



Notice of Public Meeting

The Board of Retirement

of the San Mateo County Employees' Retirement Association will meet on
Tuesday, January 26, 2016, 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 Presentation of a Resolution in Honor of the San Mateo County Mosquito and Vector Control District's Centennial Celebration
- 2. Oral Communications**
 - 2.1 Oral Communications from the Board
 - 2.2 Oral Communications from the Public
- 3. Approval of the Minutes**
 - 3.1 Approval of Regular Board Meeting Minutes from December 16, 2015
- 4. Approval of the Consent Agenda***

4.1 Disability Retirements	4.6 Member Account Rollovers
• Cortez, Jose	4.7 Approval of Amendment to the Lease with Shores Center Owner, LLC
• Gallagher, Hue	4.8 Acceptance of Semi-Annual Compliance Certification Statements for Period Ended December 31, 2015
• Gristi, Tony	4.9 Approval of Resolution Amending Contract with Northern Trust
• Ramirez, Victoria	4.10 Approval of Resolution Authorizing Contract with Joanne Bond Coaching, LLC
4.2 Service Retirements	
4.3 Continuances	
4.4 Deferred Retirements	
4.5 Member Refunds	
- 5. Benefit & Actuarial Services**
 - 5.1 Consideration of Agenda Items, if any, Removed from the Consent Agenda
 - 5.2 Approval of a Resolution Adopting Cost of Living Adjustments (COLAs) for 2016
- 6. Investment Services**
 - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ended December 31, 2015
 - 6.2 Update on Transition of Consulting Services and Presentation by Verus, Inc.
 - 6.3 Approval of Resolution Amending the Investment Policy
 - 6.4 Discussion of Proposed Alternative Investments (*to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2*)
- 7. Board & Management Support**
 - 7.1 Preliminary Quarterly Budget Report for Period Ended December 31, 2015
 - 7.2 Approval of Trustee Request to Attend International Education Conference
 - 7.3 Report on Status of SamCERA's Information Technology Projects
 - 7.4 Approval of Resolution Amending Contract with Vitech Systems Group, Inc.
 - 7.5 Approval of Resolution Amending Contract with LRWL, Inc.
 - 7.6 Report on Strategic Plan Implementation
 - 7.7 Report on April 26 and 27, 2016 Board-Staff Retreat Planning
 - 7.8 Report on Upcoming Trustee Elections and Appointments
- 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 Approval of Proposed Alternative Investment (*Confidential Under Gov. Code §54956.81 and §6254.26 – see also item 6.4*)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Giannini, Michael	November 24, 2015	Public Works
Estrada, Luis	December 1, 2015	Sheriff's
Atkins, Herman	December 2, 2015	Sheriff's
Rowe, Sharon	December 2, 2015	Chope Hospital
Johnson, Doris	December 4, 2015	District Attorney
Joseph, Lois	December 5, 2015	Health Services
Gaylord, Loella	December 12, 2015	Assessor
Gomez, Oscar	December 12, 2015	Medical Center
Henry, Margarete	December 14, 2015	Controller's
Klaas, Gregory	December 14, 2015	Probation
Jackson, Beatrice	December 25, 2015	Health Services
Kamlade, Raymond	December 26, 2015	Sheriff's
Lavin, Mary	December 26, 2015	Social Services
Reid, Michael	December 28, 2015	Sheriff's
Verber, Steven	January 3, 2016	Public Works
Ayon, Alexander	January 5, 2016	Assessor's



Scott Hood, Chief Executive Officer

Posted: January 20, 2016

(* 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
DECEMBER 15, 2015 – REGULAR BOARD MEETING MINUTES**

1512.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Paul Hackleman, Chair, called the Regular Meeting of the Board of Retirement to order at 10:00 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler (arrived 10:11 a.m.), Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello, Eric Tashman and Shirley Tourel.

Alternates present: Susan Lee, Alma Salas.

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

Consultants: Margaret Jadallah, Derek Kong and Faraz Shooshani (SIS).

1512.2.1 Oral Communications from the Board: Board members reported their attendance at the following events and conferences:

Ms. Arnott attended the IFEBP 61st Annual Employee Benefits Conference and the Trustees Master Program (TMP) Advanced Leadership Summit, in Hawaii, November 8-11, 2015.

Ms. Tourel attended Part I of IFEBP's Certificate of Achievement in Public Plan Policy (CAPPP) program in Rhode Island, October 6-7, 2015.

Mr. Battey attended a portion of the SACRS Fall Conference in San Diego, on November 17-18, 2015.

Mr. Spinello attended the IFEBP 61st Annual Employee Benefits Conference and the Trustees Master Program (TMP), in Hawaii, November 7-11, 2015; and the SACRS Fall conference in San Diego, November 17-20, 2015.

Ms. Settles attended the Women's Alternative Investment Summit, in New York City, November 4-6, 2015; the SACRS Fall conference in San Diego, November 17-20, 2015; and IMN's Global Indexing and ETFs in Scottsdale, AZ, December 6-8, 2015. Ms. Settles also updated the Board on her participation with the SACRS Ad Hoc Committee working on the UC Berkeley trustee education program.

Mr. Hackleman attended the IFEBP 61st Annual Employee Benefits Conference, in Hawaii, November 8-11, 2015.

1512.2.2 Oral Communications from the Public: Board member alternates reported their attendance at the following events and conferences:

Ms. Salas attended the IFEBP 61st Annual Employee Benefits Conference and the Trustees Master Program (TMP) Advanced Leadership Summit, in Hawaii, November 8-11, 2015; and the SACRS Fall conference in San Diego, November 17-20, 2015.

Ms. Lee attended the SACRS Fall conference in San Diego, November 17-20, 2015.

1512.3.1 Acceptance of Audit Committee Meeting Minutes from October 27, 2015: Mr. Hackleman asked if there were any changes or corrections to the Audit Committee Meeting Minutes from October 27, 2015, and none were noted.

Action: Ms. Kwan Lloyd (Chair of the Audit Committee) moved to accept the minutes from the Audit Committee Meeting of October 27, 2015; and the motion was seconded by Ms. Settles. The motion carried with a vote of 8-0 with trustees Arnott, Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.

1512.3.2 Approval of Regular Board Meeting Minutes from October 27, 2015: Mr. Hackleman asked if there were any changes or corrections to the Regular Board Meeting Minutes from October 27, 2015, and none were noted.

