>13,454,119</u>
NET INCREASE	390,013,276	346,905,281	43,107,995
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	2,707,208,935	2,360,303,654	
End of Period	2,750,316,929	2,707,208,935	

San Mateo County Employees' Retirement Association
Board of Retirement

April 23, 2013

Agenda Item 7.2

To: Board of Retirement



From: Chezelle Milan, Retirement Senior Accountant
Mabel Wong, Finance Officer

Subject: Preliminary 3rd Quarter Budget Report

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

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. 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 March 31, 2013, is approximately 47.5 basis points versus the expected fee of 55.2 basis points. Actual to budget expenditures are on track as 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. During the second quarter, SamCERA expended 56% of the approved appropriations. Most of the appropriations will be expended later in the fiscal year. Under **Salaries & Benefits** SamCERA budgets all positions and benefits. Those expenditures are on pace with expectations. Under **Services & Supplies** the association budgets all overhead and operational expenditures. This year's budget has not allocated any appropriation for **Capital Assets**.

SamCERA's Administrative Budget

	Adopted Budget	YTD Preliminary
Salaries & Benefits	\$3,895,420	\$2,166,015
Services & Supplies	\$1,496,380	\$ 855,538
Capital Assets	\$ 0	\$ 0
Total	\$5,391,800	\$3,021,553

Attachment Three provides a review of the line item technology appropriations versus the preliminary expenditures. Staff has selected LRWL, Inc. as the consultant to assist *SamCERA*

in its information technology modernization project. Work has begun on this project and expenses will be realized on appropriations that fall under IT Infrastructure.

SamCERA's Technology Budget

	Adopted Budget	YTD Preliminary
Property & Equipment	\$48,000	\$8,281
IT Infrastructure	<u>\$2,039,200</u>	<u>\$298,382</u>
IT Total	\$2,087,200	\$306,662

San Mateo County Employees' Retirement Association
Board of Retirement

April 23, 2013
 Attachment One

Third Quarter Analysis
 3-31-2013

Agenda Item 7.2

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)	2012-2013 YTD EXPENSE (ACCRUED)	2012-2013 ESTIMATE
Milliman	Actuarial Consulting	0.4 bps	\$85,850	\$50,000
Strategic Investment Solutions	Investment Consulting	1.5 bps	\$303,092	\$400,000
State Street Bank & Trust	Global Custody	0.6 bps	\$129,741	\$200,000
SUB-TOTAL NON INVESTMENT MANAGER CONTRACTUAL FEES			\$518,683	\$650,000
<i>Estimated Market Value 06-30-2013</i>			\$2.8 Billion	\$2.7 Billion
Average Basis Points (2)			2.5 bps	2.4 bps

(1) The Actuary, Custodian and Investment Consultant are compensated on a flat fee basis. Fees on this scheduled are fees expressed in basis points (or fractions thereof) and utilize total assets while the Investment Manager calculations utilize assets under management.
 (2) The calculation utilizes a market value of \$2,755 million.

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

CONTRACTOR	SERVICE	FEE	2012-2013 YTD EXPENSE (ACCRUED)	2012-2013 ESTIMATE
BlackRock – Russell 1000, S&P 500 & Russell 1000 Growth Index Funds	Domestic Large Cap and Growth Equity	2.9 bps	\$71,196	\$80,000
D.E. Shaw Investment Management,	Domestic Large Cap Enhanced	49.6 bps	\$485,605	\$700,000
T. Rowe Price Associates	Domestic Large Cap Enhanced	35.0 bps	\$240,389	\$480,000
Barrow, Hanley, Mewhinney & Strauss	Domestic Large Cap Value	45.9 bps	\$538,437	\$820,000
BlackRock Capital Management	Domestic Large Cap Growth	55.0 bps	\$197,444	\$880,000
The Boston Company	Domestic Small Cap Equity	83.0 bps	\$403,933	\$500,000
Chartwell Investment Partners	Domestic Small Cap Equity	75.0 bps	\$400,717	\$540,000
Jennison Associates	Domestic Small Cap Equity	90.0 bps	\$357,421	\$800,000
Baillie Gifford	International Equity	47.2 bps	\$578,656	\$800,000
Eaton Vance – Parametric	International Equity	101.2 bps	\$476,889	\$640,000
Mondrian Investment Partners	International Equity	17.8 bps	\$233,532	\$400,000
Pyramis Select International	International Equity	90.0 bps	\$338,167	\$440,000
ABRY Advanced Securities Fund II (3)	Private Equity	N/A	\$223,834	\$300,000
ABRY Partners VII (3)	Private Equity	N/A	\$211,352	\$400,000
General Catalyst Group (3)	Private Equity	N/A	\$343,500	\$450,000
Regiment Capital Fund IV (3)	Private Equity	N/A	\$148,551	\$300,000
Sheridan Production Partners (3)	Private Equity	N/A	\$225,008	\$300,000
Sycamore Partners (3)	Private Equity	N/A	\$282,788	\$400,000
AQR Risk Parity	Risk Parity	38.4 bps	\$491,546	\$600,000
AQR Delta Hedge Fund	Hedge Fund	97.8 bps	\$531,651	\$800,000
SSgA/SSARIS Commodities	Commodities	60.0 bps	\$327,542	\$400,000
Aberdeen Asset Management	Domestic Fixed Income	27.3 bps	\$99,035	\$360,000
Angelo Gordon (PIIP)	Domestic Fixed Income	100.0 bps	\$262,500	\$340,000
Angelo Gordon (STAR)	Domestic Fixed Income	150.0 bps	\$175,000	\$350,000
Brigade Capital Management	Domestic Credit Opportunity Fixed Income	45.0 bps	\$333,501	\$460,000
Brown Brothers Harriman	Treasury Inflation Protection Securities	15.0 bps	\$93,801	\$120,000
Franklin Templeton	Global Fixed Income	38.1 bps	\$338,868	\$440,000
Pyramis Global Advisors	Domestic Fixed Income	15.9 bps	\$155,894	\$180,000
Western Asset Management	Domestic Fixed Income	30.0 bps	\$238,085	\$280,000
INVESCO Realty Advisors	Real Estate Management	41.9 bps	\$484,252	\$700,000
SUB-TOTAL INVESTMENT MANAGERS			\$9,289,094	\$14,260,000
Average Basis Points (1)			44.9 bps	52.8 bps
SUB-TOTAL NON- INVESTMENT MANAGERS (FROM PREVIOUS PAGE)			\$518,683	\$650,000
Average Basis Points (2)			2.5 bps	2.4 bps
TOTAL ESTIMATED CONTRACT FEES			\$9,807,777	\$14,910,000
<i>Estimated Market Value 06-30-2013</i>			\$2.8 Billion	\$2.7 Billion
Average Basis Points (2)			47.5 bps	55.2 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 a market value of \$2,755 million.
- (3) Investment strategies not originally budgeted for in FY2012-2013 Budget. Estimated amounts are based on SamCERA's current management fee structure.

