



Notice of Public Meeting

The Board of Retirement

of the San Mateo County Employees' Retirement Association will meet on
Tuesday, July 28, 2015, at 10:00 A.M.

PUBLIC SESSION – The Board will meet in Public Session at 10:00 a.m.

- 1. Call to Order, Roll Call and Miscellaneous Business**
 - 1.1 Administration of the Oath of Office to Newly Elected Trustees
 - 1.2 Election of Board Officers
 - 1.3 Appointment of Board Committees
- 2. Oral Communications**
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
- 3. Approval of the Minutes**
 - 3.1 Approval of Special Board Meeting Minutes, from June 9, 2015
 - 3.2 Approval of Board Meeting Minutes, from June 9, 2015
- 4. Approval of the Consent Agenda**

4.1 Disability Retirements	4.7 Approval of Questions for Annual Review of Milliman, Inc.
• Guerrero, Nicole	
• Lopez, Andrea	4.8 Approval of Questions for Annual Review of Brown Armstrong Accountancy Corporation
4.2 Service Retirements	4.9 Acceptance of Semi-Annual Compliance Certification Statements
4.3 Continuances	
4.4 Deferred Retirements	
4.5 Member Account Refunds	
4.6 Member Account Rollovers	
- 5. Benefit & Actuarial Services**
 - 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
 - 5.2 Approval of Actuarial Assumptions for the June 30, 2015 Actuarial Valuation
 - 5.3 Acceptance of Revisions to Three Exhibits to the GASB 67 and 68 Disclosure Report
- 6. Investment Services**
 - 6.1 Preliminary Monthly Performance Report for the Period Ending June 30, 2015
 - 6.2 Report on the Value Equity Manager Annual Reviews
 - 6.3 Report on the Growth Equity Manager (Baillie Gifford and Chartwell) Annual Reviews
 - 6.4 Approval of Implementation Plan for Transition from Western Core Plus to Western TRU Strategy
 - 6.5 Update on SIS Capital Market Assumptions
 - 6.6 Approval of Purchase of Alternative Investment (to be heard in closed session)
- 7. Board & Management Support**
 - 7.1 Preliminary Report on Budget-to-Actual for the Fiscal Year Ended June 30, 2015
 - 7.2 Approval of SamCERA's 2015-2016 Strategic Plan
 - 7.3 Approval of Required Use of "Confidential Records and Information" Form
 - 7.4 Approval of Resolution Adopting the Board of Retirement's "Code of Conduct"
- 8. Management Reports**
 - 8.1 Chief Executive Officer's Report

Notice of Public Meeting

Page 2 of 2

- 8.2 Assistant Executive Officers' Reports
- 8.3 Chief Investment Officer's Report
- 8.4 Chief Legal Counsel's Report

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

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda
- C2 Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2 – see also item 6.6)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Gibson, Marquez	June 16, 2014	Parks
Scopesi, Dina	October 28, 2014	Sheriff's
Albaniel, Elena	March 29, 2015	DA's Office
Azavedo, Josephine	May 20, 2015	Tax Collector
Alvarez, Marita	May 20, 2015	Environmental Services
Bookspun, Arnold	May 23, 2015	Mental Health
Hom, Choo Seng	May 24, 2015	Probation
Simpson, Patricia	May 27, 2015	DA's Office
Nocon, Barbara	June 2, 2015	Probation
Rodriguez, Manuela	June 18, 2015	Mental Health
MacFarlane, Olga	June 24, 2015	Social Service
Kostielney, Mark	July 1, 2015	Health Services
Copley, Ruth	July 4, 2015	Unknown
Yanko, Robert	July 9, 2015	Mental Health
Coslett, Donald	July 17, 2015	Sheriff


 Scott Hood, Chief Executive Officer

Posted: July 22, 2015

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

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

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

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 1.1

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: Administration of the Oath of Office to Newly Elected Trustees

In this agenda item, the Trustee Oath of Office will be given to:

- Second Member, **Shirley Tourel**, elected by the General Membership;
- Seventh Member, **David Spinello**, reelected by the Safety Membership;
- Seventh Member Alternate, **Susan Lee**, elected by the Safety Membership.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 1.2

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Ad Hoc Nominating Committee Report and Election of 2015-2016
Board Officers

Staff Recommendation

Staff recommends that under this agenda item the Board Chair:

- Ask for a report from the chair of the ad hoc committee
- Ask for a motion and a second to place the committee's slate of candidates in nomination
- Open the floor to additional nominations
- Conduct a vote for the officer positions

Background

Pursuant to the Regulations of the Board of Retirement, an election of board officers is to be held at the first meeting of each fiscal year. The board regulations regarding the election of officers are reprinted on the following page.

At the June 9th, 2015, meeting, Board Chair Lauryn Agnew appointed the following committee:

Ad Hoc Nominating Committee for Board Officers

Sandie Arnott, Chair,
Natalie Kwan-Lloyd
Ben Bowler

At the July 28, 2015, meeting, the committee chair will report on the recommendations of the committee and place in nomination the names of the trustees the committee recommends for the three board officer positions.

**EXCERPT FROM THE
REGULATIONS OF THE BOARD OF RETIREMENT**

1.1. Election Of Chair: At the first regular meeting in July, the Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified. The Chair shall preside at all meetings of the Board, shall appoint all committees and shall perform all duties incidental to that office.

1.2. Election Of Vice Chair: At the first regular meeting in July, the Board of Retirement shall elect one of its members vice chair for a term of one year or until his or her successor is duly elected and qualified. In the Chair's absence or inability to act, the Vice Chair shall take the place and perform the duties of that office.

1.3. Election Of Secretary: At the first regular meeting in July, the Board of Retirement shall elect one of its members secretary for a term of one year or until his or her successor is duly elected and qualified. The Secretary shall attest to Resolutions and other such documents for the Board. In the Chair's and Vice Chair's absence or inability to act, the Secretary shall take the place and perform the duties of the Chair.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 1.3

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer



SUBJECT: Announcement of the Appointment of Board Committees

Staff Recommendation

Staff recommends the Chair announce appointments to the Investment Committee and the Audit Committee as the Chair deems appropriate.

Background

The Board Chair is authorized by the Regulations of the Board of Retirement to appoint all committees.

"1.1 Election Of Chair: At the first regular meeting in July, the Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified. The Chair shall preside at all meetings of the Board, **shall appoint all committees** (*emphasis added*) and shall perform all duties incidental to that office."

Committee assignments for FY14-15 were as follows:

- Investment Committee- Ben Bowler, Lauryn Agnew, Michal Settles and Albert David, Chair
- Audit Committee- Paul Hackleman, Natalie Kwan Lloyd, Sandie Arnott and Eric Tashman, Chair

June 9, 2015 – Special Board Meeting Agenda

PUBLIC SESSION – The Board will meet in Public Session at **9:00 a.m.**

1. **Call to Order, Roll Call**
2. **Oral Communications From the Public**
3. **Report of Organizational Changes within Strategic Investment Solutions**
4. **Adjournment**

JUNE 9, 2015 – SPECIAL BOARD MEETING MINUTES

1. **Call to Order, Roll Call**

Call to Order: Ms. Lauryn Agnew, Chair, called the Special Meeting of the Board of Retirement to order at 9:02 a.m.

Roll Call:

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

Alternate present: Alma Salas

Staff: Scott Hood, Michael Coultrip, Brenda Carlson, Doris Ng, and Kristina Perez.

2. **Oral Communications From the Public:** None.

3. **Report of Organizational Changes within Strategic Investment Solutions:** Barry Dennis, Managing Partner; Margaret Jadallah, Managing Director; and Jonathan Brody, Senior Vice President from Strategic Investment Solutions (SIS) appeared before the Board and gave a report on the departure of Patrick Thomas from the SIS team, and other recent changes within the organization. They answered questions and discussed SIS’ philosophies with the Board, as well as reiterating their commitment to SamCERA during the changes. The same team that has been working with SamCERA will continue, with the addition of Margaret Jadallah, who will replace Patrick Thomas. The representatives from SIS were excused at 9:50 a.m. and the Board and staff further discussed the information from SIS until the adjournment.

This item was informational, and for purposes of discussion only. No action was taken.

4. **Adjournment:** Ms. Agnew adjourned the meeting at 10:10 a.m.

Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

June 9, 2015 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 10:00 a.m.

1. Call to Order, Roll Call and Miscellaneous Business

1.1 Appointment of Ad Hoc Nominating Committee for Board Officers

2. Oral Communications

2.1 Oral Communications from the Board

2.2 Oral Communications from the Public

3. Approval of the Minutes

3.1 Approval of Special Board Meeting Minutes from April 28, 2015

3.2 Approval of Special Board Meeting Minutes from April 29, 2015

4. Approval of the Consent Agenda*

4.1 Disability Retirements

- Elena Albaniel
- Vivian Estevez
- Lidia Garcia
- Ronald Robinson

4.2 Service Retirements

4.3 Continuances

4.4 Deferred Retirements

4.5 Member Account Refunds

4.6 Member Account Rollovers

4.7 Approval of Audit Engagement Letter

4.8 Acceptance of Staff Report on Prepayment of Employer Contributions

4.9 Ratification of Staff's Action to Acquire Fiduciary Liability Insurance

4.10 Education Provider Approval Requests

5. Benefit & Actuarial Services

5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda

5.2 Consideration and Direction to Milliman, Inc., Regarding Assumptions to be used in the June 30, 2015 Actuarial Valuation

6. Investment Services

6.1 Preliminary Monthly Performance Report for the Period Ending April 30, 2015

6.2 Quarterly Investment Performance Report for the Period Ending March 31, 2015

6.3 Approval to Change Parametric's Emerging Markets Equity Strategy to an Emerging Markets Equity Core Strategy

6.4 Approval to Change Western's Core Plus Bond Strategy to an Total Return Unconstrained Strategy

6.5 Report on the Annual Review of SamCERA's Core Equity Managers

6.6 Report on Diversifying/Hedge Fund Strategy Short-List Candidate Analysis

6.7 Presentation of Private Equity Semi-Annual Performance Report as of December 31, 2014

6.8 Approval of Purchase of Alternative Investment (to be heard in closed session)

7. Board & Management Support

7.1 Preliminary Financial Report for the Period Ending March 31, 2015

7.2 Discussion and Approval of SamCERA 2015-16 Budget

7.3 Report on SamCERA's Information Technology Projects

7.4 Report on SamCERA's Website Redesign

8. Management Reports

8.1 Chief Executive Officer's Report

8.2 Assistant Executive Officer's Report

8.3 Chief Investment Officer's Report

8.4 Chief Legal Counsel's Report

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

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda
- C2 Approval of Purchase Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2 – see also item 6.8)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Robberson, Dicksie	April 13, 2015	Social Services
Reed, Robert	April 18, 2015	Sheriff's
Blake, Jo Ella	April 21, 2015	Chope Hospital
Contreras, Antonio	May 2, 2015	Housekeeping
Langley-Waller, Virginia	May 7, 2015	Probation
Newport, Sylvia	May 14, 2015	Long Term Care
Brown, Robert	May 16, 2015	Sheriff's
Cowen, Audrey	May 16, 2015	Recorder

JUNE 9, 2015 – REGULAR BOARD MEETING MINUTES

1506.1 **Call to Order, Roll Call and Miscellaneous Business**

Call to Order: Ms. Lauryn Agnew, Chair, called the Regular Meeting of the Board of Retirement to order at 10:15 a.m.

Roll Call:

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

Excused: Sandie Arnott

Alternates present: Alma Salas

Staff: Scott Hood, Michael Coultrip, Brenda Carlson, Tariq Ali, Doris Ng, Elizabeth LeNguyen, Barbara Edwards, and Kristina Perez.

Consultants: Jonathan Brody, Margaret Jadallah and Faraz Shooshani (SIS), Nick Collier (Milliman, Inc.)

1506.1.1 **Appointment of Ad Hoc Nominating Committee for Board Officers:** Ms. Agnew announced the following appointments the Ad Hoc Nominating committee: Ben Bowler, Natalie Kwan Lloyd, with Sandie Arnott serving as the Chair.

1506.2.1 **Oral Communications From the Board:** Ms. Settles reported her attendance at the Wharton Investment Course offered by IFEBP, titled “Portfolio Concepts and Management,” held in Philadelphia, April 27-30, 2015. Ms. Settles, Mr. Spinello and Ms. Agnew all reported their attendance at the SACRS Spring Conference, held in Anaheim, May 12-15, 2015. Ms. Agnew also attended the 4th Annual P3 Infrastructure Summit, in San Francisco on June 4-5, 2015.

1506.2.2 **Oral Communications From the Public:** Ms. Salas reported her attendance at the GFOA Annual Conference and Pre-Conference sessions, held in Philadelphia, on May 29-June 3, 2015.

Susan Lee, a candidate for the Seventh Seat on the Board of Retirement was introduced.

Tat-ling Chow, recently hired as SamCERA’s Retirement Finance Officer was introduced.

Elizabeth LeNguyen’s promotion to Benefits Manager was announced to the Board.

1506.3.1 **Approval of Special Board Meeting Minutes from April 28, 2015**

1506.3.2 **Approval of Special Board Meeting Minutes from April 29, 2015**

Ms. Agnew asked if there were any changes or corrections to the two sets of Special Meeting Minutes from April 28 and 29, and there were none.

Action: Mr. Hackleman moved to approve the minutes from the Special Meeting on April 28th, and to also approve the Special Meeting minutes from April 29, 2015; and the motion was seconded by Mr. Spinello. The motion carried with a vote of 6-0-1, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Spinello and Tashman all in favor; none opposed. Ms. Settles abstained, as she was not present at the April meetings.

1506.4.0 **Approval of the Consent Agenda:** Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and there were no items removed for discussion.

Action: Ms. Settles moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Settles, Spinello and Tashman all in favor; none opposed.

1506.4.1 **Disability Retirements:**

- a) The Board found that Elena Albaniel is permanently disabled from the duties of a Legal Secretary II and granted survivor benefits, pursuant to Government Code § 31781.1, to her surviving spouse, Francisco Albaniel.
- b) The Board found that Lidia Garcia is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Services Assistant I, (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.
- c) The Board found that Ronald Robinson is (1) permanently incapacitated for the performance of his usual and customary duties as an Office Assistant II, (2) found that his disability was a result of an injury arising out of and in the course of his employment, and (3) granted his application for a service-connected disability retirement
- d) The Board denied the disability retirement application submitted by Vivian Estevez pursuant to Government Code §31722.

1506.4.2 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Addae, Richard Kojo	March 31, 2015	Deferred from Hospital
Andersen, Stephen C	April 1, 2015	Assessor
Bailey, David	April 1, 2015	SamCERA
Bazan, Deborah J	March 25, 2015	Sheriff's
Bertheau, Crystal M	May 1, 2015	Deferred from Assessor's
Brake, Karen L	March 21, 2015	Superior Court
Broocker, Richard E	March 27, 2015	Sheriff's
Burwell, Sherri L	May 1, 2015	Behavioral Health
Byrnes, James W	March 26, 2015	Sheriff's
Carr, Katherine J.	March 28, 2015	Deferred from SMC
Chenhansa, Peilin	March 28, 2015	Human Services Agency
Coelho, Ariosto J	April 1, 2015	Behavioral Health
Delmundo, Rosalinda	March 31, 2015	Medical Center
Demattei, Joann	April 1, 2015	Probation
Diaz, Mario C	March 31, 2015	Human Services Agency
Durkin, Steven J	April 1, 2015	Parks
Duvall, Deborah Mary	March 27, 2015	Probation
Eatmon, Gregory L	May 1, 2015	Sheriff's
Erickson, David	March 28, 2015	Human Services Agency
Estrada, Eduardo R	April 1, 2015	Sheriff's
Farmer, Juanita	March 31, 2015	Medical Center
Fischer, Stephen V	March 31, 2015	Public Works
Fong, Marsha E	April 1, 2015	Aging and Adult Services
Frayne, Timothy R	March 29, 2015	Sheriff's
Galassi, Patrick A	April 25, 2015	Deferred from ISD
Garrison, Gloria A	March 27, 2015	Sheriff's
Gee, Samson N	March 28, 2015	District Attorney
Glembot, Pamela A	March 31, 2015	Sheriff's
Goldberg, Wendy A	April 1, 2015	Human Services Agency
Guterres, Miguel A	April 1, 2015	Aging and Adult Services
Gutierrez, Louisa C	March 28, 2015	Tax Collector

Service Retirements (Con't):

Hansen, Anita J	April 1, 2015	Deferred from Mental Health
Hollister, David A	March 28, 2015	Sheriff's
Issler, Jay A	April 1, 2015	Behavioral Health
Jarabe, Rolando Vizcarra	March 31, 2015	Medical Center
Johnston, Deborah A	March 28, 2015	Medical Center
Joy, John F	April 1, 2015	Human Services Agency
Kong, Nancy Li	March 28, 2015	Human Services Agency
Krup, Jeffery L	April 1, 2015	Aging and Adult Services
Latu, Uila M	March 28, 2015	Superior Court
Li, Ming Yuk	April 1, 2015	Assessor
Ligibel, Douglas M	March 25, 2015	Human Services Agency
Lopez, Andrea G	March 3, 2015	Medical Center
Love, Martin R	March 29, 2015	Sheriff's
Macey, Sandra L	March 28, 2015	Revenue Services
Mantooth, Phyllis L	April 9, 2015	Deferred from Probation
Markham, Susan	March 28, 2015	Probation
Maxwell, Susan E	March 28, 2015	Superior Court
Mayfield, Sammy D	April 1, 2015	Sheriff's
Melas, Eleni D	April 1, 2015	Superior Court
Miller, Janet L	March 31, 2015	Planning & Building
Milner, Denise	March 28, 2015	Housing
Montufar, Francisco E	March 28, 2015	Environmental Health
Ogawa, Wayne	April 1, 2015	Assessor
Parra, Manuel	March 28, 2015	Deferred from HSA
Pastorelli, Lori L	April 1, 2015	CMO
Payette, Christine M	March 31, 2015	Deferred from District Attorney
Petterson, Susan E	March 29, 2015	Medical Center
Pfeiffer, Stephen	March 2, 2015	Correctional Health
Puckett, Angel D	March 28, 2015	County Counsel
Quinlan, John F	April 1, 2015	Sheriff's
Reid, Timothy C	March 28, 2015	Sheriff's
Roderick, Linda P	March 28, 2015	Library
Schneider, Leslie E	March 21, 2015	Superior Court
Shalhoob, Napoleon M	March 11, 2015	Sheriff's
Smith, Patricia A	March 31, 2015	Medical Center
Villarin, Irving R	April 1, 2015	Human Services Agency
Woods, Joan M	March 31, 2015	Superior Court
Wright, Kevin L	March 15, 2015	Probation
Wyss, Mark S	March 28, 2015	Sheriff's
Yu, Marina	March 28, 2015	Housing
Zall, Susan D	March 9, 2015	Probation
Zamora, Brian J	March 31, 2015	Family Health

1506.4.3 **Continuances:**

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

Survivor's Name	Beneficiary of
Bolger, Harold	Laura M Bolger
Kirkland, Jourdain	Thelma Shaw
Reed, Karen	Robert J Reed
So, Muriel	James G So
Trindle, Catherine	Gregory C Trindle
Tzifas, Chris Peter	Katina Tzifas

1506.4.4 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Abrazaldo, Walter A.	Non-Vested, G7 - Reciprocity
Balabis, Joseph O.	Vested, G4
Barberini, Edmund L.	Vested, S2 - Reciprocity
Bautista-Rao, Cara	Non-Vested, G7 - Reciprocity
Borst, Angel	Vested, G4 - Reciprocity
Claussen, Kimberly, I.	Vested, G4 - Reciprocity
Datt, Ateesh B.	Vested, G4 - Reciprocity
Duncan, Joseph D.	Non-Vested, G7 - Reciprocity
Fadrilan, Maria C.	Vested, G4
Feinberg, Todd J.	Vested, G4 - Reciprocity
Gee, Sharon L.	Non-Vested, G3 - Reciprocity
Greenberg, Susan	Vested, G4 - Reciprocity
Kalimuthu, Rajalakshmi	Non-Vested, G5 - Reciprocity
Kwok, Yin M.	Vested, G4
Lam, Peter	Vested, G4 - Reciprocity
Lee, Sandra D.	Vested, G4
Lum, Benjamin	Non-Vested, G5 - Reciprocity
Lynn, Rebecca	Vested, G4 - Reciprocity
Razo, Sandra	Vested, G4
Ruiz, Felicitas R.	Vested, G4 – Reciprocity
Sajuthi, Anastasia	Vested, G4
Tam, May	Vested, G4
Velasco, Raymond	Vested, G4

1506.4.5 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Bernarte, Yolanda	G4, Vested
Halmagean, Danny	G4, Vested
Kambic, Samantha	G7, Non-vested
O'Keefe, Keirsty	G4, Non-vested

1506.4.6 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Magni, Kathryn	G4, Vested

1506.4.7 **Approval of Audit Engagement Letter:** The Board authorized the Chief Executive Officer and the Audit Committee Chair, Mr. Eric Tashman, to execute the Audit Engagement Letter for the June 30, 2015, Financial Statement Audit.

1506.4.8 **Acceptance of Staff Report on Prepayment of Employer Contributions:** The Board accepted the report on the prepayment of \$155,978,604 in employer contributions for fiscal year 2015-2016.

1506.4.9 **Ratification of Staff's Action to Acquire Fiduciary Liability Insurance:** The Board approved staff's acquisition of fiduciary liability insurance on behalf of the Board for the period 5/27/15 to 5/27/16.

1506.4.10 **Education Provider Approval Requests:** The Board approved the education providers as requested by Trustee Ben Bowler, and approved the education provider and cost reimbursement as requested by Trustee Lauryn Agnew.

1506.5.2 **Consideration and Direction to Milliman, Inc., Regarding Assumptions to be used in the June 30, 2015 Actuarial Valuation:** Nick Collier, of Milliman, Inc., reviewed the assumptions with the Board. No changes were recommended by Milliman, Inc. to any of the assumptions that were used in the last valuation. The Board discussed the report with Mr. Collier and staff; topics discussed included: GASB 67 and 68 impact on net pension liability, accounting of the County's extra contributions, assumption rates and funding status, future changes in the assumption rate, long term stability of the fund, and models of other scenarios.

Action: Mr. Hackleman moved to accept the recommendation, making no changes to the economic and demographic actuarial assumptions to be used in the June 30, 2015 actuarial valuation. The motion was seconded by Mr. Spinello. The motion carried by a vote of 6-1 with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Settles, and Spinello, in favor; with Tashman opposed.

Ms. Settles was excused from the remainder of the meeting at 11:17 a.m.

1506.6.1 **Preliminary Monthly Performance Report for the Period Ending April 30, 2015:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for April 2015 was +1.3%, while the preliminary trailing twelve month return was +7.6% net. This item was informational only and no action was taken.

1506.6.2 **Quarterly Investment Performance Report for the Period Ending March 31, 2015:** Mr. Coultrip introduced the Quarterly Investment Performance Report. Ms. Jadallah and Mr. Brody went over the quarterly report, page by page, reviewing managers' performances and discussing details of the report with the Board. The net 1st quarter total return for the SamCERA portfolio was +2.9%. This item was informational only and no action was taken.

Ms. Agnew adjourned the meeting for lunch at 11:56 a.m. The meeting reconvened at 12:29 p.m. The remaining agenda items were heard by the Board out of order. They were considered in the order they appear below.

- 1506.7.2 **Discussion and Approval of SamCERA 2015-16 Budget:** Ms. Chow presented the FY 2015-16 Budget to the Board and reviewed the changes to the Professional, Administrative and Technology budgets. Two actions were taken on this item.
Action: Ms. Kwan Lloyd moved to approve the appropriation transfer request to move \$18,000 from “Transportation and Lodging” to “Salaries” to cover the shortfall due to the terminal pay remitted to the former CEO. The motion was seconded by Mr. Hackleman and carried with a vote of 6-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Spinello and Tashman all in favor, none opposed.
Action: Mr. Hackleman moved to approve SamCERA’s 2015-16 Budget totaling \$32.4 million. The motion was seconded by Mr. Spinello and carried with a vote of 6-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Spinello and Tashman all in favor, none opposed.
- 1506.6.3 **Approval to Change Parametric’s Emerging Markets Equity Strategy to an Emerging Markets Equity Core Strategy:** Mr. Coultrip discussed the proposed transfer of SamCERA’s investment in the Parametric EM Equity Strategy to the Parametric EM Core Equity Strategy. He explained that although the EM Equity product has performed well over time, the benefits of adding frontier markets do not appear to compensate for the higher fees as compared to the EM Core Equity product.
Action: Mr. Tashman moved to approve the recommendation to transfer in its entirety, SamCERA’s investment (\$70.8 million as of April 30th, 2015) in the Parametric Emerging Markets Equity Fund (Emerging Equity Fund) to the Parametric Emerging Markets Equity Core Fund (Emerging Equity Core Fund). The motion was seconded by Ms. Kwan Lloyd, and carried with a vote of 6-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Spinello and Tashman all in favor, none opposed.
- 1506.6.4 **Approval to Change Western’s Core Plus Bond Strategy to a Total Return Unconstrained (TRU) Strategy:** Mr. Coultrip and Mr. Zhu explained the proposed changes to the Board. They stated that Western Asset’s Total Return Unconstrained strategy (TRU) seeks to provide bond-like risk and return over the long term, and is not managed to a benchmark. The change would allow for asset allocation based on value rather than on the construction of a benchmark. This change would also offer some protection when interest rates rise.
Action: Mr. Tashman moved to approve the recommendation to close the Western Asset Management Core Full Discretion (Core-Plus) separate account, and use the proceeds to invest \$100 million into the Western Total Return Unconstrained (TRU) LLC Fund, and move the remaining balance (approximately \$30 million) to the Pyramis Broad Market Duration fund. The motion was seconded by Mr. Bowler and carried with a vote of 5-0-1, with trustees Agnew, Bowler, Hackleman, Spinello and Tashman all in favor, none opposed. Ms. Kwan Lloyd was out of the room at the time of the vote.
- 1506.6.8 **Approval of Purchase of Alternative Investment (Heard in closed session):** The Board adjourned into Closed Session at 1:15 p.m. to discuss this item. The meeting was reconvened at 1:40 p.m. and Brenda Carlson reported the following action taken by the Board in closed session.
Action: A motion was made and seconded to approve an investment in the amount of \$15 million for Catalyst Capital Fund V. The motion carried with a vote of 5-1, with trustees Bowler, Hackleman, Kwan Lloyd, Spinello, and Tashman, all in favor; and with trustee Agnew opposed.
- Mr. Bowler was excused at 1:40 p.m. for the remainder of the meeting.
- 1506.6.7 **Presentation of Private Equity Semi-Annual Performance Report as of December 31, 2014:** Mr. Shooshani presented the report on private equity and discussed the performance of the investments with the Board. This item was informational and for discussion only. No action was taken.

- 1506.6.5 **Report on the Annual Review of SamCERA's Core Equity Managers:** Ms. Jadallah reported that representatives from Blackrock and D.E. Shaw, met with staff on May 7th for their annual reviews. There were no major concerns identified during either of the reviews. It was noted that Blackrock had reduced fees from 3 basis points to 2. This item was informational and for discussion only. No action was taken.
- 1506.6.6 **Report on Diversifying/Hedge Fund Strategy Short-List Candidate Analysis:** Mr. Coultrip updated the Board on the search for a strategy that would best complement the AQR Delta Strategy in order to reach the target allocation in the hedge fund category. A list of candidates had been narrowed down to three, and questionnaires would be sent to those managers, with an update coming to the Board in August after due diligence. This item was informational and for discussion only. No action was taken.
- 1506.7.1 **Preliminary Financial Report for the Period Ending March 31, 2015:** Ms. Wong reported SamCERA's net position restricted for pension as of March 31, 2015, totaled \$3.47 billion, representing an increase of approximately \$184.5 million, attributed mostly to the employer contribution (prepayment and supplemental) of \$93 million, and market appreciation of assets. This item was informational only and no action was taken.
- 1506.7.4 **Report on SamCERA's Website Redesign:** Digital Deployment, SamCERA's selected vendor for the website redesign gave a demonstration of the new website (still under construction) to the Board. The presentation, given by Mac Clemmens, CEO, Carsen Anthonisen, VP Client Services, and Rocky Martin, Business Development Manager, was helpful to show Board members and staff a preview of the look, feel, and navigation of the new website. The launch is expected in late July. This item was informational only and no action was taken.
- 1506.7.3 **Report on SamCERA's Information Technology Projects:** Mr. Ali reviewed the progress of the various IT related projects, including the Workday integration, Web Member Services, and the Accela Agenda Management software. Will Morrow updated the Board on the PASS project progress. This item was informational only and no action was taken.
- 1506.8.1 **Chief Executive Officer's Report:** Mr. Hood went over the "Day of Meeting" folder contents with the Board calling attention to a sample of a travel request agenda item; as well as updating the Board on the current office space lease. He let the Board know a new trustee handbook was being created, and told them to expect to see a revised Code of Conduct coming before the Board at a future meeting.
- Ms. Kwan Lloyd left the Board room at 3:03 p.m. and was excused for the remainder of the meeting. Ms. Kwan Lloyd's departure resulted in there being no quorum of Board members remaining; and thus the meeting was officially adjourned at 3:03 pm, the time when Ms. Kwan Lloyd exited the meeting. Staff continued to give reports and no other action was taken.
- 1506.8.2 **Assistant Executive Officer's Report:** None.
- 1506.8.3 **Chief Investment Officer's Report:** Mr. Coultrip called the Board's attention to a graph included in the "Day of Meeting" folder comparing the investment plan policy to a 60/40 strategy. He also stated that there would be an education session upcoming on the topic of "Smart BETA." He also noted that Northern Trust would be compiling an "x-ray" report on the equity portfolio to show current factor exposures.
- 1506.8.4 **Chief Legal Counsel's Report:** Ms. Carlson discussed a new pension-related voter initiative submitted to the Secretary of State for a title and summary. She will update the Board of this initiative's progress.

1506.10 **Adjournment:** Ms. Agnew adjourned the meeting at 3:10 p.m. in memory of the following deceased members:

Robberson, Dicksie	April 13, 2015	Social Services
Reed, Robert	April 18, 2015	Sheriff's
Blake, Jo Ella	April 21, 2015	Chope Hospital
Contreras, Antonio	May 2, 2015	Housekeeping
Langley-Waller, Virginia	May 7, 2015	Probation
Newport, Sylvia	May 14, 2015	Long Term Care
Brown, Robert	May 16, 2015	Sheriff's
Cowen, Audrey	May 16, 2015	Recorder

Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Items 4.1- 4.6

To: Board of Retirement

From: Gladys Smith, Assistant Executive Officer



Subject: Approval of Consent Agenda Items 4.1 – 4.6

4.1 Disability Retirements

- a) The Board find that Nichole Guerrero is (1) permanently incapacitated for the performance of her usual and customary duties as a Fiscal Office Specialist, (2) find that her disability was not a result of an injury arising out of and in the course of her employment, (3) deny her application for a service-connected disability retirement, and (4) grant her a non-service-connected disability retirement.

- b) The Board find that Andrea Lopez is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical 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

4.2 Service Retirements

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

Member Name	Effective Retirement Date	Department
Del Rosario, Flordeliza	May 8, 2015	Deferred from Medical Center
Frye, Lisette	May 22, 2015	Deferred from Medical Center
Kiser, Marilee	June 1, 2015	Deferred from Medical Center
Lamarr, Shirley	May 30, 2015	Correctional Health
Quizon, Julie	May 30, 2015	Medical Center
Staples, Suzanne	May 23, 2015	Superior Court
Ward, Linda	May 16, 2015	Medical Center

4.3 Continuances

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

Survivor's Name	Beneficiary of:
Alvarez, Julio	Alvarez, Marita

Contreras, Adela	Contreras, Antonio
------------------	--------------------

4.4 Deferred Retirements

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

Member Name	Retirement Plan Type
Furniss, Christopher	G7 Non Vested - Reciprocity
Girmaldi, Jenna	S5 Non Vested - Reciprocity
Cardona, Sara	P4 Vested - Reciprocity
Heinz, Cristina	G4 Vested
Underwood, Galen	S4 Vested – Auto Defer
Huguet, Ana	G4 Vested – Auto Defer
Cornejo, Maria G.	G4 Vested – Auto Defer
Crosetti, Tiffany	G4 Vested – Auto Defer
Emerson, Diana	3 Vested – Auto Defer
Saenz, Elsa	G4 Non Vested – Reciprocity
Robles, Katalin	G4 Vested – Reciprocity
Jacobs, Andrea	P4 Vested – Reciprocity
Guerrero, Isabel R	3 Vested - Reciprocity

4.5 Member Account Refunds

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

Member Name	Retirement Plan Type
Abad, Jorge	G4, Vested
Almeida, Meredith	G7, Non-vested
Carter, Kenneth	G7, Non-vested
Cleveland, Mitzi	G4, Vested
Icaza, Marisol	G7, Non-vested
Jennings, Trina	G4, Vested
King, Michelle D.	G7, Non-vested
Lucero, Gilbert	G4, G5, Non-vested
Miller, Jerry	G1, Non-vested

Ochoa, Saman	P7, Non-vested
Orellana, Johana	G7, Non-vested
Rizzo, Eileen	G4, Vested
Suruki, Lani	G4, Vested
Tomilloso, Steve	G5, Vested

4.6 Member Account Rollovers


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

Member Name	Retirement Plan Type
Ahmed, Samira	G7, Non-vested
Alarcon, Lance	G7, Non-vested
Brown, Carson	G4, Non-vested
Chock, Paul	G4, Non-vested
Hutton, Lynn	G7, Non-vested
Montgomery, Linda	G4, Vested
Sakuma, Jonathan	S5, Non-vested

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 4.7

TO: Board of Retirement

FROM: Albert David, Assistant Executive Officer
SUBJECT: Questions for Annual Review of Milliman Inc.

Staff Recommendation

Approve staff's proposed "Questions for Annual Actuarial Consultant Evaluation."

Discussion

The Board's annual review of SamCERA's actuary is scheduled for its September 29, 2015 meeting. Prior to that meeting, staff will submit the attached questions to Milliman and provide the responses to the Board in the agenda packet. The proposed questions are the same as those used in prior reviews.

An additional part of the annual review will be the result of a survey of trustees, staff and actuary regarding the performance of the actuarial firm. Similar to last year, this year's survey will be in electronic form. Each Board member will receive an email with a link to complete the survey. If a Board member prefers a hard copy of the survey, please let us know. The survey results will be included in the September agenda packet.

Attachment

Staff's proposed "Questions for Annual Actuarial Consultant Evaluation."

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Questions for Annual Actuarial Consultant Evaluation

Fiscal Year 2014-15

Organizational Update

- 1) What is the ownership structure of your firm? Identify all owners with 5% ownership or more.
- 2) Provide an update on your firm's organization, with particular emphasis on (a) changes to your management structure over the past eighteen months, and (b) clients gained or lost in the past eighteen months. All significant changes should be accompanied by an explanation. An organizational chart should accompany this response.
- 3) Provide a list of services available through your firm, including the number of staff supporting those services.
- 4) What are your firm's philosophy and current policy regarding new business?
- 5) Specify separately the individuals (up to five) 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) Update all significant personnel changes or expected changes to the "SamCERA Team".
- 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?
- 8) Has an actuarial audit been performed on any of your firm's actuarial products in the past eighteen months? If yes, discuss the audit and the findings. Any material findings or recommendations must be accompanied by an explanation.
- 9) Describe the levels of insurance coverage maintained by your firm. E-mail a current certification of insurance to tchow@samera.org.
- 10) Do you have a written policy on ethics? If so, please e-mail the policy to tchow@samera.org.
- 11) Describe the relative strength and longevity of your staff. Are any of your operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted.
- 12) 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?
- 13) Provide an overview of your firm's business continuity plan.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Actuarial Process

- 14) Provide a description, in detail, of your actuarial process.
- 15) Describe your peer review procedures in detail.
- 16) Does your firm engage in peer review with other actuarial firms?

Outlook

- 17) What issues are other clients concerned with in regards to products, services, education and governance?
- 18) Describe your assessment of the relationship between your firm and *SamCERA*. How can *SamCERA* better assist you in accomplishing the goals it has established for your firm? How can we better utilize your firm's capabilities?
- 19) What is your firm's experience regarding implementation of the enacted changes in GASB 67 and 68 accounting standards relative to the pension industry? Please list and discuss any proposal for *SamCERA* to consider.

Conclusion

- 20) Is there any information that would be timely pursuant to *SamCERA's* contract and this annual review?
- 21) Are your clients making significant changes in their asset mixes or economic and non-economic assumptions or other structural changes to the actuarial overview of their plans? Describe these changes.
- 22) What actuarial related changes should *SamCERA* consider?
- 23) Relative to your expertise, what trends are occurring in the retirement industry that *SamCERA* should be tracking?

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 4.8

To: Board of Retirement

From: Tat-Ling Chow, Finance Officer



Subject: Approval of Questions for the Annual Evaluation of SamCERA's Independent Auditor – Brown Armstrong Accountancy Corporation

Staff Recommendation

Staff recommends the Board review and approve the questions in the attached document, *Questions for the Annual Evaluation of SamCERA's Independent Auditor*.