Action: Mr. Spinello moved to approve the minutes from the Regular Meeting of October 27, 2015; and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 7-0-1, with trustees Battey, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed; and with Ms. Arnott abstaining as she was not present at the October 27th meeting.

Mr. Bowler arrived at 10:11 a.m. and took his seat at the dais.

1512.4.0 **Approval of the Consent Agenda:** Mr. Hackleman stated that consideration of the disability application of Victoria Ramirez would be postponed to a future meeting. He asked if there were any other items to be removed from the Consent Agenda, and no other items were requested to be removed.

Action: Ms. Kwan Lloyd moved to approve the Consent Agenda, and the motion was seconded by Ms. Tourel. The motion carried with a vote of 9-0 with trustees Arnott, Battey, Bowler, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.

1512.4.1 **Disability Retirements:**

- a) The Board found that Bai Fu is (1) permanently incapacitated for the performance of her usual and customary duties as a Custodian, (2) found that her disability was a result of an injury arising out of and in the course of her employment, and (3) granted her application for a service-connected disability retirement.
- b) The Board found that Adolph Andalon is (1) permanently incapacitated for the performance of his usual and customary duties as a Fraud Investigator II, (2) found that his disability was not a result of an injury arising out of and in the course of his employment, and (3) granted his application for a non-service-connected disability retirement.
- c) The Board found that Felicia Watson is (1) permanently incapacitated for the performance of her usual and customary duties as a Switchboard Operator, (2) found that her disability was not a result of an injury arising out of and in the course of her employment, (3) denied her application for a service-connected disability retirement, and (4) granted her a non-service-connected disability retirement.

1512.4.2 **Service Retirements:**

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

Member Name	Effective Retirement Date	Department
Anteola, Evangeline	October 1, 2015	Medical Center
Askew, Clarice	October 31, 2015	Public Works
Berndl, Michael	October 2, 2015	Deferred from Sheriff's
Brown-Wade, Diane	September 10, 2015	Deferred from HSA Agency
Charan, Manjulla	October 17, 2015	Public Health
Cloud, Carman	September 9, 2015	Deferred from Public Safety Com
Condon, Sharon	October 5, 2015	Deferred from Controller's
Cooper, Laurie	October 10, 2015	Probation
Duran, Loretta	October 31, 2015	Courts
Gatt, Brian	November 1, 2015	Parks
Gray, Jessica	September 19, 2015	Deferred from Social Services
Hara, Hideki	September 26, 2015	Family Health Services
Hennen, Joseph	September 18, 2015	Human Services Agency
Herrera, Zonia	October 31, 2015	Public Health
Hutchens, Pauline	October 16, 2015	Public Safety Communications
Jackson, Angela	September 11, 2015	Human Services Agency

Jameson, Kelly	October 31, 2015	Deferred from Probation
Lynch, Anne	September 19, 2015	Library
Paengalau, Mary	September 17, 2015	Human Services Agency
Pisani, Alfred	September 30, 2015	Deferred from Public Works
Seaton, Carolyn	February 10, 2015	Medical Center
Strobeck, Paul	October 24, 2015	District Attorney Office
Wong, Kenton	October 27, 2015	Deferred from Sheriff's

1512.4.3 **Continuances:** None.

1512.4.4 **Deferred Retirements:**

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

Member Name	Retirement Plan Type
Cooper, Glorialee S.	G4, Non-Vested - Reciprocity
Crooks, Alleen L.	G4, Vested
D' Johns, Massanda	G4, Vested - Reciprocity
Finigan, Jeffrey R.	G2, Vested - Reciprocity
Fraser, Jean S.	G4, Vested
Gajunia, Florabel	G4, Vested
Jumoc, Cherrymae M.	G4, Vested
Soo, Regina R.	G5, Non-Vested – Reciprocity

1512.4.5 **Member Account Refunds:**

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

Member Name	Retirement Plan Type
Carrasco, Elizabeth	G7, Non-vested
Chau, John	G7, Non-vested
Formoso, Josephine	G7, Non-vested
Higgins, Tristan	G4, Non-vested
Imler, Erin	G7, Non-vested
Jones, Sharon	G7, Non-vested
Ku, Aileen	G4, Vested
Lumboy, Charles	G7, Non-vested
Robles, Robert	G7, Non-vested
Rogers, Ross (FBO: Hope Rogers)	G7, Non-vested
Rogers, Ross (FBO: Joseph Rogers)	G7, Non-vested
Sanchez De Leon, Israel	G7, Non-vested

1512.4.6 **Member Account Rollovers:**

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

Member Name	Retirement Plan Type
Ampuero, Marilyn	G5, Non-vested
Gullet, Mary	G7, Non-vested
Liu, Zhenyi	G7, Non-vested
Morales, Roina (FBO: Estate of Roina Morales)	G4, Vested
Srour, Daniel	G7, Non-vested
Victorino, Adam	G5, Non-vested
Watkins, Stacy	G4, Non-vested
Yang, David	G7, Non-vested