SamCERA's
Administrative Budget
Fiscal Year 2012-2013
3rd Quarter
as of March 31, 2013
PRELIMINARY
ATTACHMENT II

	Budget Allotment (as Amended)	Year to Date Expenditures	Percentage Expended	Remaining Balance	Remaining Percentage
Salaries	\$2,584,060	\$1,371,194	53.1%	\$1,212,866	46.9%
Benefits	\$1,311,360	\$794,821	60.6%	\$516,539	39.4%
Salaries & Benefits	\$3,895,420	\$2,166,015	55.6%	\$1,729,405	44.4%
Board Expense	\$10,500	\$5,700	54.3%	\$4,800	45.7%
Insurance	\$80,000	\$57,725	72.2%	\$22,275	27.8%
Medical Evaluation	\$100,000	\$56,044	56.0%	\$43,956	44.0%
Member Education	\$45,000	\$35,369	78.6%	\$9,631	21.4%
Education & Conference	\$103,858	\$32,635	31.4%	\$71,223	68.6%
Transportation and Lodging	\$158,297	\$40,492	25.6%	\$117,805	74.4%
Property & Equipment	\$22,500	\$11,123	49.4%	\$11,377	50.6%
General Office Supplies	\$33,500	\$13,695	40.9%	\$19,805	59.1%
Postage & Printing	\$125,000	\$40,342	32.3%	\$84,658	67.7%
Leased Facilities	\$366,200	\$228,886	62.5%	\$137,314	37.5%
County Services	\$406,025	\$269,142	66.3%	\$136,883	33.7%
Audit Services	\$45,500	\$42,090	92.5%	\$3,410	7.5%
Other Administration	\$0	\$22,294	0.0%	-\$22,294	0.0%
Services & Supplies	\$1,496,380	\$855,538	57.2%	\$640,842	42.8%
Capital Assets	\$0	\$0	0.0%	\$0	0.0%
Depreciation		\$0			
Grand Total	\$5,391,800	\$3,021,553	56.0%	\$2,370,247	44.0%

SamCERA's
 Information Technology Budget
 Fiscal Year 2012-2013
 3rd Quarter
 as of March 31, 2013
 PRELIMINARY
 ATTACHMENT III

	Budget Allotment (as Amended)	Year to Date Expenditures	Percentage Expended	Remaining Balance	Remaining Percentage
Property & Equipment	\$48,000	\$8,281	17.3%	\$39,719	82.7%
IT Infrastructure	\$2,039,200	\$298,382	14.6%	\$1,740,818	85.4%
IT Total	\$2,087,200	\$306,662	14.7%	\$1,780,538	85.3%

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

March 26, 2013

Agenda Item 7.3

TO: Board of Retirement
FROM: David Bailey, Chief Executive Officer
SUBJECT: Records Retention Policy



Staff Recommendation: Approve a resolution establishing a "Board of Retirement Records Retention Policy."

Summary: SamCERA is commencing the Electronic Content Management (ECM) phase of its Technology Modernization Project. By the end of 2013, all member records that are not in archives will be scanned and electronically stored. At some future date, investment, finance and administrative records will be scanned as well. After the scanning, and full assurance that the electronic copies have reliability, integrity, and usability, the paper originals will be ultimately destroyed. The proposed "Board of Retirement Records Retention Policy" will authorize these activities.

Background: The Board authorized the Chief Executive Officer to execute an agreement with BCS Systems, Inc. to provide ECM software, professional implementation services, support, and backfile conversion services. One of the main tasks of the first phase of BCS's project is to define member document types to be used to label each document being scanned. This document type will be used in several ways: for indexing, search and retrieval, and as the basis for a document retention policy. Phase two of the project with BCS will further define document types in the Finance and Investment divisions as well as board documents.

After BCS completes the file scanning, it is anticipated that the originals will be destroyed after one year. This should provide more than sufficient time to assure that all documents that should have been scanned in fact were scanned and that all scans are at least as readable as the original documents. Once the project has proven itself, paper documents received or generated by SamCERA will be scanned, verified and backed up. Then the paper versions will be destroyed, without a waiting period.

Discussion: The ECM process is being under taken for three primary reasons: paper records storage space is limited; imaging will improve staff's ability to search and retrieve records and information, and imaged documents will be safer compared to paper documents that can be damaged by fire or water. For these reasons, staff requests that the Board authorize the eventual destruction of original records through the adoption of a Records Retention Policy. The records

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

retention policy will ensure that SamCERA maintains records that are essential to its operation. It will reduce costs and improve the efficiency of recordkeeping, and will ensure legal compliance with state and federal requirements.

Legal Requirements

The '37 Act provides that: "The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction." (Government Code § 31537.)

The original documents are not necessary for evidentiary purposes. The Federal Rules of Evidence admit duplicate records if they accurately reproduce the originals. In state court, a copy of an imaged document that meets the requirements of the Evidence Code is admissible. Evidence Code § 1550 provides in pertinent part that:

"A nonerasable optical image reproduction provided that additions, deletions, or changes to the original document are not permitted by the technology, a photostatic, microfilm, microcard, miniature photographic, or other photographic copy or reproduction, or an enlargement thereof, of a writing is as admissible as the writing itself if the copy or reproduction was made and preserved as a part of the records of a business (as defined by Section 1270) in the regular course of that business. ..."