Discussion

As part of the annual evaluation, staff will provide the attached document to SamCERA's independent financial auditor before the Board meeting in October. An online survey will also be distributed to SamCERA's trustees, staff, and auditor to obtain input for the audit team's performance. A hard copy of the survey is available upon request.

After gathering responses from key stakeholders, staff will share the results with Board members during the Board meeting in October.

Attachment

Questions for the Annual Evaluation of SamCERA's Independent Financial Auditor

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Questions for the Annual Evaluation of SamCERA's Independent Auditor - Fiscal Year 2014-15

A. Organizational Update

- 1) What is the ownership structure of your firm? List all owners with 5% ownership or more.
- 2) Are there any significant changes in the past eighteen months (a) to your management structure and (b) to the number of your public clients? Provide an up-to-date organization chart and explain all significant changes.
- 3) What are the types of services provided by your firm? How many staff are in each type of these services?
- 4) What is your firm's philosophy in taking new clients?
- 5) Who are the top five key personnel in your firm contributing to your firm's success?
- 6) Are there any significant personnel changes to the SamCERA audit team since the prior year's audit?
- 7) Has your firm or any of your employees been involved in regulatory or litigation actions in the past eighteen months?
- 8) Has a peer review been performed on any of your firm's audit products in the past three years? If yes, e-mail the latest peer review report to tchow@samcera.org.
- 9) Has your firm maintained a valid insurance coverage? If yes, e-mail the current certification of insurance to tchow@samcera.org.
- 10) Does your firm have any written policy on ethics? If yes, please e-mail the policy to tchow@samcera.org.
- 11) What are the strengths and longevity of the SamCERA audit team?
- 12) Are any of your operations outsourced? If yes, provide details regarding the firm(s) with which your firm has contracted.
- 13) What are your mission critical systems? When were these systems implemented and when were they last upgraded? Has your firm encountered any problems with these systems in the past eighteen months? Does your firm anticipate any changes to these systems in the next eighteen months?
- 14) Does your firm have a business continuity plan? If yes, e-mail a copy of your business continuity plan to tchow@samcera.org.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

B. Audit Process

- 15) What are the key components of your audit process?
- 16) What are the key procedures your firm use to assure SamCERA is in compliance with applicable regulations and professional standards?
- 17) Is your firm's system of quality control designed to consistently deliver quality audits in a dynamic and evolving environment? How does your firm's system of quality control works?
- 18) How would your firm convey information that has value to key stakeholders?

C. Outlook

- 19) How would your firm describe your relationship with SamCERA?
- 20) How can SamCERA better prepare for the annual audit?
- 21) How can SamCERA better utilize your firm's capabilities?
- 22) What audit related changes should SamCERA consider?
- 23) Is there any information that could be timely delivered to key stakeholders pursuant to SamCERA's contract?
- 24) What is your firm's experience regarding implementation of new accounting and financial reporting standards prescribed by Governmental Accounting Standards Board?
- 25) What issues are other clients concerned with in regard to products, services, education, and governance?
- 26) What trends are occurring in the retirement industry that SamCERA should be tracking?
- 27) Are your clients making significant changes in their asset mixes or economic and non-economic assumptions? Describe these changes.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Consent Agenda Item 4.9

TO: Board of Retirement

FROM: Doris Ng, Retirement Investment Analyst 

SUBJECT: Semi-Annual Compliance Certification Statements for Period Ended June 30, 2015

Staff Recommendation

Accept the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers, as of June 30, 2015.

Background

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

Discussion

The attached Compliance Certification Statements report that SamCERA's investment managers are in compliance with SamCERA's Investment Policy as of June 30, 2015. No firm reported significant developments in portfolio construction, investment approach, firm ownership or organizational structure. Nor were there any notable issues regarding industry or regulatory actions that impact SamCERA. The managers were also requested to provide data regarding the characteristics and composition of each of their portfolios. No prominent issues were identified during the review. Any items that raise concern will be brought to the manager's attention and will be thoroughly vetted by staff.

Please note that the Compliance Certification Statement for Franklin Templeton was not received in time to be included in the mailing, but it will be included in the day-of folder for the July meeting or in the August board packet should it arrive after the Board meeting.

Attachments

Compliance Certification Statement Matrix 06-2015

Compliance Certification Statements (19)

- A. Domestic Equity: Barrow Hanley, BlackRock, Brown Advisory, Chartwell, DE Shaw, The Boston Company
- B. International Equity - Developed: Baillie Gifford, BlackRock, Mondrian, Pyramis
- C. Emerging Market Equity: Eaton Vance Parametric

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

- D. Domestic Fixed Income: Angelo Gordon OWL, Angelo Gordon STAR, Brigade, Brown Brothers Harriman, Pyramis, Western
- E. Real Estate: INVESCO
- F. Cash Overlay: The Clifton Group

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Domestic Equity					
Barrow Hanley		New equity analyst hire - Josh Ayers	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 9.81% ADR • 2.8% largest security Capital One Financial Corp • 13.7% largest industry Banks • 11% International
BlackRock S&P		4/20/2015-BlackRock Advisors, LLC paid \$12m SEC settlement related to monitoring PM's outside business activity	No Concerns	No Concerns	<ul style="list-style-type: none"> • 3.9% Apple <u>Industry Exposure>15%:</u> Info Tech 19.5%, Financials 16.6%, Health Care 15.4%
Brown Advisory		Jan 2015-Highmount Capital (indep IA serves private clients) joined Brown Advisory. No impact to inst clients.	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 4.28% Amazon • 7.37% Internet & Catalog Retail
Chartwell		Eff 7/1/15, changed from Pennsylvania corporation to LLC for tax reasons. No impact to clients.	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 2.1% ADR • 4.1% MGIC Invmnt Corp • 8.25% Medical Specialties

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
DE Shaw		<p>April 2015-Hillspire, LLC acquired 20% non-voting stake in DESIM's parent co.</p> <p>July 2015-DESIM spun-off subst portion of its back- and middle-office tech platform to Arcesium, a new co. majority -owned by DESIM & minority-owned by Blackstone Alternative Asset Mgmt.</p> <p>July 2015-Trey Beck, MD of DESCO LP and mbr of DESIM's exec comm, retired.</p>	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 3.75% Apple • -0.7% Small-Cap exposure • 6.6% Pharmaceuticals
The Boston Company		<p>Eff 10/1/14, Adam Joffe (former Director of Alternatives & CAO) replaced Joseph Gennaco, who moved to new senior role @ parent company BNY Mellon</p>	Not Applicable	<p>SamCERA has higher fee schedule. Othr inst clients' invmnt predate SamCERA's or higher AUM.</p>	<ul style="list-style-type: none"> • 2.5% Synovus Financial Corp • 17.89% Regional Banks

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
International Equity - Developed					
Baillie Gifford		<u>Subsidiary Changes</u> Baillie Gifford Funds Srvcs LLC (BGFS)- underwriter & distributor of BG Funds in US commenced on 3/2/2015. Baillie Gifford Asia (Hong Kong) Ltd set-up in 4/2015, not commenced business.	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 2.87% US listed equities • 10.8% ADRs and GDRs • 19.33% Emerging Markets
BlackRock EAFE		See BlackRock S&P 500 above	No Concerns	No Concerns	<ul style="list-style-type: none"> • 0.53% ADRs
Mondrian		No Concerns	Limited to forward currency contracts for defensive hedging, traded via Northern Trust	No Concerns	<ul style="list-style-type: none"> • 19.71% Emerging Markets (MIP Ltd Prtnshp) • 1.52% ADRs
Pyramis International Small Cap		Jan 2015-Jeff Lagarce succeeded Michael Jones as President. Ian Baker succeeded Andy Matteis (retired) as Head of Fundam & Quant Rsrch	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 22.1% Emerging Markets

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Emerging Market Equity					
Eaton Vance Parametric		4/17/2015-Deborah Lamb, CCO left co. Christine Smith (25 yrs as CAO) appointed interim CCO.	Largest counterparty HSBC Bank PLC \$17.4m or 0.77% of portfolio	No Concerns	<ul style="list-style-type: none"> • 5.99% ADRS/ 2.24% GDRs • 17.31% Frontier Markets • 33.63% Non-Bnmrk holdings
Domestic Fixed Income					
Angelo Gordon OWL		<u>Planned Transitions</u> 1.Adam Freedman named CCO 2.Forest Wolfe General Counsel 3.Jeffrey Friedenber Head of Legal & Compl Europe & Asia 4.Frank Stadelmaier succeeded Joe Wechselblatt (retired) as CFO	Largest counterparty: swaption w/ JP Morgan Chase Bank \$881,720	No Concerns	<ul style="list-style-type: none"> • 8 bond issues each >5% • 23% Rule 144A securities • 87% in RMBS

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Angelo Gordon STAR		See changes above in AG OWL Fund	Largest counterparty exposure: Interest Rate Swap w/ JP Morgan Securities LLC (\$864,632)	No Concerns	<ul style="list-style-type: none"> • 6.44% largest single bond holding • 9.63% Rule 144A securities • 42.83% CMBS • 37.15% RMBS
Brigade		Jan 2015-closed Brigade Capital Switz AG. Brigade Capital UK LLP regist as IA w/ SEC & commodity trading advisor w/ CFTC.	60.5% Total exposure to GS: 52% as primary custodian, 8.2% as prime broker	No Concerns	<ul style="list-style-type: none"> • -5.92% derivatives • -0.04% structured credit • 27.61% Rule 144A securities
Brown Brothers Harriman		Per SamCera's request, duration hedge relative duration variance ~2.5-3 years. The size of hedge is unique to SamCERA.	Added new counterparty, Numis Securities but N/A to SamCERA acct	No Concerns	Horizon analysis testing available upon request
Pyramis Bonds		Jan 2015-Jeff Lagarce succeeded Michael Jones as President. Tim Huyck succeeded Bob Litterst as CIO of MMkts. Bob Brown head of Inst Fixed Income.	No Concerns	No Concerns	<ul style="list-style-type: none"> • 0.6% below invmnt grade (invmnt grade at purchase) • 5% in Rule 144A securities

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Western		3/10/15-Michael Buchanan promoted to deputy CIO. 5/4/15-Jennifer Murphy COO. 4/2015-Marzo Bernardi transition to Director of Glb Client Srvc & Mrkting, replace James Flick (retire 5/2016).	<ul style="list-style-type: none"> • Largest counterparty expos: 1.78% BofA \$2,343,561.19 MV • Ltd Alloc Deriv 1.8% (related monthly VAR 99% = 0.26% of portfolio MV) 	No Concerns	<ul style="list-style-type: none"> • -4.17% Cash & Equiv • 16.31% Rule 144A securities • 8.05% below invmnt grade
Global Fixed Income					
Franklin Templeton	Pending as 6/30/15 data not available until late July.				
Real Estate					
Invesco		No Concerns	No Concerns	No Concerns	No Concerns
Cash Overlay					

Compliance Certification Statement Matrix – June 30, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
The Clifton Group (Parametric)		No Concerns	No Concerns	No Concerns	No Concerns

20 Total

19 Completed

1 Pending

Barrow Hanley Diversified Large Cap Value – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

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

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes**/ **No**
 - b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes**/ **No: Please explain.**
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / **No**

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes**/ **No**
 - b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ **No: Please explain.**
6. Is individual counter-party exposure well diversified? **Yes**/ **No: Please explain.**
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - b) Please specify the name of the counter-party and the amount of exposure.
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

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

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
 Yes / **No: Please explain.**

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? **Yes: Please explain.** / **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? **Yes** / **No**
- a) If **Yes**, do the investments comply with the policies? **Yes** / **No: Please explain.**

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities
At June 30, 2015, the portfolio held the following:

<i>Common Stock</i>	<i>98.5%</i>
<i>Preferred Stock</i>	<i>0.0%</i>
<i>Convertible Securities</i>	<i>0.0%</i>
<i>Cash & Equivalents</i>	<i>1.5%</i>

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

At June 30, 2015, the firm's allocation within equities is below:

<i>Large-Cap</i>	<i>73%</i>
<i>Mid-Cap</i>	<i>12%</i>
<i>Small-Cap</i>	<i>4%</i>
<i>International*</i>	<i>11%</i>

*Includes Global & Emerging Markets

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

At June 30, 2015, the portfolio held 9.81% ADR's and none were 144a securities. (Cash positions are not used in the calculation.)

4. Does the portfolio invest in emerging and/or frontier markets? **Yes** / **No**
- a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.
5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.
- At June 30, 2015, the largest security holding was Capital One Financial Corp. with a weighting of 2.8%. (Cash positions are not used in the calculation.)

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

BHMS uses the GICS classification system for our portfolio analysis. At June 30, 2015, the largest industry weighting was Banks, which held a 13.7% weighting. (Cash positions are not used in the calculation.)

Signed by: *Patricia B. Andrews*
Title: Chief Compliance and Risk Officer
Dated: July 10, 2015
Name of Firm: Barrow, Hanley, Mewhinney & Strauss LLC

BlackRock S&P 500 Index – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Yes: Please explain. / **No**

There have not been any significant changes in firm ownership, portfolio developments or personnel since the last compliance certification statement issued December 2014.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

As a global investment manager, BlackRock Inc., and its various subsidiaries including BlackRock Institutional Trust Company, N.A. ("BTC"), may be subject to regulatory oversight in numerous jurisdictions, including examinations and various requests for information. BTC's regulators routinely provide it with comment letters at the conclusion of these examinations in which they request that BTC correct or modify certain of its practices. In all such instances, BTC has addressed, or is working to address, these requests to ensure that it continues to operate in compliance with applicable laws, statutes and regulations.

BTC also receives subpoenas or requests for information in connection with regulatory inquiries and/or investigations by its various regulators, some of which are ongoing. None of these matters has had or is expected to have any adverse impact on BTC's ability to manage its clients' assets. Please refer to BlackRock's Form ADV and SEC disclosures for additional information on regulatory matters concerning BTC or BlackRock as a whole. The recent fines related to BlackRock Inc. or BTC's investment advisory responsibilities include the following:

On 20 April 2015, BlackRock Advisors, LLC ("BAL") reached a settlement with the Securities and Exchange Commission ("SEC") regarding BlackRock's handling of a former portfolio manager's personal investments and involvement in a family business, Rice Energy LP and related entities. As part of the settlement, BAL agreed to pay a \$12 million penalty and will also retain an independent compliance consultant to review BlackRock's policies and procedures regarding the outside activities of BlackRock's employees. There was neither an allegation by the SEC of any loss to any BlackRock investors, nor did this settlement have any adverse impact on BlackRock's ability to manage its clients' funds.

In the past years, BlackRock has acquired organizations that provide investment-related services, including, but not limited to, State Street Research & Management Company, Merrill Lynch Investment Managers, the fund of funds business of Quellos Group, LLC, and Barclays Global Investors. This response does not address any regulatory matters that arose out of conduct within the acquired organizations prior to their acquisition by BlackRock. It also does not address any regulatory matters unrelated to BlackRock or BTC's investment management responsibilities.

4. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?
 Yes / **No: Please explain.**

Voting is carried out in accordance with our market-specific voting guidelines, which are available on our at <http://www.blackrock.com/corporate/en-gb/about-us/responsible-investment>

In all situations the economic interests of our clients will be paramount.

5. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

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

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.

Derivatives are not used in any speculative or arbitrage capacity, but only to equitize cash.

Sector, industry and security weightings match that of the benchmark as closely as practicable. While we seek to remain fully invested, a small amount of spendable cash is retained to minimize trading and transactions costs. Skillful cash management and cash equitization are critical to minimizing the potential impact of cash drag and ensure tight tracking to the benchmark. Exchange-traded futures are employed to equitize cash flows generated from daily participant activity, dividends, interest received and other cash flows associated with securities in the portfolio. Specifically, futures contracts are purchased to provide immediate market exposure proportionate to cash accruals and investable cash within the portfolio.

2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / **No: Please explain.**

No non-exchange traded derivatives are used in this Fund

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

Yes / No

N/A

If **Yes**:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: **Please explain.**

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

Yes / No

N/A

If **Yes**:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: **Please explain.**

5. Is individual counter-party exposure well diversified? Yes/ No: **Please explain.**

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

N/A

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.

N/A

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

E-mini S&P 500 futures are the preferred contract used to equitize cash flows generated from daily participant activity, dividends, interest received and other cash flows associated with securities in the portfolio because of their volume, liquidity, flexibility and risk control.

The mini S&P 500 futures are very liquid, with approximately 1 million to 3 million contracts changing hands on the market each day.

Transactions in futures contracts involve certain risks and transaction costs, including: investment risk, imperfect correlation between the price of the futures contract and movements in the price of the

underlying index, the possible absence of a liquid secondary market for any particular instrument, the risk of default of the counterparty, the clearing member, the guaranteeing agent, or fellow customers of a clearing member, and restrictions on trading imposed by futures exchanges due to price volatility. Futures contracts involve the posting of margin deposits, and movement in the underlying index or asset may result in calls for additional payments of cash. The need to make such additional payments could require a Fund or Account to liquidate securities at a disadvantageous time.

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**

Domestic Equity Portfolios (Large, Mid & Small)

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

<i>Common Stock</i>	<i>99.15%</i>
<i>Preferred Stock</i>	<i>0%</i>
<i>Convertible Securities</i>	<i>0%</i>
<i>Cash & Equivalents</i>	<i>0.85%</i>

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

<i>Large-Cap*</i>	<i>99.86%</i>
<i>Mid-Cap</i>	<i>0.14%</i>
<i>Small-Cap</i>	<i>0%</i>

*defining large cap as float-adjusted market cap of at least \$4 billion and mid-cap as \$1 billion to \$4 billion

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

0%

4. Does the portfolio invest in emerging and/or frontier markets? **Yes** / **No**

a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

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

Apple 3.9%

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

Information Technology 19.5%

Financials 16.6%

Health Care 15.4%

Signed by: Samantha Taylor

Dated: July 10, 2015

Name of Firm: BlackRock

Brown Advisory Large Cap Growth – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
 Yes / **No: Please explain.**
3. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**

Highmount Capital, an independent investment advisor serving private clients, joined Brown Advisory in January 2015. Highmount Capital has offices in New York and Boston, and manages more than \$2 billion in assets for families and individuals. All 34 Highmount Capital professionals have joined Brown Advisory. Importantly, though, for our institutional clients like SamCERA this does not represent a change to our institutional investment management business, personnel or our investment strategies.

4. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
5. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
6. Have there have been any industry or regulatory disciplinary actions taken against the firm?
There have been no industry or regulatory disciplinary actions taken against Brown Advisory LLC.
 Yes: Please explain. / **No**

7. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
8. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
 Yes / **No: Please explain.**
9. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

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

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes**/ **No**

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

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
 Yes / **No: Please explain.**
2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? **Yes: Please explain.** / **No**
1. Does the firm directly invest in short term fixed income investments? **Yes** / **No**
 - a) If **Yes**, do the investments comply with the policies? **Yes** / **No: Please explain.**

Domestic Equity Portfolios (Large, Mid & Small)

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

<i>Common Stock</i>	95.9%
<i>Preferred Stock</i>	%
<i>Convertible Securities</i>	%
<i>Cash & Equivalents</i>	4.1%

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

<i>Large-Cap</i>	88.94%
<i>Mid-Cap</i>	11.06%
<i>Small-Cap</i>	0%

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). **0.00% - there are no ADRs currently in the portfolio.** Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.
4. Does the portfolio invest in emerging and/or frontier markets? **Yes** / **No**
 - a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.
5. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. **Amazon.com, Inc. – 4.28%** If any securities were above 5% at the time of purchase, please list and explain why.

6. What is the largest percentage of the portfolio represented by a single industry? **Internet & Catalog Retail 7.37%**. Please specify all industries above 15% - none.

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

Signed by:



Brett D. Rogers

General Counsel & Chief Compliance Officer

Dated: July 10, 2015

Name of Firm: Brown Advisory LLC

Chartwell Investment Partners Small Cap Growth – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**
Effective 7/1/15, Chartwell's organizational structure changed from a Pennsylvania corporation to a Pennsylvania Limited Liability Company "LLC". This modification is a complete non-event from our clients' perspective and strictly for tax purposes only. Notification of this change was sent on 6/30/15 to Michael Coultrip and Strategic Investment Solutions.
3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
6. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
7. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
 Yes / **No: Please explain.**
8. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / No

Derivative Investments

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

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: Please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / No

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: Please explain.
6. Is individual counter-party exposure well diversified? Yes/ No: Please explain.
- a) What is the largest exposure to a single counter-party within the portfolio?
- b) Please specify the name of the counter-party and the amount of exposure.
- c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

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

Investment Manager Guidelines

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

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes / No
The portfolio's custodian, Northern Trust Company invests the cash in their money market fund as instructed by San Mateo County.
- a) If Yes, do the investments comply with the policies? Yes / No: Please explain.

Domestic Equity Portfolios (Large, Mid & Small)

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

<i>Common Stock</i>	98.87%
<i>Preferred Stock</i>	%
<i>Convertible Securities</i>	%
<i>Cash & Equivalents</i>	1.13%

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

<i>Large-Cap</i>	%
<i>Mid-Cap</i>	%
<i>Small-Cap</i>	99%

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

The percentage of the portfolio invested in ADR's is 2.1%. There are no 144A securities in the portfolio.

4. Does the portfolio invest in emerging and/or frontier markets? Yes / No

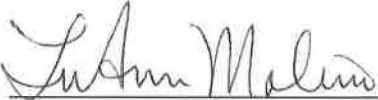
a) If Yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

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

The largest percentage of the portfolio represented by a single security is 4.1% in MGIC Investment Corporation.

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

The largest percentage of the portfolio represented by a single industry is 8.25% in Medical Specialties.

Signed by: 
LuAnn Molino, Chief Compliance Officer

Dated: 7/6/15

Name of Firm: Chartwell Investment Partners, LLC

D. E. Shaw Investment Management, L.L.C.
As of July 10, 2015

DE Shaw Broad Market Core Alpha Extension – June 30, 2015

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Yes: Please explain. / **No**

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

DESIM experienced the following changes as of the dates indicated:

As previously communicated to you, in April 2015, Hillspire, LLC (the family office that serves as the investment vehicle for Google Executive Chairman Eric Schmidt and his family) acquired Lehman Brothers Holdings Inc.'s entire 20% non-voting stake in D. E. Shaw & Co., L.P. ("DESCO LP"), DESIM's parent entity.

In July 2015, the D. E. Shaw group spun off a substantial portion of its back- and middle-office technology platform, along with related personnel, into a new, independently operated company named Arcesium, LLC ("Arcesium"). The D. E. Shaw group is Arcesium's majority owner, and Blackstone Alternative Asset Management, a unit of The Blackstone Group L.P., owns a minority stake. DESIM does not expect that the quality of support received by DESIM's funds and separate accounts will change as a result of the launch of Arcesium.

Also in July 2015, Trey Beck, a managing director of DESCO LP and a member of DESIM's Executive Committee, retired from the financial industry. Mr. Beck has not been, nor is he expected to be, replaced on DESIM's Executive Committee. The other members of that committee, Anne Dinning, Philip Kearns, and Christopher Zaback, continue to serve in their current roles.

Among the senior investment professionals, which DESIM defines as individuals with the title of senior vice president or higher, who support its Structured Equity strategies, DESIM experienced one addition and one departure since DESIM last completed this Compliance Certification.

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

Yes: Please explain. / **No**

There have been no material changes to DESIM's Structured Equity investment process since DESIM last completed this Compliance Certification. However, it's important to note that the D. E. Shaw group's centralized equity research effort has, over time, produced certain incremental changes to the Structured Equity strategies' implementation. As an example of this evolutionary process, once a quantitative model is added to production trading, it is continually re-evaluated in view of changing market conditions and that model's relationship to other models, whether existing or newly introduced. This evaluation may result in the changing of one or more of that model's parameters over time or, less often, in the removal altogether of the model from the strategy. The D. E. Shaw group expends significant resources in an effort to modify or enhance existing models and to develop models to exploit newly discovered inefficiencies. DESIM believes that this dynamic process of integration, adaptation, and pruning increases portfolio utility over time.

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

Yes: Please explain. / **No**

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

4. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?

Yes / **No: Please explain.**

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

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

Please provide a copy of your firm's proxy policy to Investments@samcera.org.

5. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

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

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

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / **No: Please explain.**
3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?

Yes / No

If **Yes**:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: **Please explain.**

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

Yes / No

If **Yes**:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: **Please explain.**

5. Is individual counter-party exposure well diversified? Yes/ No: **Please explain.**

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

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.

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

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. Yes: **Please explain.** / No

Domestic Equity Portfolios (Large, Mid & Small)

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

As of June 30, 2015, the U.S. Broad Market Core Alpha Extension Fund held the following instruments:

<i>Common Stock</i>	99.84%
<i>Preferred Stock</i>	0%
<i>Convertible Securities</i>	0%
<i>Cash & Equivalents</i>	0.16%

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

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

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

The following table presents certain market-capitalization statistics for the U.S. Broad Market Core Alpha Extension Fund as of June 30, 2015. The figure for "Large-Cap" represents the proportion of the exposure that is greater than or equal to US \$4 billion, the figure for "Mid-Cap" represents the proportion of the exposure that is greater than or equal to US \$2 billion but less than US \$4 billion, and the figure for "Small-Cap" represents the proportion of the exposure that is less than US \$2 billion. All figures are rounded to the nearest tenth of a percentage point.

<i>Large-Cap</i>	95.6%
<i>Mid-Cap</i>	5.1%
<i>Small-Cap</i>	-0.7%

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

As of June 30, 2015, U.S. Broad Market Core Alpha Extension Fund was not invested in any American Depositary Receipts.

4. Does the portfolio invest in emerging and/or frontier markets? Yes / No

a) If Yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

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

As of June 30, 2015, the largest absolute exposure of U.S. Broad Market Core Alpha Extension Fund to a single security was 3.75%.

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

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


As of June 30, 2015, the largest absolute exposure of U.S. Broad Market Core Alpha Extension Fund to a single industry was 6.60% to Pharmaceuticals.

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

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

[SIGNATURE PAGE FOLLOWS]

Signed:
Name and Title:
Dated:
Name of Firm:



Nathan Thomas, Chief Compliance Officer
July 10, 2015
D. E. Shaw Investment Management, L.L.C.

The Boston Company Small Cap Value – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**

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

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

3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
6. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
7. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
 Yes / **No: Please explain.**

8. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

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

Derivative Investments

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

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes** / **No: Please explain.**
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / **No**

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes / **No: Please explain.**

6. Is individual counter-party exposure well diversified? **Yes/** **No: Please explain.**
- What is the largest exposure to a single counter-party within the portfolio?
 - Please specify the name of the counter-party and the amount of exposure.
 - Have there been any changes to the investment manager's list of approved counter-parties over the past six months?
7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? **Yes /** **No: Please explain.**
- Has the firm developed any new purposes for derivative investments? **Yes: Please explain.** / **No**
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.
- State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. **Yes /** **No: Please explain.**
 - State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
 Yes / **No**
- If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? **Yes /** **No: Please explain.**
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? **Yes /** **No: Please explain.**
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**

Investment Manager Guidelines

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

Cash & Equivalents

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

Domestic Equity Portfolios (Large, Mid & Small)

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

<i>Common Stock</i>	<i>99.2%</i>
<i>Preferred Stock</i>	<i>0%</i>
<i>Convertible Securities</i>	<i>0%</i>
<i>Cash & Equivalents</i>	<i>0.8%</i>

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

<i>Large-Cap</i>	<i>0%</i>
<i>Mid-Cap</i>	<i>43.4%</i>
<i>Small-Cap</i>	<i>56.6%</i>

- Specify the percentage of the portfolio that is invested in American Depositary Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why. **NONE**
- Does the portfolio invest in emerging and/or frontier markets? **Yes** / **No**
 - If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets
- What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why. **The largest holding as of June 30, 2015 is 2.50% of the portfolio. No securities were above 5% at the time of purchase.**

6. What is the largest percentage of the portfolio represented by a single industry? Specify the industry and percentage amount. Please specify all industries above 15%. **We do not use NAICS codes. We use GICS for sector and industry. The largest GICS industry as of June 30, 2015 was 17.89% in Regional Banks.**

Signed by: Krisanne Padovani, Compliance Analyst

Dated: July 10, 2015

Name of Firm: The Boston Company Asset Management, LLC

Baillie Gifford Overseas International Growth – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
 Yes / **No: Please explain.**
3. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**

The following subsidiary changes have taken place for Baillie Gifford & Co. in the past 6 months. Appended to this document is our group structure as of June 30, 2015.

Baillie Gifford Funds Services LLC (BGFS), a wholly owned subsidiary of Baillie Gifford Overseas Ltd (BGO) was set-up in the US (incorporated in the State of Delaware) at the beginning of 2014 and commenced business on 2 March 2015. Its primary business is to act as the underwriter and distributor of the BG Funds. It is also responsible for any private placement of pooled investment vehicles to US investors.

BGFS is an appointed representative of BGO for FCA purposes as the day to day management of regulated activities are undertaken from Edinburgh. BGFS does not provide investment management services.

Baillie Gifford Asia (Hong Kong) Limited, a wholly owned subsidiary of Baillie Gifford Overseas Ltd (BGO), was set-up in Hong Kong in April 2015 and has not yet commenced business.

4. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**

5. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
6. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
7. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
 Yes / **No: Please explain.**
8. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
9. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

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

~~If Yes:~~

- ~~a) Do the counter-parties have investment grade debt? **Yes** / **No**~~
- ~~b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes** / **No: Please explain.**~~

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

Yes / No

If Yes:

a) Do the counter parties have investment grade debt? Yes / No

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

Yes / No: Please explain.

6. Is individual counter party exposure well diversified? Yes / No: Please explain.

a) What is the largest exposure to a single counter party within the portfolio?

b) Please specify the name of the counter party and the amount of exposure.

c) Have there been any changes to the investment manager's list of approved counter parties over the past six months?

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

a) Has the firm developed any new purposes for derivative investments? Yes: Please explain. / No

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes / No: Please explain.

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

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

Yes / No

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

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

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

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

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

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

Investment Manager Guidelines

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

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes / No
a) If Yes, do the investments comply with the policies? Yes / No: Please explain.

International Equity Portfolios - Developed

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

<i>Foreign Ordinary Shares*</i>	88.8%
<i>ADR's**</i>	10.8%
<i>Cash & Equivalents (Foreign)</i>	0.09%
<i>Cash & Equivalents (Domestic)</i>	0.38%

* includes US listed equities which account for 2.87% of the portfolio

** includes ADRs and GDRs

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

<i>Large-Cap</i>	48.8%
<i>Mid-Cap</i>	46.1%
<i>Small-Cap</i>	5.1%

Large-Cap comprises stocks with a market cap in excess of US\$15b, mid cap US\$2.5-15b and small cap less than US\$2.5n.

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

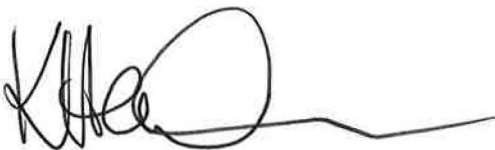
4. Does the portfolio invest in emerging and/or frontier markets? Yes / No

a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

19.33% of the portfolio is invested in emerging markets. There are no direct investments in frontier markets.

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

Signed:

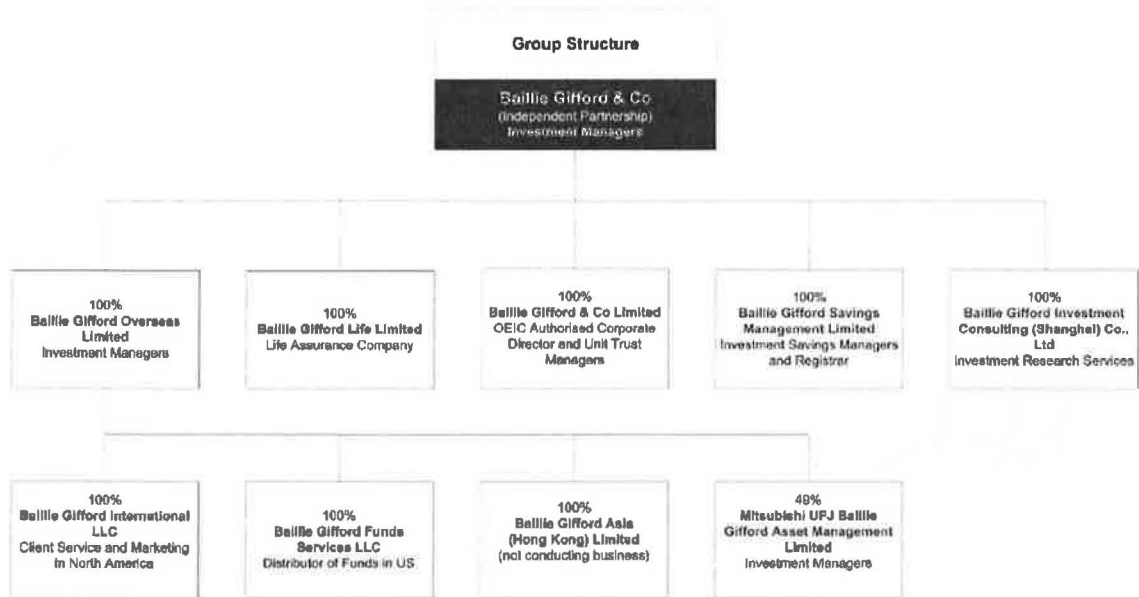
A handwritten signature in black ink, appearing to read 'Kathrin Hamilton', with a long horizontal line extending to the right.

Signed by: Kathrin Hamilton

Dated: July 9, 2015

Name of firm: Baillie Gifford Overseas Ltd

Appendix 1. Baillie Gifford & Co. Group Structure, June 30, 2015



BlackRock EAFE Index – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Yes: Please explain. / **No**

There have not been any significant changes in firm ownership, portfolio developments or personnel since the last compliance certification statement issued December 2014.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

As a global investment manager, BlackRock Inc., and its various subsidiaries including BlackRock Institutional Trust Company, N.A. ("BTC"), may be subject to regulatory oversight in numerous jurisdictions, including examinations and various requests for information. BTC's regulators routinely provide it with comment letters at the conclusion of these examinations in which they request that BTC correct or modify certain of its practices. In all such instances, BTC has addressed, or is working to address, these requests to ensure that it continues to operate in compliance with applicable laws, statutes and regulations.

BTC also receives subpoenas or requests for information in connection with regulatory inquiries and/or investigations by its various regulators, some of which are ongoing. None of these matters has had or is expected to have any adverse impact on BTC's ability to manage its clients' assets. Please refer to BlackRock's Form ADV and SEC disclosures for additional information on regulatory matters concerning BTC or BlackRock as a whole. The recent fines related to BlackRock Inc. or BTC's investment advisory responsibilities include the following:

On 20 April 2015, BlackRock Advisors, LLC ("BAL") reached a settlement with the Securities and Exchange Commission ("SEC") regarding BlackRock's handling of a former portfolio manager's personal investments and involvement in a family business, Rice Energy LP and related entities. As part of the settlement, BAL agreed to pay a \$12 million penalty and will also retain an independent compliance consultant to review BlackRock's policies and procedures regarding the outside activities of BlackRock's employees. There was neither an allegation by the SEC of any loss to any BlackRock investors, nor did this settlement have any adverse impact on BlackRock's ability to manage its clients' funds.

In the past years, BlackRock has acquired organizations that provide investment-related services, including, but not limited to, State Street Research & Management Company, Merrill Lynch Investment Managers, the fund of funds business of Quellos Group, LLC, and Barclays Global Investors. This response does not address any regulatory matters that arose out of conduct within the acquired organizations prior to their acquisition by BlackRock. It also does not address any regulatory matters unrelated to BlackRock or BTC's investment management responsibilities.

4. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?
 Yes / **No: Please explain.**

Voting is carried out in accordance with our market-specific voting guidelines, which are available on our at <http://www.blackrock.com/corporate/en-gb/about-us/responsible-investment>

In all situations the economic interests of our clients will be paramount.

5. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

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

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.

Yes, the Fund holds futures contracts only. The Fund is managed on a fully replicated basis, where a portfolio's exposure to each security in the index is in line with its weight in the underlying index. Futures contracts may be employed to equitize cash flows. These flows are generated from client activity, dividends, interest received and other cash flows associated with securities in the portfolio. Futures contracts are purchased to provide immediate market exposure proportionate to cash accruals and investable cash within the portfolio. The goal is to reduce cash drag that would result from any uninvested cash or accruals in the portfolio. Derivatives are not used in any speculative or arbitrage capacity, but only for cash equitization.

2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / **No: Please explain.**

N/A

3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / **No**

N/A

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes**/ **No**
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes**/ **No: Please explain.**

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

Yes / **No**

N/A

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes**/ **No**
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ **No: Please explain.**

5. Is individual counter-party exposure well diversified? **Yes**/ **No: Please explain.**

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

N/A

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.