- 1512.4.7 **Assignment of Strategic Investment Solutions, Inc., Investment Consultant Agreement to Verus Advisory, Inc.:** The Board approved authorization for the Chief Executive Officer to execute a “Consent to Assignment, Confirmation of Acceptance of Investment Consulting Agreement” approving the assignment of the Strategic Investment Solutions, Inc., (SIS) investment consultant agreement to Verus Advisory, Inc. (Verus).
- 1512.4.8 **Amendment of the Board’s Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff:** The Board approved a resolution amending the Board’s policy for reimbursement of travel expenses.
- 1512.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.
- 1512.6.1 **Preliminary Monthly Portfolio Performance Report for the Period Ending October 31, 2015:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA’s net preliminary return for October was 4.8%, while the preliminary trailing twelve-month return was 2.5% net. This item was informational only and no action was taken.
- 1512.6.2 **Quarterly Investment Performance for the Period Ending September 30, 2015:** Mr. Coultrip introduced the Quarterly Investment Performance Report. Ms. Jadallah went over the quarterly report, reviewing managers’ performances and discussing details of the report with the Board. The net 3rd quarter total return for the SamCERA portfolio was -5.2%. This item was informational only and no action was taken.
- 1512.6.3 **Presentation of Private Asset Semi-Annual Performance Report as of June 30, 2015:** Ms. Dames introduced the performance report. Mr. Shooshani gave a detailed review of the current market conditions activity and summarized the performance and characteristics of SamCERA’s private asset program for this period. Board discussion followed and Mr. Shooshani answered questions from Board members. This item was informational only and no action was taken.
- 1512.6.4 **Approval of Opportunistic Credit Manager Search Process:** Mr. Coultrip reviewed the Board’s past actions that have increased the asset allocation in the opportunistic credit category (within fixed income) to 6%, with a 1% increase being approved in October 2015. Staff proposes using a similar search process, as previously undertaken in this category, to conduct a search for a new strategy and to perform due diligence. Staff will make a final recommendation to the Board at a future date.
Action: Mr. Battey moved to approve the proposed search process for funding a new opportunistic credit strategy within the fixed income asset class, and the motion was seconded by Mr. Bowler. The motion carried with a vote of 9-0 with trustees Arnott, Battey, Bowler, Hackleman, Kwan Lloyd, Settles, Spinello, Tashman and Tourel all in favor; none opposed.
- 1512.6.5 **Report on U.S. Department of Labor (DOL) Interpretive Bulletin on Economically Targeted Investments and Direction to Staff:** Ms. Carlson reviewed the contents of the DOL bulletin regarding ESG factors with the Board. In the staff report, proposed language was offered for a possible amendment to the Investment Policy consistent with the DOL bulletin; such an amendment would be considered at a future meeting. This item was informational only and no action was taken.

The meeting was adjourned into closed session at 11:45 a.m. and reconvened at 12:15 p.m.

- 1512.6.6 **Approval of Purchase of Proposed Alternative Investment:**
The Board met in closed session with staff and SIS to discuss this item. Upon reconvening, Ms. Carlson reported the following action was taken by the Board.
Action: Mr. Battey moved to invest in \$25 million in CIM Infrastructure Fund II as part of SamCERA's allocation to Private Real Assets. The motion was seconded by Mr. Bowler and carried with a vote of 8-1, with trustees Arnott, Battey, Bowler, Hackleman, Kwan Lloyd, Settles, Spinello and Tourel all in favor; Tashman opposed.
- The meeting was then adjourned for lunch at 12:20 p.m. and reconvened at 12:32 p.m.
- 1512.6.7 **Strategic Discussion of Investment Items: Soft-Dollar Follow-Up and Equity Structure:** Mr. Coultrip led the Board in a discussion about the domestic equity manager structure and soft dollars, and this item was discussed this over lunch. This item was for discussion only and no action was taken.
- 1512.7.1 **Report on Status of SACRS Legislative Items Including Authority for Board of Retirement to Determine if the System Should Become a District and Direction to Staff:** Mr. Hood and Ms. Carlson detailed three recent legislative proposals from SACRS, and discussed the positive and negative impacts and expected outcomes of each with the Board. This item was for discussion only and no action was taken.
- 1512.7.2 **Discussion of Board/ Staff Retreat Topics:** Mr. Hood went over the proposed retreat topics with the Board, and asked Board members for any additional areas of interest they wanted to pursue at the April retreat. This item was for discussion only and no action was taken.
- 1512.7.3 **Report on Progress of SamCERA's Information Technology Projects:** Mr. Ali updated the Board on the progress of the recent and on-going technology projects. He noted that the migration to Outlook was successful; the new website is up and running and has had positive feedback; the web member services portal was launched on the internet; the agenda management solution has been postponed; and staff is looking into the use and efficiency of the iPad Pro. Mr. Ali also reported that the PASS project has invoiced 50% and is on schedule, he noted Mr. Morrow would be giving an update on PASS at the next meeting. This item was informational only and no action was taken.
- 1512.8.1 **Chief Executive Officer's Report:** Mr. Hood went over the items in the "Day of Meeting" folder, thanked Colin Bishop and Tat-ling Chow for their efforts related to the PAFR, and gave the Board an update on construction scheduled for the 100 Marine Parkway building. He reported that he assisted County CMO's office with preparation for refinancing certain bonds, and noted that San Mateo is one of only three counties in California with AAA rating from Moody's and S & P. Mr. Hood reported taking a trip to Seattle with Mr. Coultrip for due diligence visits with Verus, as well as Parametric and Milliman, Inc., on December 3rd. He let the Board know about upcoming items that would be on the January meeting agenda.
- 1510.8.2 **Assistant Executive Officers' Report:** Ms. Smith reported she had attended SCORPA, and noted that the board calendar was updated and includes the CALAPRS UCLA event in January. A copy of the retiree newsletter was provided to Board members in their folder. Ms. Smith introduced staff members individually and thanked the office staff for their efforts this year.
- 1512.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported going to Seattle with Mr. Hood for a due diligence visit with Verus, Parametric and Milliman, Inc., on December 3rd.
- 1512.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board on SamCERA's tax determination letter, and noted that a IRS reviewer would be assigned by the February meeting. She called the Board's attention to the summaries of initiative measures in the "Day of Meeting" folders.

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

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda** – None.
- C2 **Approval of Purchase of Proposed Alternative Investment** (Confidential Under Gov. Code §54956.81 and §6254.2) – Reported under item 6.6.

The Board met in closed session at 2:00 p.m. to discuss items C2 and C3.

- C3 **Public Employee Performance Evaluation, in accordance with Government Code section 54957, Title: Chief Executive Officer**
- C4 **Conference with Labor Negotiator, in Accordance with Government Code section 54957.6 Designated Representative: Brenda B. Carlson. Employee Position: Chief Executive Officer**

1512.9 **Report on Actions Taken in Closed Session:** The meeting was reconvened into public session at 3:22 p.m. and Ms. Carlson stated that there was no reportable action taken by the Board in closed session on items C2 and C3.

1510.10 **Adjournment:** Mr. Hackleman adjourned the meeting at 3:25 p.m. in memory of the deceased members listed below.