The BCS contract contains specific instructions regarding the documentation necessary for compliance with the law. These instructions include: (1) documenting each step of the backfile conversion process to ensure adequate proof of the chain of custody and (2) electronically storing the documents so that the scanned documents cannot be added to, deleted, or otherwise changed. The proposed Record Retention Policy also contains these requirements in order to ensure compliance with the law on an ongoing basis.

Description of the Proposed Record Retention Policy

The proposed policy is an initial policy, which reflects SamCERA's transition from paper to electronic records. It provides that the paper documents will be kept for a period of time post scanning that the Chief Executive Officer determines is appropriate. Paper documents will be scanned and preserved in an electronic form on an ongoing basis and then destroyed.

All documents that either originated electronically or are converted into an electronic form will be electronically stored "indefinitely." Staff will monitor the electronic storage capacity on an ongoing basis. If it is determined that there should be destruction of the electronic records, staff will present a destruction schedule based upon document type for the Board's approval.

Attachments: *Resolution and proposed "Board of Retirement Records Retention Policy"*

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION 12-13-__

RESOLUTION APPROVING BOARD OF RETIREMENT RECORDS RETENTION POLICY

WHEREAS, pursuant to Government Code § 31537, "The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction" and;

WHEREAS, due to SamCERA's limitation of original records storage capacity and intention to improve the searching, retrieval and safety of records and information, the Board desires that SamCERA undergo an Electronic Content Management project whereby official SamCERA paper records will be converted to electronic records and thereafter the paper records will be destroyed; and

WHEREAS, the attached "Board of Retirement Records Retention Policy" will ensure that SamCERA maintains official records that are essential to its operation, reduces costs, and improves the efficiency of recordkeeping, and ensures legal compliance with state and federal regulatory requirements; and

WHEREAS, the Board has reviewed the "Board of Retirement Records Retention Policy" and desires to adopt such policy;

THEREFORE BE IT RESOLVED, that the Board hereby adopts the attached "Board of Retirement Records Retention Policy."

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2013.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

Lauryn Agnew, Board Secretary
SamCERA

San Mateo County Employees Retirement Association

BOARD OF RETIREMENT RECORDS RETENTION POLICY

I. Purpose.

Information recorded in any form, paper or electronic, can be considered a record. SamCERA maintains those official records that document SamCERA's business matters. The purposes of this policy are to: (1) ensure that SamCERA maintains official records that are essential to its operation; (2) reduce recordkeeping costs; (3) improve the efficiency of recordkeeping; and (4) ensure legal compliance with state, federal and other regulatory record keeping requirements.

II. Maintenance of Official Records.

SamCERA will create and maintain trustworthy official records in order to preserve the rights of members and beneficiaries, promote quality decision-making and efficient business practices. A record is trustworthy when it has:

- Reliability- a full and accurate representation of the activities or facts to which they attest, and can be depended upon in the course of other transactions or activities.
- Integrity- protected against unauthorized addition, deletion, and alteration.
- Usability- able to be located, retrieved, presented and read

III. Unofficial Records.

SamCERA is not required to maintain unofficial records. Unofficial records consist of works in progress, copies of notes and records that have not been either finalized or approved. Records that do not yet reflect the official position of SamCERA and/or remain subject to change before completion are also considered unofficial. Publications and materials not produced by SamCERA, not produced at SamCERA's request or not required to be received by SamCERA are not official records. However, such a record may be official if it adds to a complete understanding of SamCERA actions, operations and responsibilities.

II. Process for Maintaining Official Records.

A. Conversion of Paper Documents. All official member records that are currently stored at the SamCERA office and any additional official records designated by the Chief Executive Officer that are currently in paper format shall be converted into electronic documents. There shall be: (1) documentation of each step of the conversion process to ensure adequate proof of the chain of custody and (2) electronic storage so that the scanned documents cannot be added to, deleted, or otherwise changed. The paper documents will be kept for a period of time post conversion that the Chief Executive Officer determines is appropriate.

B. Conversion of Paper Documents On Going Basis. All official records that are created or received in a paper format should be converted into an electronic format in such a manner that allows for the record to be trustworthy, efficiently stored and retrievable. There shall be: (1) documentation of each step of the conversion process to ensure adequate proof of the chain of custody and (2) electronic storage so that the scanned documents cannot be added to, deleted, or otherwise changed. After the conversion, the paper document will be destroyed unless there are specific circumstances that it be kept, such as, but not limited to, a litigation hold or document preservation order.

C. Electronic Documents. All official records that are converted, created or received electronically shall be maintained and stored electronically in such a manner that allows for the record to be trustworthy, efficiently stored and retrievable.

D. Destruction of Electronic Documents. All documents that either originated electronically or are converted into an electronic form will be electronically stored “indefinitely” until such time that the Board directs staff otherwise. Staff will monitor the electronic storage capacity on an ongoing basis. If it is determined that there should be destruction of any electronic records, staff will present a destruction schedule for the Board’s approval.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 7.4

TO: Board of Retirement
FROM: David Bailey, Chief Executive Officer
SUBJECT: Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff



Staff Recommendation:

Approve a resolution rescinding the Travel Policy contained in Resolution 06-07-01 and rescinding the Expense Reimbursement Policy adopted by Resolution 09-10-10 and adopting a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff."

Summary:

From time to time, Staff recommends amendments to the Board's travel and expense reimbursement policies. Staff is recommending that the two policies be combined and that certain amendments be made to the Travel Policy.

Background:

The Board has adopted a Travel Policy and an Expense Reimbursement Policy. Staff reviewed the policies and determined that there is overlap between the two. Therefore, the two policies should be combined.

In addition, to remain consistent with IRS guidelines, the County made a recent change to its travel policy. The change in the SamCERA policy is similar and makes travel-related meal reimbursement contingent on an overnight stay. In other words, under the revised policy, reimbursement of meals will not be provided for day trips. For trips that include an overnight stay, meals will be reimbursed.