N/A

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

Liquidity purposes are among one reason that such index funds hold long positions in futures to invest the dividends or other cash to be received by a Fund or cash positions held by a Fund, in lieu of holding long positions in securities or other assets, or to increase or decrease exposure to a particular commodity or asset class.

Transactions in futures contracts involve certain risks and transaction costs, including: investment risk, imperfect correlation between the price of the futures contract and movements in the price of the underlying index, the possible absence of a liquid secondary market for any particular instrument, the risk of default of the counterparty, the clearing member, the guaranteeing agent, or fellow customers of a clearing member, and restrictions on trading imposed by futures exchanges due to price volatility.

Non-U.S. futures may involve certain risks not applicable to trading U.S. futures, including risks of expropriation, burdensome taxation, moratoriums, and exchange and investment controls. Futures contracts involve the posting of margin deposits, and movement in the underlying index or asset may result in calls for additional payments of cash. The need to make such additional payments could require a Fund or Account to liquidate securities at a disadvantageous time.

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**

No

International Equity Portfolios - Developed

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

<i>Foreign Ordinary Shares</i>	<i>99.46%</i>
<i>ADR's</i>	<i>0.53%%</i>
<i>Cash & Equivalents (Foreign)</i>	<i>%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>.01% (non-equitized)</i>

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

<i>Large-Cap*</i>	<i>94.39%</i>
<i>Mid-Cap</i>	<i>5.6%</i>
<i>Small-Cap</i>	<i>%</i>

*defining large cap as float-adjusted market cap of at least \$4 billion and mid-cap as \$1 billion to \$4 billion

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

Yes. The importance of risk control at BlackRock is one of our greatest competitive advantages. All BlackRock's index strategies utilize risk control at every stage of the investment process, from the creation of expected return forecasts through the portfolio construction and trade execution processes. We pursue the risk control objective by minimizing all investment (and operational) risks that are not associated with added returns.

BlackRock's research and portfolio management teams have extensive background in the development and use of risk models, their construction, behavior, limitations, and appropriate uses, and utilize risk models from Barra. We also use proprietary risk controls in the portfolios when we have identified a source of incidental risk that is not fully addressed by the Barra risk models.

The portfolio managers review exception-based reports for compliance with internal and client guidelines on a daily basis. We use an automated screen, whereby portfolio managers' final trade lists are cross-checked against a database containing fund guidelines and client restrictions on separate accounts prior to being released to the trading room. Duties are segregated and supervision is appropriate to each type of activity. Through these efforts, BlackRock is able to ensure that the portfolio remains risk-controlled, fully invested and positioned at all times to achieve optimal performance.

In addition, all Index portfolios are monitored monthly by an Investment Review Committee (“IRC”). This committee formally reviews portfolio performance and its attribution. The IRC is an internal committee composed of senior management, portfolio managers, performance analysts and risk specialists, who meet monthly to discuss investment policy and other operational issues that relate to the management of our funds. The IRC is responsible for reviewing all BlackRock funds to ensure that they are operating according to their fund mandates. All fund exceptions are reported to the IRC.

Beta Strategies team works closely with RQA to ensure portfolio risks are consistent across mandates and each client’s formal risk guidelines. RQA provides independent risk oversight leveraging BlackRock’s enterprise risk and investment system, Aladdin®. Aladdin integrates fixed income and equity risk analytics with a sophisticated trading platform that supports straight-through processing of investments from trade entry to compliance to operations to administration to reporting.

A team of RQA professionals has specialized knowledge of index equity strategies and works side-by-side with portfolio managers to ensure that all portfolio risks are well understood and appropriately managed. RQA works with portfolio managers on both day-to-day activities and special projects designed to improve our models and practices

4. Does the portfolio invest in emerging and/or frontier markets? Yes / No

a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

Signed by: Samantha Taylor

Dated: July 10, 2015

Name of Firm BlackRock

Mondrian Investment Partners International Value – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**
3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
 Yes / **No: Please explain.**
7. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
8. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / No

In accordance with the terms of Clause 2.2 of the investment management agreement, during the term of the agreement, Mondrian has not agreed to charge any other institutional client an effective fee lower than the fees charged to SamCERA for an account substantially similar to the SamCERA assets in terms of size, investment objectives and guidelines and degree of services provided.

Derivative Investments

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

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: Please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / No

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: Please explain.

6. Is individual counter-party exposure well diversified? Yes/ No: **Please explain.**
The use of derivatives at Mondrian is limited to forward currency contracts for defensive hedging purposes, these contracts are currently traded exclusively through your custodian.
- a) What is the largest exposure to a single counter-party within the portfolio?
No derivatives currently held.
- b) Please specify the name of the counter-party and the amount of exposure.
Not applicable.
- c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months? **No**
7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? Yes / No: **Please explain.**
- a) Has the firm developed any new purposes for derivative investments? Yes: **Please explain.** / No
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.
None held.
- a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes / No: **Please explain.**
- b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
 Yes / No
- a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? Yes / No: **Please explain.**
Not applicable.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? Yes / No: **Please explain.**
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
Not applicable.

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

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

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

Investment Manager Guidelines

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

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? **Yes** / **No**
- a) If **Yes**, do the investments comply with the policies? **Yes** / **No: Please explain.**

International Equity Portfolios - Developed

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

<i>Foreign Ordinary Shares</i>	<i>77.29%</i>
<i>ADR's</i>	<i>1.52%</i>
<i>MIP Limited Partnership</i>	<i>19.71%</i>
<i>Cash & Equivalents (Foreign)</i>	<i>0.56%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>0.92%</i>

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

<i>Large-Cap > 11bn</i>	<i>85.58%</i>
----------------------------	---------------

<i>Mid-Cap 3.5bn – 11bn</i>	<i>10.25%</i>
<i>Small-Cap < 3.5bn</i>	<i>2.38%</i>

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

4. Does the portfolio invest in emerging and/or frontier markets? **Yes** / **No**

a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

19.71% of the portfolio was invested in emerging markets via Mondrian Investment Partners Limited Partnership Units.

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

Whilst the portfolio does utilize currency hedging strategies, there were no open positions at 30 June 2015.

Signed by:

Dated:

Name of Firm:



7 July 2015

Mondrian Investment Partners Limited

Compliance Certification Statement

Select International Small Cap Plus

Firm Name	Pyramis Global Advisors Trust Company (PGATC)
Product Name	Pyramis Select International Small Cap Plus
Asset Class	International Equity
Respondent / Contact	Mark Botelho, Senior Account Executive
Address	900 Salem Street, Smithfield, RI 02917
Telephone	401-292-4688
E-Mail Address	mark.botelho@pyramis.com

GENERAL COMPLIANCE ISSUES

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

As previously mentioned, Jeff Lagarce succeeded Michael Jones as president of Pyramis in January 2015.

Ian Baker assumed the role of head of Fundamental and Quantitative Research in January 2015. Previously the senior vice president of Quantitative Research, Risk Management and Derivatives, Ian succeeded Andy Matteis, head of Fundamental Research, upon his retirement in December 2014.

Private ownership has provided Fidelity with a stable platform to pursue long-term business goals and there are currently no plans to change the ownership structure.

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

No.

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

No.

From time to time, in the normal course of its business, the Firm may receive inquiries (including subpoenas and voluntary requests for information) from regulatory authorities or law enforcement. A regulator may conduct an onsite examination or may commence an investigation.

The Firm does not make public comment about such inquiries, examinations or investigations unless, and until, a regulatory body initiates enforcement proceedings. To the extent the Firm's securities affiliates have been sanctioned, fined, or cited by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), or any other regulatory body, any such sanction, fine or citation has been disclosed in its affiliates' Forms BD and/or Forms ADV in accordance with the requirements of such forms.

4. Have proxy ballots been voted in accordance with the best economic interest of SamCERA?

Yes. All proxies have been answered in a manner consisted with the Pyramis Proxy Voting Guidelines.

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

Yes.

INVESTMENT MANAGEMENT FEES

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

SamCERA's investment management fee schedule is not higher than those charged to other substantially similar institutional clients.

DERIVATIVE INVESTMENTS

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

No. Please SKIP the remaining questions in this section.

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

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

If Yes:

- a) Do the counter-parties have investment grade debt?
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances?

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

If Yes:

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

5. Is individual counter-party exposure well diversified?
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - b) Please specify the name of the counter-party and the amount of exposure.
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?
6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchanged traded derivative positions.
7. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months.

INVESTMENT MANAGER GUIDELINES

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

Yes

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

No.

INTERNATIONAL EQUITY PORTFOLIOS - DEVELOPED

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

Foreign Ordinary Shares	99.0%
ADR's	0.0%
Cash & Equivalents (Foreign)	0.0%
Cash & Equivalents (Domestic)	1.0%

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

The Select International Small Cap Plus portfolio's market capitalization allocation as of June 30, 2015 is provided in the table below. Please note the data provided excludes cash.

	WEIGHT (%)
20b to 50b	0.7
10b to 20b	0.8
5b to 10b	15.4
2b to 5b	38.6
1b to 2b	27.8
0.5b to 1b	11.4
0.2b to 0.5b	3.3
Below 0.2b	0.7

3. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio?

Yes.

4. Does the portfolio invest in emerging and/or frontier markets?


Yes.

i. If Yes, please specify the allocation of the portfolio invested in emerging and/or frontier markets

The portfolio invests in emerging markets. As of June 30, 2015, the portfolio's allocation to emerging markets was 22.1%.

5. Does the portfolio currently employ a currency hedging strategy?

No.

Signed by: 
Dated: 7/8/15
Name of Firm: Pyramis Global Advisors

Eaton Vance Parametric Emerging Markets – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015**.

General Compliance Issues

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

Yes: Please explain. / **No**

Deborah Lamb, Parametric's former Chief Compliance Officer, left the organization on April 17, 2015. We have initiated a search for a new Chief Compliance Officer. In the interim, Christine Smith, Chief Administrative Officer, who has over 25 years of industry experience in investment operations, compliance and risk management will serve as the acting Chief Compliance officer. During this transition, Parametric's compliance personnel will report directly to Ms. Smith and she will work with the seasoned five-member compliance team, which has approximately 48 years of combined industry experience, to maintain compliance excellence that both we and our clients expect of Parametric.

There have been no significant portfolio developments or major changes in firm ownership or organizational structure.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

4. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?

Yes / **No: Please explain.**

Please provide a copy of your firm's proxy policy to Investments@samcera.org.

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

Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / No

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / No: Please explain.
3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / No

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: Please explain.

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

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: Please explain.

5. Is individual counter-party exposure well diversified? Yes/ No: Please explain.
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - b) Please specify the name of the counter-party and the amount of exposure.
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

The largest single counter-party was of June 30, 2015 is HSBC Bank PLC. The amount of exposure was approximately \$17,468,931 USD, which was 0.77% of the portfolio.

There have not been any changes to the list of approved counter-parties over the past six months.

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchanged traded derivative positions.

N/A

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

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

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

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**

Investment Manager Guidelines

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

International Equity Portfolios - Emerging

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

<i>Foreign Ordinary Shares</i>	89.14%
<i>GDRs</i>	2.24%
<i>ADR's</i>	5.99%
<i>Derivatives</i>	1.54%

<i>Cash & Equivalents (Foreign)</i>	<i>0.09%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>1.00%</i>

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

<i>Market Cap (USD X 1,000,000)</i>	<i>Weight</i>
<i>> 50000</i>	<i>5.65%</i>
<i>15000-50000</i>	<i>22.20%</i>
<i>7500-15000</i>	<i>19.67%</i>
<i>1500-7500</i>	<i>36.35%</i>
<i>750-1500</i>	<i>8.54%</i>
<i>400-750</i>	<i>4.24%</i>
<i>0-400</i>	<i>3.37%</i>

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

As of June 30, 2015, the allocation to frontier markets was approximately 17.31%. Non-benchmark holdings comprised approximately 33.63

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

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

Signed by: Christine Smith, Chief Administrative Officer & Chief Compliance Officer

Dated: July 10, 2015

Name of Firm: Parametric Portfolio Associates

Angelo Gordon OWL Fund – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Yes: Please explain. / **No**

- Please note there has been no change in the portfolio management team that oversees SamCERA's investment in AG Securitized Asset Recovery Fund, L.P. Other staff changes in the organization are:

- Adam Freedman has been named Chief Compliance Officer of Angelo, Gordon & Co. Adam was previously the Deputy Compliance Officer.
- Forest Wolfe, our General Counsel, was formerly General Counsel & Chief Compliance Officer.
- Jeffrey Friedenbergl has been named Head of Legal & Compliance, Europe and Asia; Jeff was previously Head of International Compliance.
- Joe Wekselblatt, the firm's Chief Financial Officer, retired in April 2015. Frank Stadelmaier has been named the firm's new Chief Financial Officer. Frank has been with Angelo, Gordon since 2008 and previously held the title of Chief Accounting Officer. Joe will remain with the firm to assist with the transition process.

All changes are planned transitions within the organization.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

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

Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / No

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / No: Please explain.
3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / No

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
 - b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: Please explain.
4. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / No

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
 - b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: Please explain.
5. Is individual counter-party exposure well diversified? Yes/ No: Please explain.
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - a. *Swaption*
 - b) Please specify the name of the counter-party and the amount of exposure.
 - a. *JP Morgan Chase Bank, N.A. - \$881,720*
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?
 - *There have been no changes that would impact AG Opportunistic Whole Loan Fund, L.P.*

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.
 - *Please refer to the attached copy of the firm's Valuation Policy.*

7. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
 - *The fund invests in interest rate swaps which are generally very liquid.*

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**
 - *New regulations that impact the use of derivatives have been proposed or finalized but we do not believe that there has been a material change to legal and regulatory risk.*

Investment Manager Guidelines

1. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? **Yes: Please explain.** / **No**
 - *The fund can use leverage.*

Fixed Income Portfolios

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

<i>Certificates of Deposit</i>	<i>0%</i>
<i>Commercial Paper</i>	<i>0%</i>
<i>Other High Grade Short-term securities</i>	<i>0%</i>
<i>U.S. Government & Agency securities</i>	<i>2%</i>
<i>Corporate Bonds</i>	<i>0%</i>
<i>Mortgage- and asset-backed securities</i>	<i>59%</i>
<i>Yankee bond securities</i>	<i>0%</i>
<i>Mortgage Loans</i>	<i>39%</i>

2. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? **Yes** / **No**

If **Yes**, please specify the bond issue and percentage amount.

BCAT1404	9.28%
BCAT1406T	8.83%
GCAT1412	8.83%
GCAT14X9	7.87%
GCAT1513R	6.09%
GCAT1513S	6.04%
850228A	5.51%
BCAT1406S	5.02%

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

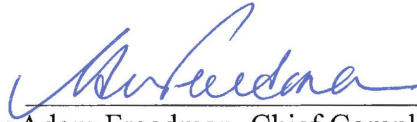
- 23%

4. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. **Yes** / **No**

a) If **Yes**, please specify the name of the industry and percentage amount.

- a. *RMBS* – 87%

Signed by:



Name & Title: Adam Freedman, Chief Compliance Officer

Dated: July 10, 2015

Name of Firm: Angelo, Gordon & Co.

Angelo Gordon STAR Fund – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

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

Yes: Please explain. / **No**

- Please note there has been no change in the portfolio management team that oversees SamCERA's investment in AG Securitized Asset Recovery Fund, L.P. Other staff changes in the organization are:

- Adam Freedman has been named Chief Compliance Officer of Angelo, Gordon & Co. Adam was previously the Deputy Compliance Officer.
- Forest Wolfe, our General Counsel, was formerly General Counsel & Chief Compliance Officer.
- Jeffrey Friedenberg has been named Head of Legal & Compliance, Europe and Asia; Jeff was previously Head of International Compliance.
- Joe Wekselblatt, the firm's Chief Financial Officer, retired in April 2015. Frank Stadelmaier has been named the firm's new Chief Financial Officer. Frank has been with Angelo, Gordon since 2008 and previously held the title of Chief Accounting Officer. Joe will remain with the firm to assist with the transition process.

All changes are planned transitions within the organization.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

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

Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / **No: Please explain.**
3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / **No**

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes** / **No: Please explain.**

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

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes / **No: Please explain.**

5. Is individual counter-party exposure well diversified? **Yes** / **No: Please explain.**
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - *Interest Rate Swap*
 - b) Please specify the name of the counter-party and the amount of exposure.
 - *J.P. Morgan Securities LLC - \$(864,632)*
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?
 - *Yes, please see below:*

AG Securitized Asset Recovery Fund, L.P	Goldman Sachs Bank USA	2/2/2015	SFMRA with both GS Bank and GS & Co signing the same document
AG Securitized Asset Recovery Fund, L.P	Goldman, Sachs & Co.	2/2/2015	SFMRA with both GS Bank and GS & Co signing the same document
AG Securitized Asset Recovery Fund, L.P	UBS AG, London Branch	4/21/2015	GMRA

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.
- Please refer to the attached copy of the Firm's Valuation Policy.*
7. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
- The fund invests in interest rate swaps which are generally very liquid.*
8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. **Yes: Please explain.** / **No**
- New regulations that impact the use of derivatives have been proposed or finalized but we do not believe that there has been a material change to legal and regulatory risk.*

Investment Manager Guidelines

1. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? **Yes: Please explain.** / **No**
- The fund can use leverage.*

Fixed Income Portfolios

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

<i>Certificates of Deposit</i>	<i>0%</i>
<i>Commercial Paper</i>	<i>0%</i>
<i>Other High Grade Short-term securities</i>	<i>0%</i>
<i>U.S. Government & Agency securities</i>	<i>1%</i>
<i>Corporate Bonds</i>	<i>0%</i>
<i>Mortgage- and asset-backed securities</i>	<i>75%</i>
<i>Yankee bond securities</i>	<i>0%</i>
<i>Mortgage Loans</i>	<i>24%</i>

Percentages provided in the above chart are approximates

2. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? Yes / No

a) If **Yes**, please specify the bond issue and percentage amount.

- 850228A – 6.44%

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

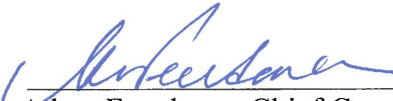
- 9.63%

4. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. Yes / No

a) If **Yes**, please specify the name of the industry and percentage amount.

CMBS	42.83%
RMBS	37.15%

Signed by:

Name & Title:  Adam Freedman, Chief Compliance Officer

Dated: July 10, 2015

Name of Firm: Angelo, Gordon & Co.

Brigade Capital Management Opportunistic Credit – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015**.

General Compliance Issues

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

Yes: Please explain. / **No**

Please note that Brigade Capital Switzerland AG (a wholly-owned subsidiary of Brigade Capital Management, LP ("Brigade") located in Zurich, Switzerland) ceased operations as of the end of January 2015 and accordingly withdrew its registration as an investment adviser with the SEC and deregistered with VQF Financial Services Standards Association, a self-regulatory organization in Switzerland, in February 2015.

In January 2015, Brigade Capital UK LLP (a controlled affiliate of Brigade which operates out of London, UK) registered as an investment adviser with the SEC and as a commodity trading adviser with the CFTC; and, in addition to provision of research, marketing and investment advisory services to Brigade, such entity now exercises discretionary trading authority with respect to certain advisory clients of Brigade from time to time to the extent such trading authority is delegated to it by Brigade and/or such advisory clients, as applicable. Brigade Capital UK LLP is authorized and regulated by the Financial Conduct Authority (FCA), a financial regulatory body in the UK.

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

Yes: Please explain. / **No**

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

Yes: Please explain. / **No**

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

Yes / **No: Please explain.**

Investment Management Fees

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

Yes: Please explain. / **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / **No: Please explain.**
3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / **No**

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes/** **No**
 - b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes/** **No: Please explain.**
4. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / **No**

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes/** **No**
 - b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ **No: Please explain.**
5. Is individual counter-party exposure well diversified? **Yes/** **No: Please explain.**
 - a) What is the largest exposure to a single counter-party within the portfolio?
 - b) Please specify the name of the counter-party and the amount of exposure.
 - c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

As of June 30, 2015, the portfolio had 52% exposure to Goldman Sachs, which acts as the portfolio's primary custodian. In addition, the portfolio had 8.2% exposure to Goldman Sachs, which also acts as a prime broker. Total exposure to Goldman Sachs as of June 30, 2015 was 60.5%. During the past month, the firm did not enter into any new prime brokerage or ISDA relationship on behalf of the portfolio. However, please note that executing brokers are added and/or removed on an on-going basis.

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.

Not applicable as the portfolio did not hold any limited allocation derivative investments as of June 30, 2015. For information on security pricing sources, please see Brigade's Valuation policy attached.

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

Swaps, and certain options and other custom derivative or synthetic instrument are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instrument. Buyers of credit derivatives carry the risk of non-performance by the seller due to the inability to pay.

Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. There are risks with respect to credit derivatives and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract many not match the trigger event in another contract, exposing the buyer of the seller to further risk.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") includes provisions that require increased regulation of derivatives markets. The Dodd-Frank Act has introduced mandatory execution and clearing of certain swaps, as well as new recordkeeping and reporting requirements. This increased regulation may increase the costs of entering into certain transactions. As key provisions of the Dodd-Frank Act require rulemaking by the SEC and the U.S. Commodity Futures Trading Commission, not all of which has been finalized as yet, portfolio shareholders should expect future changes in the regulatory environment for derivatives.

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

Investment Manager Guidelines

1. Are portfolio holdings well-diversified?
 Yes / No: Please explain.

The portfolio's construction is consistent with the investment guidelines as set forth in the portfolio's offering documents.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes: Please explain. / No

While the portfolio generally operates un-levered in the traditional sense, the portfolio's guidelines permit a limited amount of leverage depending on market conditions. The portfolio's assets are invested, and are allowed to be invested by its guidelines, in commodities. In addition, although not part of its primary investment strategy, the portfolio may from time to time engage in short selling consistent with its guidelines.

Fixed Income Portfolios

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

<i>Data as of 6/30/2015</i>	
<i>Certificates of Deposit</i>	<i>0.00%</i>
<i>Commercial Paper</i>	<i>0.00%</i>
<i>Other High Grade Short-term securities</i>	<i>0.00%</i>
<i>U.S. Government & Agency securities</i>	<i>1.09%</i>
<i>Bank Loans</i>	<i>29.54%</i>
<i>Corporate Bonds</i>	<i>64.96%</i>
<i>Mortgage- and asset-backed securities</i>	<i>0.11%</i>
<i>Common Stock and Preferred securities</i>	<i>0.20%</i>
<i>Yankee bond securities</i>	<i>0.00%</i>
<i>Structured Credit</i>	<i>-0.04%</i>
<i>Derivatives</i>	<i>-5.92%</i>
<i>Cash/Equivalents</i>	<i>10.05%</i>
<i>Total pre cash</i>	<i>89.95%</i>
<i>Total with cash</i>	<i>100.00%</i>

2. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? **Yes** / **No: Please explain**
3. Does the firm conduct horizon analysis testing? **Yes** / **No: Please explain**
4. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? **Yes** / **No**
- a) If **Yes**, please specify the bond issue and percentage amount.
5. What percentage of the portfolio is held in Rule 144A securities?

Approximately 27.61% of the securities held in the portfolio are Rule 144A securities.

6. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. **Yes** / **No**
- a) If **Yes**, please specify the name of the industry and percentage amount.

Signed by: **Elizabeth Kahl**

Dated: **July 10, 2015**

Name of Firm: **Brigade Capital Management, LP**

Brown Brothers Harriman Inflation Indexed Securities – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**
3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**

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

5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**

From time to time BBH becomes involved in litigation and regulatory matters typical of similar service providers in the industry. BBH currently has no pending litigation or regulatory matters that would materially affect its ability to provide the services requested.

6. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
7. Has the firm's insurance coverage been sustained?

Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

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

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
 - b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes** / **No: Please explain.**
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / **No**

If Yes:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
 - b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes / **No: Please explain.**
6. Is individual counter-party exposure well diversified? **Yes** / **No: Please explain.**
 - a) What is the largest exposure to a single counter-party within the portfolio?
None.

b) Please specify the name of the counter-party and the amount of exposure.
None.

c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

Yes. The BBH Fixed Income Group added Numis Securities to our approved counterparty list in the last six months ending June 30, 2015. However, we do not transact with Numis Securities for the SamCERA account.

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

a) Has the firm developed any new purposes for derivative investments? **Yes: Please explain.** / **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. **Yes** / **No: Please explain.**
Not Applicable.

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

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

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

Yes / **No**

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

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

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

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

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

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

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

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

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

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

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

Investment Manager Guidelines

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

Cash & Equivalents

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

a) If **Yes**, do the investments comply with the policies? Yes / No: **Please explain.**

Domestic Fixed Income Portfolios

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

<i>Cash</i>	5.67%
<i>Certificates of Deposit</i>	%
<i>Commercial Paper</i>	%
<i>Other high grade short-term securities</i>	%
<i>U.S. Government & Agency securities</i>	94.33%
<i>Corporate Bonds</i>	%
<i>Mortgage and asset-backed securities</i>	%
<i>Yankee bond securities</i>	%

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

3. Does the firm conduct horizon analysis testing? Yes / No: **Please explain**

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

4. Are any holdings below investment grade? Yes / No

a) If **Yes**, why are they held in the portfolio?

5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? **Yes** / **No**

a) If **Yes**, please specify the bond issue and percentage amount.

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

0% as of June 30, 2015.

7. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. **Yes** / **No**

a) If **Yes**, please specify the name of the industry and percentage amount.

Signed by: John Ackler, CFA

Dated: July 2015

Name of Firm Brown Brothers Harriman & Co.

Compliance Certification Statement

Pyramis Global Advisors U.S. Core Bonds – June 30, 2015

Pyramis Broad Market Duration.

Firm Name	Pyramis Global Advisors Trust Company (PGATC)
Product Name	Pyramis Broad Market Duration
Asset Class	Investment Grade Credit
Respondent/Contact	Mark Botelho, Senior Account Executive
Address	900 Salem Street, Smithfield, RI 02917
Telephone	401-292-4688
E-Mail Address	mark.botelho@pyramis.com

GENERAL COMPLIANCE ISSUES

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

Over the past six months, the following changes have taken place within Pyramis at the corporate level and in the Bond Division of our Fixed Income group:

- Effective January 1, 2015, Mike Jones stepped down as president of Pyramis, succeeded by Jeff Lagarce. Jeff has more than 30 years of experience in the institutional investment business. He joined Fidelity in 1996 as senior vice president, Institutional Sales and Client Service for Fidelity Management Trust Company, and has held other senior institutional roles at Fidelity. In addition to his 14 years of Fidelity experience, Jeff spent four years as president of OFI Institutional Asset Management, a subsidiary of OppenheimerFunds.
- Effective January 1, 2015, Tim Huyck was named chief investment officer, Money Markets, succeeding Bob Litterst.
- In January 2015, Bob Brown, president of Fidelity's Bond Group, was named head of Institutional Fixed Income. In this new role, Bob will be focused on working with distribution partners to help meet the needs of institutional investors, while at the same time making sure the business is positioned for long-term, profitable growth. Bob will continue to report to Nancy Prior, president of Fixed Income.

Private ownership has provided Fidelity with a stable platform to pursue long-term business goals and there are currently no plans to change the ownership structure.

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

No

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

From time to time, in the normal course of its business, the Firm may receive inquiries (including subpoenas and voluntary requests for information) from regulatory authorities or law enforcement. A regulator may conduct an onsite examination or may commence an investigation.

The Firm does not make public comment about such inquiries, examinations or investigations unless, and until, a regulatory body initiates enforcement proceedings. To the extent the Firm's securities affiliates have been sanctioned, fined, or cited by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), or any other regulatory body, any such sanction, fine or citation has been disclosed in its affiliates' Forms BD and/or Forms ADV in accordance with the requirements of such forms.

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

Yes

INVESTMENT MANAGEMENT FEES

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

SamCERA's investment management fee schedule is not higher than those charged to other substantially similar institutional clients.

DERIVATIVE INVESTMENTS

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

Yes

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

Yes

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

Yes

If Yes:

a) Do the counter-parties have investment grade debt?

Yes

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

Yes

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

Yes

If Yes:

a) Do the counter-parties have investment grade debt?

Yes

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

Yes

5. Is individual counter-party exposure well diversified?

Yes

a) What is the largest exposure to a single counter-party within the portfolio?

b) Please specify the name of the counter-party and the amount of exposure.

c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

We consider this to be proprietary information and are therefore unable to disclose.

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchanged traded derivative positions.

Fidelity Pricing & Cash Management Services (FPCMS) utilizes a combination of sources for derivatives pricing. Wall Street brokers are our primary sources for swaps. Bloomberg is our primary pricing source for futures.

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

All derivative instruments used in the portfolio are liquid. Given the minimum role they play in the portfolio and the extensive research conducted by the Pyramis Counterparty Risk Team and the large team of in-house and external lawyers that support these efforts, we feel the legal and regulatory risks are minimal.

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

No

INVESTMENT MANAGER GUIDELINES

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

Yes

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

No

DOMESTIC FIXED INCOME PORTFOLIOS

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

Certificates of Deposit	%
Commercial Paper	%
Other High Grade Short-term securities	0.7%
U.S. Government & Agency securities	28.7%
Corporate Bonds	43.0%
Mortgage- and asset-backed securities	27.6%
Yankee bond securities	%

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

Yes

3. Does the firm conduct horizon analysis testing?

Yes

4. Are any holdings below investment grade?

Yes

a) If Yes, why are they held in the portfolio?

0.6% of holdings are below investment grade. Purchased as investment grade, these holdings have been downgraded due to increased leverage or other fundamental credit criteria. We still feel they hold relative value, although we are monitoring these securities closely.



San Mateo County Employees' Retirement Association I Compliance Certification Statement

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

No

a) If Yes, please specify the bond issue and percentage amount.

Not applicable.

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

5.0%

7. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account.

No


a) If Yes, please specify the name of the industry and percentage amount.

Not applicable.

Signed by:

Dated:

Name of Firm


7/8/15
Pyramis Global Advisers

Western Asset Management U.S. Core Plus – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**

There have been no significant portfolio developments or major changes in the firm ownership structure, however the following organizational structure changes did occur:

Mr. Michael C. Buchanan, CFA, has been promoted to Deputy Chief Investment Officer (CIO), reporting to Mr. S. Kenneth Leech, CIO, effective March 10, 2015. Mr. Buchanan has long-distinguished himself as the Firm's Head of Global Credit, where he is responsible for approximately \$125 billion in assets. With the successful return of Mr. Leech as CIO, it was important to fill the Deputy CIO position with a strong, capable and highly experienced investment professional. Mr. Buchanan has been collaborating with Mr. Leech since joining Western Asset in 2005 and has been a longstanding proponent of the Firm's investment style. Western Asset looks forward to their continued partnership for many years to come.

Ms. Jennifer W. Murphy, CFA, joined Western Asset as Chief Operating Officer, effective May 4, 2015. Ms. Murphy had a long and distinguished career at Legg Mason, most recently as Chief Administrative Officer and Executive Vice President, overseeing the company's Global Fund Accounting, Fund Boards, Risk Management, Internal Audit, Technology, Human Resources and Real Estate/Corporate Services divisions. Ms. Murphy was also a member of Legg Mason's Executive Committee. Prior to that, Ms. Murphy served as President and Chief Executive Officer of Legg Mason Capital Management.

Mr. Marzo Bernardi, previously the Head of the São Paulo office, began in April 2015 to collaborate with Mr. James Flick in order to transition into Mr. Flick's role as Director of Global Client Service and Marketing. Mr. Flick will retire from Western Asset in May 2016 after an 18-year career at the Firm. This time frame will allow for a smooth transition and ensure Mr. Bernardi's success in this critical function.

3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios?
 Yes: Please explain. / **No**
5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
6. Have there been any investment guideline breaches during the prior 6 months?
 Yes: Please explain. / **No**
7. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Derivative Investments

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

If **Yes**:

- a) Do the counter-parties have investment grade debt? **Yes** / **No**
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes** / **No: Please explain.**

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

Yes / No

If Yes:

a) Do the counter-parties have investment grade debt? Yes/ No

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

Yes/ No: Please explain.

6. Is individual counter-party exposure well diversified? Yes/ No: Please explain.

a) What is the largest exposure to a single counter-party within the portfolio? 1.78%

b) Please specify the name of the counter-party and the amount of exposure.

Bank of America NA – 2,343,561.19 MV as of 6/30/15.

c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months? – No material changes.

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

a) Has the firm developed any new purposes for derivative investments? Yes: Please explain. / No

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

ASSET ID	ASSET NAME	% of Portfolio
38378NFC2	GNMA 2013 162 IO	0.156%
OWP146038	CDS-ABX @ 11 bps 37 Yr	0.125%
3137AT2F8	FHLMC 4092 AI	0.116%
3137AMDJ3	FHLMC 3997 SK	0.098%
38378XW72	GNMA 2014 186 IO	0.094%
92890FAW6	WF-RBS COMMERCIAL MORTGAGE TRUST 2014 C20 XA	0.088%
3137B1J94	FHLMC 4194 BI	0.084%
36252WAZ1	GS MORTGAGE SECURITIES TRUST 2014 GC20 XA	0.080%
38378EMF7	GNMA 2012 66 CI	0.066%
3136AFFD1	FNMA 2013 67 KS	0.065%
3137B4A30	FHLMC 4239 IO	0.061%
3136A8JN1	FNMA 2012 93 SG	0.059%
3136A75X6	FNMA 2012 101 AI	0.054%
3136AKTB9	FNMA 2014 47 AI	0.054%
3137ASRX4	FHLMC 4099 ST	0.054%
3136A03E5	FNMA 2011 87 SG	0.052%
3136A7ER9	FNMA 2012 70 YS	0.033%

3136FLFL5	FNMA 409 C17	0.032%
38377DBX3	GNMA 2010 106 SH FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTS K007	0.025%
31398QHC4	X1	0.025%
3136FLFG6	FNMA 409 C13	0.025%
3136AAXW0	FNMA 2012 133 CS	0.025%
3136FLFR2	FNMA 409 C22	0.022%
38377YXX3	GNMA 2011 135 SN	0.020%
3137AGE55	FHLMC 3947 SG	0.019%
38378NJF1	GNMA 2013 178 IO	0.017%
30290QAE8	FREMF MORTGAGE TRUST 2012 K20 X2A	0.017%
3136A9PU6	FNMA 2012 128 SL	0.016%
3136A65Y6	FNMA 2012 74 SA	0.016%
3137B7RN1	FHLMC 4310 SA	0.016%
3136A9PL6	FNMA 2012 128 SQ	0.016%
3137BAQX3	FHLMC 4335 SW	0.016%
9USQ5C023	US BOND FUTR OPTN Aug15C 155 EXP07/24/15 FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERT K008	0.015%
3137A1NA7	X1	0.015%
3137AH6D5	FHLMC K015 X1	0.013%
3136FFWF2	FNMA 390 C3	0.011%
3137B7QQ5	FHLMC 4298 PI	0.011%
3136FG4D6	FNMA 407 22	0.008%
3136AC3A7	FNMA 2013 14 IG	0.008%
31397QCF3	FNMA 2010 150 SK	0.008%
9USQ5C064	US BOND FUTR OPTN Aug15C 156 EXP07/24/15	0.008%
9EDZ5C009	IMM EURO\$ FUT OPT Dec15C 99.25 EXP12/14/15	0.007%
36191YAA6	GS MORTGAGE SECURITIES TRUST 2011 GC5 XA	0.007%
3136FG4R5	FNMA 407 34	0.005%
38377EEZ3	GNMA 2010 42 BS	0.004%
9USQ5P149	US BOND FUTR OPTN Aug15P 144 EXP07/24/15	0.004%
9USQ5P081	US BOND FUTR OPTN Aug15P 145 EXP07/24/15	0.004%
3136FG4E4	FNMA 407 23	0.003%
9USU5C008	US BOND FUTR OPTN Sep15C 159 EXP08/21/15	0.003%
3136FG4J3	FNMA 407 27	0.003%
31398W2M5	FHLMC 3621 SB	0.003%
9TYU5C020	US 10YR FUT OPTN Sep15C 130 EXP08/21/15	0.003%
9TYU5C012	US 10YR FUT OPTN Sep15C 129 EXP08/21/15	0.003%
9USU5C024	US BOND FUTR OPTN Sep15C 160 EXP08/21/15	0.002%
9TYQ5C094	US 10YR FUT OPTN Aug15C 127 EXP07/24/15	0.002%
9TYU5P013	US 10YR FUT OPTN Sep15P 123.5 EXP08/21/15	0.001%
9TYU5C046	US 10YR FUT OPTN Sep15C 129.5 EXP08/21/15	0.001%
9EDZ5C017	IMM EURO\$ FUT OPT Dec15C 99.63 EXP12/14/15	0.001%

9TYQ5C128	US 10YR FUT OPTN Aug15C 129.5 EXP07/24/15	0.001%
9EDZ5P018	IMM EURO\$ FUT OPT Dec15P 99.25 EXP12/14/15	0.001%
91CN5P006	US LONG BND W1 OP Jul15P 147 EXP07/02/15	0.001%
9TYQ5P079	US 10YR FUT OPTN Aug15P 123.5 EXP07/24/15	0.000%
9TYQ5P012	US 10YR FUT OPTN Aug15P 122 EXP07/24/15	0.000%
91CN5P014	US LONG BND W1 OP Jul15P 145 EXP07/02/15	0.000%
9EDZ5P026	IMM EURO\$ FUT OPT Dec15P 98.88 EXP12/14/15	0.000%
91CN5P022	US LONG BND W1 OP Jul15P 143 EXP07/02/15	0.000%
		1.799%

- a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. **Yes** / **No: Please explain.**
- b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain. - 1.80%
9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
 Yes / **No**
- a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? **Yes** / **No: Please explain.**
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? **Yes** / **No: Please explain.**
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.
- Prices for derivatives vary depending by the specific derivative instrument. Exchange traded futures and options are priced using closing prices from the primary exchange they are traded upon. Over-the-counter derivatives such as interest rate swaps, credit default swaps, and options are priced by a pricing vendor (Markit) where possible, otherwise by obtaining current prices from Bloomberg and/or broker/dealers. All third party vendors, brokers, security hierarchies and deviations from those hierarchies must be approved by the Pricing Committee before the Pricing Group is allowed to make any changes. Western Asset has a formal pricing policy, which outlines the pricing process in greater detail and is provided in Appendix A.
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

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

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

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

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
 Yes / **No: Please explain.**

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes: Please explain. / No

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes / No
 a) If Yes, do the investments comply with the policies? Yes / No: Please explain.