Gomes, Cecile	October 14, 2015	Hospital
Holman, Mona	October 17, 2015	Social Services
Fisk, Pamela	October 20, 2015	Courts
Hunt, Paula	October 21, 2015	CHOPE Medical Records
Cohen, Lorraine	October 23, 2015	Probation
Murakami, Taka	October 23, 2015	General Services
Adams, Ana	October 29, 2015	Controller's
Daetz, Virginia	October 31, 2015	Health & Welfare Administration
Royer, Mavis	November 2, 2015	Public Health
Katsumis, Peters	November 3, 2015	Sheriff's
Baker, Mary	November 4, 2015	Food Services
Trier, Thomas	November 7, 2015	Mental Health
Silvestrini, Jewell	November 9, 2015	Social Services
Lee, Harriet	November 10, 2015	Social Services
Lemon, Jean	November 15, 2015	Aging and Adult Services
Fagetti, Richard	November 29, 2015	Probation

Scott Hood
Chief Executive Officer

Kristina Perez
Retirement Executive Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Items 4.1- 4.6

TO: Board of Retirement

FROM: Elizabeth LeNguyen, Retirement Benefits Manager



SUBJECT: Approval of Consent Agenda Items 4.1 – 4.6

4.1 Disability Retirements

- a) The Board find that **Jose L. Cortez** is (1) permanently incapacitated from the performance of his usual and customary duties as a Medical Service Assistant II, (2) find that his disability was the result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.

- b) The Board find that that **Hue Gallagher** is (1) permanently incapacitated from the performance of her usual and customary duties as a Social Worker III, (2) find that her disability was not result of an injury arising out of and in the course of her employment and (3) grant her application for a non-service-connected disability retirement.

- c) The Board find that **Tony Gristi** is (1) permanently incapacitated from the performance of his usual and customary duties as a Painter, (2) find that his disability was the result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.

- d) The Board find that **Victoria Ramirez** is (1) not permanently incapacitated for the performance of her usual and customary duties as a Physician and (2) deny 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
Anongos, Julie	October 31, 2015	Deferred from Health Department
Bailey, Holly Louise	October 3, 2015	Deferred from Public Health
Benefield, Deborah	November 14, 2015	Deferred from Courts
Duncan, Rory	November 14, 2015	Human Services Agency
Hines, Ida P	December 1, 2015	Deferred from Clerk Recorder's
Jones, Kenneth	November 21, 2015	Sheriff's

Kole, Susan	December 1, 2015	Correctional Health
Low, Stanley	November 10, 2015	Environmental Health
Lowell, William	November 14, 2015	Housing
Mariscal, Gloria Mercedes	December 1, 2015	Aging and Adult Services
Morrison, Nancy	November 7, 2015	Courts
Oettel, Elida	November 5, 2015	Human Services Agency
Palu, Anne	December 1, 2015	Deferred from SamCERA
Recotta, Marjorie	November 4, 2015	Deferred from Family Services
Robinson, Kenneth	November 21, 2015	Environmental Health
Woods, Jeanette	November 7, 2015	Probation

4.3 Continuances

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

Survivor's Name	Beneficiary of:
Hunt, Ralph A.	Hunt, Paula
Katsumis, Lila Geneva	Katsumis, Peter
Trier, Mella Leonora	Trier, Thomas
Merrell, Barbara	Coleman, Demetric

4.4 Deferred Retirements

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

Member Name	Retirement Plan Type
Aizpuru, Vivian K.	G4, Vested
Arango, Erica E.	G4, Vested
Baker, Kristin C.	G4, Vested
Bruno, George E.	G4, Vested
Carpio, Jocelyn A.	G4, Vested
De La Cerda, Monica	S5, Non-Vested - Reciprocity
Eugenio, Marcial B.	G4, Vested - Reciprocity

Ferrier, Erica M.	G4, Vested
Mallari, Editha T.	G7, Non-Vested - Reciprocity
Maxwell, Jordan A.	G4, Vested - Reciprocity
Miller, Keith E.	G5, Non-Vested - Reciprocity
Morales, Theresa	G4, Vested - Reciprocity
Morris, Becky A.	G4, Vested
Relucio, Karen I.	G4, 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
Alomar, Denise	G7, Non-vested
Alvarez, Adriana	G7, Non-vested
Araw, Alexander	G4, Non-vested
Harrell, Tenisha	G4, Vested
Pacifico, Barbara	G4, Non-vested
Popova, Olessia	G7, Non-vested
Vides, Milagro	G4, Non-vested
Vong, Olivia	G7, Non-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
Roldan, Tatiana	G4, Non-vested
Soto, Carmela	G4, Vested
Tang, Janet	G4, Non-vested

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 4.7

TO: Board of Retirement 
FROM: Scott Hood, Chief Executive Officer
SUBJECT: Approval of Fifth Amendment to the Lease Agreement with Shores Center Owner LLC.

Staff Recommendation

Approve a resolution authorizing the Chief Executive Officer to enter into a Fifth Amendment to the Lease Agreement with Shores Center Owner LLC.

Background

SamCERA's lease agreement for its offices commenced in December 2002 and ends in December 31, 2019. Since 2002, the lease agreement has been amended four times to address SamCERA expansion into additional office space. The original lease was for 3,839 square feet and the current lease is for 11,468 square feet and is comprised of Suites 100 (the Board Room), 125 (main office) and 160 (upstairs PASS project office space).

Discussion

As reported on in Chief Executive Officer reports, the Shores Center would like to make modifications to the ground floor of this building. These modifications include removing the building conference room and the gym and locker facility, remodeling the first floor bathrooms and adding a seating area in the lobby.

Part of the construction project necessitates the loss of some space in the entry area just inside the Board room. The modifications will also create a storage area adjacent to the entrance to Board room that can be used for storage of the board tables and chairs. With this additional space, Suite 100 space will be increased by 96 sq. feet, giving a total of 11,564 rentable square feet in the lease. The 96 additional feet will not be included in the calculation of our base rent.

Staff is providing Board meeting dates to the Shores Center management office in order that construction within the Board room be avoided, to the extent possible, on those dates. We do not know when construction will commence because Shores Center is still awaiting permit approval from Redwood City. Staff will advise the Board of any updates as far as timing and the estimated length of the construction project.