The revised policy also confirms the current practice of limiting overnight stays to those outside the "local commuting area," which consists of these five counties: Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara. As special circumstances do arise, the policy provides for exceptions as authorized by the Chair for Trustees and by the Chief Executive Officer for Staff. Typical exceptions would be made for the difficulty or distance of commute to an event, and trainings that start before or end after normal work hours.

Attachments:

Resolution and proposed Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff

RESOLUTION RESCINDING THE TRAVEL POLICY CONTAINED IN RESOLUTION 06-07-01 AND RESCINDING THE EXPENSE REIMBURSEMENT POLICY ADOPTED BY RESOLUTION 09-10-10 AND ADOPTING A NEW "POLICY FOR REIMBURSEMENT OF TRAVEL AND OTHER OFFICIAL EXPENSES FOR TRUSTEES AND STAFF"

WHEREAS, Government Code §31520 vests the management of *SamCERA* in the Board; and

WHEREAS, the Board acknowledges the vital importance of making informed judgments on all matters which come before it and has adopted a *Code of Fiduciary Conduct* and an *Educational Policy* to guide its actions; and

WHEREAS, Government Code §31522.8, requires that the Board's Education Policy set forth a minimum number of required hours of requisite training and that policy provides that all Board members receive a minimum of 24 hours of board member education within the first two years of assuming office and for every subsequent two-year period the Board member continues to hold membership on the Board; and

WHEREAS, the Board wishes to encourage its trustees and staff to become as expert as is cost-effective in the matters of pension fund investments, service and disability retirements and plan administration; and

WHEREAS, the Board recognizes that reimbursements should be only for those necessary, reasonable and actual expenses that have been incurred; and

WHEREAS, in 2006, the Board adopted a Travel Policy contained in Resolution 06-07-01 which was last amended on March 24, 2009, and that in 2010 the Board adopted an Expense Reimbursement Policy contained Resolution 09-10-10, which was last amended February 28, 2012; and

WHEREAS, the Board desires to amend and combine both policies into a single policy and has read and desires to adopt the attached: "Policy For Reimbursement of Travel and Other Official Expenses For Trustees and Staff."

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby rescinds Resolution 06-07-01 and Resolution 09-10-10 and establishes a new *Policy For Reimbursement of Travel and Other Official Expenses For Trustees and Staff* as set forth in the attachment. Be it further

RESOLVED, that the mileage reimbursement rates in this policy shall be automatically updated to comply with the reimbursement rates for San Mateo County employees.

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2013

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

*Lauryn Agnew, Board Secretary
SamCERA*

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**POLICY FOR REIMBURSEMENT OF TRAVEL AND OTHER
OFFICIAL EXPENSES FOR TRUSTEES AND STAFF**

SECTION 1. TRAVEL RELATED EXPENSES.

Whenever any Trustee of the Board of Retirement (“Trustee”) or any SamCERA employee in the service of SamCERA is required to travel, such person shall be allowed, in addition to any salary or compensation, certain actual and necessary travel expenses, as set forth below. Occurrences that would require a Trustee or a SamCERA employee to travel include, but are not limited to, official business of the retirement association at conferences, education, due diligence, appearances before local, state, and federal administrative agencies, legislative bodies, and judicial proceedings or when otherwise serving in their official capacity or representing SamCERA. Claims for reimbursement shall be made in accordance with Section 3 “Claims for Expenses.”

(a) Transportation. Actual cost incurred for transportation by any carrier services shall be reimbursed. Reimbursement for travel by any privately owned automobile shall be in accordance with the provisions of paragraph (c), below, except that it shall not be more than the cost of common carrier services where the one-way distance required to be traveled is 200 miles or more, and in such event the reimbursement for such travel shall not exceed the cost of air travel regardless of the mode of transportation used. The cost of air travel shall be based on coach fares, unless air coach service is not available, or unless otherwise authorized by the Chief Executive Officer. Government and group rates offered by a provider of transportation services shall be used when available.

(b) Meals, Lodging, and Incidentals. For official business travel with an overnight stay, there shall be direct payment by SamCERA or reimbursement for the actual costs that are incurred only outside the local commuting area for meals, lodging, and incidentals, including baggage transfer, tips, and other actual and necessary incidental expenses. Direct payment for meals, either without an overnight stay and/or within the local commuting area, and lodging within the local commuting area shall be made if such costs are included in the set conference or tuition fee. Exceptions based upon unique circumstances can be made for reimbursement for meals, either without an overnight stay and/or within the local commuting area, lodging and incidentals incurred within the local commuting area, if authorized by the Board Chair for Trustees and the Chief Executive Officer for employees. The local commuting area is defined as within the five counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara. The maximum reimbursement for the actual cost of meals will be limited to the Continental United States (CONUS) current rate as set forth in the Code of Federal Regulations except that for CONUS designated high cost of living metropolitan areas the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for those areas. Government and group rates offered by a provider of lodging services shall be used when available. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for that location. If the lodging is in connection with a

conference or organized educational activity, lodging reimbursement for lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the applicable CONUS rate or the group rate, whichever is higher. A complete listing of CONUS rates can be found at www.gsa.gov. If it is necessary to secure lodging in excess of double the CONUS rates, that expenditure must be approved in advance by the Board Chair for Trustees and the Chief Executive Officer for employees.

(c) Privately Owned Automobile. Actual costs of parking and mileage actually traveled shall be reimbursed. Mileage shall be reimbursed at a rate determined by the County Manager for San Mateo County, provided that such amount is at least that amount established by the Internal Revenue Service as the allowable business deduction rate for such travel.

(d) Other Transportation. Travel expenses may be paid directly by SamCERA to the supplier of the transportation where the mode of transportation is other than by a privately owned motor vehicle. In other instances travel shall be claimed by the individual employee.

(e) Automobile Insurance. No Trustee or employee shall engage in any travel in connection with the performance of official business of SamCERA in a privately owned conveyance, either their own, or that belonging to another, unless the same is insured in such manner as to comply with County of San Mateo Administrative Memorandum.

(f) Course or Meeting Registration Fees. Required registration fees for educational courses, conferences, or other meetings may be paid directly to the organization or association conducting such course, conference, or other meeting and the officer or employee shall not be required to advance the funds therefore.