Domestic Fixed Income Portfolios

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

<i>Cash & Cash Equivalents</i>	<i>-4.17%</i>
<i>Commercial Paper</i>	<i>0.00%</i>
<i>Other high grade short-term securities</i>	<i>0.00%</i>
<i>U.S. Government & Agency securities</i>	<i>18.97%</i>
<i>Corporate Bonds</i>	<i>35.54%</i>
<i>Mortgage and asset-backed securities</i>	<i>40.29%</i>
<i>Yankee bond securities</i>	<i>9.36%</i>


2. Is the firm monitoring its active investment management decisions relative to the Retirement Association’s investment benchmark? Yes / No: Please explain
 3. Does the firm conduct horizon analysis testing? Yes / No: Please explain

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

4. Are any holdings below investment grade? Yes / No

- a) If **Yes**, why are they held in the portfolio? - Guidelines allow for up to 30% of the portfolio to be in below investment grade holdings.
5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? **Yes** / **No**
- a) If **Yes**, please specify the bond issue and percentage amount.
6. What percentage of the portfolio is held in Rule 144A securities? 16.31%
7. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. **Yes** / **No** - See Below
- a) If **Yes**, please specify the name of the industry and percentage amount.

Western Asset does not monitor this nor is this item in the SAMCERA guidelines or Investment Policy.


Signed by: Matt Hillier
Dated: 7/8/2015
Name of Firm: Western Asset

INVESCO Core Real Estate – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015.**

General Compliance Issues

1. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
 Yes / **No: Please explain.**
2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**
3. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
4. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
5. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
 Yes: Please explain. / **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified? **Yes** / **No: Please explain.**
2. Has the firm used leverage? **Yes: Please explain.** / **No**

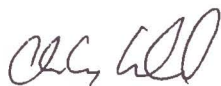
Yes. The maximum leverage for the Fund is 35%. As of June 30, 2015, the Fund's leverage was 20.4%.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes / No
- a) If Yes, do the investments comply with the policies? Yes / No: **Please explain.**

Real Estate Portfolios

1. Is the portfolio diversified as to region, property type, industry, and economic base?
 Yes / No
- a) If No, do the investments comply with the policies?
2. Is the portfolio achieving a total time-weighted rate of return, net of fees, which equals or exceeds, the NFI ODCE index? Yes / No: **Please explain.**
3. Does the core fund concentration exceed 40% (by value) in any single property type or 35% in any single metropolitan statistical area, determined as of the date of the acquisition of the property? Yes: **Please explain.** / No
4. Is the portfolio leverage within the 35% of overall loan to value guideline?
 Yes / No: **Please explain.**

Signed by: 
Charles Ward
Dated: July 20th, 2015
Name of Firm Invesco Advisers, Inc.
RE: Invesco Core Real Estate USA, L.P.

The Parametric Portfolio Associates LLC Cash Overlay – June 30, 2015

Compliance Certification Statement

San Mateo County

Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Friday, July 10, 2015**.

General Compliance Issues

1. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
 Yes: Please explain. / **No**
2. Have there been any changes in the firm's investment approach?
 Yes: Please explain. / **No**
3. Have there have been any industry or regulatory disciplinary actions taken against the firm?
 Yes: Please explain. / **No**
4. Has the firm's insurance coverage been sustained?
 Yes / **No: Please explain.**

Investment Management Fees

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

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
 Yes: Please ANSWER the remaining questions in this section.
 No: Please SKIP the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies?
 Yes / **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
 Yes / No: **Please explain. Not Applicable**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / No **Not Applicable**

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/ No: **Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
 Yes / No **Not Applicable**

If Yes:

- a) Do the counter-parties have investment grade debt? Yes/ No
- b) Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances?
 Yes/ No: **Please explain.**

6. Is individual counter-party exposure well diversified? Yes/ No: **Please explain. Not Applicable**

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

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

a) Has the firm developed any new purposes for derivative investments? Yes: **Please explain.** / No

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. **Not Applicable**

- a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes / No: **Please explain.**
- b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
 Yes / No

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

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

Not Applicable

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

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

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


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

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

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

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

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

Signed by:  Ben Hammes - Director of Compliance
Dated: 7/13/15
Name of Firm: Parametric Portfolio Associates LLC

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 5.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Approval of Demographic and Economic Assumptions to be used in the June 30, 2015, Actuarial Valuation

Staff Recommendation

Adopt Milliman Inc.'s recommended demographic and economic actuarial assumptions to be used in the June 30, 2015, actuarial valuation.

Discussion

The Board needs approve to the demographic and economic assumptions to be used by Milliman Inc., before it can begin the preparation of the June 30, 2015, actuarial valuation.

At the Board's June meeting, Milliman's lead actuary, Nick Collier presented the attached information regarding its recommended demographic and economic assumptions. Milliman's recommendation is that no changes to the assumptions from the last valuation are necessary and that the same assumptions be used in this year's valuation.

Once completed, Milliman's actuarial valuation will be presented for the Board's approval at the September 29, 2015 meeting.

Attachment

Milliman Valuation Preview Presentation



Valuation Preview

Discussion of Assumptions to be Used in June 30, 2015 Actuarial Valuation

presented by

Nick Collier, ASA, EA, MAAA

June 9, 2015



Overview

- Annual Review of Assumptions
 - To be used in 2015 valuation
 - Demographic assumptions
 - Economic assumptions



Demographic Assumptions

- Recommendation: Retain current assumptions
 - Studied in detail in 2014
 - Will review again in 2017
 - Emerging changes in experience due primarily to recent changes in benefit tiers

Economic Assumptions

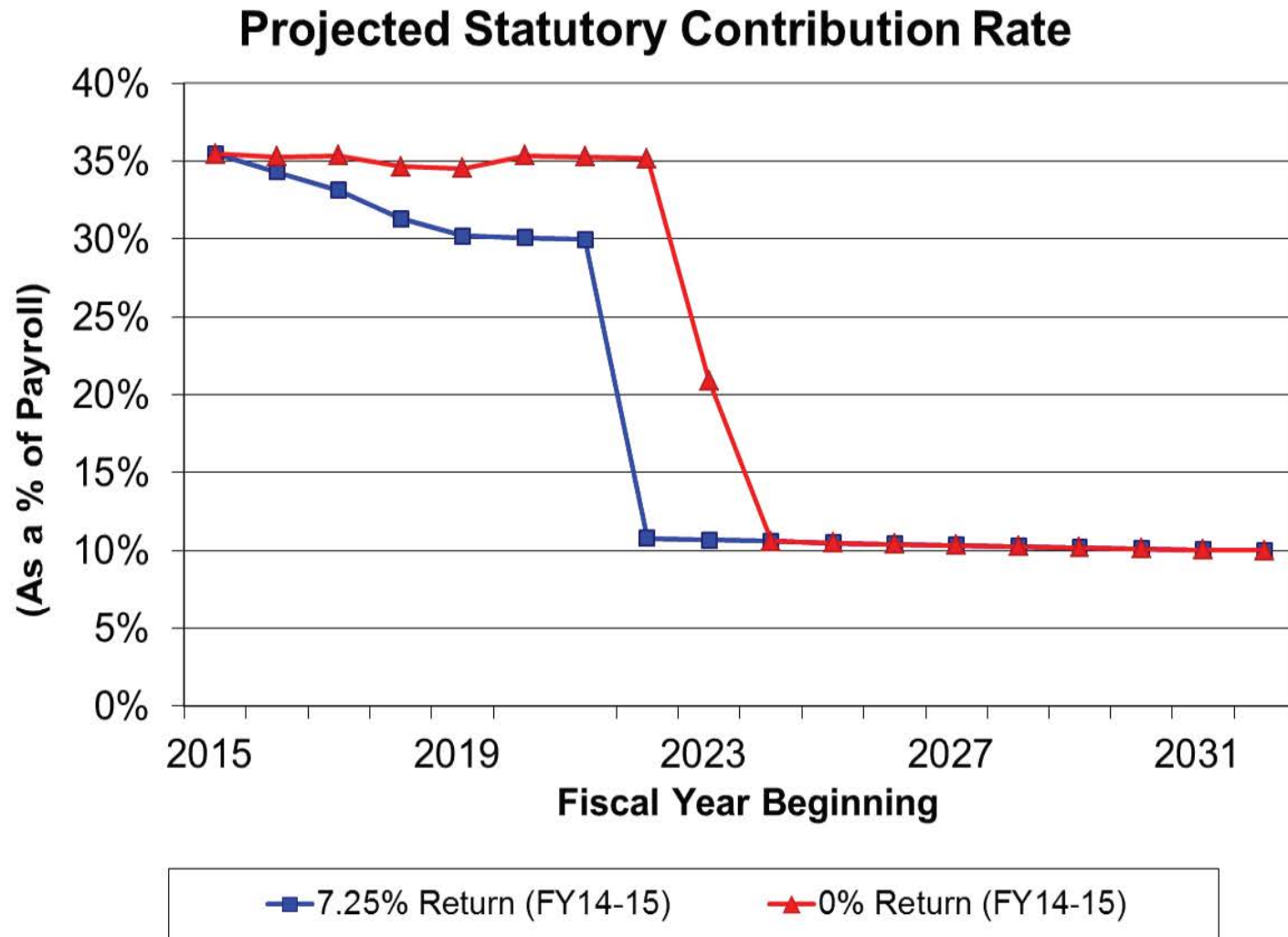
- Recommendation: Retain current assumptions
 - Current assumptions remain reasonable
 - However, some things to consider
- Inflation
 - Currently 3.0%
 - SSA projects long range assumption (2020 and later) of 2.7% under intermediate cost assumptions
- Investment Return
 - Currently 7.25% (net of all expenses)



Investment Return Expectations

- Horizon Survey of Capital Market Assumptions (2014 Edition)
 - 21 respondents provided 10-year horizons
 - 10 respondents provided 20+ year horizons
- Based on SamCERA allocation:
 - Average annual expected return over 10 years is 6.74%
 - Average annual expected return over 20 years is 7.62%
- Assumes:
 - Annual average inflation of approximately 2.4%
 - Net of all expenses

What Happens if Future Assumptions are Met



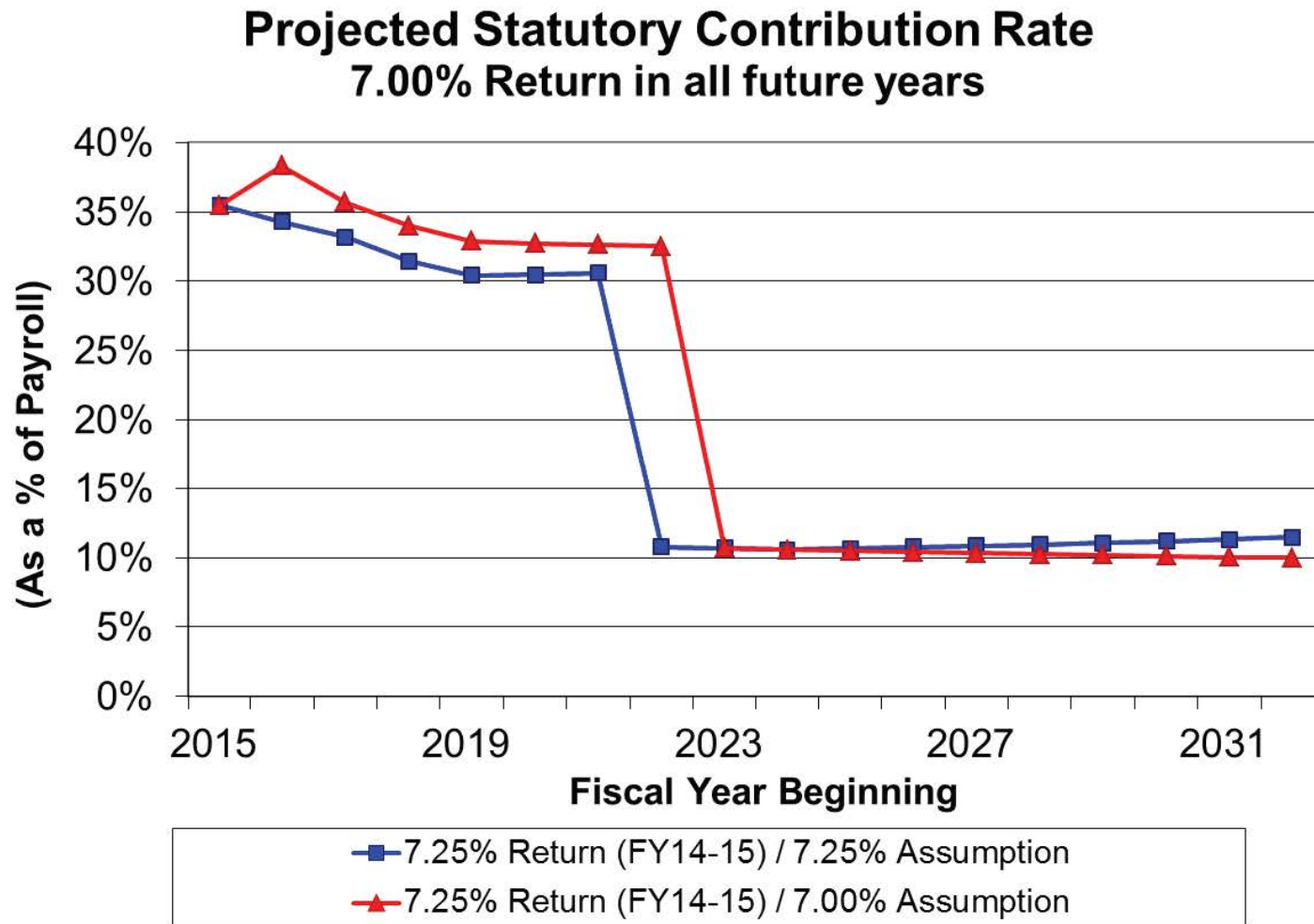
Assumptions are Met (continued)

- FYB 2016 SCR is projected to decrease
 - Calculated rate goes from about 35.6% of pay to 34.3% of pay
 - Preliminary estimate prior to June 30, 2015 valuation
 - Primarily due to recognition of prior assets gains
 - Decrease of 1.3% of pay = \$6M (approx.)
 - Relative to rate employers are currently paying
 - Assumes 7.25% return for FYE 2015
 - Assumes employer payroll in FYE 2015 = \$430M
 - Other factors will impact final result, including:
 - Actual investment return
 - Changes in payroll (layoffs, salaries, etc.)
 - Assumption changes

Assumptions are met (continued)

- Projected Funded Ratio at June 30, 2015 (funding):
 - 82.5% if FYE 2015 investment return is 7.25%
 - 81.4% if FYE 2015 investment return is 0.00%
- Projected Funded Ratio at June 30, 2015 (GASB):
 - 91.6% if FYE 2015 investment return is 7.25%
 - 85.5% if FYE 2015 investment return is 0.00%
- Assumes:
 - Statutory contributions in FYE 2015
 - No assumption changes
 - Investment return net of all expenses
- Other factors will impact final result, including:
 - Actual investment return
 - Assumption changes

What Happens if Assumption is not met



Additional Impact of Lower Return Assumption

- Members
 - Increase in member contribution rates
 - Small reduction in optional forms of benefit generally

Options / Alternatives

- Stay the Course
- Alternative – reduce investment return to 7.0%
 - Inv. Ret = 7.00% / CPI = 3.00% / Wage = 3.50%

Alternatives – Financial Impact

- \$ Impact on Members
 - General Plan 4 member earning \$70,000 a year
 - (Entry age = 35)
 - Increase in bi-weekly contribution of about \$12 (3.5%)
- Impact on Employers (relative to staying at 7.25%)
 - Increase of about 4% of pay

Other Retirement Systems

- Majority of systems use very similar approach to SamCERA
- Nationally
 - Large statewide systems are continuing to move below 8%
 - Trend continues
- '37 Act Systems
 - Many at 7.50% -- a few more and a few less
- California Systems (Statewide)
 - All at 7.50% (CalPERS, CalSTRS and UC)

Conclusion

- When it comes to assumptions, there is not one right answer
- Our opinion
 - Current investment return assumption is on the high side relative to 10-year CMA expectations (but on the low side relative to 20-year CMA expectations)
 - Strong funding of plan makes it less imperative to reduce the assumption
 - Consider alternatives, but wait until next investigation of experience

Questions



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 5.3

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Revisions to Three Exhibits to Milliman's GASB 67 and 68 Disclosure Report for Fiscal Year Ended June 30, 2014

Recommendation

Accept revisions to the following exhibits to Milliman, Inc.'s GASB 67 and 68 Disclosure Report for the Fiscal Year Ended June 30, 2014: "Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan", "Differences in Contributions", and "Employers' Pension Expense."

Background

At its October 2014 Board meeting, the Board accepted Milliman, Inc.'s report on GASB 67 and 68 disclosures. During the County's implementation of GASB 68, it was determined that the "Deferred Inflows" (deferred recognition of revenue) and "Deferred Outflows of Resources" (deferred recognition of expenses) appeared to be reversed on the "Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan."

Discussion

After discussing the finding with Milliman, Inc., Milliman determined that three exhibits to their GASB 67 and 68 disclosure report needed revising: the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan, the Differences in Contributions, and the Employers' Pension Expense. Staff consulted with SamCERA's auditor, Brown Armstrong regarding the impact of these revisions on the 2014 Comprehensive Annual Financial Report (CAFR) and on the GASB 67 and 68 Disclosure Report. As reflected in the attached Brown Armstrong memo, reissuing the reports is not necessary as the original schedules were presented as "Other Information" and have no impact on SamCERA's basic financial statements. It further states that the revised GASB schedules would not impact their unqualified/clean opinion provided on October 22nd of 2014.

Attachments

- A) Memo from Milliman, Inc. dated July 9, 2015 with three revised GASB 67 and 68 Disclosure Exhibits
- B) Memo from Brown Armstrong dated July 16, 2015



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

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

milliman.com

VIA EMAIL ONLY

July 9, 2015

Ms. Mabel Wong
Financial Analyst
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065-5208

Re: Revised GASB 67 and 68 Disclosure Exhibits
Fiscal Year July 1, 2013 to June 30, 2014

Dear Mabel:

We have previously provided you a GASB 67 and 68 Disclosure report for the San Mateo County Employees' Retirement Association for the fiscal year July 1, 2013 to June 30, 2014. That report was dated October 21, 2014. It has come to our attention that revisions are necessary to several of the exhibits included in that report to reflect that the difference between actual contributions and the proportionate share of contributions should be reflected as a deferred outflow when positive and a deferred inflow when negative. Our report reflected these outflows as inflows, and inflows as outflows.

We have determined that three exhibits included in the report need to be revised and these revised exhibits are attached to this letter. All other information included in the report remains unchanged.

Please provide a copy of this letter and attached exhibits to any party who has received a copy of the GASB 67 and 68 Disclosure report.

All certifications, statements of reliance and limitations on use described in our GASB 67 and 68 Disclosure report dated October 21, 2014 also apply to this work product.

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

Sincerely,

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

NJC/CJG/nlo

cc: Mr. Scott Hood

Craig Glyde
Consulting Actuary, ASA, EA, MAAA

Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan

Employer	Deferred Outflow of Resources					Deferred Inflow of Resources				Pension Expense	
	Net Pension Liability	Differences Between Expected and Actual Economic Experience	Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	Differences Between Expected and Actual Economic Experience	Differences Between Actual and Projected Investment Earnings	Changes of Assumptions	Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	Proportionate Share of Pension Expense	Net Amortization of Deferred amounts from Changes in Employer Proportion and Differences between Contributions and Proportionate Share of Pension Expense
County of San Mateo	\$ 395,057,883	\$ -	\$ -	\$ 29,062,674	\$ 2,602,616	\$ 24,119,365	\$ 208,014,194	\$ -	\$ -	\$ 45,521,405	\$ 650,654
San Mateo Superior Courts	15,354,443	-	-	1,129,559	-	937,431	8,084,745	-	2,674,091	1,769,249	(668,522)
Mosquito & Vector Control District	1,234,942	-	-	90,849	186,886	75,397	650,248	-	115,411	142,299	17,868
Total	\$ 411,647,268	\$ -	\$ -	\$ 30,283,082	\$ 2,789,502	\$ 25,132,193	\$ 216,749,187	\$ -	\$ 2,789,502	\$ 47,432,953	\$ -

Differences in Contributions

Employer	Contributions			Recognition of Difference in Contributions		
	Actual	Proportionate Share	Difference	Pension Expense	Deferred Outflows	Deferred Inflows
County of San Mateo	\$ 196,708,770	\$ 194,701,404	\$ 2,007,366	\$ 401,473	\$ 1,605,893	\$ -
San Mateo Superior Courts	5,704,224	7,567,326	(1,863,102)	\$ (372,620)	-	1,490,482
Mosquito & Vector Control District	464,368	608,632	(144,264)	\$ (28,853)	-	115,411
Total	\$202,877,362	\$202,877,362	\$ -	\$ -	\$ 1,605,893	\$ 1,605,893

Employers' Pension Expense

Employer	Proportionate Share	Collective Pension Expense	Recognitions			Employer Pension Expense
			Change in Proportion	Difference in Contributions	Prior Periods	
County of San Mateo	95.97%	\$45,521,405	\$ 249,181	\$ 401,473	\$ -	\$ 46,172,059
San Mateo Superior Courts	3.73%	1,769,249	(295,902)	(372,620)	-	1,100,727
Mosquito & Vector Control District	0.30%	142,299	46,721	(28,853)	-	160,167
Total	100.00%	\$47,432,953	\$ -	\$ -	\$ -	\$ 47,432,953

BROWN
ARMSTRONG

CERTIFIED
PUBLIC
ACCOUNTANTS

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542
FAX 626.204.6547

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

BROWN ARMSTRONG

Certified Public Accountants

July 16, 2015

Ms. Mabel Wong
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood City, California 94065

Dear Ms. Wong:

Your actuary, Milliman Inc., has recently issued three revised exhibits for GASB 68. Given that the "original" schedules were presented in your June 30, 2014 Comprehensive Annual Financial Report as "Other Information," and have no impact on SamCERA's basic financial statements, you have concluded that reissuing the financial report for the fiscal year ended June 30, 2014, is deemed unnecessary. We agree with your conclusion. In our Independent Auditor's Report dated October 22, 2014, we stated that "In our opinion, the financial statements and the **other information** referred to above present fairly, in all material respects, the fiduciary net position of SamCERA as of June 30, 2014 and 2013, and their changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America." This letter will serve as our written confirmation to you that the revised GASB 68 schedules from Milliman, Inc. would not change our unqualified/clean opinion dated October 22, 2014.

Please contact me with any questions.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Andrew J. Paulden

AJP:jav

Pfx Engagement\ 74015 06/30/15 Audit\GASB 68 letter dated 071615

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 6.1

TO: Board of Retirement

Michael Coultrip

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ending June 30, 2015

Staff Recommendation

Review the preliminary performance report dated June 30, 2015.

Background

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

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

Discussion

The fund's net preliminary return for June was -1.2%, bringing the preliminary fiscal-year ending June 30, 2015 return to +3.3% net (+3.5% gross). The twelve-month net return is higher than SamCERA's Total Plan Policy Benchmark return of +2.4%, but below the Actuarial Assumed Earnings Rate of 7.25%. As a reminder, SamCERA should expect performance to vary substantially from that of the Total Plan Policy Benchmark in the initial stages of its private equity implementation.

The U.S. equity markets were mixed during the month, with small-capitalization stocks returning a positive +0.75%, while larger capitalization stocks were lower by -1.9%. The broad U.S. equity market was lower by -1.7%. International equity indices were also lower on the month, with developed markets (as measured by MSCI EAFE) down -2.80%, and emerging markets down -2.5%.

Risk assets were generally down on the month primarily due to continued concerns regarding Greece, which resulting in higher global interest rate volatility. U.S. Economic data were generally stronger in June, with jobs data, retail sales and housing showing strength. The second revised estimate for 1st quarter 2015 GDP showed the economy had a smaller contraction than initially thought (-0.20% vs -0.70%).

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The general U.S. fixed income market was lower by -1.10%, as interest rates (as measured by 10-year Treasuries) increased by 23 basis points. Higher risk categories were also lower on the month. High yield bonds returned -1.5%, while emerging market bonds were lower by almost -1.7%.

Attachments

SIS Market Update

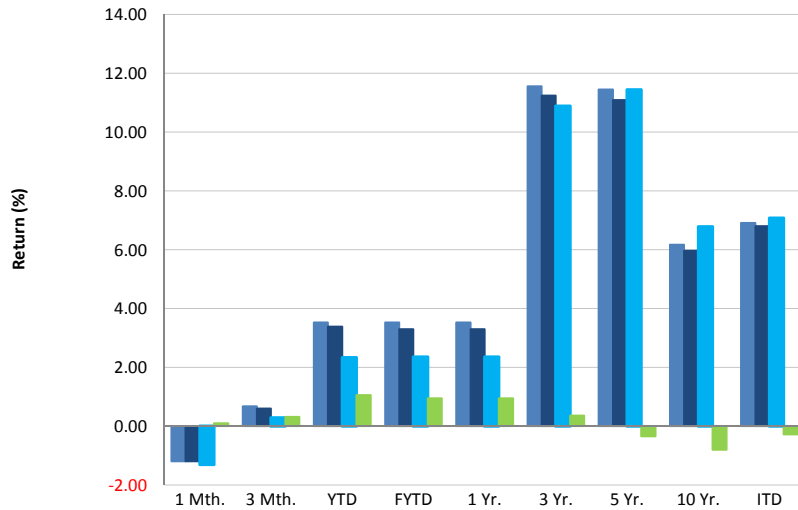
Northern Trust Performance Report

San Mateo County Total Fund Characteristics



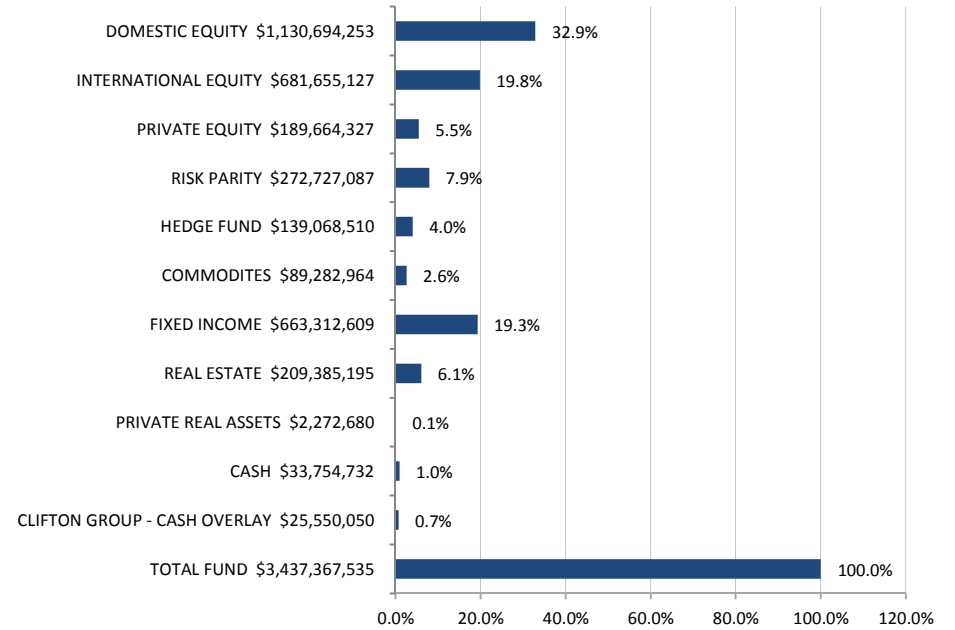
June 30, 2015

Total Fund Performance

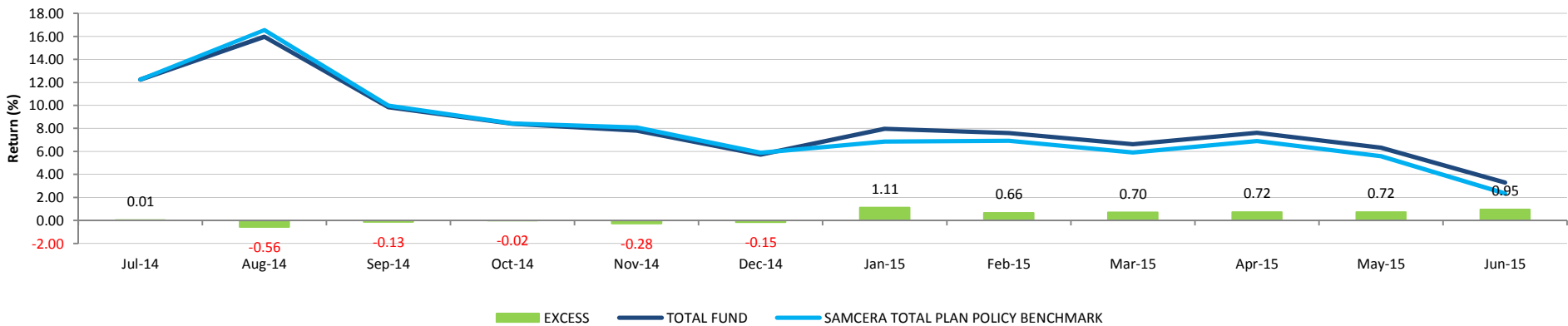


	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	ITD
TOTAL FUND - Gross	-1.19	0.67	3.53	3.53	3.53	11.56	11.45	6.17	6.91
TOTAL FUND - Net	-1.20	0.60	3.39	3.30	3.30	11.24	11.09	5.97	6.80
SAMCERA PLAN BENCHMARK	-1.30	0.29	2.33	2.35	2.35	10.87	11.43	6.77	7.08
Excess (Net)	0.10	0.32	1.06	0.95	0.95	0.36	-0.35	-0.81	-0.28

Asset Allocation



Rolling Month End Annual Returns

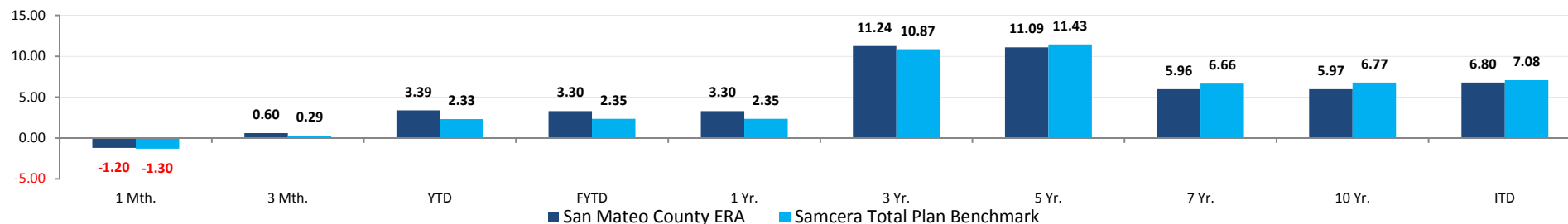


San Mateo County Composite Return Summary



June 30, 2015

Return Comparison



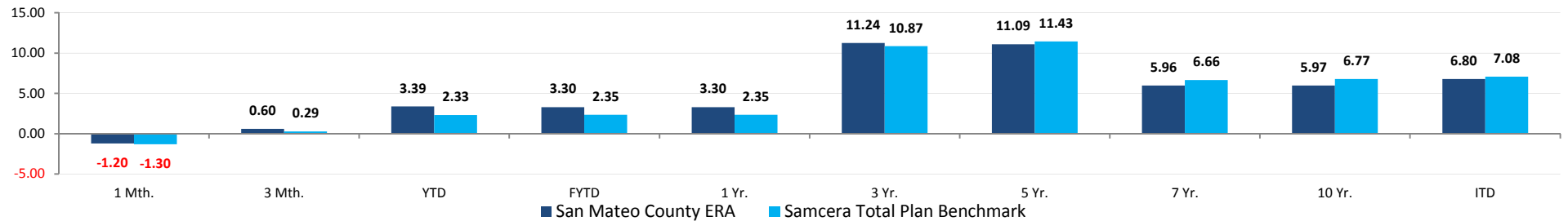
Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
San Mateo County ERA	3,437,367,535	-1.20	0.60	3.39	3.30	3.30	11.24	11.09	5.96	5.97	6.80
Samcera Total Plan Benchmark		-1.30	0.29	2.33	2.35	2.35	10.87	11.43	6.66	6.77	7.08
Excess		0.10	0.32	1.06	0.95	0.95	0.36	-0.35	-0.70	-0.81	-0.28
San Mateo Ex-Clifton Overlay	3,411,817,485	-1.21	0.58	3.26	3.18	3.18	11.18	11.07	5.88	5.82	6.72
Samcera Total Plan Benchmark		-1.30	0.29	2.33	2.35	2.35	10.87	11.43	6.66	6.77	7.08
Excess		0.10	0.29	0.93	0.83	0.83	0.31	-0.36	-0.78	-0.95	-0.35
Total Equity	1,812,349,381	-1.64	0.63	3.67	2.97	2.97	14.81	13.81	6.12	6.12	7.71
Samcera Total Equity Benchmark		-1.70	0.34	2.67	4.68	4.68	15.74	14.69	7.43	7.47	8.23
Excess		0.06	0.29	1.00	-1.70	-1.70	-0.93	-0.88	-1.31	-1.35	-0.52
Total Fixed Income	663,312,609	-1.08	-0.57	1.04	1.25	1.25	4.29	5.58	6.13	5.07	5.79
Samcera Fixed Income Benchmark		-1.03	-1.11	0.02	-0.28	-0.28	1.41	3.36	4.60	4.44	5.25
Excess		-0.05	0.55	1.02	1.53	1.53	2.88	2.23	1.53	0.63	0.54
Total Risk Parity	272,727,087	-0.71	-1.32	3.66	1.92	1.92	7.56	--	--	--	7.29
Samcera Risk Parity Benchmark		-1.44	-0.59	1.21	5.20	5.20	11.22	--	--	--	9.35
Excess		0.73	-0.73	2.45	-3.29	-3.29	-3.66	--	--	--	-2.05

San Mateo County Composite Return Summary



June 30, 2015

Return Comparison



Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Hedge Fund Composite	139,068,510	-2.79	-3.20	-0.34	9.36	9.36	6.50	--	--	--	4.36
Samcera LIBOR + 4%		0.34	1.03	2.07	4.17	4.17	4.19	--	--	--	4.21
Excess		-3.13	-4.23	-2.41	5.18	5.18	2.30	--	--	--	0.16
Total Private Equity	189,664,327	-1.01	8.05	12.31	23.20	23.20	13.31	--	--	--	-34.94
Samcera PE Benchmark		-1.43	0.88	3.21	10.24	10.24	21.12	--	--	--	18.56
Excess		0.42	7.17	9.10	12.96	12.96	-7.81	--	--	--	-53.50
Total Commodities	89,282,964	3.97	2.42	-0.97	-19.66	-19.66	-5.12	--	--	--	-5.77
Bloomberg Commodity Index		1.73	4.66	-1.56	-23.71	-23.71	-8.76	--	--	--	-11.06
Excess		2.25	-2.24	0.59	4.05	4.05	3.65	--	--	--	5.28
Private Real Assets	2,272,680	0.00	-37.52	-37.26	--	--	--	--	--	--	-36.95
Samcera CPI + 5%		0.00	1.51	3.33	--	--	--	--	--	--	3.93
Excess		0.00	-39.03	-40.59	--	--	--	--	--	--	-40.88
Total Real Estate	209,385,195	0.00	3.19	6.62	11.17	11.17	11.80	13.34	2.69	6.22	8.07
Samcera Real Estate Benchmark		0.00	0.00	3.40	10.30	10.30	11.48	13.41	2.63	6.17	8.53
Excess		0.00	3.19	3.22	0.86	0.86	0.33	-0.07	0.06	0.05	-0.46
Total Cash	33,754,732	0.01	0.05	0.07	0.26	0.26	0.50	0.65	0.21	1.34	2.19
Samcera Cash Benchmark		0.00	0.01	0.01	0.02	0.02	0.06	0.08	0.22	1.42	2.05
Excess		0.01	0.05	0.06	0.23	0.23	0.44	0.57	-0.01	-0.08	0.14