Attachment

Resolution Authorizing the Chief Executive Officer to Execute a Fifth Amendment to the Lease Agreement with Shores Center Owner, LLC

RESOLUTION 2016- __

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE FIFTH AMENDMENT
TO LEASE AGREEMENT WITH SHORES CENTER OWNER LLC**

WHEREAS, Article XVI, Section 17 of the California Constitution vests with the Board the sole and exclusive fiduciary responsibility over the assets of SamCERA; and

WHEREAS, Government Code section 31588.2 authorizes the use of funds in the retirement fund for the costs of administrating the system; and

WHEREAS, in 2002, the Board authorized the execution of a lease agreement for the administrative office space located at 100 Marine Parkway in Redwood City; and

WHEREAS, since 2002, the Board has approved four amendments to the lease agreement to address SamCERA's need to expand into additional office space; and

WHEREAS, the Board has been requested by Shores Center Owner, LLC to further amend the lease agreement to address upcoming lobby construction and resultant minor changes to the Board room space and the Board desires to enter into such amendment; therefore, be it

RESOLVED, that the Chief Executive Officer is hereby authorized to execute the Fifth Amendment to the lease agreement with Shores Center Owner, LLC to address upcoming lobby construction and resultant minor changes to the Board room space.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Consent Agenda Item 4.8

TO: Board of Retirement

FROM: Doris Ng, Retirement Investment Analyst 

SUBJECT: Semi-Annual Compliance Certification Statements for Period Ended December 31, 2015

Staff Recommendation

Accept the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers, as of December 31, 2015.

Background

As part of SamCERA's ongoing due diligence process, the Compliance Certification Statement is completed by each of the association's public equity, fixed income, real estate and cash overlay 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. For investment managers whose investments are considered "alternative investment vehicles" per the California Government Section Code §6254.26, the Compliance Certification Statements are not provided in the public board packet and will be sent separately to the Board.

Discussion

The attached Compliance Certification Statements report that SamCERA's investment managers are in compliance with SamCERA's Investment Policy as of December 31, 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 the Compliance Certification Statements for Western Asset Management and Franklin Templeton were not received in time to be included in the mailing, but will be included in the February board packet.

Attachments

Compliance Certification Statement Matrix 12-2015
Compliance Certification Statements (14)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

- A. Domestic Equity: Barrow Hanley, BlackRock, Brown Advisory, Chartwell, The Boston Company
- B. International Equity - Developed: Baillie Gifford, BlackRock, Mondrian, Fidelity Institutional Asset Management (FIAM)
- C. Emerging Market Equity: Eaton Vance Parametric
- D. Domestic Fixed Income: Brown Brothers Harriman, Fidelity Institutional Asset Management (FIAM)
- E. Real Estate: INVESCO
- F. Cash Overlay: The Clifton Group (Parametric)

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Domestic Equity					
Barrow Hanley		No Concerns	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 7.11% ADR • 2.5% largest security: Citigroup Inc. • 13.6% largest single industry: Banks • 11% International (Global & EM Mkts)
BlackRock S&P		No Concerns	No Concerns	No Concerns	<ul style="list-style-type: none"> • 3.24% Apple <p><u>Industry Exposure >15%:</u></p> <ul style="list-style-type: none"> • 20.79% Information Technology • 16.46% Financials • 15.15% Health Care
Brown Advisory, LLC		<ul style="list-style-type: none"> • 1/1/2016-New holding company, Brown Advisory Group Holdings LLC (BAGH), formed to simplify and provide more efficient structure for shareholders. No change in control or management of 	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 4.84% Amazon • 10.58% Internet Software & Services

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
		investment advisor and no assignment.			
Chartwell		No Concerns	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 2.5% ADR • 4.7% H&E Equipment Services, Inc. • 8.89% Information Technology Services
DE Shaw	<i>Confidential under California Gov. Section Code §6254.26</i>				
The Boston Company		No Concerns	Not Applicable	SamCERA's fee schedule betwn lowest & highest. Othr lower fee inst clients generally have higher AUM or predate SamCERA's account.	<ul style="list-style-type: none"> • 1.17% CoBiz Financial Inc. (COBZ) • 18.24% Banks
International Equity - Developed					
Baillie Gifford		No Concerns	Not Applicable	No Concerns	<ul style="list-style-type: none"> • 1.6% US listed equities • 11.5% ADRs and GDRs • 18.6% Emerging Markets

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
BlackRock EAFE		No Concerns	No Concerns	No Concerns	<ul style="list-style-type: none"> 0.02% ADR
Mondrian		No Concerns	Limited to fwd currency contracts for defensive hedging, traded via Northern Trust	No Concerns	<ul style="list-style-type: none"> 18.48% Emerging Markets (MIP Ltd Prtnshp)
Fidelity Institutional Asset Management (FIAM) Select International Small Cap		<ul style="list-style-type: none"> Oct 2015-FIAM formed to integrate distrib & client servicing teams of Pyramis and Fidelity Financial Advisor Solutions (FFAS) <p><u>Personnel Transitions</u></p> <ul style="list-style-type: none"> Jeff Lagarce (former President of Pyramis) President of FIAM Scott Couto (former President of FFAS) - Head of FIAM Distribution Lynne Goldman, Chief Administrative Officer 	Not Applicable	No Concerns	<ul style="list-style-type: none"> 20.3% Emerging Markets

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
		<ul style="list-style-type: none"> Candace Race, Head of Marketing 			
Emerging Market Equity					
Eaton Vance Parametric		No Concerns	Not Applicable	No Concerns	<ul style="list-style-type: none"> 9.69% ADRs 7.37% GDRs 1.7% in Frontier Markets (Kuwait considered frontier per MSCI classification) 23.3% Non-Bnmrk holdings
Domestic Fixed Income					
Angelo Gordon OWL	<i>Confidential under California Gov. Section Code §6254.26 (Pending Information)</i>				
Angelo Gordon STAR	<i>Confidential under California Gov. Section Code §6254.26 (Pending Information)</i>				
Beach Point	<i>Confidential under California Gov. Section Code §6254.26</i>				

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Brigade					
<i>Confidential under California Gov. Section Code §6254.26</i>					
Brown Brothers Harriman		<ul style="list-style-type: none"> • Per SamCERA’s request, duration hedge relative duration variance ~ 2.5-3 yrs. Size of hedge is unique to SamCERA. <p><u>Personnel Changes</u></p> <ul style="list-style-type: none"> • 1/1/16-JP Paquin succeeded Rick Witmer as Head of BBH IM. William Tyree succeeded Digger Donahue as Managing Partner. Mr. Donahue remain as General Partner. • Oct 2015-Dan Greifenkamp named Head of Funds, BBH IM. Wyatt Courtney, Head of Dom & Europ Bus. Dev and Relatshp Mgmt. • 1/31/16-Erica Bens, Head of Risk & Gov 	No Concerns	No Concerns	Horizon analysis testing available upon request