(g) Non-Reimbursable Travel Expenses. Not all travel expenses incurred are reimbursable. Examples of such non-reimbursable expenses include, but are not limited to: Trustee educational or conference expenses which were not approved by the Board in accordance with the Education Policy, non SamCERA related expenses, transportation, lodging, and meal expenses which exceed or are outside of the limits set forth in this policy, alcoholic beverages, personal entertainment, additional costs for additional person(s) who are not either SamCERA Trustees or employees, extra baggage charges for personal items, traffic citations and parking tickets.

SECTION 2. OTHER OFFICIAL DUTY RELATED EXPENSES.

(a) Expenses Incurred by Trustees: Trustees are entitled to reimbursement of the actual cost of expenses, including meals, that are necessary, appropriate, and reasonably incurred in the performance of official duties within or outside of the local commuting area, unless otherwise specified by this policy.

(b) Expenses Incurred by Staff: All staff expenditures must be pre-approved by the supervising manager or the Chief Executive Officer. The supervising manager will ensure that the proper

procedures are being followed, funds are available, expenses are reasonable and appropriate, and the cost is not excessive. Employees are encouraged to use the corporate credit card for necessary online purchases. Employees must submit original detailed receipts and should note the purpose or recipient of the expense items on the Claim Form as applicable.

(c) Staff Expenses under \$50. Employees may request immediate reimbursement of approved expenditures under \$50 from the Petty Cash Fund upon submission of a completed and approved Petty Cash Voucher accompanied by the original itemized invoice. Reimbursement of petty cash expenditures would include, but is not limited to: refreshments for meetings, kitchen supplies, postage stamps, and certified mailings. The Petty Cash Custodian will obtain approval from the Chief Executive Officer prior to reimbursing the employee.

(d) Tuition Reimbursement for Continuing Education: Permanent SamCERA employees are eligible to participate in the County's Tuition Reimbursement Program to enhance work performance and career mobility. College level courses may be taken at accredited educational institutions. Requests must be submitted and approved by the supervising manager at least two weeks before the beginning date of the course. The County Human Resources Department will have the final approval for this program.

SECTION 3. CLAIMS FOR EXPENSES.

(a) Claim Form. A claim for expenses shall be submitted within sixty (60) days after incurring the expense. Before any expenses are allowed or paid, the claimant shall file a claim in the manner provided by law for claims to be filed against SamCERA, duly certified as correct by the claimant and approved by SamCERA's Chief Executive Officer. The Board Chair will approve the Chief Executive Officer's claims. When submitting a joint receipt for multiple trustees and employees, the names of the other participants must be listed on the claim and receipt.

(b) Itemized receipts: The claimant shall attach to the claim all itemized receipts showing the moneys expended by the claimant. If a receipt includes non-SamCERA expenses, e.g. personal expenses, the claim shall reflect only the portion of the expense that pertains to SamCERA. Receipts are required for all expenditures \$25 and over. If a receipt is lost, the claimant must detail the expenditure to the best of their ability and attest to its accuracy by affixing their signature to the reimbursement expense.

(b) Expenses Must Be Actually Incurred. SamCERA Trustees or employees shall not submit a claim to SamCERA except for those expenses actually incurred in connection with the performance of official business of the retirement association.

(c) Approval By the Board. All reimbursable expenses for Trustees that do not fall within the above provisions may be approved by the Board of Retirement at a public meeting before the expense is incurred.

SECTION 5. ADVANCE PAYMENTS FOR EXPENSES.

Whenever it appears to be for the best interests of SamCERA that any Trustee, or employee of SamCERA travel outside of the County of San Mateo on official business and where prior authorization for such travel has been given by the Board of Retirement, and it appears that it is necessary that such trustee or employee be allowed a sum of money not in excess of two thousand five hundred dollars (\$2,500) for such travel expenses in advance, a claim for such advance showing the emergency requiring such advance shall be made out in the regular form and approved by the Chief Executive Officer and thereafter SamCERA shall draw their warrant in favor of such Trustee or employee. The trustee or employee receiving such advance shall file with SamCERA after their return from such trip an itemized account, together with proper vouchers of their expenses and shall pay to SamCERA any balance remaining unexpended for SamCERA business purposes. SamCERA shall attach such statement to the original claim for such advance and shall immediately make the proper adjustment of the account from which the advance was drawn.

SECTION 6. REPORTING BY TRUSTEES OF THE BOARD OF RETIREMENT

Trustees shall provide a brief report, either orally or in writing, on meetings attended at the expense of SamCERA at the next attended regular meeting of the Board.



~~Travel Policy~~

~~As Amended February 26, 2008~~

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

POLICY FOR REIMBURSEMENT OF TRAVEL AND OTHER
OFFICIAL EXPENSES FOR TRUSTEES AND STAFF

SamCERA's Travel Policy

SECTION 1. TRAVEL RELATED EXPENSES.

~~This section regulates reimbursement for travel expenditures for trustees and employees of the San Mateo County Employees' Retirement Association (SamCERA). These provisions do not apply to other expenses that are incurred in the performance of the official duties of SamCERA's trustees and employees. Whenever any Trustee of the member of the Board of Retirement, ("Trustee") or any SamCERA employee in the service of SamCERA is required to travel ~~outside or within San Mateo County~~, such person shall be allowed, in addition to any salary or compensation, certain actual and necessary travel expenses, as set forth below. Occurrences that would require a Trustee member of the Board of Retirement or a SamCERA employee to travel include, but are not limited to, official business of the retirement association at conferences, education, due diligence, appearances before local, state, and federal administrative agencies, legislative bodies, and judicial proceedings or when otherwise serving in their official capacity or representing SamCERA the Retirement Association. Claims for reimbursement shall be made in accordance with Section 3 "Claims for Expenses."~~

(a) ~~Transportation and Conveyance.~~ Actual cost incurred for transportation ~~or conveyance~~ by any carrier services shall be reimbursed. Reimbursement for travel by any privately owned automobile shall be in accordance with the provisions of paragraph (c), below, except that it shall not be more than the cost of common carrier services where the one-way distance required to be traveled is 200 miles or more, and in such event the reimbursement for such travel shall not exceed the cost of air travel regardless of the mode of transportation used ~~therefore~~. The cost of air travel shall be based on coach fares, unless air coach service is not available, or unless otherwise authorized by the Chief Executive Officer. Government and group rates offered by a provider of transportation services shall be used when available.