San Mateo County Manager Return Summary



June 30, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	1,812,349,381	-1.64	0.63	3.67	2.97	2.97	14.81	13.81	6.12	6.12	7.71
Samcera Total Equity Benchmark		-1.70	0.34	2.67	4.68	4.68	15.74	14.69	7.43	7.47	8.23
Excess		0.06	0.29	1.00	-1.70	-1.70	-0.93	-0.88	-1.31	-1.35	-0.52
Total Domestic Equity	1,130,694,253	-1.20	0.45	2.74	7.20	7.20	17.19	16.75	8.66	6.90	8.39
Samcera Dom. Equity Benchmark		-1.35	0.19	2.33	7.28	7.28	17.80	17.53	9.82	8.24	8.78
Excess		0.15	0.26	0.41	-0.08	-0.08	-0.61	-0.78	-1.16	-1.34	-0.39
Total Large Cap Equity	916,557,199	-1.66	0.70	2.76	8.34	8.34	17.51	16.80	8.52	7.15	9.11
Russell 1000		-1.88	0.11	1.71	7.37	7.37	17.73	17.58	9.59	8.13	9.51
Excess		0.22	0.58	1.05	0.98	0.98	-0.22	-0.78	-1.07	-0.98	-0.40
Barrow Hanley	110,503,970	-0.28	3.47	5.08	9.02	9.02	19.37	17.73	--	--	16.03
Russell 1000 Value		-2.00	0.11	-0.61	4.13	4.13	17.34	16.50	--	--	15.28
Excess		1.71	3.36	5.69	4.89	4.89	2.03	1.23	--	--	0.76
Blackrock S&P 500 Index Fund	583,288,550	-1.89	0.33	1.28	7.50	7.50	--	--	--	--	16.61
S&P 500		-1.94	0.28	1.23	7.42	7.42	--	--	--	--	16.57
Excess		0.05	0.05	0.05	0.08	0.08	--	--	--	--	0.04
Brown Advisory	108,622,780	-0.71	0.70	4.39	9.46	9.46	--	--	--	--	14.10
Russell 1000 Growth		-1.76	0.12	3.96	10.56	10.56	--	--	--	--	16.89
Excess		1.05	0.58	0.43	-1.10	-1.10	--	--	--	--	-2.79
DE Shaw Commingled Fund	114,141,899	-2.68	0.30	3.25	--	--	--	--	--	--	3.25
Russell 1000		-1.88	0.11	1.71	--	--	--	--	--	--	1.71
Excess		-0.81	0.19	1.54	--	--	--	--	--	--	1.54

San Mateo County Manager Return Summary



June 30, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Small Cap Equity	214,137,055	0.82	-0.62	2.62	2.36	2.36	16.54	16.94	9.36	5.96	6.70
Russell 2000 Index		0.75	0.42	4.75	6.49	6.49	17.81	17.08	10.44	8.40	7.91
Excess		0.07	-1.05	-2.14	-4.13	-4.13	-1.27	-0.14	-1.08	-2.44	-1.21
Boston Company	104,537,552	1.46	0.49	1.97	1.30	1.30	16.07	15.19	--	--	14.86
Russell 2000 Value		0.13	-1.20	0.76	0.78	0.78	15.50	14.81	--	--	14.57
Excess		1.32	1.68	1.21	0.52	0.52	0.58	0.38	--	--	0.29
Chartwell Investment Mgmt	109,599,503	0.22	-1.66	3.25	3.39	3.39	17.53	19.31	10.08	8.82	8.82
Russell 2000 Growth		1.34	1.98	8.74	12.34	12.34	20.11	19.33	11.52	9.86	9.28
Excess		-1.13	-3.64	-5.49	-8.95	-8.95	-2.58	-0.02	-1.44	-1.03	-0.46
Total International Equity	681,655,127	-2.35	0.96	5.38	-4.15	-4.15	10.04	7.65	0.68	4.86	5.61
MSCI ACW ex US-IMI		-2.71	1.00	4.59	-4.97	-4.97	9.80	8.00	1.87	5.79	5.14
Excess		0.36	-0.04	0.80	0.81	0.81	0.24	-0.35	-1.19	-0.93	0.48
Total Developed Markets Equity	613,102,286	-2.61	0.75	5.72	-3.62	-3.62	10.87	8.16	1.22	5.37	4.33
MSCI ACW ex US-IMI		-2.71	1.00	4.59	-4.97	-4.97	9.80	8.00	1.87	5.79	4.93
Excess		0.10	-0.26	1.14	1.35	1.35	1.07	0.16	-0.65	-0.42	-0.60
Baillie Gifford	207,661,197	-2.30	0.51	6.90	-0.89	-0.89	12.99	--	--	--	9.91
MSCI ACWI ex US Growth		-2.58	0.74	5.67	-1.71	-1.71	10.53	--	--	--	7.54
Excess		0.28	-0.23	1.22	0.82	0.82	2.45	--	--	--	2.37
Blackrock EAFE Index Fund	137,934,600	-2.82	0.77	5.76	-4.02	-4.02	--	--	--	--	0.53
MSCI EAFE ND		-2.83	0.62	5.52	-4.22	-4.22	--	--	--	--	0.23
Excess		0.01	0.15	0.24	0.20	0.20	--	--	--	--	0.29

San Mateo County Manager Return Summary



June 30, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Mondrian Investment Partners	201,293,980	-2.90	0.07	3.71	-6.63	-6.63	9.17	8.52	2.31	5.53	5.90
MSCI ACWI ex US Value		-2.92	0.71	2.97	-7.98	-7.98	9.25	7.58	1.97	5.46	5.66
Excess		0.02	-0.65	0.74	1.35	1.35	-0.09	0.94	0.34	0.08	0.24
Pyramis Intl Small Cap	66,212,509	-2.26	3.61	8.31	-1.65	-1.65	11.95	--	--	--	7.88
MSCI ACWI Small Cap ex US Net		-2.20	4.22	8.32	-3.07	-3.07	12.32	--	--	--	8.17
Excess		-0.05	-0.61	-0.00	1.42	1.42	-0.37	--	--	--	-0.29
Total Emerging Markets Equity	68,552,841	0.00	2.92	2.47	-8.49	-8.49	3.67	--	--	--	0.91
MSCI Emerging Markets ND		-2.60	0.69	2.95	-5.12	-5.12	3.71	--	--	--	0.50
Excess		2.60	2.23	-0.48	-3.36	-3.36	-0.04	--	--	--	0.41
Eaton Vance	68,552,841	0.00	2.92	2.47	-8.49	-8.49	3.67	--	--	--	0.91
MSCI Emerging Markets GD		-2.52	0.82	3.12	-4.77	-4.77	4.08	--	--	--	0.87
Excess		2.52	2.10	-0.64	-3.71	-3.71	-0.41	--	--	--	0.05
Total Fixed Income	663,312,609	-1.08	-0.57	1.04	1.25	1.25	4.29	5.58	6.13	5.07	5.79
Samcera Fixed Income Benchmark		-1.03	-1.11	0.02	-0.28	-0.28	1.41	3.36	4.60	4.44	5.25
Excess		-0.05	0.55	1.02	1.53	1.53	2.88	2.23	1.53	0.63	0.54
Total Domestic Fixed Income	565,021,349	-1.04	-0.69	1.13	1.50	1.50	3.76	5.46	6.09	5.11	5.92
Samcera US Fixed Inc Benchmark		-1.16	-1.13	0.71	1.34	1.34	1.85	3.82	4.93	4.68	5.52
Excess		0.12	0.44	0.42	0.16	0.16	1.91	1.64	1.16	0.43	0.40
Total Core Fixed Income	329,652,043	-1.17	-1.70	-0.02	2.32	2.32	3.04	4.76	5.57	4.75	5.69
BC U.S. Aggregate		-1.09	-1.68	-0.10	1.86	1.86	1.83	3.35	4.59	4.44	5.36
Excess		-0.08	-0.02	0.08	0.46	0.46	1.22	1.41	0.98	0.31	0.33

San Mateo County Manager Return Summary



June 30, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Pyramis Core Bond	197,839,986	-1.07	-1.64	0.02	1.90	1.90	2.50	4.27	5.74	--	5.14
BC U.S. Aggregate		-1.09	-1.68	-0.10	1.86	1.86	1.83	3.35	4.59	--	4.73
Excess		0.02	0.04	0.13	0.04	0.04	0.68	0.92	1.15	--	0.41
Western Asset Management	131,812,057	-1.33	-1.78	-0.08	2.88	2.88	3.58	5.36	6.31	5.15	5.20
BC U.S. Aggregate		-1.09	-1.68	-0.10	1.86	1.86	1.83	3.35	4.59	4.44	4.41
Excess		-0.24	-0.10	0.02	1.02	1.02	1.75	2.01	1.72	0.71	0.80
Brown Brothers Harriman	68,549,276	-0.46	0.03	0.88	-2.91	-2.91	-1.50	--	--	--	2.91
BC US Tips		-0.97	-1.06	0.34	-1.73	-1.73	-0.76	--	--	--	3.32
Excess		0.52	1.09	0.53	-1.18	-1.18	-0.74	--	--	--	-0.40
Total Opportunistic Credit	166,820,030	-1.02	1.09	3.39	1.38	1.38	10.16	10.31	--	--	10.80
BC BA Intermediate HY Index		-1.36	-0.15	2.30	1.58	1.58	6.33	8.15	--	--	8.54
Excess		0.34	1.24	1.09	-0.20	-0.20	3.82	2.16	--	--	2.27
AG Opportunistic Whole Loan	24,882,049	0.00	1.24	0.22	-0.23	-0.23	--	--	--	--	-1.86
BC BA Intermediate HY Index		-1.36	-0.15	2.30	1.58	1.58	--	--	--	--	2.81
Excess		1.36	1.39	-2.08	-1.82	-1.82	--	--	--	--	-4.67
Angelo Gordon	43,135,424	0.00	2.69	4.74	6.62	6.62	--	--	--	--	11.26
BC BA Intermediate HY Index		-1.36	-0.15	2.30	1.58	1.58	--	--	--	--	5.06
Excess		1.36	2.84	2.44	5.04	5.04	--	--	--	--	6.20
Beach Point Select Fund	34,281,797	-0.91	2.12	--	--	--	--	--	--	--	5.48
BC BA Intermediate HY Index		-1.36	-0.15	--	--	--	--	--	--	--	1.15
Excess		0.46	2.27	--	--	--	--	--	--	--	4.33
Brigade Cap Mngmt	64,520,760	-2.14	-0.55	2.39	-2.50	-2.50	6.27	--	--	--	7.37
BC BA Intermediate HY Index		-1.36	-0.15	2.30	1.58	1.58	6.33	--	--	--	7.55
Excess		-0.78	-0.40	0.09	-4.08	-4.08	-0.07	--	--	--	-0.18

San Mateo County Manager Return Summary



June 30, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Global Fixed Income	98,291,260	-1.29	0.13	0.59	-0.11	-0.11	6.48	--	--	--	5.52
Samcera Global Fixed Benchmark		-0.47	-1.03	-2.90	-7.09	-7.09	-0.55	--	--	--	1.22
Excess		-0.82	1.16	3.49	6.99	6.99	7.03	--	--	--	4.30
Franklin Templeton	98,291,260	-1.29	0.13	0.59	-0.11	-0.11	6.00	--	--	--	5.20
BC Multiverse Index		-0.47	-1.03	-2.90	-7.09	-7.09	-0.55	--	--	--	1.22
Excess		-0.82	1.16	3.49	6.99	6.99	6.55	--	--	--	3.98
Total Risk Parity	272,727,087	-0.71	-1.32	3.66	1.92	1.92	7.56	--	--	--	7.29
Samcera Risk Parity Benchmark		-1.44	-0.59	1.21	5.20	5.20	11.22	--	--	--	9.35
Excess		0.73	-0.73	2.45	-3.29	-3.29	-3.66	--	--	--	-2.05
AQR Global Risk III	129,599,348	-2.81	-2.68	1.12	-4.28	-4.28	5.35	--	--	--	5.76
Samcera Risk Parity Benchmark		-1.44	-0.59	1.21	5.20	5.20	11.22	--	--	--	9.35
Excess		-1.37	-2.09	-0.09	-9.49	-9.49	-5.87	--	--	--	-3.58
Panagora	143,127,739	1.27	-0.06	6.07	10.00	10.00	--	--	--	--	10.00
Samcera Risk Parity Benchmark		-1.44	-0.59	1.21	5.20	5.20	--	--	--	--	5.20
Excess		2.71	0.53	4.86	4.80	4.80	--	--	--	--	4.80
Total Real Estate	209,385,195	0.00	3.19	6.62	11.17	11.17	11.80	13.34	2.69	6.22	8.07
Samcera Real Estate Benchmark		0.00	0.00	3.40	10.30	10.30	11.48	13.41	2.63	6.17	8.53
Excess		0.00	3.19	3.22	0.86	0.86	0.33	-0.07	0.06	0.05	-0.46
Invesco Core Real Estate	209,385,195	0.00	3.19	6.62	11.17	11.17	11.58	13.36	2.69	6.22	7.18
Samcera NCREIF ODCE EW (gross)		0.00	0.00	3.40	10.30	10.30	11.48	13.41	2.63	6.17	6.95
Excess		0.00	3.19	3.22	0.86	0.86	0.10	-0.06	0.06	0.05	0.23

San Mateo County Manager Return Summary



June 30, 2015

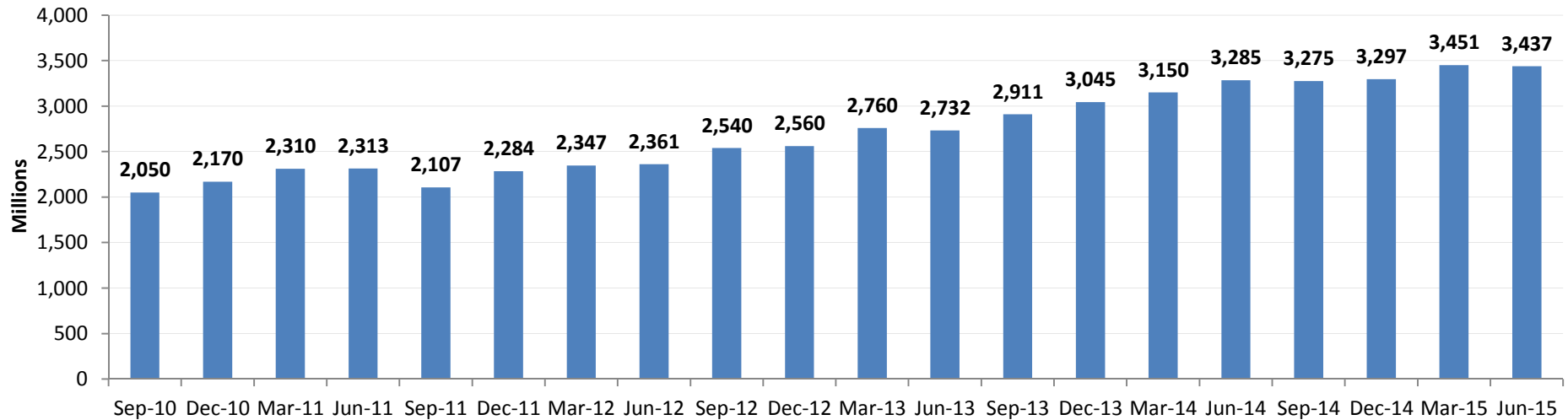
Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Alternatives	420,288,481	-0.59	2.33	4.25	6.26	6.26	6.03	-10.84	-13.60	-5.86	-4.42
Samcera Alternatives Benchmark		-0.21	1.73	2.13	1.01	1.01	10.37	11.60	6.41	7.32	7.60
Excess		-0.38	0.60	2.12	5.25	5.25	-4.34	-22.44	-20.01	-13.18	-12.02
Total Private Equity	189,664,327	-1.01	8.05	12.31	23.20	23.20	13.31	--	--	--	-34.94
Samcera PE Benchmark		-1.43	0.88	3.21	10.24	10.24	21.12	--	--	--	18.56
Excess		0.42	7.17	9.10	12.96	12.96	-7.81	--	--	--	-53.50
Private Real Assets	2,272,680	0.00	-37.52	-37.26	--	--	--	--	--	--	-36.95
Samcera CPI + 5%		0.00	1.51	3.33	--	--	--	--	--	--	3.93
Excess		0.00	-39.03	-40.59	--	--	--	--	--	--	-40.88
Total Hedge Fund Composite	139,068,510	-2.79	-3.20	-0.34	9.36	9.36	6.50	--	--	--	4.36
Samcera LIBOR + 4%		0.34	1.03	2.07	4.17	4.17	4.19	--	--	--	4.21
Excess		-3.13	-4.23	-2.41	5.18	5.18	2.30	--	--	--	0.16
Total Commodities	89,282,964	3.97	2.42	-0.97	-19.66	-19.66	-5.12	--	--	--	-5.77
Bloomberg Commodity Index		1.73	4.66	-1.56	-23.71	-23.71	-8.76	--	--	--	-11.06
Excess		2.25	-2.24	0.59	4.05	4.05	3.65	--	--	--	5.28
Total Cash	33,754,732	0.01	0.05	0.07	0.26	0.26	0.50	0.65	0.21	1.34	2.19
Samcera Cash Benchmark		0.00	0.01	0.01	0.02	0.02	0.06	0.08	0.22	1.42	2.05
Excess		0.01	0.05	0.06	0.23	0.23	0.44	0.57	-0.01	-0.08	0.14
SamCera General Account	31,643,672	0.01	0.07	0.09	0.23	0.23	0.15	0.21	0.37	1.61	2.18
SamCera Treasury & LAIF	2,105,992	0.00	0.00	0.00	0.00	0.00	0.50	0.72	0.12	1.21	2.93
San Mateo County ERA	3,437,367,535	-1.20	0.60	3.39	3.30	3.30	11.24	11.09	5.96	5.97	6.80
Samcera Total Plan Benchmark		-1.30	0.29	2.33	2.35	2.35	10.87	11.43	6.66	6.77	7.08
Excess		0.10	0.32	1.06	0.95	0.95	0.36	-0.35	-0.70	-0.81	-0.28

June 30, 2015

Record of Asset Growth

	Three Months	One Year
TOTAL FUND		
Beginning Market Value	3,451,477,612	3,284,603,403
Contributions	10,236,290	310,723,200
Withdrawals	-47,850,816	-277,794,736
Income Received	11,391,642	40,317,717
Gain/Loss	12,119,820	78,944,715
Ending Market Value	3,437,367,535	3,437,367,535

Net Asset Values Over Time (\$000)



June 30, 2015

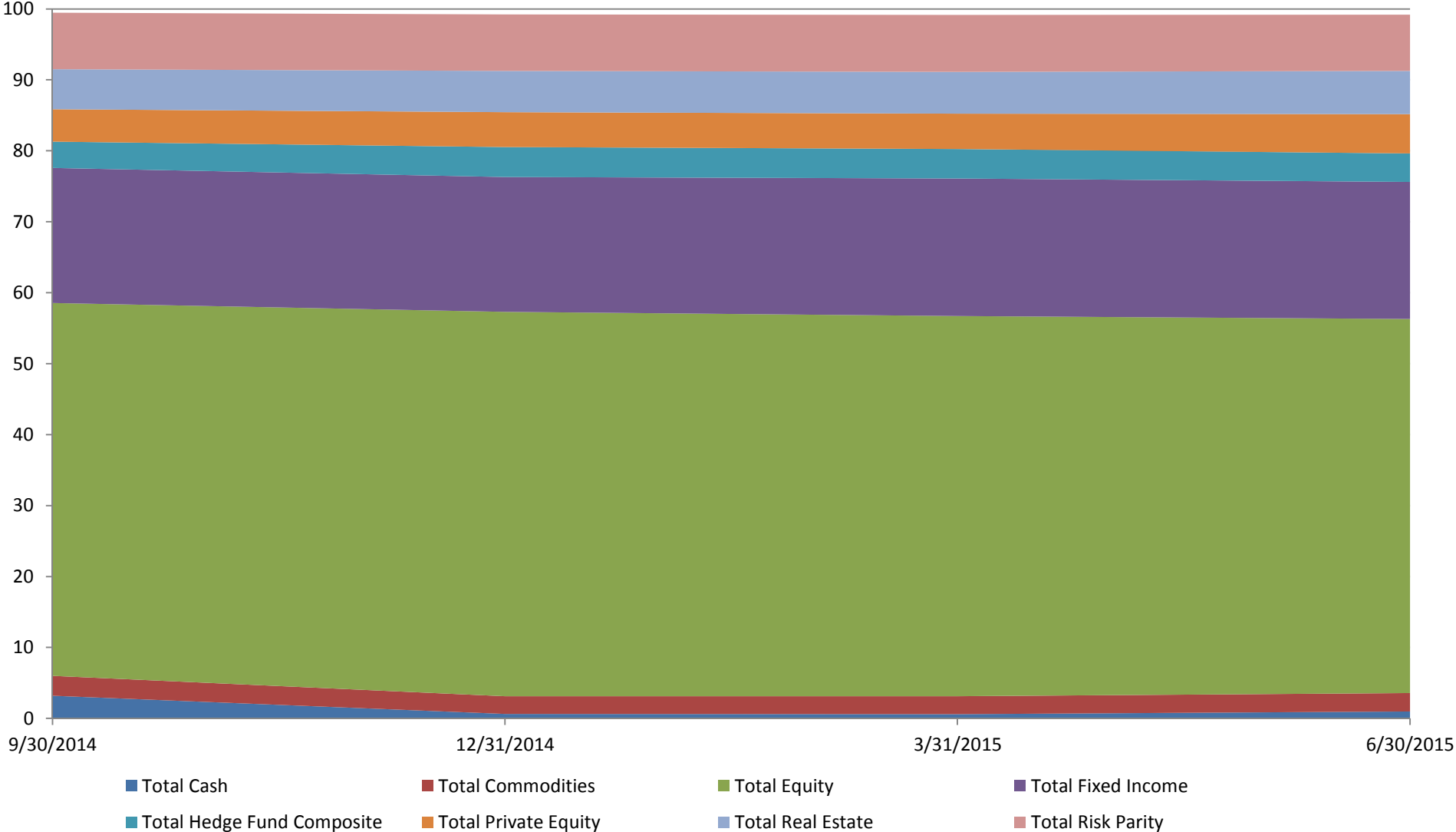
Actual vs Target Weights



	Min	Actual	Target	Deviation	Max
Total Large Cap Equity	22.0	26.7	24.0	2.7	26.0
Total Small Cap Equity	4.0	6.2	6.0	0.2	8.0
Total International Equity	18.0	19.8	20.0	-0.2	22.0
Total Fixed Income	18.0	19.3	20.0	-0.7	22.0
Total Private Equity	5.0	5.5	7.0	-1.5	9.0
Total Risk Parity	6.0	7.9	8.0	-0.1	10.0
Total Hedge Fund Composite	2.0	4.0	4.0	0.0	6.0
Total Commodities	1.0	2.6	3.0	-0.4	5.0
Total Real Estate	4.0	6.1	6.0	0.1	8.0

June 30, 2015

Asset Allocation over Time

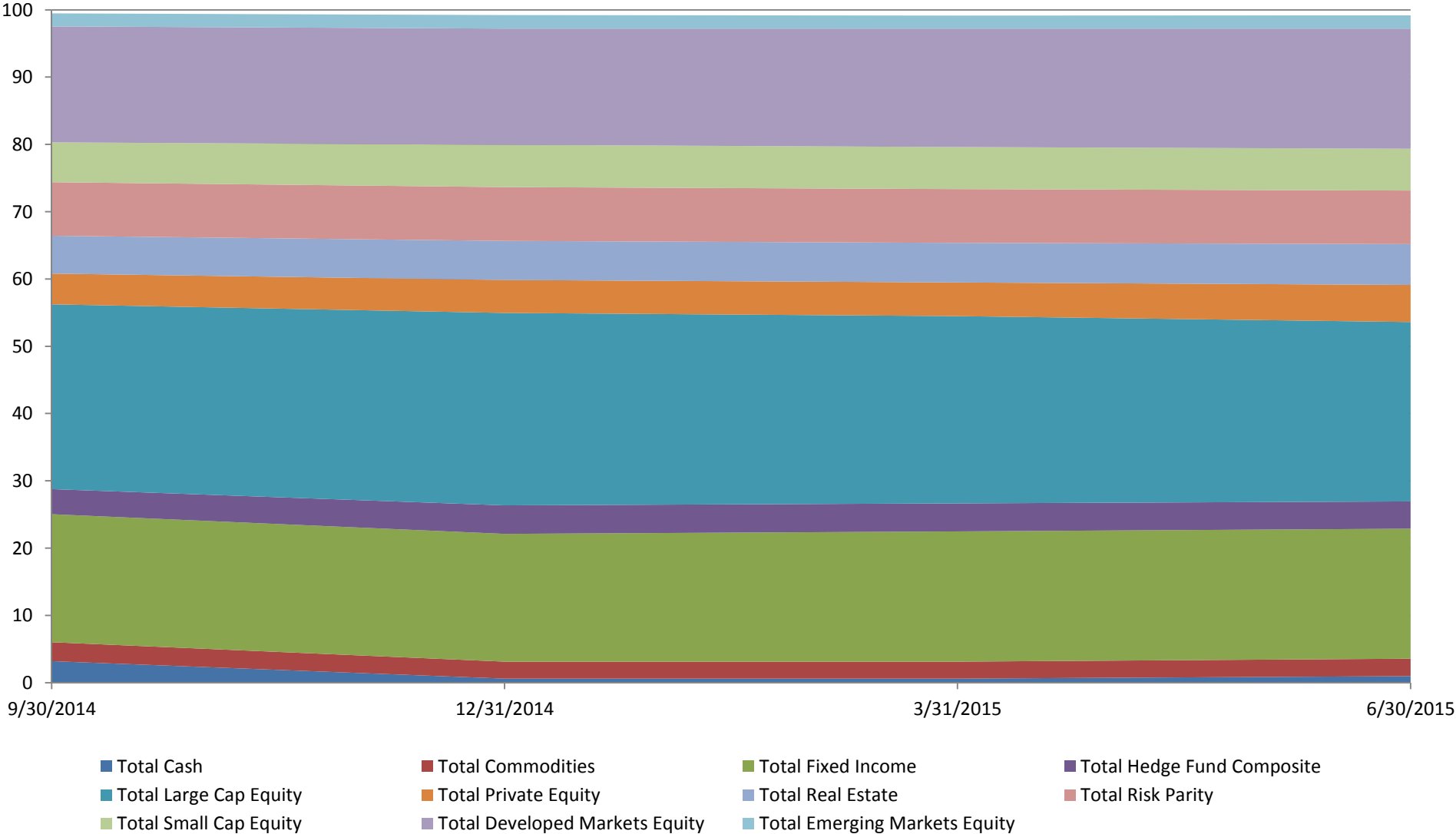


**San Mateo County
Sub-Asset Class Allocation Over Time**



June 30, 2015

Sub-Asset Class Allocation Over Time



U.S. EQUITY

Markets were generally flat for most of June, but dropped precipitously toward month-end as the Greek crisis worsened. China's stock market correction and associated contagion fears also became a viable culprit to U.S. equity weakness.

The Russell 3000 ended the month down -1.67%. The Russell 1000 Growth Index was down -1.76% and the Russell 1000 Value Index was down -2.00%. The Russell 2000 Growth Index was up +1.34% and the Russell 2000 Value was also up +0.13% for the month. The S&P 500 Index ended the month down -1.94%.

The S&P 500 Index has a trailing P/E ratio of 21.30 and a forward 12-month estimate P/E ratio of 17.25 and a dividend yield of 2.02%.

Corporate merger highlights for the month included:

General Electric will sell its fleet management arm in the U.S., Mexico, Australia and New Zealand to Canada's Element Financial for \$6.9 billion; European Union regulators approved Siemens' \$7.6 billion purchase of U.S. oilfield equipment maker Dresser-Rand; U.S. health insurer Aetna is reportedly close to buying rival Humana which is valued at nearly \$28 billion; European retailers Ahold and Delhaize announce a \$29 billion merger, creating one of the largest supermarket groups in the U.S. and in Europe; 3M will buy protection equipment company Capital Safety from private equity firm KKR & Co for \$1.8 billion; Lone Star Funds will acquire real estate investment trust Home Properties for about \$7.6 billion; Sequential Brands Group will buy Martha Stewart Living Omni media in a deal valued at about \$353 million; Allergan will buy Kythera Biopharmaceuticals, which is preparing to launch an injection aimed at reducing double chins, for about \$2.1 billion; Hill-Rom will acquire privately held Welch Allyn for \$2.1 billion; Cosmetics group Coty won auctions to acquire 3 businesses from Procter & Gamble for as much as \$12 billion; Cox Automotive, the owner of Autotrader and Kelley Blue Book, will buy Dealertrack Technologies in a deal valued at \$4 billion; CVS Health will acquire Target's U.S. pharmacy and clinics businesses for about \$1.9 billion; Standard Pacific and the Ryland Group agreed to merge creating a company with a combined market value of about \$5.2 billion; Hudson's Bay, one of N. America's oldest firms and operator of Saks Fifth Avenue, will buy Germany's 135-year old Galeria Kaufhof for \$3.19 billion; German pharmaceutical manufacturer Bayer will

sell its diabetes care business to Panasonic Healthcare Holdings for about \$1.1 billion; Insurer Tokio Marine Holdings will acquire U.S.-based HCC Insurance Holdings for \$7.5 billion; Integrated Silicon Solutions will be acquired by Cypress Semiconductor for \$643 million; GE will sell its private equity financing unit to Canada Pension Plan Investment Board in a deal valued at about \$12 billion; Campbell Soup will buy salsa maker Garden of Eatin' for \$231 million to expand in the fresh and organic packaged foods business; Apollo Global Management won the bidding for Saint-Gobain's glass bottle unit Verallia with an offer valuing the business at \$3.27 billion; Cardinal Health will acquire the Harvard Drug Group in a \$1.12 billion deal designed to expand its distribution of generic drugs; OPKO Health will buy clinical laboratory operator Bio-Reference Laboratories in a deal valued at \$1.47 billion; Intel will buy fellow chip maker Altera for \$16.7 billion to allow it to sell cheaper semi-custom-made chips; Enterprise Products will buy pipeline and processing assets in Texas from Pioneer Natural Resources and India's Reliance Industries for \$2.15 billion; Propane retailer Ferrellgas Partners will buy midstream services provider Bridger Logistics for \$837 million; U.S. data center company Equinix will buy British peer TelecityGroup in a deal worth \$3.6 billion;

FIXED INCOME

In spite of a Greece-related flight to quality at quarter end, "dovish" comments from the Fed and benign inflation data (e.g. May Core CPI +1.7% YoY), U.S. intermediate and long-term yields rose for the quarter as U.S. economic activity reaccelerated (e.g. second quarter average monthly nonfarm payrolls +221K vs. +195K first quarter average). The rise in U.S. yields was also driven by higher global government bond yields as deflationary concerns in Europe abated. The Fed indicated that barring disappointing economic news the first Fed funds rate increase will take place later this year, but the committee anticipates that the pace of subsequent increases will be gradual.

The yield on the bellwether 10-year U.S. Treasury rose to 2.34% at a close of June, up from 2.10% at the end of May. At month end, the 30-year bond yield was 3.10% with the 3-month T-bill at 0.01%. The Barclays Capital US Aggregate Index was down by -1.09% in June.

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

THE GOOD

- *The National Association of Realtors reported that its Pending Home Sales Index increased 0.9% to 112.6, the highest level since April 2006.
- *The U of M consumer sentiment index rose to 96.1 this month, its highest level since January, suggesting that spending will strengthen this year.
- *For the first six months of 2015, the consumer optimism has improved at the fastest pace since 2004.
- *Consumer spending surged in May by 0.9%, the biggest monthly increase in nearly six years – and a sign of stronger economic growth ahead.
- *Personal income rose in May a healthy 0.5%.
- *The Commerce Department reported that non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, rose 0.4% last month.
- *The National Association of Realtors reported that sales of existing homes rose 5.1% in May to a seasonally adjusted annual rate of 5.35 million; the fastest pace since November 2009 and rebounding from the drop in April.
- *The Conference Board's index of leading indicators, designed to predict the future health of the economy, rose 0.7% in May, matching April's gain.
- *Manufacturing in the Fed's Philadelphia region expanded this month at the fastest pace since December, also suggesting an improving economy.
- *The University of Michigan's consumer sentiment index surged to 94.6 in early June from 90.7 in May.
- *Inventories held by businesses rose 0.4% in April compared to March.
- *Americans stepped up their spending at retailers in May, especially for autos, clothes and building materials, in a sign that strong job growth has begun to boost store sales – retail sales rose a seasonally adjusted 1.2%.
- *The U.S. posted a budget deficit of \$82.4 billion in May, a 37% drop from the same period last year.
- *The U.S. government reported employers added a hefty 280,000 jobs in May, well above recent averages.
- *The U.S. Commerce Department reported that the U.S. trade gap narrowed 26.6% to \$40.9 billion in April, the largest decrease since early 2009 and about \$3 billion less than forecast.
- *CoreLogic reported that housing prices rose 2.7% in April to take the year-on-year gain to 6.8%

*The Commerce Department reported that construction spending jumped 2.2% to an annual rate of \$1.0 trillion, the highest level since November 2008.

THE NOT SO GOOD

- *Unemployment rates rose in 25 U.S. states in May.
- *Consumer prices increased in May by the largest amount in more than two years, reflecting the biggest one-month jump in gas prices in nearly six years.
- *The U.S. Energy Information Administration reported that crude inventories have fallen for seven weeks in a row.
- *Housing starts dropped 11.1% in May to a seasonally adjusted annual pace of 1.04 million units.
- *The Federal Reserve reported that industrial output unexpectedly fell 0.2% in May after a revised 0.5% drop in April.
- *The producer price index, which measures inflation pressures before they reached consumers, spiked 0.5% in May, the Labor Department reported.
- *The Labor Dept. reported that employer costs for employee compensation grew 4.9% in the year ending March 31st.
- *The Thomson Reuters/IPSOS Primary Consumer Confidence Sentiment Index fell to 55.0 in June from 56.7 in May, declining for the 2nd consecutive month and to its lowest level this year.
- *U.S worker productivity declined more sharply in the first three months of the year (3.1%) than previously thought while labor costs rose more quickly (6.7%).
- *The Institute for Supply Management reported that its services index fell to 55.7 in May from 57.8 in April.
- *The Commerce Department reported that factory orders fell 0.4% in April, marking the eighth decline in 9 months.

NON-U.S. MARKETS

The overall Eurozone unemployment rate remained unchanged at 11.1% in May, but that still leaves it down from a peak of 12.1% in mid-2013 and 11.3% at the beginning of this year. Unemployment varies widely by country, with the low of 4.7% in Germany and a high of 22.5% in Spain. It is probably even higher in Greece, but their second quarter data are yet to be released.

In the U.K., growth slowed in the first quarter, but not by as much as initially thought. GDP rose 0.4%, compared to 0.3% in the preliminary estimate and 0.8%

in the fourth quarter. Consumer spending and business investment powered growth while international trade exerted a large drag. GDP rose a solid 2.9% y/y, highlighting the relative strength of the U.K economy in 2014.

After sliding over the winter, Japan retail sales rebounded in May, although it is too soon to know if this represents a turning point. Sales jumped 1.7% the second consecutive gain. Industrial production continues to weaken as production fell 2.2% in May, the third decline in the last four months. Manufacturing confidence is drifting sideways at a solid but unspectacular level.

In China, equity markets have rallied since the beginning of the year, driven by momentum and liquidity which drew in swaths of unsophisticated speculators. 67% of those opening new brokerage accounts in China have less than a high school education. The latest sharp market correction has triggered a series of unsuccessful government measures designed to stabilize the sell-off. However, the slump has caused valuations to correct as well, providing potential opportunities for more sophisticated, longer-term institutional investors.

Non-U.S. equities were negative in June. The MSCI ACWI Ex-U.S. was down -2.75%. Developed stocks (EAFE) were down -2.80% while Emerging Markets down -2.52% for the month.

CONCLUSION

Market participants face several complex transitions. First, the U.S. must at some point move to gradually tightening financial conditions, after an extraordinary surge of easing over recent years. This transition is likely to be associated with moderating international capital flows, gradually rising financing costs, and heightened risks of further currency depreciation among most developing economies. It has already been associated with episodes of market volatility whenever markets perceived the moves to be sooner rather than later. Even with the U.S. Federal Reserve expected to leave interest rates on hold (short term), the market will still be focused on policymakers for clear signals on when the central bank will make its first interest rate hike in nearly a decade. Once again, the main point of interest will be any change in the nuances of bank Chair Janet Yellen's language after the central bank's announcement.