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
		resigning. In interim, VP Kerin Rausch and VP Ken McManus responsible for oversight. <ul style="list-style-type: none"> 10/30/15-Daniel LaLima, Head of Operations left, replaced by Anita Kerr who joined in May 2015 as COO. 			
Fidelity Institutional Asset Management (FIAM) BMD Bond		See changes above in FIAM Select International Small Cap	No Concerns	No Concerns	<ul style="list-style-type: none"> 1.97% below investment grade (invmnt grade at purchase) 6.45% in Rule 144A securities
Western	Pending Information				
Global Fixed Income					
Franklin Templeton	Pending Information				

Compliance Certification Statement Matrix – December 31, 2015

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Real Estate					
Invesco		No Concerns	Not Applicable	No Concerns	No Concerns
Cash Overlay					
The Clifton Group (Parametric)		No Concerns	No Concerns	No Concerns	No Concerns

21 Total
17 Completed
4 Pending Information
5 Confidential

Barrow Hanley Diversified Large Cap Value – December 31, 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 **Monday, January 11, 2016.**

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**
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 December 32, 2015, the portfolio held the following:

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

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

At December 31, 2015, the firm's allocation within equities is below:

<i>Large-Cap</i>	<i>73.5%</i>
<i>Mid-Cap</i>	<i>11.9%</i>
<i>Small-Cap</i>	<i>3.6%</i>
<i>International*</i>	<i>11.0%</i>

*Includes Global & Emerging Markets

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

At December 31, 2015, the portfolio held 7.11% 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 December 31, 2015, the largest security holding was Citigroup Inc. with a weighting of 2.5%. (Cash positions are not used in the calculation.)

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

BHMS uses the GICS classification system for our portfolio analysis. At December 31, 2015, the largest industry weighting was Banks, which held a 13.6% weighting. (Cash positions are not used in the calculation.)

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

At December 31, 2015, the DLCV product made-up 4.2% of total firm AUM.

At December 31, 2015, SamCERA's account comprised 2.9% of the DLCV product assets.

Signed by: Patricia B. Andrews
Title: Chief Compliance and Risk Officer
Dated: January 15, 2015
Name of Firm: Barrow, Hanley, Mewhinney & Strauss LLC

BlackRock S&P 500 Index – December 31, 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 **Monday, January 11, 2016**.

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

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 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 8 March 2012, BlackRock Institutional Trust Company, N.A. ("BTC") entered into an Offer of Settlement (the "Agreement") with the CFTC and consented to the entry of an Order, which makes findings and imposes remedial sanctions against BTC. Without admitting or denying wrongdoing, BTC agreed to the imposition of a \$250,000 penalty and the entry of the Order to resolve allegations by the CFTC that two trades by BTC violated Section 4c(a)(1) of the Commodity Exchange Act and CFTC Regulation 1.38(a). BTC also agreed to refrain from any further violations of the above-mentioned statutory provisions. The CFTC did not allege that any clients of BTC, BlackRock or any related affiliate were harmed in any way in the execution of these two trades.

On 11 September 2012, the UK Financial Services Authority ("FSA") issued a Final Notice against BlackRock Investment Management (UK) Limited ("BIM UK"), following a settlement agreement reached between the FSA and BIM UK. The FSA found that BIM UK had breached certain provisions of the FSA's Client Money Rules and Principles, during the period 1 October 2006 to 31 March 2010, by not having trust letters in place for client money placed on money market deposit and not having adequate systems and controls for the identification and protection of client money in this respect. BIM UK agreed to a settlement payment of GBP 9,533,100 for the breach, which it had self-reported to the

FSA in April 2010. The FSA final order acknowledged that no client of BIM UK (or BlackRock or any related affiliate) suffered any harm and that BIM UK had remedied the situation and put in place robust systems and controls relating to client money protection.

On 3 October 2012, BlackRock Inc. reached an agreement with the U.S. Department of Labor ("DOL") to reimburse clients \$2,661,513 in connection with certain trades the DOL alleged violated Title I of the Employee Retirement Income Security Act ("ERISA"). BlackRock also agreed to pay to the DOL a \$266,151 penalty.

On 8 January 2014, BlackRock Inc. reached a settlement with the New York Attorney General's office ("AG") pursuant to which the AG found BlackRock's use of analyst surveys violated New York's Martin Act and Executive Law. The settlement did not involve the payment of any fine or other penalty although BlackRock paid \$400,000 to cover the AG's costs of investigation. BlackRock neither admitted nor denied the allegations, but agreed to stop using analyst surveys.

On 8 May 2014, the primary Italian securities regulator ("CONSOB") fined BIM UK 150,000 EURO (approximately \$205,826 USD) for negligent market manipulation. The fine was based on BIM UK's filing, on behalf of the BlackRock group of companies, a large shareholder report regarding its holdings in Unicredit S.p.A. to CONSOB in December 2011, that turned out to be incorrect.

On 16 September 2014, BTC entered into an agreement with the SEC to resolve allegations relating to three alleged violations of an SEC regulation prohibiting short sales of an equity security during the restricted period preceding a public offering. The three trades at issue occurred in 2010 and 2011. As part of the approximately \$1.7 million settlement, BTC agreed to disgorge profits from each of the violations and to pay interest and a civil penalty. BTC also agreed to cease and desist from any future violations of the rule in question.

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

Common Stock	98.81%
Preferred Stock	0.00%
Convertible Securities	0.00%
Cash & Equivalents	1.19%

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

Large-Cap	99.56%
Mid-Cap	0.44%
Small-Cap	0.00%

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.

N/A

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 3.24%

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	20.79%
Financials	16.46%
Health Care	15.15%

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of 12/31/15, SamCERA's account (#523935) represented 0.78% of units outstanding of Equity Index Fund. Total firm AUM as of 9/30/2015 was \$45.1 trillion. As such, SamCERA's account constituted approximately 0.00123% of overall firm AUM as of 9/30/2015. (2015 year-end firm AUM will be available on January 15th.)

Signed by: *[Signature]*
Dated: 1/11/16
Name of Firm Blackrock

Brown Advisory Large Cap Growth – December 31, 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 **Monday, January 11, 2016**.