(b) Meals, Lodging, and Incidentals. For official business travel with an overnight stay, there shall be direct payment by SamCERA or reimbursement for the aActual costs that are incurred only outside the local commuting area San Mateo County or within the county for approved educational expenses for meals, lodging, and incidentals, including baggage transfer, tips, ~~ear storage~~, and other actual and necessary incidental expenses. Direct payment for meals, either without an overnight stay and/or within the local commuting area, and lodging within the local commuting area shall be made -if such costs are included in the set conference or tuition fee. Exceptions based upon -unique circumstances can be made for reimbursement for meals, either without an overnight stay and/or within the local commuting area, and lodging within the local commuting area if authorized by the Board Chair for Trustees and the Chief Executive Officer for employees. The local commuting area is defined as within the five counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara. The maximum reimbursement for the actual cost of meals will be limited to the Continental United States (CONUS) current rate as set forth in the Code of Federal Regulations except that for CONUS designated high cost of living metropolitan areas the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for those areas.

Government and group rates offered by a provider of lodging services shall be used when available. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for that location. If the lodging is in connection with a conference or organized educational activity, lodging reimbursement for lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the applicable CONUS ~~current~~ rate or the group rate, whichever is higher. A complete listing of CONUS rates can be found at www.gsa.gov. If it is necessary to secure lodging in excess of double the CONUS rates, that expenditure must be approved in advance by the Board Chair for Trustees and the Chief Executive Officer for employees.

(c) **Privately Owned Automobile.** Actual costs of parking and Actual costs for mileeages actually traveled shall be reimbursed. Mileage shall be reimbursed, at a rate determined by the County Manager for San Mateo County ~~Manager~~, provided that such~~the~~ amount is at least that amount established by the Internal Revenue Service as the allowable business deduction rate for such travel.

(d) **Other Transportation.** Travel expenses may be paid directly by SamCERA to the supplier of the transportation where the mode of transportation is other than by a privately owned motor vehicle. In other instances travel shall be claimed by the individual employee.

(e) **Automobile Insurance.** No Trustee or employee shall engage in any travel in connection with the performance of official business of SamCERA in a privately owned conveyance, either their own, or that belonging to another, unless the same is insured in such manner as to comply with County of San Mateo Administrative Memorandum.

~~(f)~~ **Course or Meeting Registration Fees.** Required registration fees for educational courses, conferences, or other meetings may be paid directly to the organization or association conducting such course, conference, or other meeting and the officer or employee shall not be required to advance the funds therefore.

(g) **Non-Reimbursable Travel Expenses.** Not all travel expenses incurred are reimbursable. Examples of such non-reimbursable expenses include, but are not limited to: Trustee educational or conference expenses which were not approved by the Board in accordance with the Education Policy, non SamCERA related expenses, transportation, lodging, and meal expenses which exceed or are outside of the limits set forth in this policy, alcoholic beverages, personal entertainment, additional costs for additional person(s) who are not either SamCERA Trustees or employees, extra baggage charges for personal items, traffic citations and parking tickets.

~~(f) SamCERA trustees or employees shall not submit a claim to SamCERA except for those expenses actually incurred in connection with the performance of official business of the retirement association.~~

~~(i) No officer or employee shall engage in any travel in connection with the performance of official business of SamCERA in a privately owned conveyance, either their own, or that belonging to another, unless the same is insured in such manner as to comply with County of San Mateo Administrative Memorandum.~~

~~(k) All reimbursable expenses for members of the Board of Retirement that do not fall within the above provisions may be approved by the Board of Retirement at a public meeting before the~~

expense is incurred.

SECTION 2. - Reimbursement for expenses. OTHER OFFICIAL DUTY RELATED EXPENSES.

(a) Expenses Incurred by Trustees: ~~Trustees~~Members of the Board of Retirement and other ~~SamCERA employees~~, are entitled to reimbursement of the actual cost of expenses, including meals, that are necessary, appropriate, and reasonably incurred in the performance of official duties within or outside of the local commuting area~~San Mateo County~~, unless otherwise specified by this policy.

(b) Expenses Incurred by Staff: All staff expenditures must be pre-approved by the supervising manager or the Chief Executive Officer. The supervising manager will ensure that the proper procedures are being followed, funds are available, expenses are reasonable and appropriate, and the cost is not excessive. Employees are encouraged to use the corporate credit card for necessary online purchases. Employees must submit original detailed receipts and should note the purpose or recipient of the expense items on the Claim Form as applicable.

(c) Staff Expenses under \$50. Employees may request immediate reimbursement of approved expenditures under \$50 from the Petty Cash Fund upon submission of a completed and approved Petty Cash Voucher accompanied by the original itemized invoice. Reimbursement of petty cash expenditures would include, but are is not limited to: refreshments for meetings, kitchen supplies, postage stamps, and certified mailings. The Petty Cash Custodian will obtain approval from the Chief Executive Officer prior to reimbursing the employee.

(d) Tuition Reimbursement for Continuing Education: Permanent SamCERA employees are eligible to participate in the County's Tuition Reimbursement Program to enhance work performance and career mobility. College level courses may be taken at accredited educational institutions. Requests must be submitted and approved by the supervising manager at least two weeks before the beginning date of the course. The County Human Resources Department will have the final approval for this program.

SECTION 3. AUTHORITY TO HOST CONVENTIONS, CONFERENCES, TRAINING AND SPECIAL MEETINGS.