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jun-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	-1.67	0.14	1.94	7.29	15.91	17.73	17.54	9.65	8.15
Russell TOP 200 Index	-1.79	0.87	1.42	7.70	15.88	17.08	17.29	9.23	7.63
Russell TOP 200 Growth Index	-1.83	0.71	3.86	11.07	18.92	17.55	18.63	10.66	8.95
Russell TOP 200 Value Index	-1.75	1.04	-1.06	4.33	12.91	16.58	15.93	7.75	6.29
S&P 500 Index	-1.94	0.28	1.23	7.42	15.70	17.31	17.34	9.42	7.89
Russell 1000 Index	-1.88	0.11	1.71	7.37	16.01	17.73	17.58	9.59	8.13
Russell 1000 Growth Index	-1.76	0.12	3.96	10.56	18.46	17.99	18.59	10.50	9.10
Russell 1000 Value Index	-2.00	0.11	-0.61	4.13	13.55	17.34	16.50	8.59	7.05
Russell Mid-Cap Index	-2.07	-1.54	2.35	6.63	16.30	19.26	18.23	10.51	9.40
Russell Mid-Cap Growth Index	-1.61	-1.14	4.18	9.45	17.45	19.24	18.69	10.34	9.69
Russell Mid-Cap Value Index	-2.56	-1.97	0.41	3.67	15.09	19.13	17.73	10.61	8.89
Russell 2000 Index	0.75	0.42	4.75	6.49	14.74	17.81	17.08	10.44	8.40
Russell 2000 Value Index	0.13	-1.20	0.76	0.78	11.13	15.50	14.81	9.31	6.87
Russell 2000 Growth Index	1.34	1.98	8.74	12.34	18.37	20.11	19.33	11.52	9.86
DJ US REIT Index	-4.42	-10.00	-5.75	5.21	9.17	8.67	14.43	7.60	6.78
DJ-UBS US Commodity Index	1.73	4.66	-3.21	-23.71	-9.14	-8.76	-3.91	-10.91	-2.62
DJ-UBS US Gold Index	-1.51	-1.05	-2.62	-11.72	-2.49	-10.36	-1.77	2.68	9.48

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jun-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-2.75	0.72	4.34	-4.85	7.86	9.92	8.23	1.94	6.01
MSCI AC World Index	-2.31	0.52	2.97	1.23	11.85	13.61	12.52	5.35	6.97
MSCI EAFE Index	-2.80	0.84	5.88	-3.82	9.25	12.45	10.03	2.45	5.60
MSCI Emerging Markets index	-2.52	0.82	3.12	-4.77	4.50	4.08	4.03	1.18	8.46
ML Global Government Bond Ex. U.S. Index	0.60	-1.20	-4.20	-12.73	-3.83	-6.26	-0.78	1.18	2.46
Euro	1.63	3.74	-7.92	-18.62	-7.42	-4.24	-1.88	-4.83	-0.83
Japanese Yen	1.41	-1.99	-2.02	-17.21	-9.90	-13.28	-6.28	-2.03	-0.99
UK Pound Sterling	3.06	5.94	0.86	-8.02	1.83	0.09	1.00	-3.31	-1.30

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jun-15	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	0.00	0.01	0.01	0.02	0.04	0.06	0.08	0.22	1.42
BarCap Aggregate Bond Index	-1.09	-1.68	-0.10	1.86	3.11	1.83	3.35	4.59	4.44
ML U.S. Corp/Govt Master Index	-1.20	-2.05	-0.19	1.98	3.18	1.88	3.61	4.65	4.41
ML U.S. Corporate Master Index	-1.64	-2.66	-0.46	1.01	4.44	3.54	5.25	6.38	5.21
BarCap Mortgage Backed Securities Index	-0.76	-0.74	0.31	2.28	3.46	1.92	2.89	4.44	4.56
ML U.S. High Yield Master Index	-1.53	-0.04	2.49	-0.53	5.41	6.74	8.37	9.02	7.67
JPM EMBI Global	-1.69	-0.29	1.76	-1.57	4.55	3.44	6.52	7.44	7.34

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 6.2

TO: Board of Retirement
Lilibeth Dames
FROM: Lilibeth Dames, Investment Analyst
SUBJECT: Report on the Value Equity Manager Annual Reviews (Barrow Hanley, Mondrian and The Boston Company)

Staff Recommendation

Review the report on the annual reviews of SamCERA's Value Equity Managers.

Background

On June 4th, SamCERA staff held an annual review meeting in SamCERA's office for our large-cap value equity manager, Barrow Hanley. While on June 11th, the annual reviews with Mondrian and The Boston Company were held.

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 Barrow Hanley Diversified Large-Cap Value Equity product, which employs a bottom-up value investment strategy, was reviewed on June 4th. Mondrian's All Countries World ex-US strategy, which is a value-oriented international equity approach, was reviewed one week later. The Boston Company's US Small-Cap Value Equity strategy was also reviewed. This strategy conducts a bottom-up fundamental research style approach.

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

Attachments

- A. *Barrow Hanley Large-Cap Value Annual Review Meeting Notes*
- B. *Mondrian International Value Annual Review Meeting Notes*
- C. *The Boston Company Small-Cap Value Annual Review Meeting Notes*

Date of meeting: 6/4/2015

Location: SamCERA Office

Manager Representative(s)

Mark Giambone, Portfolio Manager; Matt Egenes, Client Service

SIS Representative

Margaret Jadallah, Managing Director

Client Representative(s)

Mike Coultrip, CIO; Scott Hood, CEO, Lilibeth Dames, Analyst

Product Description

Barrow, Hanley, MeWhinney & Strauss (BHMS) adheres to a value-oriented investment approach using bottom up, fundamental security selection. The firm's research effort involves both quantitative and qualitative analysis in its search for undervalued stocks which, at the time of purchase, are generally low expectation stocks. Those companies which meet their three-pronged definition of value (price/earnings and price/book ratios below the market and dividend yields above the market) and are projected to achieve earnings growth above that of the market are placed on the firm's Security Guidance List. The list averages 250 companies from which the most compelling 70-80 companies are purchased. Once identified as a candidate, an individual security then undergoes a process of fundamental analysis, including an assessment of the company's valuation, as well as prospects for improvement in operating fundamentals. The team believes that a good long-term business is one that earns a high return on equity (ROE) and the firm, therefore, wants to own equity interests in companies with high or improving ROEs. The goal of their fundamental analysis is to produce reliable 5-year projections for profitability (ROE), earnings per share, and dividend payout ratio. Their investment approach also emphasizes the growth of dividends, as opposed to simply the level of dividends, as a driver of performance.

The Diversified Large Cap Value portfolio targets 2/3 large cap and 1/3 mid cap exposure. Dividends for the portfolio as a whole are greater than that of the market. While largely a bottom up approach, the firm incorporates broad sector and industry portfolio construction rules (35% sector maximum, 15% industry maximum).

The return objective of the Diversified Large Cap Value strategy is to achieve higher returns compared to the Russell 1000 Value Index while maintaining lower risk. Over a three to five year period, they expect to add at least 150 basis points on an annualized basis, gross of fees, over the benchmark.

Meeting Notes

Organization

Barrow, Hanley, MeWhinney & Strauss (BHMS), based in Dallas, TX, was founded in 1979 to manage large cap value assets. The firm expanded over the years to include several domestic and international equity strategies, in addition to fixed income. Non-US, global and emerging markets value-based approaches have been added in recent years. BHMS operates as a majority-owned subsidiary of Old Mutual, a financial services company based in London. In 2010, Old Mutual began offering employees of BHMS an indirect non-voting interest in the company not to exceed 24.9%. No employees at the firm have more than a 2% ownership stake, and approximately half of BHMS's employees own stock today.

BHMS manages in excess of \$97 billion with \$3.4 billion in the Diversified Large Value strategy. Assets managed for SamCERA were \$108 million at 3/31/15. The firm has had about \$1 billion in recent sub advisory wins in this product, including new sub advisory relationships with Edward Jones and AON Hewitt for OCIO accounts. Barrow Hanley has won business in recent years in its Large Cap Diversified Value and Dividend Focused approaches in particular. However, this is almost equally offset by firm outflows driven by asset allocation changes (ex., LDI, increase to passive, increase in alternatives).

We asked about Jim Barrow's eventual retirement how that would impact the firm's ownership. (Barrow has no near-term plans to retire.) Ownership is broadly distributed under OMAM, so even a founder like Barrow can sell his shares without difficulty. There is a three-year buyback period with stock redistributed to the younger generation. While Jim Barrow has cut back on his day-to-day responsibilities meaningfully and essentially acts as a mentor, he is still a portfolio manager for Vanguard, including for the Vanguard Windsor II Fund. Other portfolio managers are being added to the prospectus for Vanguard Windsor II. Moreover, other team members, including Mark Giambone, have taken on the lion's share of servicing the Vanguard relationship.

We discussed OMAM's 20% IPO, whereby Old Mutual raised about \$300 million by selling stock in its U.S. money management arm. Mark and Matt explained that the purpose of the IPO is for acquisitions. This will not impact the value of BHMS' employee stock which is a tracking stock for BHMS and not tied to the broader OMAM organization. After our meeting, Old Mutual announced that they will be launching a secondary offering to raise up to \$200 million this summer through selling more OMAM stock. Based on recent news articles, it appears as if Old Mutual may continue to sell OMAM shares in the coming years. In a follow up conversation that SIS had with Matt Egenes, Egenes stressed that there will be no change to BHMS' organizational structure with these recent events, and the firm will continue to manage itself as it has been. Barrow is OMAM's largest boutique manager and comprises 45% of the firm's revenue; Acadian is its second largest at 35%.

Investment Team

Mark Giambone is the lead portfolio manager for the SamCERA relationship. He currently manages 20 Diversified Large Cap Value client accounts and 14 client accounts in the firm's Large Cap Value strategy. In 2014, BHMS added two assistant portfolio managers to the Diversified Large Cap Value team, Michael Nayfa and Terry Pelzel. Each has about 10 years of investment experience and has been with the firm at least five years. The firm's equity portfolio managers and research analysts work as a team in generating and researching investment ideas across the market capitalization spectrum. Analysts have specific industry assignments.

BHMS has done a good job of retaining investment professionals. Several of the firm's portfolio managers and analysts are approaching retirement age, and last year Large Cap Value portfolio manager Bob Chambers retired. For this reason, BHMS has been actively mentoring and promoting younger talent from within. Lead portfolio manager Mark Giambone has 23 years of experience, 16 with the firm, and still has some years ahead of him.

Investment Strategy

Mark Giambone reviewed Diversified Large Cap Value investment approach and expanded upon several parts of the investment strategy which are outlined below.

Barrow Hanley has considerable history with company managements through a combination of meeting management teams for years and regularly taking a lot of management meetings. This is driven by the firm's willingness to hold large positions as a percentage of stock outstanding (there are currently seven holdings at

their maximum weight of 10% stock outstanding). Because of their willingness to hold large position weights, the firm tracks liquidity regularly, requiring no more than 45 days to get in/out of a name assuming 10-15% of volume. Turnover is low in the Diversified Large Cap Value portfolio, averaging 25-30%. In essence, the team of about 25 analysts is looking for a modest 20 new compelling ideas a year, and spends the bulk of its time monitoring companies.

As stated above, BHMS' investment approach emphasizes the growth of dividends over the level of dividends. On occasion, they can buy a stock without a dividend if their research shows that the company will likely initiate one.

While most holdings are in companies with strong balance sheets, they can occasionally buy a company with a levered balance sheet if the company has strong free cash flow and is delevering with that cash.

In 2014, Barrow Hanley added Axioma to help explain the portfolio's factor exposures to clients. Clients have been increasingly asking about factor exposures in the portfolio in recent years. The addition of Axioma has not changed the BHMS investment process or portfolio in any way.

Performance & Positioning

For the year ended 3/31/15, Barrow Hanley underperformed the Russell 1000 Value Index by 60 bps (8.7% vs. 9.3% for the benchmark). Mark Giambone discussed performance in the context of the market, certain sectors and implications of interest rates. BHMS is a bottom up manager, but the interest rate headwind is something that they've had to think more about. The team believes that financials should do better once rates start to rise, and is focusing its exposure on lenders versus REITS or insurers. Over the past year ended 3/31/15, financial exposure has detracted from portfolio returns. In addition, BHMS has been slightly overweight in industrials which has hurt performance as many of their holdings in the sector rely on global revenues. They view their industrial holdings as great franchises with good valuation and an attractive long-term (4-year) outlook. As rates rise and the global economy improves, the team believes these stocks will do well. The portfolio was underweight energy which helped from the allocation standpoint but detracted from the stock selection standpoint. The team recently added refiner Phillips 66 on weakness, but Mark stressed that the level of capital and cash for a company is paramount in this sector. One consumer name Hanesbrands did particularly well, contributing 90 bps to the portfolio's return for the year.

Mark discussed the rationale behind owning multiple cruise liners and the firm's positive fundamental outlook for the industry. Supply/demand dynamics are good, and the ships can change location to where the greatest growth is, namely China.

They have been underweight utilities, REITs and consumer staples because they are expensive and don't meet their value criteria.

Conclusion

We continue to think highly of Barrow Hanley. The firm follows a disciplined process and has added value over longer time periods. Despite a substantial asset base, the manager has continued to produce meaningful excess returns.

Date of meeting: 6/9/2015

Location: SamCERA Office

Manager Representative(s)Jim Brecker (Client Service),
Andrew Porter (Portfolio Manager)SIS Representative(s)

Jonathan Brody (Conference Call)

Account Assets

\$201 mm (Q1 2015)

Client Representative(s)Mike Coultrip (CIO), Scott Hood (CEO), Lili Dames
(Investment Analyst), Doris NG (Investment Analyst)**Product Description**

Mondrian is a value-oriented, defensive manager whose investment philosophy is based on the principle that investments must be evaluated for their fundamental long-term value. The firm's philosophy involves three stated investment objectives: 1) provide a rate of return meaningfully greater than the client's domestic rate of inflation, 2) structure client portfolios that preserve capital during protracted international market declines, and 3) provide portfolio performance that is less volatile than benchmark indices and other international managers. Mondrian applies typical value screening criteria to a universe of 1,500 stocks, from which 500 are selected for more detailed work. Through fundamental research, and the deliberations of the Investment Committee, the universe is further reduced to a list of 150 stocks. The investment team conducts detailed fundamental analysis on the remaining stocks, a process which includes applying the firm's dividend discount model consistently across all markets and industries. Mondrian also uses a purchasing power parity model to give an accurate currency comparison of the value of the stocks under consideration. The firm will only consider buying stocks in countries with good investor protection practices and relatively simple repatriation procedures. A computer based optimization program is employed in the portfolio construction process. Mondrian's portfolio holds 80-125 issues.

Meeting Notes**Organization**

Mondrian is 100% employee owned with 80 employee equity holders. As of the end of the first quarter of 2015, the firm was managing \$63 billion. This represents a decline of approximately 10% over the past two years. Mondrian has experienced some outflows from its fixed income strategies which have underperformed due to conservative positioning, notably underexposure to Southern European bonds. Many of Mondrian's equity strategies are closed, but they have seen flows into their Emerging Markets Small Cap Strategy. The fees on this strategy are higher than for the fixed income strategies and therefore have significantly offset any lost revenue due to the outflows. Overall, Mondrian's financial position remains strong and the firm has paid down the debt associated with the management buyout, which has declined from over \$400 million to approximately \$100 million.

Mondrian has begun to develop a line of systematic strategies, which they have named "Rothko." Although they will not be driven by the same fundamental research as Mondrian's other strategies, they are designed to have similar value characteristics. The firm is not yet actively marketing the Rothko strategies and assets are still low.

Mondrian does offer a global equity strategy, but they noted that demand for global, particularly from US investors, remains low.

Investment Team

There are 50 investment professionals at Mondrian, all located in the London headquarters. The Global Equity Research Forum is overseen by Group CIO Clive Gillmore and CIO of International Equity Elizabeth Desmond. The team of 17 includes two International Equity Senior Portfolio Managers, four International Equity Portfolio Managers, and two Assistant Portfolio Managers. The group's two Assistant Portfolio Managers, Christopher Davis and Zsolt Mester, both joined Mondrian in 2014. Mondrian tends to hire investment staff with a few years of experience, but relatively early in their career. The idea is to hire people who have not yet been formed as investors at another organization.

Andrew Porter, who made the presentation to the SamCERA staff, is a PM on the developed strategy but is also involved in managing the allocation between the developed markets portion of the portfolio and the emerging markets portfolio for the ACWI ex US strategy.

A couple of years ago the senior research analyst covering the energy sector, Dinesh Lakhani, retired from the firm. Since then Senior Portfolio Manager Nigel Bliss and Portfolio Manager Kim Nguyen have both taken more responsibility for the energy sector.

Investment Strategy

Mondrian employs a long term dividend discount model for all of the firm's equity strategies. The approach focuses on long term dividend growth after inflation. For each company they conduct a scenario analysis, looking at expected, best and worst case outcomes. These scenarios are modeled based on fundamental research and company meetings. Currency views based on PPP analysis are incorporated into the forecasts. The emphasis is on the downside risk and they prefer a narrow, rather than a broad, range of outcomes. They are looking for at least a 5% real return from owning a stock for the long term and use a 5% discount rate across all markets. For most of the developed market holdings currently in the portfolio the central case expected real return falls in the 5%-5.5% range, with a worst case scenario of 3%-3.5% real return. The financials have a slightly wider range of outcomes.

They will hedge currencies defensively when the PPP analysis identifies extreme over-valuation.

Mondrian does not screen out companies on the basis of ESG considerations. However, these considerations do enter into their forecasts, particularly into the worst case scenarios.

The approach yields a portfolio that will generally preserve value on the downside relative to the market and almost keep up in rising markets. The risk, as measured by standard deviation, is generally lower than peers and the benchmark. However, this characteristic has been less pronounced over the past three years, a time of low overall market volatility.

Performance & Positioning

Mondrian has provided a consistent, but modest, level of outperformance relative to the ACWI ex US index as of the end of the first quarter of 2015. This is true both of recent periods and over the longer term. The outperformance has been more significant relative to the ACWI ex US Value index. During the recent period, value stocks have not performed well, partly due to concerns about the potential for higher interest rates and the impact this would have on investors' appetite for dividend paying stocks.

For US investors currency moves have been a significant headwind over the past year. Most non-US currencies in both the developed and emerging markets have declined over the period. Mondrian's view is that some of these currencies are now actually undervalued. Going forward, they expect this to be a tailwind for US dollar investors.

Mondrian had hedged their Australian dollar exposure starting in 2011 when, based on their purchasing power parity calculation, that currency was two standard deviations overvalued. At that time they had material exposure to the Australian market so it made sense to hedge. They began to unwind this hedge in late 2014 when the level of overvaluation of the Australian Dollar declined to one standard deviation. Mondrian is also now quite underweight Australian stocks. So while they would not be surprised to see the Australian dollar continue to depreciate, they are positioned to benefit from this even without the hedge, just from being underweight the Australian market.

Overall, currency, central banks, and energy and commodities prices have had a great deal of influence on the performance of equity markets. Japan was the best performing developed market in the first quarter of 2015. That market has been benefiting from a supportive central bank and improved corporate governance. Elsewhere falling energy and commodity prices have been a headwind for commodity producing countries. There have been notably large divergences in performance among emerging markets countries with, for example, China and Brazil moving sharply in opposite directions.

For the trailing one-year period as of the end of the first quarter of 2015, Mondrian's performance was 20 basis points ahead of the ACWI ex US index, essentially matching the return of the index on a net of fee basis. Currency exposure was neutral, market contribution was slightly negative and stock selection was slightly positive. Mondrian benefited from overweight positions to health care and information technology. But they were hurt by overweight positions to utilities and energy, which were among the weakest sectors.

Several stocks were notable in detracting from performance over the past year. Vallourec, a French producer of pipes for the energy industry suffered from weak demand due to lower energy prices. Energy holding BG Group was also hurt by lower energy prices. Andrew noted that BG's stock price has recently bounced on a bid from Royal Dutch, which Mondrian also owns. Finally, Tesco has been a detractor as the stock has struggled on news of accounting issues, management changes and the departure of the CEO. Mondrian took a fresh look at Tesco and determined that, on the basis of the low valuation, they will continue to hold the stock, but have not added to the position.

Two areas of strength in the portfolio have been stock selection in Japan and in the telecom sector. Kao, a Japanese retailer, has for example performed quite well. Mondrian has been moving to reduce Japanese exporters and introduce more domestic companies. Retailers, however, have performed quite well and they have therefore been reducing that exposure. Mondrian recently added Honda, which would be less exposed to a stronger yen than other Japanese auto manufacturers because the company has moved to localized end market production. They are exporting many fewer cars.

Mondrian's forecasts for real returns in the developed markets are clustered in the 5% range. This is partly due to the positive expected impact from undervalued currencies. They continue to be overweight Europe, but the country allocation has begun to shift over the past few years. In the 2011-2012 period, during the European debt crisis, Mondrian viewed France and peripheral Europe as quite cheap. But more recently they have been seeing more compelling opportunities in non-Eurozone countries and they have been adding more exposure to Scandinavia.

Although Mondrian's forecasts for real returns in the emerging markets are a bit higher, they also require higher expected returns for emerging markets because of the wider range of outcomes in the scenario analysis. Overall, Mondrian is approximately neutral on the emerging markets. They are significantly underweight China, where they do not own financials or information technology, which together constitute significant portion of the emerging market

benchmark. Most of Mondrian's exposure in China is through domestically oriented companies, but they do not own A-shares. Their view about Russia is that it is optically cheap, but very risky, and they are underweight. The general positioning in the emerging markets remains conservative, with overweights to consumer staples, utilities, and telecom.

The portfolio continues to have a P/E below the benchmark and a good dividend yield. Mondrian has tilted toward less economically sensitive sectors, such as consumer staples, and generally away from more economically sensitive sectors.

Date of meeting: 6/9/2015

Location: SamCERA Office

Manager Representative(s)

Joe Corrado (PM), Jerry Navarrete (Client Service)

SIS Representative(s)

Jonathan Brody (Conference Call)

Account Assets

\$ 103 mm (5/31/2015)

Client Representative(s)

Mike Coultrip (CIO), Scott Hood (CEO), Lili Dames (Investment Analyst), Doris NG (Investment Analyst)

Product Description

The Boston Company's approach to small cap value investing is to conduct bottom-up fundamental research in an effort to add value through security selection. The investment process seeks to identify the stocks of companies which have compelling valuations and business fundamentals, as well as a catalyst for positive change. The appropriate valuation metrics for an individual company can vary depending on industry. Ideas are generated from company meetings, industry contacts and the team's internal research. The universe of domestic small-cap equity securities is quantitatively screened for valuation, business health and earnings revisions. In addition, they also screen/track operating income and EBITDA estimate revisions. Once candidates for investment are identified, individual stock weights are determined by portfolio risk, liquidity, and analyst conviction. Normally, portfolios will contain between 120-150 holdings (from a short list of 500 securities), with a maximum individual security weighting of 5%, though most are less than 3%. Securities will typically be in the \$500 million - \$2 billion market cap range at time of purchase. Generally, sector exposure is limited to no more than 2X the index weight with a maximum overweight of 10 percentage points and a maximum underweight of half that of the index. The goal is for portfolios to be close to fully invested at all times, with cash typically below 5%. Any stock down 20% from the purchase price is reviewed. In addition, portfolios are reviewed on a regular basis for unintended risk. Positions are sold when any one of the three investment criteria (valuation, fundamentals, catalyst) breaks down.

Meeting Notes

Organization

Firm wide assets at The Boston Company as of the end the first quarter of 2015 were approximately \$47 billion. Small Cap Value assets have been stable at approximately \$2.7 billion. The mutual fund is closed and they will soft close the entire product to new accounts at \$3.1 billion. The Boston Company has introduced a few new strategies recently including an MLP strategy and an event driven strategy.

The Boston Company plans to hire a senior person to oversee the firm's ESG initiative. Currently the screening process used for the Small Value strategy does not include any specific ESG screens. They expect ESG to be formalized as a part of the investment process in the future. Jerry noted that at the corporate level they are attentive to these issues and, for example, work in a LEED certified building.

The Boston Company uses both ISS and Glass Lewis for proxy voting. The firm's parent, Bank of New York Mellon, has centralized proxy voting across all its subsidiaries. However, each subsidiary has its own guidelines, based on internally developed criteria. Joe noted that they will contact companies to inform them of their reasons for the

direction of their proxy votes. They have offered to provide SamCERA with their proxy voting guidelines.

The Boston Company's soft dollar policy remains unchanged. They noted that client interest in this topic has waned relative to a few years ago when there seems to have been more concern.

Investment Team

There have been no recent changes to the team. Joe Corrado remains the lead portfolio manager, and he has worked together with Senior Portfolio Manager Ed Walter and Senior Research Analyst Stephanie Brandaleone for more than 20 years. There are six members of the investment team and one Portfolio Strategist, whose primary responsibility is client communication. Gordon Cromwell is the most recent addition to the team, and he has been with the group for five years. This team is dedicated to small value and also manages a mid value strategy.

Investment Strategy

The approach is bottom up and value oriented. The philosophy is to buy companies with strong franchises, and the research focuses on sources and uses of cash. They don't have target prices for sales. Rather, they will sell a stock once everything they expect to happen for a company has already happened. There are, however, some cases where the company has a more open-ended growth opportunity. In these cases, they are willing to hold the stock as it rises. Portfolio turnover tends to be in the range of 60%, but only about 40% is name turnover.

The portfolio holds approximately 130 names. The strategy does not invest in companies with market caps below \$500 million. This results in a higher average market cap than the benchmark. However, if one considers only companies above \$500, the market cap breakdown of the strategy is similar to the benchmark. Joe indicated the companies with market caps below \$500 million represent a relatively small weighting in the Russell 2000 Value, which he roughly estimated to be approximately 10%.

Performance & Positioning

As of the end of May 2015, the strategy was ahead of the benchmark over the trailing one-year period by 86 basis points. However, in the calendar year 2014 the strategy underperformed. Joe Corrado characterized 2014 as a digestion period after a significant market rally.

The Boston Company regards the relative performance of the Small Cap Value strategy as constituting two distinct periods since the beginning of 2014. From January to October of 2014, the strategy underperformed by 168 basis points, with most of the drawdown occurring at the tail end of that period. From November 2014 to May 2015 the strategy has gained more than half of that back, outperforming by 98 basis points.

Materials and Energy were the largest detractors during the first period, with consumer discretionary and financials also detracting. In energy they were overexposed to service companies and these were very sensitive to rapidly declining energy prices. In financials, they have been consistently underweight REITs and approximately neutral on banks. In the January-October period of 2014, as rates declined, REITs performed much better than banks. Low rates have squeezed the net interest margins of banks.

Some of The Boston Company's positions that had hurt them in the earlier period, began to help in the November 2014 to December 2015 period. As the market has begun to anticipate higher rates, banks have begun to perform. And as the market began to appreciate the positive impact of lower energy prices on consumer companies, the

portfolio's overweight position in consumer discretionary stocks has begun to pay off. The portfolio has also begun to benefit from its industrials position.

However, materials and energy have continued to detract from performance. So far in 2015 shale and drilling activity has continued to decelerate. Joe expressed the view that this is temporary and that they have been increasing their exposure to drilling and seismic, positioning that will benefit from the early part of the energy cycle. In these areas they are looking for companies with strong balance sheets and low levels of debt that can endure a more prolonged downturn in energy prices. Despite being approximately market weight in the energy, the portfolio is positioned to benefit from higher energy prices. And they anticipate that when the Russell 2000 Value is rebalanced, the weighting in energy in the index will increase.

In terms of recent positioning, consumer discretionary remains the largest overweight. The portfolio is also overweight healthcare, mostly focused on service companies. Some of the consumer staples companies that were in the portfolio have been acquired, and they are now underweight that sector. In financials they have continued increasing their exposure to banks.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 6.3

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on the Growth Equity Manager Annual Reviews (Baillie Gifford and Chartwell)

Staff Recommendation

Review the reports on the annual reviews of SamCERA's Growth Equity Managers.

Background

On July 2nd, SamCERA staff held annual review meetings in SamCERA's office for our growth equity managers, Baillie Gifford and Chartwell. Brown Advisory's annual review meeting is scheduled for July 29, 2015.

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

Baillie Gifford's ACWI ex-US Growth portfolio, which is a fundamental growth strategy organized by regional teams, was reviewed first. Next, Chartwell's Small Cap Growth Equity strategy which seeks to invest in stocks with solid fundamentals positioned for rapid growth, was reviewed. The change in Chartwell's corporate structure from a Pennsylvania corporation to a LLC for tax reasons was discussed.

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

Attachments

- A. *Baillie Gifford Overseas ACWI ex-US Growth Annual Review Meeting Notes*
- B. *Chartwell Investment Partners Small Cap Growth Equity Annual Review Meeting Notes*

Date of meeting: 7/2/2015

Location: SamCERA Office

Manager Representative(s)

Joe Faraday (Member of Portfolio Construction Group, Margaret Jadallah Client Service), Richard Gall (Client Service)

SIS Representative(s)

Client Representative(s)

Mike Coultrip (CIO), Scott Hood (CEO), Lilibeth Dames (Analyst), Doris Ng (Analyst)

Product Description

ACWI ex US Focus is a fundamental growth strategy. Research is organized primarily by regional teams, and each member of the Portfolio Construction Group is a member of a different regional team. Four global sector groups also contribute research. Baillie Gifford conducts approximately 2000 company meetings annually both in Edinburgh and onsite. Companies are evaluated on their growth opportunity relative to the average company, their ability to execute on that opportunity, and the degree to which the probability of future success is already valued by the market. Baillie Gifford's basic philosophy is that share prices ultimately follow earnings. They believe that the stock market has a recurring tendency to under-appreciate the value of long-term compound growth. The process seeks to add value through use of proprietary fundamental research to identify companies exhibiting some combination of sustained above average growth, and attractive financial characteristics. The portfolio generally holds 80-120 stocks, with country and sector weights +/-10% relative to the index and stock weights +/- 5% relative to the index.

Meeting Notes

Organization

Baillie Gifford remains an independent partnership with no external owners. All operations are based in Edinburgh, Scotland with small marketing offices in New York and London. The firm has 40 full time partners. Over the past year, the firm's head of trading retired and left the partnership, and a portfolio manager from the Global Discovery team then joined the partnership. The firm is a believer in internally built infrastructure as opposed to outsourcing. Baillie Gifford has a large IT staff and mostly internally built systems and controls. Along these lines, the firm has opted to buy its own disaster recovery space 35 kilometers from their office as opposed to renting space in an offsite facility. The firm recently expanded its office space and took over the last two floors of its building.

At 3/31/15, assets under management were \$185 billion, which is an increase of \$11 billion from last year. The strategy in which SamCERA is invested remains open, but most of the international equity strategies at Baillie Gifford are closed. International Focus currently has about \$10 billion in assets; assets have doubled in the strategy in the last 3-4 years. The firm's dedicated emerging markets product has reopened over the past year.

Investment Team

Turnover of investment staff remains low, and averages 6% a year. However, there were changes to the portfolio

construction group that oversees the ACWI ex US Focus strategy over the past year. In December 2014, Paul Faulkner left the firm after 14 years to join ADIA as its European Equity specialist. After a short period of assessing needs, senior portfolio manager Tom Walsh joined the team's portfolio construction group along with more junior members Moritz Sitte and Sophie Earnshaw. Baillie Gifford sought diversified skill sets with these changes along with the ability to mentor investment professionals for a long period of time which is a hallmark of Baillie Gifford. The remainder of the team includes veteran Baillie Gifford professionals Gerard Callahan, Joe Faraday and Iain Campbell. The members of the portfolio construction group serve both an investment decision making role as portfolio managers, and also function as research analysts. There are no other expected changes to the ACWI ex US Focus team.

The role of the portfolio construction group has evolved over the last decade. Now the team constructs the portfolio, whereas a decade ago, the portfolio was more siloed with individual members purchasing stocks within their regional specialties. With this evolution, portfolios have become incrementally more concentrated.

In total, there are 93 investment professionals involved in Baillie Gifford's research "discovery" effort which is utilized across the firm.

Investment Strategy

The investment philosophy and process remains unchanged. Baillie Gifford seeks to identify companies with strong long term growth prospects and take substantial positions in them. The investment horizon is at least 3-5 years.

Baillie Gifford summarizes their investment criteria with the following four questions:

Will this company be significantly larger in five years?

Are management sensible guardians of our clients' capital?

Why is this growth not reflected in the current share price?

What would make us sell?

Baillie Gifford's bottom up stock selection process looks for durable franchises, well managed companies, aligned management and good valuation. There is no minimum growth hurdle for purchase, and a portfolio typically holds stocks with a variety of growth ranges. Future growth/pre-profitability companies can be bought if they meet the buy criteria.

As a firm, Baillie Gifford will not own more than 15% of a company's outstanding stock. An assessment of management is part of the team's investment strategy, and holding big positions gives them good access to management. An additional liquidity requirement is that a maximum of 15% of the portfolio can be invested in stocks that take more than 10 days to trade in and out of. Approximately 7-8% of the ACWI ex US Focus portfolio is currently considered less liquid based on this definition.

Baillie Gifford will let its winners run as opposed to adding and trimming on valuation. They refer to this aspect of their approach as "not cutting the flowers". The ACWI ex US Focus portfolio tends to have a lower weighted average market cap than that of the index. Currency hedging is not employed.

As a reminder, at the beginning of 2014 SamCERA converted from the EAFE Plus to the ACWI ex US strategy. This involved buying several additional emerging markets names. Per SamCERA's IMA, Baillie Gifford can own up to 35% in emerging markets. Relative to the ACWI ex US benchmark, the strategy remains underweight emerging markets, holding approximately 18% vs. 21% for the index. However, their actual economic exposure to the emerging markets is greater than that. The portfolio has no exposure to stocks within frontier markets for liquidity reasons.

Performance & Positioning

As of 3/31/15, Baillie Gifford outperformed for the past year (1.7% (gross) vs. -0.06% for the MSCI ACWI ex US Index) and since inception of the SamCERA relationship (May 2012). A number of companies contributed to returns, including three internet companies (Naspers, Baidu and Rakuten) and Japanese cycling equipment company Shimano. Yen weakness helped the portfolio over the last 12 months. Several UK holdings had company specific issues (Standard Charter).

Baillie Gifford has a separate and growing governance team that is becoming more integrated into the overall investment process. Joe Faraday and Richard Gall explained that oversight of governance has become increasingly important in the UK.

During the annual review meeting, Joe Faraday discussed that they cannot invest directly in India and Taiwan yet because SamCERA's custodian is still working on opening accounts in those markets. SamCERA Staff is assisting in solving this issue.

Conclusion

SIS believes that Baillie Gifford is a top quality international growth manager. The manager is outperforming the MSCI ACWI ex US Index over the near term and since inception of the SamCERA relationship. While there have been incremental changes to the ACWI ex US Focus portfolio construction group, we do not think the strategy will be changed or impaired as a result.

Date of meeting: 7/2/15

Location: SamCERA Office

Manager Representative(s)

Michael McCloskey, Marketing/Client Servicing and
David Choi, Senior Portfolio Analyst

SIS Representative(s)

Margaret Jadallah

Client Representative(s)

Mike Coultrip (CIO), Scott Hood (CEO), Lilibeth Dames
(Analyst), Doris Ng (Analyst)

Product Description

Chartwell seeks to invest in stocks with solid fundamentals that are well positioned for rapid growth. These businesses typically demonstrate strong increases in earnings per share. The strategy involves initiating positions opportunistically when stocks are attractively valued. Chartwell's style falls somewhere between the momentum-oriented small growth managers on the aggressive end of the spectrum, and the more defensive growth-at-a-reasonable price managers. Portfolios contain 50-70 stocks with market capitalizations between \$200 million and \$2.5 billion at purchase. Meetings with management are an important part of the investment process.

The Small Cap Growth product seeks to outperform the Russell 2000 Growth Index by 200-300 bps over a full market cycle.

Meeting Notes

Organization

Michael McCloskey and David Choi reviewed the rationale for Chartwell's sale to Tri-State Capital Holdings last year in March 2014, and the terms and incentives for Chartwell professionals under Tri-State. In essence, non-active shareholders at Chartwell owned the majority of the firm which was suboptimal for the active employees at the firm. With the Tri-State acquisition, key investment professionals kept the same incentive compensation formula which was critical for them to be satisfied with the transaction. Group heads for each product team "own" or keep 40% of their top line revenue growth which is then allocated among their team members. Total compensation for investment professionals also includes a performance component that is transparent and quantitatively derived, considering performance versus index and versus peers. Some Chartwell employees also are offered stock options as part of compensation. 18 professionals at Chartwell, including McCloskey and Choi, have employment contracts with non-competes. Some of these contracts run through 2017, but for the group heads, the employment contracts are evergreen.