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**

In December 2015, Brown Advisory, LLC affiliated entity, CDK Investment Management, LLC, was renamed Brown Advisory Investment Solutions Group LLC ("ISG"). ISG is an investment adviser and wholly owned subsidiary of Brown Advisory Management LLC ("BAM"), specializing in alternative investments and offers both discretionary and non-discretionary investment advice primarily to private investment funds, individuals and institutional separate accounts.

We would also like to make you aware that effective January 1, 2016 Brown Advisory underwent an internal reorganization to simplify the firm's corporate structure, provide certain tax advantages, and facilitate a more efficient structure for shareholders by forming a new holding company, Brown Advisory Group Holdings LLC ("BAGH"). BAGH is organized as a Delaware limited liability company. Importantly, this internal reorganization does not signal a change of control or a change in management of the investment adviser. Accordingly, there is no "assignment" of your investment advisory agreement under the Investment Advisers Act of 1940, as amended.

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

Section is not applicable

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

<i>Common Stock</i>	96.43%
<i>Preferred Stock</i>	0.00%
<i>Convertible Securities</i>	0.00%
<i>Cash & Equivalents</i>	3.57%

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

<i>Large-Cap</i>	87.40%
<i>Mid-Cap</i>	12.60%
<i>Small-Cap</i>	0.00%

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.

Does not hold ADR securities

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.

Amazon.com. Inc. - 4.84%

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%.


Internet Software & Services - 10.58%

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

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

The Large Cap Growth Strategy (LCG) makes up 28.80% of Firm AUM*
SamCERA's account makes up 0.71% of LCG assets

*Calculation is based on preliminary Firm AUM

DocuSigned by:

D435C04EFC4E4E1...

Signed by: Brett D. Rogers,
General Counsel and Chief Compliance Officer
Dated: January 11, 2016
Name of Firm: Brown Advisory, LLC

Certificate Of Completion

Envelope Id: A6F96A11DE9F432F8607826F3ECD679C	Status: Completed
Subject: Please DocuSign this document: CCS - Brown Advisory 12-31-2015 FINAL.pdf	
Source Envelope:	
Document Pages: 5	Signatures: 1
Certificate Pages: 4	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Terry L. Donlan Welker
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	901 South Bond St. Suite 300
	Baltimore, MD 21231
	twelker@brownadvisory.com
	IP Address: 199.167.232.10

Record Tracking

Status: Original 1/11/2016 5:26:20 PM	Holder: Terry L. Donlan Welker twelker@brownadvisory.com	Location: DocuSign
--	---	--------------------

Signer Events

Brett D. Rogers
 brogers@brownadvisory.com
 General Counsel
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

 D435C04EFC4E4E1...
 Using IP Address: 73.129.74.189
 Signed using mobile

Timestamp

Sent: 1/11/2016 5:27:57 PM
 Viewed: 1/11/2016 5:33:04 PM
 Signed: 1/11/2016 5:33:24 PM

Electronic Record and Signature Disclosure:
 Accepted: 1/15/2014 3:28:51 PM
 ID: 171e0cc3-9d1b-461f-aa40-5f44dbfeac7a

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Notary Events		Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	1/11/2016 5:27:57 PM
Certified Delivered	Security Checked	1/11/2016 5:33:05 PM
Signing Complete	Security Checked	1/11/2016 5:33:24 PM
Completed	Security Checked	1/11/2016 5:33:24 PM

Electronic Record and Signature Disclosure

CONSUMER DISCLOSURE

From time to time, Brown Advisory (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures

electronically from us.

How to contact Brown Advisory:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: docusign@brownadvisory.com

To advise Brown Advisory of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at docusign@brownadvisory.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from Brown Advisory

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to docusign@brownadvisory.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Brown Advisory

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to docusign@brownadvisory.com and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Brown Advisory as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Brown Advisory during the course of my relationship with you.

Chartwell Investment Partners Small Cap Growth – December 31, 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 **Monday, January 11, 2016.**

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 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>	98.77%
<i>Preferred Stock</i>	%
<i>Convertible Securities</i>	%
<i>Cash & Equivalents</i>	1.23%

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 2.5%. 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.

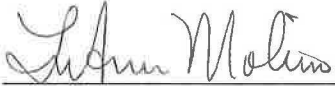
The largest percentage of the portfolio represented by a single security is 4.7% in H&E Equipment Services, Inc.

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 8.89% in Information Technology Services.

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

The Chartwell Small Cap Growth product AUM represent 15% of the firm's total AUM. SamCERA's account comprises 6.6% of total product assets.

Signed by: 
LuAnn Molino, Chief Compliance Officer
Dated: 1/6/15
Name of Firm: Chartwell Investment Partners, LLC

The Boston Company Small Cap Value – December 31, 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 **Monday, January 11, 2016.**

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 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** **San Mateo has neither the lowest nor the highest fee arrangement for this strategy. Generally those with the lowest fee structures have invested more assets or have been invested over a longer period of time.**

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. NA The Portfolio does not hold these.**
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. NA The Portfolio does not hold these.**
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
 Yes / **No NA The Portfolio does not hold these.**

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 NA The Portfolio does not hold these.**

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.**
NA The Portfolio does not hold these.
- 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. NA No Derivatives**
- a) Has the firm developed any new purposes for derivative investments? **Yes: Please explain.** / **No NA No Derivatives**
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. *NA No Derivatives*
- 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 NA No Derivatives**
- 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. NA No Derivatives**
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. NA No Derivatives**
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. *NA No 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. *NA No 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 NA No Derivatives**

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.**NA

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>99.6%</i>
<i>Preferred Stock</i>	<i>%</i>
<i>Convertible Securities</i>	<i>%</i>
<i>Cash & Equivalents</i>	<i>0.4%</i>

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

<i>Large-Cap</i>	<i>%</i>
<i>Mid-Cap</i>	<i>45.2%</i>
<i>Small-Cap</i>	<i>54.8%</i>

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? 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.
1.17% CoBiz Financial Inc. ticker COBZ
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%.

Banks 18.24%

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

Using the December Firm's preliminary AUM as of 12/31/2015 of \$36.6B, the SamCERA portfolio is approximately 2% of AUM and 3.5% of the strategy's AUM of \$77M

Signed by: Sandra B Ross

Dated: January 5, 2016

Name of Firm The Boston Company Asset Management, LLC.