~~Whenever the San Mateo County Employees' Retirement Association, or any of its trustees or employees, acts as host for a convention, conference, training or special meeting which will be of benefit to SamCERA, the expenses of the convention, conference, training or special meeting including meals of duly authorized delegates, representatives or participants thereto, may be paid by SamCERA upon presentation of claims therefore and approval by SamCERA's Chief Executive Officer if the amount does not exceed two thousand five hundred dollars (\$2,500), or upon approval by the Board Chair if the amount thereof exceeds two thousand five hundred dollars (\$2,500). Prior approval for SamCERA's participation as host of such conferences, conventions, or meetings shall be obtained whenever time permits.~~

SECTION 4. CLAIMS FOR EXPENSES.

(a) Claim Form. A claim for expenses shall be submitted within sixty (60) days after incurring the

expense. Before any ~~travel~~ expenses are allowed or paid, the claimant shall file a claim in the manner provided by law for claims to be filed against *SamCERA*, duly certified as correct by the claimant and approved by *SamCERA*'s Chief Executive Officer. The Board Chair will approve the Chief Executive Officer's claims. When submitting a joint receipt for multiple trustees and employees, the names of the other participants must be listed on the claim and receipt.

(b) Itemized receipts: The claimant ~~re~~ shall ~~be attached to the said~~ claim all itemized receipts showing the moneys expended by the claimant. If a receipt includes non-SamCERA expenses, e.g. personal expenses, the claim shall reflect only the portion of the expense that pertains to SamCERA. Receipts are required for all expenditures \$25 and over. If a receipt is lost, the claimant must detail the expenditure to the best of their ability and attest to its accuracy by affixing their signature to the reimbursement expense. ~~Expenses shall be submitted within sixty (60) days after incurring the expense.~~

(b) Expenses Must Be Actually Incurred. *SamCERA* Trustees or employees shall not submit a claim to *SamCERA* except for those expenses actually incurred in connection with the performance of official business of the retirement association.

(c) Approval By the Board. All reimbursable expenses for Trustees that do not fall within the above provisions may be approved by the Board of Retirement at a public meeting before the expense is incurred.

SECTION 5. ADVANCE PAYMENTS FOR EXPENSES.

Whenever it appears to be for the best interests of *SamCERA* that any ~~member of the Board of Retirement~~ Trustee, or employee of *SamCERA* travel outside of the County of San Mateo on official business and where prior authorization for such travel has been given by the Board of Retirement, and it appears that it is necessary that such trustee or employee be allowed a sum of money not in excess of two thousand five hundred dollars (\$2,500) for such travel expenses in advance, a claim for such advance showing the emergency requiring such advance shall be made out in the regular form and approved by the Chief Executive Officer and thereafter *SamCERA* shall draw their warrant in favor of such Trustee or employee ~~and the Treasurer shall pay the same~~. The trustee or employee receiving such advance shall file with *SamCERA* after their return from such trip an itemized account, together with proper vouchers of their expenses and shall pay to *SamCERA* any balance remaining ~~in their hands~~ unexpended for *SamCERA* business purposes. *SamCERA* shall attach such statement to the original claim for such advance and shall immediately make the proper adjustment of the account from which the advance was drawn—.

SECTION 6.- REPORTING BY TRUSTEES MEMBERS OF THE BOARD OF RETIREMENT

Trustees ON MEETINGS ATTENDED:

~~Members of the Board of Retirement~~ shall provide a brief report, either orally or in writing, on meetings attended at the expense of *SamCERA* at the next attended regular meeting of the Bboard.

California – FY 06

(October 1, 2005 through September 30, 2006)

Cities not appearing below may be located within a county for which rates are listed. To determine what county a city is located in, [click here for the National Association of Counties \(NACO\) website](#) (a non-federal website).

NOTE: If neither the city nor the county is listed, the location is a standard CONUS destination with a rate of \$60.00 for lodging and \$39.00 for meals and incidental expenses (M&IE).

[State Tax Rates & Exemption Forms](#)

[Properties at Per Diem \(FedRooms\)](#)

[View a state map](#) with highlighted areas showing where rates listed below apply. Standard CONUS rates apply elsewhere.

[Select another State](#)

Primary Destination (1)	County (2, 3)	Max Lodging (exc. taxes)	+	M&IE Rate	=	Max Per Diem Rate (4)	First & Last Day (75% of M&IE)
Antioch/Brentwood/Concord/Lafayette/Martinez/Pleasant Hill/Richmond/San Ramon/Walnut Creek	Contra-Costa	104	-	49	-	150	36.75
Bakersfield/Delano (Naval Weapons Center and Ordinance Test Station, China Lake)	Kern	62	-	44	-	106	33.0
Barstow/Ontario/Victorville	San Bernardino	76	-	59	-	135	44.25
Benicia/Dixon/Fairfield/Vacaville/Vallejo	Solano	80	-	44	-	124	33.0
Brawley/Calxico/El Centro/Imperial	Imperial	68	-	39	-	107	29.25
Chico/Oroville (October 1 – November 19)	Butte	60	-	39	-	99	29.25
Chico/Oroville (November 20 – September 30)	Butte	67	-	39	-	106	29.25
Clearlake	Lake	61	-	44	-	105	33.0
Death Valley	Inyo	70	-	49	-	119	36.75
Fresno	Fresno	72	-	54	-	126	40.5
Los Angeles (October 1 – January 31)	Los Angeles, Orange and Ventura, Edwards AFB	96	-	64	-	160	48.0
Los Angeles (Eff. 02/01/06) (February 1 – September 30)	Los Angeles, Orange and Ventura, Edwards AFB	104	-	64	-	168	48.0
Mammoth Lakes (October 1 – November 30)	Mono	79	-	54	-	133	40.5
Mammoth Lakes (December 1 – January 31)	Mono	106	-	54	-	160	40.5
Mammoth Lakes (February 1 – September 30)	Mono	79	-	54	-	133	40.5
Mill Valley/San Rafael/Novato/Corte Madera/Sausalito/Tiburon/Larkspur	Marin	97	-	54	-	151	40.5
Modesto	Stanislaus	77	-	49	-	126	36.75