Michael McCloskey stated that the transition from an independent partnership to part of a publicly traded, private bank has gone smoothly, in part because the CEO of Tri-State knew people from Chartwell prior to the transaction so the cultural fit is there. In short, Chartwell remains a "nice place to work" and there is no interference from Tri-State management in running the money management firm. Certain non-core functions are shared (IT, HR). The parent company has put money into the firm both for resources and to invest in their strategies (\$200MM of the firm's \$8.2 billion in AUM is managed for Tri-State). Tri-State recently changed its structure for tax reasons, whereby earnings from Chartwell can be offset by debt at Tri-State. The change positively impacts the parent level's tax situation, but has no impact whatsoever on Chartwell.

Chartwell's growth team manages the largest portion of assets for the firm, comprising approximately \$3.5 billion in small cap, smid cap and mid cap growth strategies. Small Cap Growth assets are at \$1.4 billion. The strategy will close at \$2 billion in committed capital.

Investment Team

There have been no changes to the growth investment team since last year's review. John Heffern remains Senior Portfolio Manager. Michael Jones, David Reidinger and David Choi are senior analysts with sector specialties with an additional three mid-level analysts rounding out the team. Ed Antoian, original architect of the small cap growth approach, remains growth CIO which, practically speaking, means that he acts as a mentor and a resource for the team, primarily John Heffern.

Investment Strategy

The firm's investment philosophy and process is unchanged. Chartwell takes the view that earnings drive stock price performance. They look to invest in quality companies with growing revenue, margins and profits. During our meeting, Chartwell provided data which showed that a higher percentage of the earnings results for their holdings beat or were in-line with estimates compared to the benchmark. Conversely, the Small Cap Growth portfolio holdings missed their earnings estimates less often than benchmark as a whole. Chartwell tracks this data on an ongoing basis, and expects to beat more often and miss less often than the Russell 2000 Growth Index.

The portfolio is constructed to have characteristics similar to the benchmark. But their objective is to construct a portfolio of companies with higher growth rates and lower valuations than the benchmark. The idea is to beat the benchmark by owning companies with catalysts and superior execution. Durable growth models are also emphasized in their investment strategy. Durable growth and the strong likelihood of execution are criteria that have led the team away from large bets in biotech. Biotech names can and have been held but in small amounts and on the margin. Chartwell's investment criteria also tend to lead to an underweight in semiconductors because of short product life cycles for the products embedding semiconductor devices and customer concentration issues. The Small Cap Growth portfolio is currently overweight financials (13% vs. 4% for the benchmark) based on Portfolio Manager John Heffern's outlook for the sector.

As portfolio names have hit price targets, the team has sold companies on valuation with proceeds mainly reinvested into existing holdings. The number of names in the Small Cap Growth portfolio has declined over the past year for this reason from 89 to 68. The average time horizon for a portfolio name is about one year. Certain sectors can have longer holding periods, and, conversely, sometimes shorter-term opportunistic purchases are made based on valuation.

Performance & Positioning

Underperformance during the fourth quarter of 2014 was significant (6.8% vs. 10.1% for the Russell 2000 Growth) and has continued to a lesser extent into 2015 (Q1 '15 5.0% vs. 6.6% for the benchmark). Chartwell's underperformance during the fourth quarter was caused mainly by a 300 bps shortfall in December, a month where biotech did very well and they were underweight and energy and energy-related exposure in the SamCERA portfolio (industrials) hurt returns. David Choi described holding Rex Energy (REXX), an independent exploration and production company which dropped by 80%, as a costly "mistake".

Choi stated that their quality bias and search for durable growth have been headwinds to producing alpha because it has resulted in low weightings to areas like biotech (binary outcome) and semiconductors (short product cycles, customer concentration) which have outperformed. Choi believes that when market leadership broadens out, they will outperform again.

For the period ended 3/31/15, one year (7.0 vs. 12.1%) and three year annualized returns (16.8% vs. 17.7%) are below

that of the benchmark. Five year annualized returns (18.0% vs. 16.6%) remain ahead of benchmark.

Conclusion

Despite a rough patch of performance for Chartwell more recently which has impacted longer term returns, SIS believes that Chartwell is a solid small cap growth manager with a quality and mid cap bent. This approach has been consistently applied to SamCERA's portfolio. The Tri-State acquisition of Chartwell appears to have been implemented properly so as to align incentives for key investment professionals and minimize disruptions.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 6.4

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer



SUBJECT: Approval of Implementation Plan for Transition from Western's Core-Plus Strategy to Western's Total Return Unconstrained Strategy

Staff Recommendation

Approve staff and consultant's recommendation to utilize a performance fee structure for the \$100 million investment in Western's Total Return Unconstrained (TRU) product.

Background

During the June Board meeting, the Board approved changing Western's Core-Plus Bond strategy to their TRU (Total Return Unconstrained) strategy. As part of this change, the Board also approved changing the fixed income manager structure by taking the \$130 million from the Core-Plus strategy and allocating \$100 million to TRU and an additional \$30 million to the Pyramis Core account.

Discussion

One of the key implementation decisions identified during June was whether to utilize a flat management fee structure or a performance-based fee structure for the new TRU portfolio. For SamCERA's \$100 million investment in TRU, the flat management fee level would be 0.60%, while the performance fee would consist of the following:

- Base management fee of 0.25%
- Performance fee of 20% of excess return over 3 Month Libor plus 200bp
- Total annualized fee (base + performance fee) will not exceed 0.75%

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

The table below (computed by SIS) compares the total fees (in dollars) that would be paid between the fixed and performance fee structures for various annual return levels. A negative number in the last column shows that a lower fee would be paid for the performance fee structure versus the fixed, while a positive number represents a higher amount of total fees that would be paid. The breakeven annual return is 4.3%.

Staff and consultant believe that the performance fee structure provides better alignment of interest with the manager in that in lower returning years SamCERA would pay a lower total fee, while in higher returning years SamCERA would pay higher fees than the fixed structure. However, the 0.75% fee cap in the performance structure limits the total fees paid in very good returning years versus the fixed fee structure.

TRU Gross Return	Performance Fee Effective Fee (base + incentive)	Comparison to 60bps Fixed Fee
<2%	0.25%	\$ (350,000)
2%	0.25%	\$ (350,000)
3%	0.34%	\$ (260,000)
4%	0.54%	\$ (60,000)
4.3%	0.60%	\$ -
5%	0.74%	\$ 140,000
6%+	0.75%	\$ 150,000

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 6.5

TO: Board of Retirement
FROM: Michael Coultrip, Chief Investment Officer
SUBJECT: Update on SIS Capital Market Assumptions



Staff Recommendation

Review the attached SIS capital markets review, participate in the discussion, and provide direction to staff and consultant regarding potential target policy allocation changes.

Background

In 2013, SamCERA undertook a full asset-liability analysis, which resulted in a number of changes to SamCERA's policy portfolio, including the incorporation of new asset categories such as private real assets. The asset liability process entailed developing efficient frontier mixes to be used in asset-liability simulations, which were then used to analyze the risk/return portfolio tradeoffs across multiple dimensions. Consistent with SamCERA's Investment Policy, it is anticipated that SamCERA will undertake an asset-liability study every three to five years.

In the years in which a full asset-liability analysis is not performed, it is anticipated that the Board will reevaluate the target policy portfolio, incorporating updated capital market assumptions and current market trends, to determine whether to incorporate any smaller asset allocation tweaks to the target policy portfolio.

Discussion

The attached report from SIS summarizes their latest capital market assumptions, describes current market trends, and summarizes a number of potential asset allocation modifications to the target policy portfolio.

John Meier and Margaret Jadallah from SIS will present this report to the Board during the July meeting.

Attachment

A. *SIS Capital Markets Review*



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Capital Markets Review

July 28, 2015

Margaret Jadallah, Jonathan Brody and John Meier

Market Update

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending May-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	1.38	0.81	3.68	11.86	16.13	19.92	16.54	8.57	8.41
Russell TOP 200 Index	1.24	0.83	3.26	11.66	16.09	19.43	16.45	8.14	7.77
Russell TOP 200 Growth Index	1.51	0.75	5.80	14.73	18.73	19.46	17.82	9.79	9.03
Russell TOP 200 Value Index	0.95	0.90	0.70	8.58	13.49	19.38	15.06	6.44	6.49
S&P 500 Index	1.29	0.64	3.23	11.81	16.05	19.67	16.54	8.36	8.12
Russell 1000 Index	1.31	0.76	3.65	11.91	16.32	19.97	16.68	8.53	8.38
Russell 1000 Growth Index	1.41	0.76	5.83	14.73	18.38	19.76	17.67	9.61	9.26
Russell 1000 Value Index	1.20	0.76	1.41	9.03	14.19	20.06	15.62	7.35	7.38
Russell Mid-Cap Index	1.46	0.60	4.52	12.47	16.81	21.21	17.20	9.53	9.92
Russell Mid-Cap Growth Index	1.19	0.76	5.88	14.72	17.69	20.64	17.52	9.40	10.07
Russell Mid-Cap Value Index	1.77	0.43	3.05	10.09	15.89	21.61	16.85	9.55	9.52
Russell 2000 Index	2.28	1.41	3.98	11.32	14.02	19.45	15.04	9.07	8.73
Russell 2000 Value Index	0.83	0.34	0.63	5.10	10.83	17.27	12.70	7.73	7.32
Russell 2000 Growth Index	3.67	2.43	7.30	17.73	17.22	21.60	17.37	10.33	10.06
DJ US REIT Index	-0.04	-4.14	-1.39	11.04	10.68	12.32	14.21	6.49	7.81
DJ-UBS US Commodity Index	-2.70	-2.40	-4.85	-24.55	-12.06	-7.65	-4.18	-10.02	-2.63
DJ-UBS US Gold Index	0.54	-2.09	-1.12	-4.90	-7.91	-9.14	-0.97	3.52	10.14

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending May-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-1.47	1.97	7.29	-0.47	7.00	13.10	8.56	1.10	6.50
MSCI AC World Index	-0.05	1.36	5.40	5.62	11.52	16.37	12.35	4.43	7.33
MSCI EAFE Index	-0.40	2.27	8.93	-0.06	8.84	16.13	10.44	1.62	6.05
MSCI Emerging Markets index	-3.99	1.97	5.78	0.33	2.45	6.32	4.41	0.04	9.10
ML Global Government Bond Ex. U.S. Index	-3.17	-3.06	-4.77	-12.37	-4.09	-6.68	-0.33	1.16	2.26
Euro	-2.16	-2.26	-9.40	-19.66	-8.02	-3.93	-2.23	-4.86	-1.18
Japanese Yen	-3.57	-3.67	-3.38	-18.01	-9.80	-14.19	-6.01	-2.28	-1.40
UK Pound Sterling	-0.70	-1.26	-2.14	-9.03	0.32	-0.29	0.99	-3.63	-1.76

US Fixed Income Indices Trailing Performance

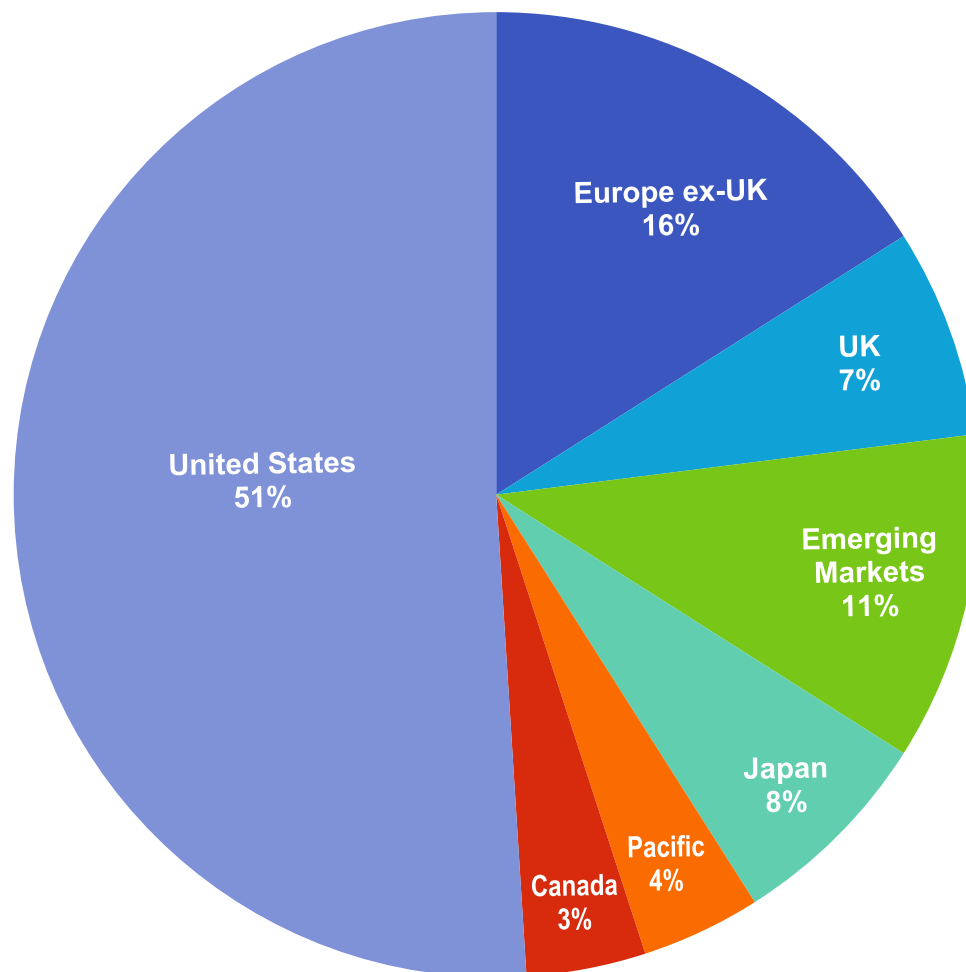
Annualized Performance to Date: Ending May-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.00	0.00	0.01	0.02	0.04	0.07	0.08	0.24	1.44
BarCap Aggregate Bond Index	-0.24	-0.14	1.00	3.03	2.87	2.21	3.90	4.74	4.61
ML U.S. Corp/Govt Master Index	-0.32	-0.32	1.02	3.19	2.83	2.29	4.23	4.86	4.61
ML U.S. Corporate Master Index	-0.51	-0.67	1.20	2.87	3.84	4.28	6.03	6.57	5.47
BarCap Mortgage Backed Securities Index	-0.02	0.39	1.08	3.34	3.36	2.22	3.28	4.55	4.68
ML U.S. High Yield Master Index	0.30	0.96	4.08	1.87	4.81	8.01	9.00	8.84	8.04
JPM EMBI Global	-0.54	1.89	3.51	0.72	2.76	5.25	7.31	7.41	7.71

Investible Universe Source: Aon Hewitt Retirement and Investment

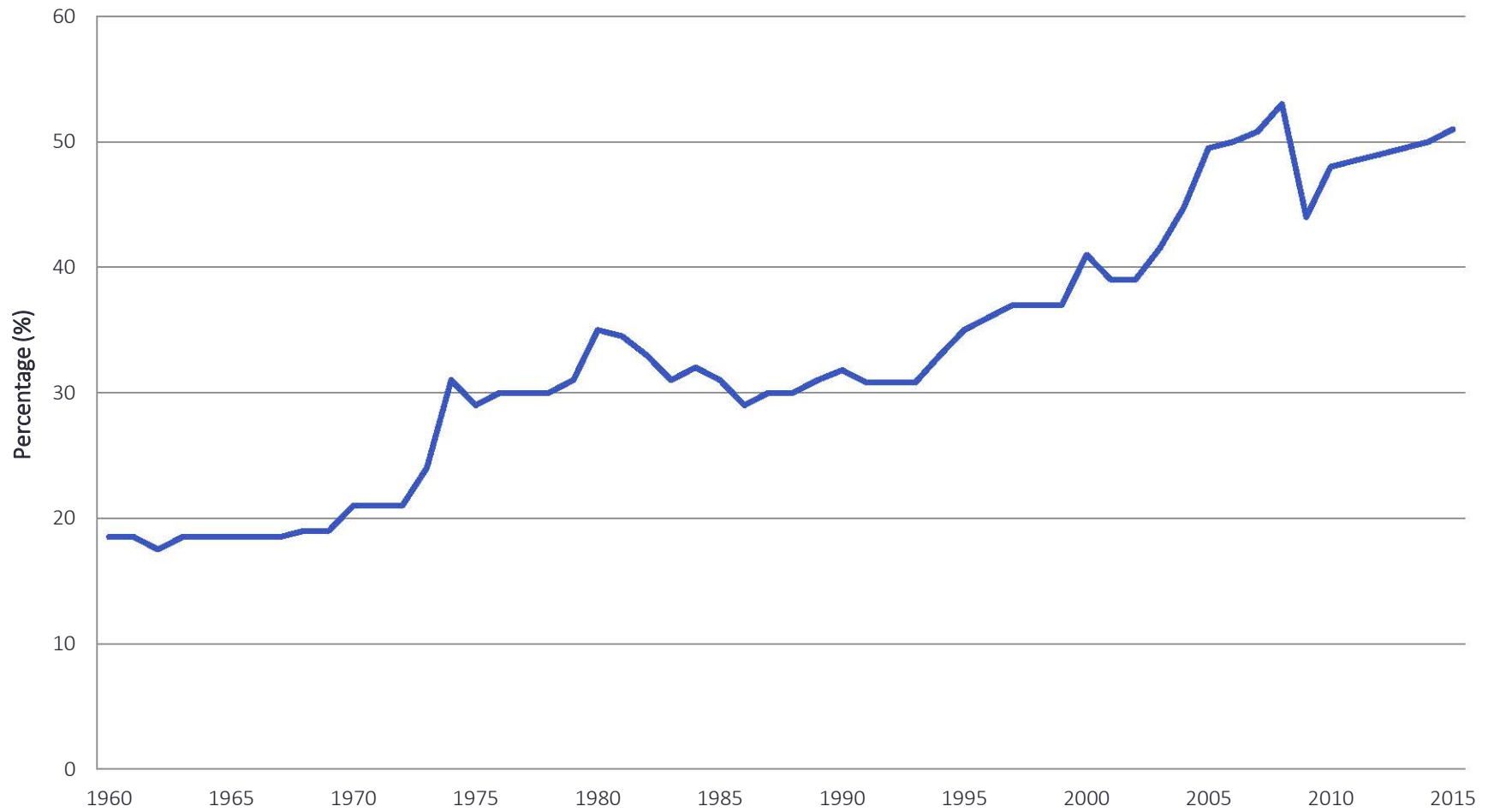
U.S. Equity	18.0%
Non-U.S. Equity (Developed)	13.7%
Non-U.S. Equity (Emerging)	4.0%
Non-U.S. Equity (Frontier Markets)	0.2%
Private Equity	2.5%
Private (Unlisted) Infrastructure	0.0%
Timberland	5.7%
Private Real Estate Debt	4.2%
Private Real Estate Equity	1.2%
Public Real Estate Equity	0.3%
Commodities	1.8%
High Yield Bonds	0.9%
Bank Loans	0.9%
Non-U.S. Bonds (Emerging; Sovereign USD)	0.5%
Non-U.S. Bonds (Emerging; Sovereign Local Currency)	1.5%
Non-U.S. Bonds (Emerging; Corporate USD)	0.7%
U.S. Bonds (Investment Grade)	15.2%
Non-U.S. Bonds (Developed)	22.4%
Inflation-Linked Bonds	2.5%
Money Market/Cash Equivalents	4.4%
Total Global Invested Capital Market including Absolute Return/Hedge Funds	100.0%
Total Global Invested Capital Market excluding Absolute Return/Hedge Funds	97.6%
Absolute Return/Hedge Funds	2.4%
Total Global Invested Capital Market including Absolute Return/Hedge Funds	100.0%

Weights in MSCI All Country World Index

% Global Market Capitalization, Float Adjusted



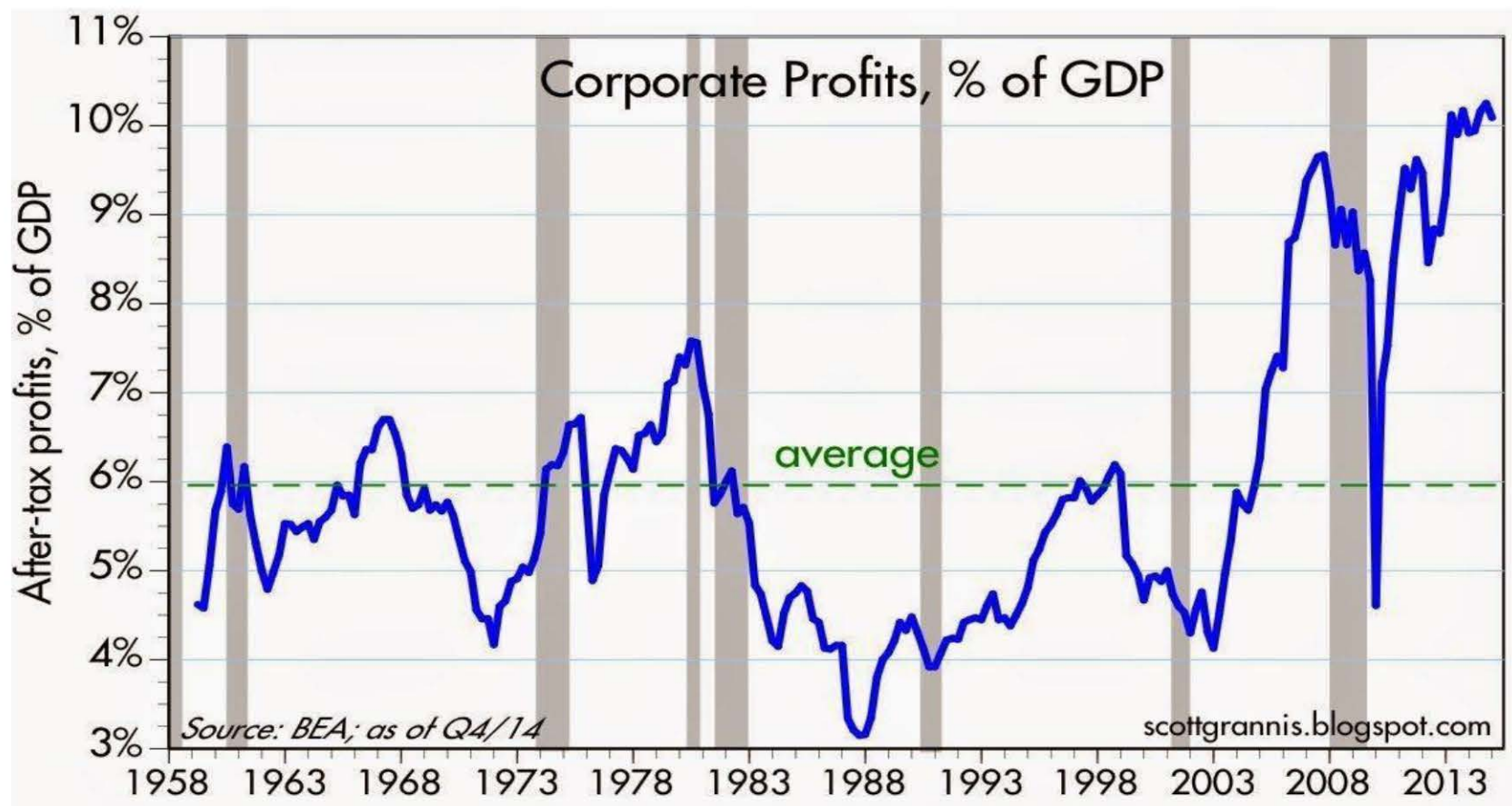
Global Trade as % of World GDP



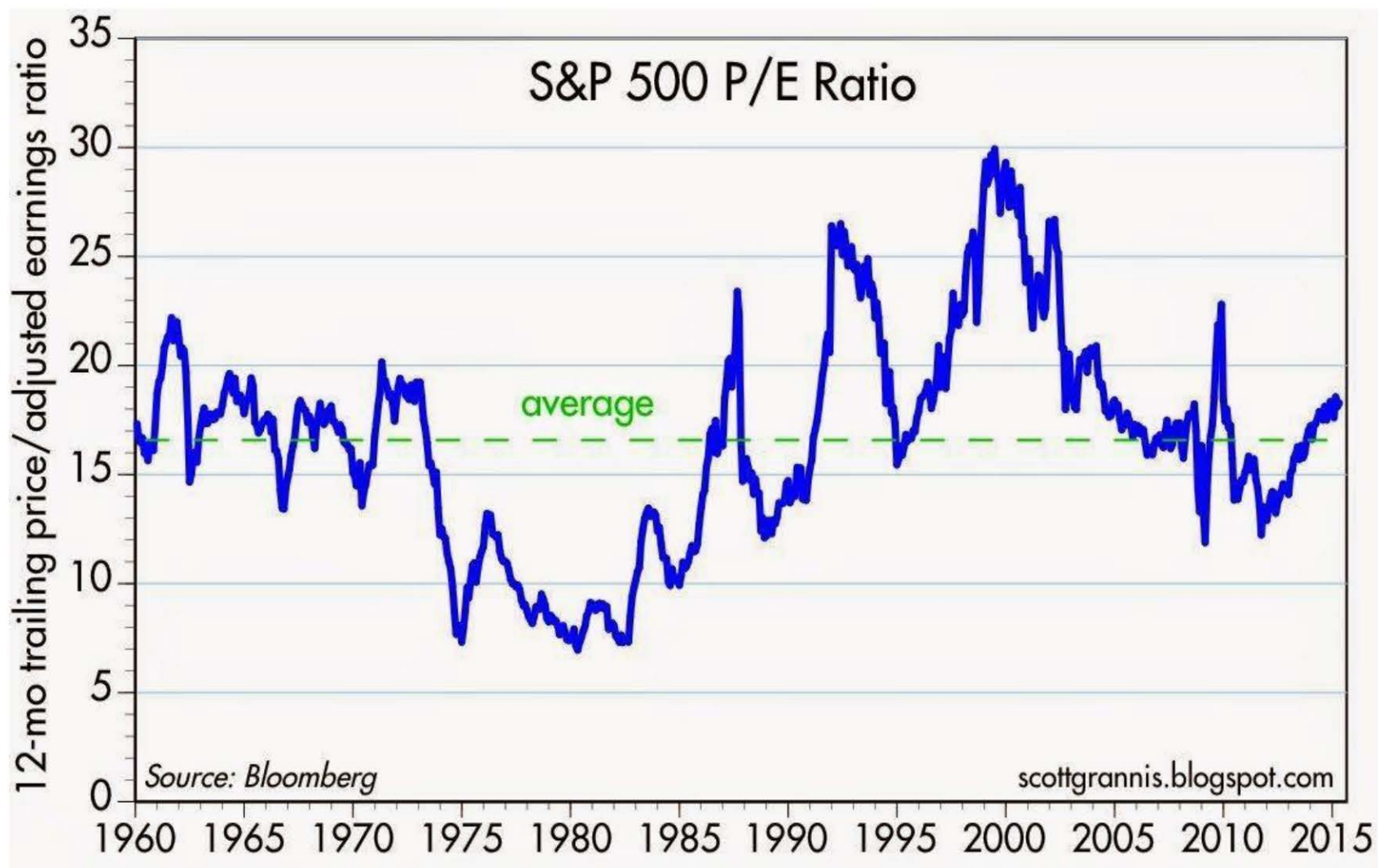
30 Years of Ever Lower Bond Yields



Profit Margin Remain Elevated



US Equity Looks Fully Valued



SIS Capital Market Expectations Process

- 10–15 year horizon
- Yield-to-Maturity on typical U.S. Core Bond portfolio for Fixed Income
- 10-year blue chip inflation forecast/TIPS break even
- Mean reversion in Equities via DDM
- CAPM for “difficult” asset classes
- Final adjustments to optimize to reasonable portfolios

ASSET CLASS	May 2012		May 2015	
	RETURN	RISK	RETURN	RISK
LARGE CAP	8.0	18.0	7.1	17.0
SMALL CAP	8.3	21.0	7.5	20.5
DEVELOPED NON-U.S.	8.0	18.5	7.7	22.0
EMERGING MARKETS	8.5	27.5	8.5	36.0
CORE BOND (U.S.)	2.8	4.5	2.5	5.0
INTERNATIONAL BOND	2.8	10.0	1.0	10.0
TIPS	2.7	4.5	2.5	5.5
REAL ESTATE	6.6	18.5	5.7	18.0
PRIVATE EQUITY	10.5	33.0	9.5	33.0
COMMODITIES	4.3	30.0	3.9	30.0
ABSOLUTE RETURN/HEDGE FUNDS	5.3	10.0	4.8	11.0
CPI	2.4	-	2.0	-
<i>SamCERA</i>	7.6	13.5	7.1	14.0

Observations

- Bond yields corrected in 2013, reverted, back down again in 2014
- Lower equity returns but the equity risk premium remains high at 4.6%
- Developed International and Emerging Markets relatively cheap
- Real Estate remains a preferable diversifying asset and a decent return generator, especially relative to bonds
- The environment for absolute return strategies(hedge funds), relative to fixed income, is expected to improve going forward.

EXP CORRELATIONS	LARGE	FIXED INCOME	REAL ESTATE	PVT EQUITY
LARGE CAP	1.00	—	—	—
FIXED INCOME	0.08	1.00	—	—
REAL ESTATE	0.60	0.17	1.00	—
PRIVATE EQUITY	0.74	-0.09	0.31	1.00

SamCERA Projected Portfolio Expectations May 2015

	Expected Return	Standard Deviation	Sharpe Ratio
U.S. Inflation	2.0%	—	—
U.S. Large Cap Stock	7.1%	17.0%	0.329
U.S. Small Cap Stock	7.5%	20.5%	0.293
U.S. Fixed Income	2.5%	5.0%	0.200
Int'l Develop Market Stock	7.7%	22.0%	0.282
Emerging Market Stock	8.5%	36.0%	0.194
Global Fixed Income	1.8%	5.6%	0.052
Private Equity	9.5%	33.0%	0.242
Real Estate	5.7%	18.0%	0.233
U.S. TIPS	2.5%	5.5%	0.182
Commodities	3.9%	30.0%	0.080
Absolute Return/Hedge Funds	4.8%	11.0%	0.300
SamCERA	7.1%	14.0%	0.403

SamCERA Projected Portfolio Expectations May 2015

	CURRENT TARGET	ADJUSTED POLICY – 4% HF ALLOCATION	ADJUSTED POLICY – 5% HF ALLOCATION
LARGE CAP EQUITY	24	23	23
SMALL CAP EQUITY	6	5	5
INTERNATIONAL EQUITY	20	20	19
TOTAL EQUITY	50	48	47
CORE FIXED	10	10	10
TIPS	2	2	2
OPPORTUNISTIC CREDIT	5	6	6
GLOBAL FIXED INCOME	3	3	3
TOTAL FIXED INCOME	20	21	21
PRIVATE EQUITY	7	7	7
ABSOLUTE RETURN/HF	4	4	5
COMMODITY	3	3	3
PRIVATE REAL ASSET	2	2	2
TOTAL ALTERNATIVES	16	16	17
REAL ESTATE	6	7	7
RISK PARITY	8	8	8
EXPECTED RETURN	7.1	7.1	7.1
TOTAL RISK	14.0	13.9	13.8
SHARPE RATIO	0.403	0.404	0.405

Slight decrease to equities which results in:

- Slight increase to the Sharpe Ratio and slight decrease to standard deviation (same return for less risk)
- Provides additional alpha opportunities in less efficient asset classes
- Improves risk diversification (marginal increase to inflation protection and yield/income)

What Are Other SIS Clients Doing?

- Fixed Income portfolios—Opportunistic Credit, Niche Strategies, Global Mandates
- As equities have moved to higher valuations and funding ratios have improved, renewed emphasis on diversification
- Potential overheating in some Private Markets
- Derivative strategies for greater efficiency in rebalancing and transitions
- Real return allocations to hedge the risk of unanticipated inflation
- Multi-factor investing: pseudo-index alternatives to active management
- The ESG wave is crossing the Atlantic
- A portable alpha renaissance

Factor Based Investing – Smart Beta

- Alternative to traditional indexes weighted by market capitalization
- Objective, rules-based investment approach a.k.a. Alternatively Weighted Indexing, Strategic Beta, and Custom Beta
- Client defines factor(s), objectives and constraints
- Used for both return enhancement and risk reduction
- Must understand construction methodology and expectations in a range of market cycles
- Lower fees than traditional active management
- Easier to monitor than active management
- Predominant Smart Beta exposure – dividend yield, low volatility, fundamental weighting (value, size)
- Rapid adoption in North America and Europe
- Smart Beta 2.0 – Multi-factor, rules-based investing
- Beware of limited track records, backtests, and unintended biases (ex. factor and sector)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 7.1

To: Board of Retirement

From: Chezelle Milan, Senior Accountant *CBM*
Lilibeth Dames, Investment Analyst *Lilibeth Dames*
Tat-Ling Chow, Finance Officer *Chow Tat Ling*

Subject: Preliminary Report on Budget-to-Actual for the Fiscal Year Ended June 30, 2015

Staff Recommendation

Accept the Preliminary Report on Budget-to-Actual for the Fiscal Year Ended June 30, 2015.

Background

SamCERA's budget covers three different areas as follows:

1. Administrative Budget – covers personnel expenses (salaries and benefits) and administrative overhead (services and supplies). The administrative budget cannot exceed the mandated limit of 0.21% of the accrued actuarial liability of the retirement fund (Government Code §31580.2(a)).
2. Technology Budget – covers expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products, and is not subject to the mandated limit of 0.21% discussed above (Government Code §31580.2(b)).
3. Professional Services Budget – covers costs for actuarial valuation services, custodial services, investment management, investment consultation, and outside legal services for investment. The funding provided for professional services is deducted from investment earnings (Government Code §31596.1).

Discussion

The actual expenses reported on this report are preliminary as year-end close is still in progress. While staff does not anticipate significant changes, staff will provide the Board with a revised budget-to-actual report for the fiscal year ended June 30, 2015, if any material adjustments are added to the actual expenses.

Administrative Expenses. For the fiscal year ended June 30, 2015, the preliminary actual administrative expenses totaled \$5.4 million, which is \$0.5 million (or 7.8%) below the budgeted amount. The following table summarizes all administrative expenses with explanations for the significant variances:

	<u>Budget</u>	<u>Preliminary Actual</u>	<u>% of Budget Used</u>	<u>Under Budget</u>	<u>% of Budget Remaining</u>
Salaries and Benefits					
Salaries	\$ 2,658,939	\$ 2,649,806	99.7%	\$ 9,133	0.3%
Benefits	<u>1,470,552</u>	<u>1,469,105</u>	99.9%	<u>1,447</u>	0.1%
Subtotal	<u>4,129,491</u>	<u>4,118,911</u>	99.7%	<u>10,580</u>	0.3%
Services and Supplies					
Board Expense	10,500	7,000	66.7%	3,500	33.3%
Insurance	80,000	65,975	82.5%	14,025	17.5%
Medical Evaluation	100,000	43,082	43.1%	56,918	56.9%
Member Education	50,000	49,921	99.8%	79	0.2%
Education and Conference	115,500	84,477	73.1%	31,023	26.9%
Transportation and Lodging	183,280	79,637	43.5%	103,643	56.5%
Property and Equipment	30,000	16,588	55.3%	13,412	44.7%
General Office Supplies	38,500	32,953	85.6%	5,547	14.4%
Postage and Printing	90,000	43,996	48.9%	46,004	51.1%
Leased Facilities	509,550	463,780	91.0%	45,770	9.0%
County Services	373,179	287,655	77.1%	85,524	22.9%
Audit Services	45,500	31,395	69.0%	14,105	31.0%
Other Administration	<u>50,000</u>	<u>25,276</u>	50.6%	<u>24,724</u>	49.4%
Subtotal	<u>1,676,009</u>	<u>1,231,735</u>	73.5%	<u>444,274</u>	26.5%
Total	<u>\$ 5,805,500</u>	<u>\$ 5,350,646</u>	92.2%	<u>\$ 454,854</u>	7.8%

Salaries and Benefits – Personnel costs are \$4.1 million, which is closely in line with the budget.

Services and Supplies – Overall expenses are \$1.2 million, which is \$0.4 million (or 26.5%) less than anticipated. The key factors contributing to the savings include the following:

- Fiduciary liability insurance expense is \$14,025 (or 17.5%) below the budget for the insurance premium negotiated by County Risk Management Division is less than anticipated.
- Medical evaluation expense is \$56,918 (or 56.9%) below the budget primarily attributable to a decreased number of independent medical examinations related to disability processing.
- Education and conference expenses for staff and trustees are \$31,023 (or 26.9%) below the budget. The budget is based on estimated costs of education and conferences requested, and not all training and conferences are attended.
- Transportation and lodging expenses for staff and trustees are \$103,643 (or 56.5%) below the budget. The budget is based on estimated costs of transportation and lodging for off-site training and conferences requested, and not all training and conferences are attended.
- Property and equipment expenses are \$13,412 (or 44.7%) below the budget mainly attributable to less need for purchases.

- Postage and printing expenses are \$46,004 (or 51.1%) below the budget caused mainly by an increasing use of e-mail communication to members as well as switching to a cheaper vendor for printing services.
- Leased facilities expenses are \$45,770 (or 9.0%) below the budget due primarily to the utilization of rent credit carried forward from the previous year.
- County services charges are \$85,524 (or 22.9%) below the budget because of a decrease in usage of the County’s disability legal services and automation services.
- Audit services expenses are \$14,105 (or 31.0%) below the budget due to the postponement of the interim audit to the last week of June this year compared to the 3rd week of June last year.
- Other administration expense is \$24,724 (or 49.4%) below the budget mainly because the outside legal fees for preparing the tax determination letter was less than anticipated.

Technology Expenses. For the fiscal year ended June 30, 2015, the preliminary actual technology expenses totaled \$3.8 million, which is \$1.3 million (or 24.9%) below the budget. Below is a summary of all technology expenses along with explanations for the significant variances.

	Budget	Preliminary Actual	% of Budget Used	Under/ (Over)	% of Budget Remaining
Property and equipment	153,000	36,033	23.6%	\$ 116,967	76.4%
IT infrastructure	1,408,150	559,844	39.8%	848,306	60.2%
Capital assets	3,500,000	3,206,047	91.6%	293,953	8.4%
Total	\$ 5,061,150	\$ 3,801,924	75.1%	\$ 1,259,226	24.9%

- “Property and equipment” expenses and “IT infrastructure” expenses are \$36,033 and \$559,844, which are \$116,967 (or 76.4%) and \$848,306 (or 60.2%) below the budget, respectively. IT Staff are ambitious yet prudent on implementing new technologies. Certain plans to capitalize on new technologies are postponed or re-prioritized after conducting a thorough analysis of costs and benefits as well as available resources (time and staff).
- Capital expenses, which covered project costs for the new Pension Administration Software System (PASS), are \$293,953 below the budget. Overall, capital expenses are in line with the progress of the PASS project.

Professional Services Expenses. For the fiscal year ended June 30, 2015, the preliminary actual professional service expenses totaled \$21 million, or 60.4 basis points, which is in line with the estimated fee of 61.0 basis points. Further details can be found on pages 4-6.

Government Code §31596.1 states, “The expenses of investing its money shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the

retirement system, but shall be considered a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

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

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

CONTRACTOR	SERVICE	FEE ⁽¹⁾	2014-2015 EXPENSE	2014-2015 ESTIMATE
Milliman	Actuarial Consulting	0.4 bps	\$123,102	\$117,000
Segal Company	Actuarial Audit	0.3 bps	\$90,000	\$90,000
Strategic Investment Solutions	Investment Consulting	1.3 bps	\$444,597	\$450,000
Northern Trust	Global Custody	0.9 bps	\$320,017	\$350,000
State Street	Custodial Transition	0.03 bps	\$9,973	\$50,000
SUB-TOTAL - NON-INVESTMENT MANAGER			\$987,689	\$1,057,000
<i>Estimated Market Value 06-30-2015</i>			\$3.4 Billion	\$3.4 Billion
Average Basis Points ⁽²⁾			2.9 bps	3.1 bps

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

CONTRACTOR	SERVICE	FEE ⁽¹⁾	2014-2015 EXPENSE	2014-2015 ESTIMATE
BlackRock – S&P 500 Index Fund	Domestic Large Cap Equity	2.2 bps	\$116,399	\$130,000
D.E. Shaw Investment Management	Domestic Large Cap Enhanced	78.3 bps	\$714,651	\$750,000
Barrow, Hanley, Mewhinney & Strauss	Domestic Large Cap Value	49.0 bps	\$976,353	\$700,000
Brown Advisory	Domestic Large Cap Growth	45.5 bps	\$604,692	\$675,000
The Boston Company	Domestic Small Cap Equity	82.5 bps	\$872,239	\$1,100,000
Chartwell Investment Partners	Domestic Small Cap Equity	75.0 bps	\$1,227,480	\$1,000,000
Baillie Gifford	International Equity	46.3 bps	\$896,726	\$925,000
Eaton Vance - Parametric	International Equity	105 bps	\$676,661	\$680,000
Mondrian Investment Partners	International Equity	38.5 bps	\$656,507	\$450,000
Pyramis Global Advisors	International Equity	90.0 bps	\$580,213	\$625,000
BlackRock – EAFE Index	International Equity	5.4 bps	\$73,505	\$86,000
Pyramis Global Advisors	Domestic Fixed Income	14.4 bps	\$271,982	\$265,000
Western Asset Management	Domestic Fixed Income	26.2 bps	\$345,723	\$350,000
Angelo Gordon (STAR)	Domestic Fixed Income	100 bps	\$520,000 (3)	\$520,000
Angelo Gordon (OWL)	Domestic Fixed Income	100 bps	\$250,000 (3)	\$250,000
Beach Point Capital	Domestic Fixed Income	100 bps	\$87,500 (3)	\$350,000
Brigade Capital Management	Domestic Fixed Income	80.0 bps	\$502,784	\$480,000
Brown Brothers Harriman	Domestic Fixed Income	15.0 bps	\$112,233	\$125,000
Franklin Templeton	Global Fixed Income	35.1 bps	\$461,214	\$500,000
ABRY ASF II	Private Equity	N/A	\$400,000 (3)	\$400,000
ABRY ASF III	Private Equity	N/A	\$400,000 (3)	\$400,000
ABRY Partners VII	Private Equity	N/A	\$200,000 (3)	\$200,000
ABRY Partners VIII	Private Equity	N/A	\$300,000 (3)	\$300,000
Cevian Capital	Private Equity	N/A	\$500,000 (3)	\$500,000
Emergence Capital III	Private Equity	N/A	\$200,000 (3)	\$200,000
EnCap Energy IX	Private Equity	N/A	\$150,000 (3)	\$150,000
General Catalyst VI	Private Equity	N/A	\$250,000 (3)	\$250,000
JLL Partners	Private Equity	N/A	\$300,000 (3)	\$300,000
Regiment TCW V	Private Equity	N/A	\$300,000 (3)	\$300,000
New Enterprise Associates 14	Private Equity	N/A	\$125,000 (3)	\$125,000
Sycamore Partners I	Private Equity	N/A	\$375,000 (3)	\$375,000
Sycamore Partners II	Private Equity	N/A	\$500,000 (3)	\$500,000
Sheridan Production Partners II	Private Equity	N/A	\$300,000 (3)	\$300,000
Warburg Pincus XI	Private Equity	N/A	\$560,000 (3)	\$560,000
Third Rock Ventures III	Private Equity	N/A	\$250,000 (3)	\$250,000
Great Hill Partners V	Private Equity	N/A	\$500,000 (3)	\$500,000
AQR Global Risk Premium III	Risk Parity	N/A	\$594,185	\$572,000
AQR Delta XN	Hedge Fund	N/A	\$1,753,144	\$1,400,000
PanAgora Asset Management	Risk Parity	bps	\$405,980	\$539,000
Taurus Mining Finance Fund	Real Assets	N/A	\$250,000 (3)	\$250,000
SSARIS Multisource Commodities	Commodities	55.0 bps	\$487,323	\$514,250
INVESCO Realty Advisors	Real Estate Management	36.6 bps	\$726,624	\$950,000
Clifton – Parametric	Cash Management Overlay	N/A	\$13,402	\$105,000
SUB-TOTAL - INVESTMENT MANAGER			\$19,787,520	\$19,901,250
Average Basis Points ⁽¹⁾			57.6 bps	57.9 bps
SUB-TOTAL - NON- INVESTMENT MANAGER			\$987,689	\$1,057,000

Average Basis Points ⁽²⁾		2.9 bps	3.1 bps
TOTAL ESTIMATED CONTRACT FEES		\$20,409,790	\$20,958,250
<i>Estimated Market Value 06-30-2015</i>		3.4 Billion	3.4 Billion
Average Basis Points ⁽²⁾		60.4 bps	61.0 bps


- (1) The Actuary, Custodian and Investment Consultant fees expressed in basis points utilize total assets while the Investment Manager calculations utilize assets under management.
- (2) The calculation utilizes an average market value of \$3.4 billion.
- (3) Management fees for investment managers that provide quarterly statements are expressed as estimates until quarterly statements are received and booked in SamCERA's financials. Statements have not been received as of the date of the mailing.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 7.2

TO: Board of Retirement
FROM: Scott Hood, Chief Executive Officer
SUBJECT: Approval SamCERA's 2015-16 Strategic Plan



Staff Recommendation

Staff recommends the Board approve the SamCERA Strategic Plan for fiscal year 2015-2016 at attachment A.

Background

The Strategic Plan is the product of staff's annual retreat and subsequent discussions. It represents the best thinking of staff regarding those tasks that staff should undertake during the 2015-16 fiscal year in order to fulfill the mission and goals of SamCERA.

There were no recommended changes to SamCERA's Mission and Goals:

Mission:

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

Goals:

- Provide caring, fair, accurate, timely and knowledgeable professional services and information to members and other stakeholders.
- Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.
- Constantly improve the effectiveness and efficiency of SamCERA's operations.

This this year's document is an update to the Strategic Plan, rather than a full redraft. Some of the action items from previous years have carried over to the current fiscal year. The update adds items for the current fiscal year and updates the Action Matrix. Attachment B is a Dashboard which is a list of the tasks to be undertaken during the fiscal year in a more compressed fashion. The staff continues to improve upon the strategic planning process, and many of the items added this year are more strategic in nature and are expected to span more than one year, although the initial 'end state' may be achieved during the fiscal year.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Each of the tasks in the SamCERA Action Matrix is tied to the achievement of one of the above goals. Please see the Executive Summary in the attached Strategic Plan Update for a summary of the major tasks today associated with these goals. Also included at attachment C is the final Strategic Plan Dashboard for FY 2014-2015 showing the completed items and the items carried over to the current fiscal year.

Attachments

- A- Strategic Plan FY 2015-2016
- B- Strategic Plan Dashboard FY 2015-2016
- C- Strategic Plan Dashboard FY 2014-2015



San Mateo County Employees' Retirement Association

Strategic Plan

2015-16 UPDATE

Executive Summary

This is an update of SamCERA's Strategic Plan, which covers the fiscal year 2015-16.

Some projects identified in this plan will extend beyond that time period. The update includes this summary and the Action Plan Matrix, which lists and describes the projects staff will pursue during the year. All the steps in the Strategic Planning process leading up to the writing of the report were conducted as usual this year. All staff held a retreat in March 2015 and discussed the strengths, weaknesses, opportunities and threats facing SamCERA. The result of these discussions is the Action Plan Matrix below.

This year's Action Plan Matrix also includes a an estimated completion timeframe for each action item as well as the two categories added last year: (1) "Lead," which identifies the individual responsible for coordinating that particular action item, and (2) "End State," which describes the conditions which must be met before that action item can be considered "done."

Staff will provide periodic status updates to the plan during the year.

During the 2015-16 fiscal year SamCERA will continue to pursue its three major goals, all of which are derived from and consistent with SamCERA's mission statement.

SamCERA Mission

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

Asset Management Goal

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

Major projects under this goal include completing the build out of the portfolio based on the most recent asset-liability study, reviewing the public equity manager structure, reviewing opportunities to enhance the Real Estate allocation, evaluating performance fee arrangements and reviewing proxy voting policy and procedures.

Customer Services Goal

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

Over the coming year, meeting this goal will involve providing input to our Pension Administration Software System (PASS), website and agenda management software vendors in order to assure that the new systems provide users and members with new tools that improve efficiency, accuracy and customer service. It will also include developing a member education master plan that will provide a master list of the types of informational and educational opportunities provided by SamCERA along with recommended timelines and/or circumstances for receiving that information or education.

Operations Goal

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

This will involve updates to some of SamCERA's core technologies, including the creation and implementation of a new SamCERA website with integrated Web Member Services.

Each goal has a number of specific projects designed to help achieve it. The projects incorporate ideas generated during all staff retreats beginning in 2005. The 2015-16 plan is SamCERA's tenth under the Government Finance Officers' Association (GFOA) Strategic Planning approach. There are now 19 projects for the staff to initiate and/or complete during the 2015-16 fiscal year. As SamCERA staff improves upon the strategic planning processes more action items that are strategic in nature will appear on the list and those items will subsume items that are more tactical in nature. The net result will be that fewer items will appear in on the strategic plan. That said, the count of 19 tasks broadly understates the tasks ahead for the staff during the next few years as SamCERA continues with its Technology Modernization Project and specifically the Pension Automation Software System.

During the previous plan year, the staff completed 24 projects. Projects that were not completed but still relevant are continued on this current plan. In the previous 10 years, staff has completed a total of 202 projects, all over and above their regular duties.

2014-15 Action Plan Matrix

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

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-1	Ops.	A	SamCERA's Website is well appreciated by members, but could be improved. Website data is hard to update and design is out of date. Navigation could be improved.	Create new website with Web Member Services integrated. Add site map to website (during website redesign). Use focus group to inform design? Work on technology and procedures to allow web updates from staff.	IT/Comm./Legal	Tariq	1 st Quarter	New website is live and integrated with Web Member Services.
14-2	Ops./Cust. Serv.	A	Today, SamCERA retirees receive paper advices each month with the amount of their monthly payment and deductions. This is a costly method of supplying this information.	Consider methods to convert to provision of monthly payment information via an electronic method. Will look at putting advice information on web member services. Plan is that after implementation: <ul style="list-style-type: none"> • Current retirees will opt in; • New retirees will opt out; • Each retiree will receive a minimum of one paper advice per year at year end and whenever a change takes place <p>Develop timeline, including communication plan, for implementation.</p>	Ben./Admin.	Elizabeth	1 st Quarter	Members can get their advices online.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-3	Ops.	A	SamCERA must be prepared to react to all types of emergencies that might affect the ability of the association to fulfill its responsibilities.	<p>Staff will:</p> <ul style="list-style-type: none"> Create a committee to meet every two months to review and recommend steps to improve safety and emergency preparedness. Annually review and update the Safety and Emergency Plans. Continue to hold table-top exercises at Staff Meetings. Document the technology emergency plan (for PensionGold, backups, etc.) Document the retiree payroll plan (PensionGold, moving funds, creating and sending files). Keep the emergency contacts information up to date. <p>Committee to develop task list/milestones for coming year.</p>	Admin./All Divisions	AI	3 rd Quarter	SamCERA is prepared to respond to emergencies.
14-4	Cust. Serv.	A	Web Member Services allows members with access to the County Intranet to view information about their accounts. To date, security concerns have prevented SamCERA from making this information also available to retired members via the Internet.	<p>Proceed with tests of security protections for WMS provided via the Internet.</p> <p>Rollout, with communication plan, and develop penetration testing plan (post production.)</p>	IT	Tarig	1 st Quarter	WMS is available on the Internet.


ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
14-14	Cust. Serv.	B	Member education is a key to successful retirement planning and the most effective use of SamCERA benefits. Many members are without financial management knowledge. We should provide different types of education to members.	Continue strengthening member education programs. Include: Regular attendance at training/meetings of payroll clerks, use of website and advices to notify members of new information, update of the Survivor Handbook, use of more focus groups for publications, web site, etc.	Ben./Comm.	Gladys	4 th Quarter	Develop Member Education Master Plan.
14-15	Ops.	B	SamCERA needs a procedure to update the website when policies are adopted or revised.	Post our governing documents to website. Identify current list of policies. Create web page and links on new web site.	Legal	Brenda	1 st Quarter	All current policies posted to website.
15-1	Ops.	A	No offsite disaster recovery location for critical technology.	Develop Plan.	IT	Tariq	3 rd Quarter	Thorough disaster recovery plan for critical infrastructure technology is operational at another site.
15-11	Asset Mgmt.	B	Finish ALM Implementation	Search for Risk Parity strategy to complement AQR; Search for Opportunistic Credit strategy; Search for Hedge Fund strategy to complement AQR Delta.	Inv.	Mike	2 nd Quarter	Implementation of risk parity, opportunistic credit, and hedge fund strategies.
16-1	Ops	C	New Technology Systems integration and training	Develop a systems matrix identifying the system, system support personnel, options for training.	IT	Tariq	4 th Quarter	Systems training plan is developed.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
16-2	Ops	A	Board Agenda Management	Implement Board agenda management software.	Admin/IT	Al/Gladys	1 st Quarter	Agenda management software implemented.
16-3	Ops	B	Develop Resource Management Plan	Coordinate and synchronize planning for staffing, space and budget. Discuss during staff retreat in January.	Fin/Admin	Al	3 rd Quarter	Resource Management plan implemented.
16-4	Ops	C	Enterprise wide records management	Explore options to organize the various types of records maintained by SamCERA.	Admin/IT	Gladys	4 th Quarter	Develop approach to organize administrative records.
16-5	Ops	B	Transition to Outlook and archiving emails	Investigate options available to archive and retrieve archived email.	IT	Tariq	4 th Quarter	Implement solution to archive, search and retrieve archived email.
16-6	Cust Serv.	B	Streamline Board-to-public information flow	Utilize new agenda management software and new website to prepare and post information releases.	Admin/Comm	Gladys	2 nd Quarter	Develop and implement a policy to release information regarding action taken by the Board.
16-7	Cust Serv.	C	Maintain SamCERA's Culture	Define SamCERA's culture. Identify ways to maintain the culture.	All	Elizabeth	4 th Quarter	Implement a program to maintain SamCERA's culture.

ID#	GOAL	RANK	TOPIC	PLANNED ACTIONS	DIVISIONS INVOLVED	LEAD	TIMING / STATUS	END STATE
16-8	Asset Mgmt.	A	Review public equity manager structure	Investigate options around modifying the public equity manager structure.	Inv.	Mike	2 nd Quarter	The public equity manager structure is reviewed and recommended changes, if any, are implemented.
16-9	Asset Mgmt.	A	Review opportunities to enhance Real Estate allocation	Study options available to enhance the Real Estate allocation in the portfolio.	Inv.	Mike	3 rd Quarter	Options available to enhance the Real Estate allocation in the portfolio are explored.
16-10	Asset Mgmt.	A	Review proxy voting policy and procedures	Conduct a review current proxy voting policy and procedures and compare to other options available.	Inv.	Mike	4 th Quarter	Proxy voting policy and procedures are reviewed and recommended changes, if any, are implemented.
16-11	Asset Mgmt.	A	Evaluate performance fee arrangement and the use of soft dollars	Review current performance fee arrangements and the use of soft dollars and explore options available to improve the arrangement.	Inv.	Mike	4 th Quarter	Implement a process which considers fees and the use of soft dollars.
16-12	Ops	B	Our Internal Control procedures should be reviewed to insure they are appropriate for the changes in personnel and organizational structure.	Review internal control policies.	Fin	Tat-ling	3 rd Quarter	Internal control policies are reviewed and recommendations are implemented.

Strategic Plan Dashboard

Project Lead	ITEM	TIMING				END STATE
		FY 2015-16				
		Q1	Q2	Q3	Q4	
TA	14-1 Improve SamCERA's website	X				<i>New website implemented</i>
EL	14-2 Monthly member advices	X				<i>Members can get advices online</i>
AD	14-3 Responding to emergencies			X		<i>SamCERA is prepared to respond to all emergencies</i>
TA	14-4 WMS to internet	X				<i>WMS is available on the internet</i>
GS	14-14 Member education				X	<i>Develop member education master plan</i>
BC	14-15 Policies on the website	X				<i>All current policies are posted to the website</i>
TA	15-1 Offsite disaster recovery			X		<i>Develop technical infrastructure disaster recovery plan</i>
MC	15-11 Asset liability implementation		X			<i>Implementation of new strategies</i>


 14-series were developed for FY 2013-14.
 15-series were developed for FY 2014-15.



X = completion date

X = projected completion date
 (ongoing project)

Strategic Plan Dashboard

Project Lead	ITEM	TIMING				END STATE	
		FY 2015-16					
		Q1	Q2	Q3	Q4		
TA	16-1	New systems training				X	Systems training plan is developed
TA	16-2	Agenda management	X				Agenda management software implemented
AD/ GS	16-3	Resource management plan			X		Resource management plan deployed
GS	16-4	Records management				X	Develop approach to organize admin. records
TA	16-5	Outlook Transition				X	Deploy solution to archive and search email records
GS	16-6	Board-to-Public information		X			Implement policy to release Board's public decisions
EL	16-7	Maintain SamCERA's culture				X	Implement plan to maintain SamCERA's culture
MC	16-8	Public equity manager structure		X			Implement appropriate manager structure
MC	16-9	Real Estate allocation			X		Implement appropriate RE allocation
MC	16-10	Proxy voting				X	Deploy reporting protocol to share proxy-vote results
MC	16-11	Fees and soft dollar use				X	Implement process which considers fees and soft \$s
TC	16-12	Internal controls			X		Internal controls are reviewed



16-series projects were developed for FY 2015-16.



X = completion date

X = projected completion date
 (ongoing project)

Strategic Plan Dashboard

FY 2014-15												
Q1			Q2			Q3			Q4			
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
14-1	Improve SamCERA's website						CONTINUED					→ X
14-2	Monthly member advices						CONTINUED					→ X
14-3	SamCERA reacting to emergencies						CONTINUED					→ X
14-4	WMS to internet						CONTINUED					→ X
14-5	Update disability pamphlet						COMPLETED		X			
14-6	X	List of forms for PASS						COMPLETED				
14-7	Hiring investment staff						COMPLETED		X			
14-8	X	Revised investment policy						COMPLETED				
14-9	GASB 67			X			COMPLETED					
14-10	GASB 68			X			COMPLETED					
14-11	Workday						COMPLETED		X			
14-12	Efficacy of forms						X	COMPLETED				
14-13	Contact with members						COMPLETED					X
14-14	Member education						CONTINUED					→ X
14-15	Policies on the website						CONTINUED					→ X
14-16	Counseling room						X	COMPLETED				
14-17	Great Plains upgrade						X	COMPLETED				
14-18	"Term employee" defined			X			COMPLETED					
14-19	X	Salary survey						COMPLETED				
14-20	SamCERA involved in negotiations						COMPLETED					X

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

This slide was last updated: 6/30/2015

X = completion date

X = projected completion date (ongoing project)



Strategic Plan Dashboard

FY 2014-15

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

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

This slide was last updated: 6/30/2015



X = completion date

X = projected completion date (ongoing project)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 7.3

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Confidential Records and Information

Staff Recommendation

Approve required use of "Confidential Records and Information" form by Board of Retirement members.

Background

In general, SamCERA records are public pursuant to the Public Records Act. However, portions of our records are confidential under the CERL and must remain so. These records include items such as proprietary information, attorney-client communication, certain investment matters, and certain member information (e.g., medical information and personal data about the member, spouse or beneficiary).

SamCERA is legally required to protect the confidentiality of such information, and Board members and employees have a duty to not disclose or inappropriately use it. Additionally, the Securities and Exchange Commission has noted that pension funds should have policies in place to prevent insider trading.

Discussion

Staff believes that it would be beneficial if Board members and staff acknowledge that while performing SamCERA duties, they may have access to confidential information and agree that the information:

- Will not be used for any other purpose than official SamCERA business.
- Will not be inappropriately retained or duplicated.
- Will not be released, discussed, or otherwise disclosed with an unauthorized person.
- Will not be used for "insider trading" including, but not limited to: (1) trading of securities while in possession of material nonpublic information; (2) trading by a non-insider while in possession of material nonpublic information where the information was disclosed to the non-insider in violation of an insider's duty to maintain the information confidential; and (3) communicating material nonpublic information to others.

Attachment

Proposed "Confidential Records and Information" form

Acknowledgement of Confidential Records and Information



Address: 100 Marine Parkway | Suite 125
Redwood City, CA 94065
Phone: (650) 599-1234
Toll-Free: (800) 339-0761
Fax: (650) 591-1488
PONY: RET 141
Web: www.samcera.org
Email: samcera@samcera.org

Confidential Records and Information

In general, SamCERA records are public pursuant to the California Public Records Act. However, portions of SamCERA records and information are confidential under the law and must remain confidential. This information is referred to as “Confidential Records and Information.”

Confidential Records and Information can be found in several areas including: member records, investment records, licensed computer software used by SamCERA, and SamCERA legal files. These records and information can come from members, beneficiaries, consultants, investment managers, and in-house and retained attorneys.

Confidential Records and Information include, but are not limited to proprietary information, trade secrets, attorney-client privilege or attorney work-product documents, documents pertaining to confidential investment matters, and certain member record information (e.g., disability application information, beneficiary information, and personal information about the member, spouse, and beneficiaries).

SamCERA is legally required to protect the confidentiality of its Confidential Records and Information, and SamCERA Board members, employees, and contractors have a duty to not disclose or inappropriately use this information. All Board members, employees, and contractors providing services to SamCERA have the responsibility to ensure that their use of all equipment and technology, including but not limited to telephones, scanners, printers, computers, tablets, software and data is appropriate.

The undersigned acknowledges and understands that while performing certain SamCERA duties, the undersigned may have access to Confidential Records and Information and agrees that:

1. All Confidential Records and Information received in any form, oral, electronic or in hard copy, are strictly confidential and cannot be used for any other purpose than official SamCERA business.
2. Confidential Records and Information will not be inappropriately retained or duplicated.
3. The undersigned shall not release, discuss, or otherwise disclose Confidential Records and Information with anyone not authorized to receive the information.
4. The undersigned is an “insider” and will not undertake any “insider trading” which can consist of (1) trading of securities while in possession of material nonpublic information; (2) trading by a non-insider while in possession of material nonpublic information where the information was disclosed to the non-insider in violation of an insider’s duty to maintain the information confidential; and (3) communicating material nonpublic information to others.
 - a. Securities include stock, preferred stock, warrants, convertible debentures and exchange-traded derivatives securities, in addition to other investments.
 - b. Material information is any information that a reasonable investor would consider important in deciding to buy, hold or sell securities or that could reasonably be expected to affect the price of the company’s securities; it can be positive or negative information.

- c. Nonpublic information is information that has not yet been communicated to the marketplace by press releases, SEC filings or other release of information by the company itself.

Acknowledgment

Printed Name	
Signature	Date

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

July 28, 2015

Agenda Item 7.4

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Code of Conduct

Staff Recommendation

Adopt a resolution adopting the Board of Retirement's "Code of Conduct"

Background

As part of staff's on-going project to identify key Board policies and bring such policies to the Board for reaffirmation or amendment, staff reviewed the Board's current Code of Fiduciary Conduct. Staff is of the opinion that a revised policy is in order.

The Board is governed by the California Constitution, the County Employees Retirement Law of 1937, and the Board's regulations and policies. In addition, Board members must comply with several areas of the Government Code including the Brown Act, the Public Records Act, the Political Reform Act, which addresses disclosure of economic interests and avoidance of conflict of interests, and the regulations of the California Fair Political Practices Commission (FPPC). Board members are also subject to SamCERA's "Conflict of Interest Code."

Discussion

The values behind these laws can be summarized as: Trustworthiness, Responsibility, and Loyalty. The Board's code of conduct should identify and prescribe behavior that promotes these ethical principles. By listing specific bounds of acceptable conduct, staff believes that the morass of legal requirements and principles will be more concrete and straight forward. The proposed code is simpler and avoids unnecessary legal jargon.

The current and the proposed codes of conduct will be reviewed by staff.

Attachments

- A) Current Code of Fiduciary Conduct
- B) Proposed Code of Conduct
- C) Resolution Adopting the Board of Retirement's "Code of Conduct"

San Mateo County Employees' Retirement Association Board of Retirement

CODE OF FIDUCIARY CONDUCT

RESOLUTION 96-97-02, as amended February 28, 2012

*This Resolution, adopted by the Board of Retirement (Board)
of the San Mateo County Employees' Retirement Association (SamCERA),
sets forth the Board's Code of Fiduciary Conduct.*

WHEREAS Article XVI, §17 of the Constitution of the State of California was amended by the electorate in 1992 to read, in pertinent part, as follows:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board shall have the sole and exclusive fiduciary responsibility over the assets of the ... system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets ... are trust funds and shall be held for the exclusive purposes of providing benefits to participants ... and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board ... shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) The members of the retirement board ... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(d) The members of the retirement board...shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(e) The retirement board..., consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the system .. ; &

RESOLVED that the Board hereby adopts the following Code of Fiduciary Conduct:

PREAMBLE

The San Mateo County Employees Retirement Association (*SamCERA*) is a public pension plan organized under the County Employees Retirement Law of 1937. (California Government Code Section 31450, et seq.)

The management of *SamCERA* is vested in the Board of Retirement.

Members of the Board hold positions of public trust. Article XVI, Section 17 of the California Constitution charges *SamCERA* Board members with the responsibility of administering the affairs of *SamCERA* "in a manner that will assure prompt delivery of benefits and related services to *SamCERA*'s

participants and their beneficiaries,” and further mandates *SamCERA* Board members to “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries.”

The members of *SamCERA*'s Board are mindful of the positions of trust and confidence held by them. They adopt this Code to ensure the proper administration of *SamCERA*, and to foster unquestioned public confidence in *SamCERA*'s institutional integrity as a prudently managed and fiduciarily governed public pension system, operated for the sole and exclusive purpose of providing benefits to *SamCERA*'s participants and beneficiaries.

SamCERA's *Code of Fiduciary Conduct, Educational Policy, and Conflict of Interest Code* provide a comprehensive fiduciary framework for the proper conduct of *SamCERA*'s affairs.

1. Fiduciary Duty:

Pursuant to Article XVI, Section 17 of the California Constitution, state statutes, and case law, the Board members are fiduciaries and have special duties to the system and its members, their survivors and beneficiaries.

A Board member's duty to its participants and their beneficiaries shall take precedence over any other duty. Board members must act exclusively in the interest of the participants and their beneficiaries, as opposed to the Board member's own interests or those of a third party. This duty includes the obligation to put aside the interests of the party responsible for a Board member's appointment. It also includes the duty to be impartial towards differing interests of participants.

2. Adherence to *SamCERA*'s Investment Policy:

Board members shall not authorize the making of any investment which is not contemplated in *SamCERA's Investment Policy*. *SamCERA's Investment Policy* may be amended at any properly noticed meeting of the Board, but only after considering the recommendations and comments of the Chief Executive Officer, Consultants and Investment Managers, which shall be promptly submitted upon request of the trustees.

3. Investment Authority:

The investment authority vested in the Board shall not be delegated to any committees of the Board, except by formal resolution. Such resolutions shall specify the limits of the authority delegated and require that all actions be reported to the Board for approval.

4. Investment Signature Authority:

Investment Signature Authority shall be limited to individuals identified by formal resolution which shall specify the limits of the authority delegated and require that all actions be reported to the Board for ratification.

5. Due Diligence Mandatory:

Due diligence shall be completed prior to the execution of any Board-initiated investment transaction. Due diligence will be performed in accordance with established guidelines and procedures by persons with expertise relevant to the transaction under evaluation.

6. Adherence to Related Laws:

Board members are responsible for conducting public business for *SamCERA* and are subject to all provisions of the Ralph M. Brown Act, California Government Code §54950 et seq., which Act mandates open meetings for local legislative bodies.

Board members conducting public business for *SamCERA* are subject to applicable California laws regarding conflicts of interests. Board members shall avoid impropriety and the appearance of impropriety, and shall not use their position to further their own pecuniary gain or for any other purpose not directly related to the duties of their Board position.

In accordance with state law, Board member shall refrain from attempting in any way to influence a *SamCERA* decision in which the Board member has a financial interest.

Board members shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to their duties as members of *SamCERA*'s Board, or with the duties, functions, or responsibilities of the *SamCERA* Board as a whole.

7. Limitation on the Acceptance of Gifts:

Board members shall comply with the gift limitation as set forth in state laws and regulations. The gift limit effective January 1, 2011 - December 31, 2012 is \$420. Board members employees designated on *SamCERA*'s Conflict of Interest Code employees are prohibited from receiving a gift or gifts totaling more than \$420 in a calendar year.

8. Prohibition on Acceptance of Honoraria:

Board members shall refrain from accepting any honoraria. An honorarium is a payment received for making a speech, publishing an article, or attending any public or private conference, convention, meeting, social event, meal or similar gathering, unless the payment is income earned from a bona fide business or profession.

9. Public Disclosure of Economic Interests:

Board members shall comply with the disclosure of economic interests and related filing requirements as set forth in the Political Reform Act and the regulations promulgated thereunder.

10. Communications with Service Providers and Other Non-*SamCERA* Persons and Entities:

Board members shall not correspond with a non-*SamCERA* person or entity using *SamCERA* letterhead unless the communication is authorized by the Board. Copies of all written communications from a Board member to a current service provider, or person or entity related to a current service provider, relating to *SamCERA*'s business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all members of the Board.

A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board member from a current *SamCERA* service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all members of the Board.

11. Training on Laws Related to Ethics and this Code of Conduct:

Board members shall receive periodic training on ethics principles and laws. This training shall cover ethics laws, and include, but not be limited to: laws relating to personal financial gain by public servants, including laws prohibiting conflicts of interest and bribery; laws relating to claiming prerequisites of office such as gifts and travel, use of public resources or gifts of public funds, mass mailing restrictions, and prohibitions on the receipt of free or discounted transportation; government transparency laws such as financial interest disclosure requirements, the Brown Act, and the Public Records Act; and laws relating to fair processes including those covering bias, due process, incompatible offices, competitive bidding, and nepotism.

ADOPTED by unanimous vote August 25, 1995

AMENDED July 27, 2004

AMENDED February 24, 2009

AMENDED February 23, 2010

AMENDED February 28, 2012

BOARD OF RETIREMENT

CODE OF CONDUCT

The Board of Retirement is the governing body of SamCERA and has exclusive control and fiduciary responsibility for management of the benefits and investments of the retirement fund for the members and beneficiaries of SamCERA. As public officials and as fiduciaries, Board members are expected to be careful stewards of taxpayer and member resources.

The Board is governed by the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, and the regulations, procedures and policies adopted by the Board. In addition, Board members must comply with laws applicable to public agencies (such as the Brown Act pertaining to open meetings and the Public Records Act), and laws applicable to public officials (such as disclosure of economic interests and avoidance of conflict of interests) as set forth in the Government Code and the regulations of the California Fair Political Practices Commission (FPPC).

Board members are also subject to SamCERA's "Conflict of Interest Code" and must sign an "Acknowledgment of Financial Conflict of Interest Laws" and an "Acknowledgment of Confidential Records and Information."

The general rationale behind these laws and policies reflect the ethical principles of public service which can be summarized as: Trustworthiness, Responsibility, and Loyalty.

In furtherance of these obligations and beliefs, the Board hereby adopts the following Code of Conduct for its members:

As a member of the Board, you must:

1. Discharge your duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries.
2. Act in good faith and in the best interest of members, beneficiaries and the fund as a whole.
3. Act with skill, care and diligence.
4. Carry out your duties in a manner consistent with your fiduciary duties.
5. Carry out your duties consistent with the laws and regulations regarding conflict of interest, gifts, financial disclosures, ethics and prohibited practices and avoid appearances of impropriety.

6. Refrain from using your position, and avoid the appearance that you are using your position, on the Board for private gain or the advantage of another.
7. Understand what information is to be kept confidential, and maintain that confidentiality.
8. Refrain from using confidential information acquired by virtue of SamCERA activities for private gain or advantage of another, including but not limited to, insider trading.
9. Seek or gather specialized advice or knowledge through education and training to assist you in making prudent decisions.
10. Become familiar with Board regulations, policies and procedures and consistently follow them to carry out the Board's responsibilities.
11. Communicate in a respectful, straightforward, honest and constructive manner during all meetings of the Board and its committees.
12. Make a good faith effort to prepare for, attend and participate in all meetings of the Board and of committees on which you serve.
13. Treat all participants and beneficiaries fairly, objectively, and impartially.
14. Strive to carry out the business of the Board and committee meetings in the most efficient and effective manner possible.
15. Refrain from having any *ex parte* communication with any SamCERA member regarding the determination of a member's benefit until the Board's decision has become final and the time to file a Court challenge has run.
16. Refrain from communicating with any investment management firm, or other vendor, regarding any product or search during the period beginning when the selection process is commenced (request for services is released or search process commenced) and ending when the selection process is deemed completed by the Board.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

RESOLUTION 15-16-___

**RESOLUTION ADOPTING THE BOARD OF RETIREMENT'S
"CODE OF CONDUCT"**

WHEREAS, the Board of Retirement ("Board") has a fiduciary obligation to the retirement fund to conserve assets and protect the integrity of the fund, for the benefit of the members and beneficiaries of SamCERA; and

WHEREAS, Board members must comply with several areas of the Government Code including the Brown Act, the Public Records Act, the Political Reform Act, which addresses disclosure of economic interests and avoidance of conflict of interests, and the regulations of the California Fair Political Practices Commission (FPPC). Board members are also subject to SamCERA's "Conflict of Interest Code"; and

WHEREAS, the general rationale behind these laws and policies reflect the ethical principles of public service which can be summarized as: Trustworthiness, Responsibility, and Loyalty; and

WHEREAS, in furtherance of these obligations and beliefs, the Board has reviewed and desired to the adopt the attached Code of Conduct for the members of the Board; therefore be it

RESOLVED that the Board hereby adopts the attached Code of Conflict.