Monterey	Monterey	103	-	64	-	167	48.0
Napa	Napa	124	-	64	-	188	48.0
Oakhurst	Madera	67	-	39	-	106	29.25
Oakland (October 1 – April 30)	Alameda	89	-	59	-	148	44.25
Oakland (Eff. 05/01/06) (May 1 – September 30)	Alameda	111	-	59	-	170	44.25
Palm Springs (October 1 – December 31)	Riverside	99	-	59	-	158	44.25
Palm Springs (January 1 – April 30)	Riverside	122	-	59	-	181	44.25
Palm Springs (May 1 – September 30)	Riverside	83	-	59	-	142	44.25
Point Arena/Gualala	Mendocino	66	-	54	-	120	40.5
Redding	Shasta	76	-	44	-	120	33.0
Sacramento	Sacramento	94	-	59	-	153	44.25
San Diego (October 1 – December 31)	San Diego	120	-	64	-	184	48.0
San Diego (January 1 – May 31)	San Diego	127	-	64	-	191	48.0
San Diego (June 1 – September 30)	San Diego	120	-	64	-	184	48.0
San Francisco	San Francisco	130	-	64	-	194	48.0
San Luis Obispo	San Luis Obispo	94	-	54	-	148	40.5
San Mateo/Foster City/Belmont	San Mateo	86	-	54	-	140	40.5
Santa Barbara (October 1 – January 31)	Santa Barbara	100	-	59	-	159	44.25
Santa Barbara (Eff. 02/01/06) (February 1 – June 30)	Santa Barbara	133	-	59	-	192	44.25
Santa Barbara (Eff. 02/01/06) (July 1 – August 31)	Santa Barbara	173	-	59	-	232	44.25
Santa Barbara (Eff. 02/01/06) (September 1 – September 30)	Santa Barbara	133	-	59	-	192	44.25
Santa Cruz (October 1 – May 31)	Santa Cruz	70	-	54	-	124	40.5
Santa Cruz (June 1 – August 31)	Santa Cruz	85	-	54	-	139	40.5
Santa Cruz (September 1 – September 30)	Santa Cruz	70	-	54	-	124	40.5
Santa Monica	City limits of Santa Monica	149	-	64	-	213	48.0
Santa Rosa	Sonoma	100	-	64	-	164	48.0
South Lake Tahoe (October 1 – December 31)	El Dorado	124	-	54	-	178	40.5
South Lake Tahoe (January 1 – June 30)	El Dorado	114	-	54	-	168	40.5
South Lake Tahoe (July 1 – September 30)	El Dorado	124	-	54	-	178	40.5
Stockton	San Joaquin	70	-	44	-	114	33.0
Sunnyvale/Palo Alto/San Jose	Santa Clara	101	-	59	-	160	44.25
Tahoe City	Placer	92	-	59	-	151	44.25


Truckee (October 1 – November 30)	Nevada	80	-	59	-	139	44.25
Truckee (December 1 – February 28)	Nevada	93	-	59	-	152	44.25
Truckee (March 1 – September 30)	Nevada	80	-	59	-	139	44.25
Visalia/Lemoore	Tulare and Kings	65	-	49	-	114	36.75
West Sacramento	Yolo	75	-	44	-	119	33.0
Yosemite National Park (October 1 – October 31)	Mariposa	80	-	64	-	144	48.0
Yosemite National Park (November 1 – December 31)	Mariposa	104	-	64	-	168	48.0
Yosemite National Park (January 1 – September 30)	Mariposa	80	-	64	-	144	48.0

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2013

Agenda Item 7.5

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer 

SUBJECT: Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement

Staff Recommendation

Approve changes to three regularly scheduled meetings of the Board of Retirement as follows:

1. Change the location of the May 21, 2013, meeting to 30 Twin Pines Lane in Belmont.
2. Cancel the June 25 meeting.
3. Reschedule the July meeting from Tuesday, July 23, to Tuesday, July 16, 17, 18 or another date chosen by the Board.

Background

The Board of Retirement is authorized by Article 2, Section 2.4 of the Regulations of the Board of Retirement to change meeting times and dates.

“Regular Meetings: Regular meetings of the Board shall be held on the Fourth Tuesday of each month. Meetings shall begin at 1:00 p.m. Meetings shall be held in SamCERA’s offices. The Board may cancel and or approve a change in the date, time and/or location of meetings within the County, if the proposed change is included on the agenda of a regular meeting.”

Moving the May meeting and canceling the June meeting will free up the boardroom for the imaging of SamCERA’s member files and administrative documents. For security reasons and because the files are regularly used by staff, the files should be imaged in SamCERA’s office building. The only alternative in the building is a vacant space for which building management requires a one-year lease at approximately \$122,000. By using the SamCERA boardroom, this cost will be avoided.

The new location for the May meeting will be The Lodge, 30 Twin Pines Lane, Belmont, CA 94002. The Lodge is a few blocks west of El Camino Real, just off Ralston Ave. in Belmont. Detailed directions will be provided. The May 21 meeting will begin at the regular time, 1 p.m. An Investment Committee meeting will begin at 10 a.m.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The June meeting is normally canceled. By email, the staff will provide the Board with regular items 6.1, the Preliminary Monthly Portfolio Performance Report, and 7.1, the Monthly Financial Report. During the interim between the May and July meetings, I will provide an emailed report of significant happenings during this time period, such as the results of the June election for Board positions.

The final request is to move the July meeting to a date other than Tuesday July 23. The complete reason for this request is to accommodate my schedule. As part of my responsibilities on the CALAPRS Board I am responsible for the Management Academy. I normally work through some table topics with the attendees during the last sessions and give the graduation address on the final day. I would not be able to do that if we meet on July 23. I could find another administrator to speak but would prefer not to if another date will work on board member's calendars for a July meeting.

We suggest holding the July meeting sooner than the fourth Tuesday, which would reduce the time between meetings (the May 28 meeting and the July meeting), assuming the June meeting is canceled. For staff calendars, Thursday, July 18 is our top choice. That would provide the most time in which to prepare the financial report and the quarterly budget report. Wednesday the 17th would also work well. Tuesday, July 16, would also work, but we would not have sufficient time to prepare the financial and budget reports and would either have those available on the day of the meeting or shortly thereafter.

Please bring your July calendars to the April 23 meeting so we can all look for an appropriate date for the July meeting. Thanks in advance for your consideration of this request.