Baillie Gifford Overseas International Growth – December 31, 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 **Monday, January 11, 2016.**

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**
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>	86.2%
<i>ADR's**</i>	11.5%
<i>Cash & Equivalents (Foreign)</i>	0.0%
<i>Cash & Equivalents (Domestic)</i>	2.3%

* includes US listed equities which account for 1.6% of the portfolio

** includes ADRs and GDRs

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

<i>Large-Cap</i>	51.2%
<i>Mid-Cap</i>	45.5%
<i>Small-Cap</i>	3.3%

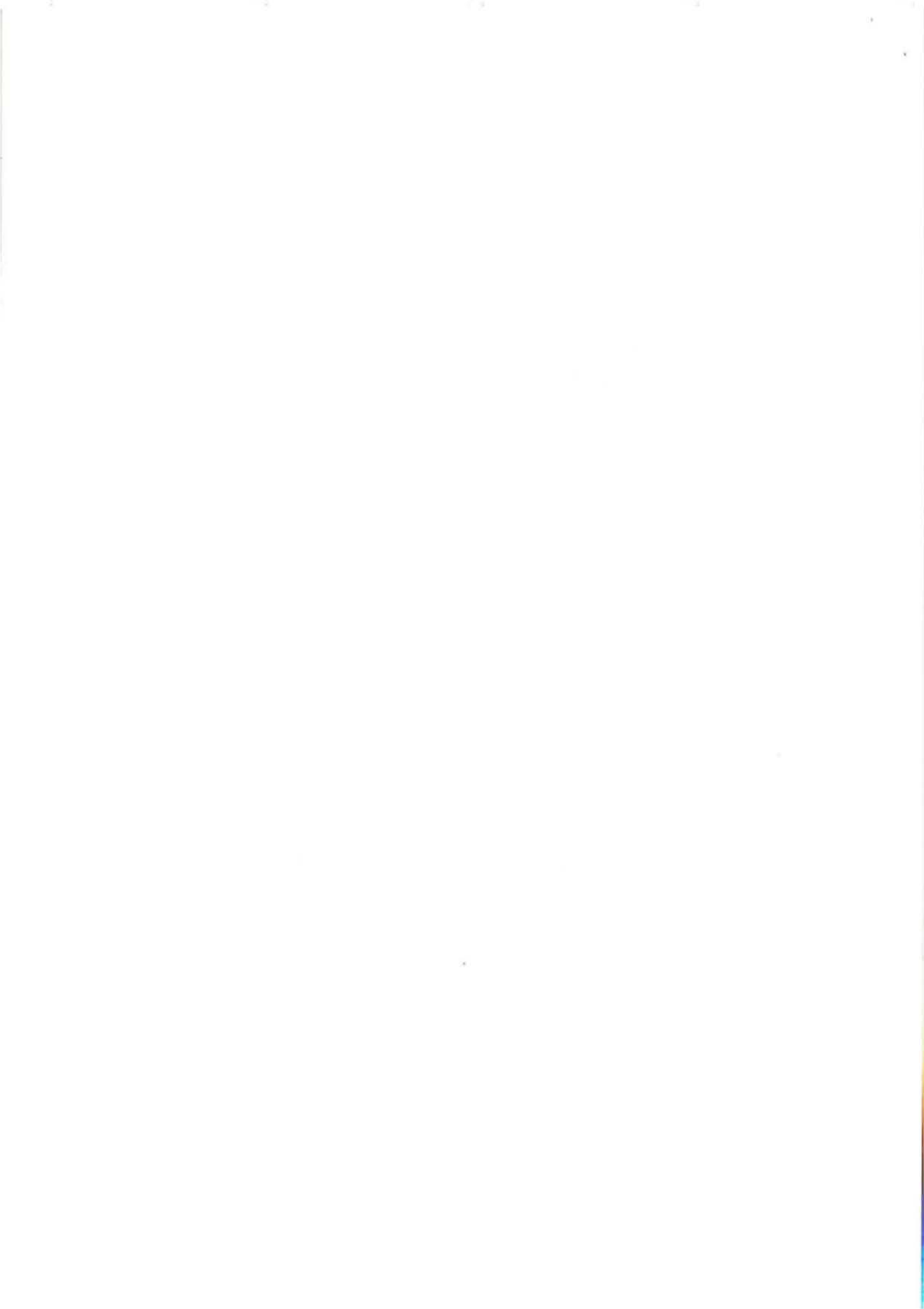
Large-Cap comprises stocks with a market cap in excess of US\$15b, mid cap US\$2.5-15b and small cap less than US\$2.5b.

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.
- 18.6% 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
6. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

SamCERA is invested in our International Focus strategy, which represents approximately 5.5% of Baillie Gifford's overall AUM.

SamCERA represents approximately 2% of the International Focus strategy's AUM.

Signed by: 
Dated: 07/11/2016
Name of Firm Baillie Gifford Overseas Limited



BlackRock EAFE Index – December 31, 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 **Monday, January 11, 2016**.

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

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 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 8 March 2012, BlackRock Institutional Trust Company, N.A. ("BTC") entered into an Offer of Settlement (the "Agreement") with the CFTC and consented to the entry of an Order, which makes findings and imposes remedial sanctions against BTC. Without admitting or denying wrongdoing, BTC agreed to the imposition of a \$250,000 penalty and the entry of the Order to resolve allegations by the CFTC that two trades by BTC violated Section 4c(a)(1) of the Commodity Exchange Act and CFTC Regulation 1.38(a). BTC also agreed to refrain from any further violations of the above-mentioned statutory provisions. The CFTC did not allege that any clients of BTC, BlackRock or any related affiliate were harmed in any way in the execution of these two trades.

On 11 September 2012, the UK Financial Services Authority ("FSA") issued a Final Notice against BlackRock Investment Management (UK) Limited ("BIM UK"), following a settlement agreement reached between the FSA and BIM UK. The FSA found that BIM UK had breached certain provisions of the FSA's Client Money Rules and Principles, during the period 1 October 2006 to 31 March 2010, by not having trust letters in place for client money placed on money market deposit and not having adequate systems and controls for the identification and protection of client money in this respect. BIM

UK agreed to a settlement payment of GBP 9,533,100 for the breach, which it had self-reported to the FSA in April 2010. The FSA final order acknowledged that no client of BIM UK (or BlackRock or any related affiliate) suffered any harm and that BIM UK had remedied the situation and put in place robust systems and controls relating to client money protection.

On 3 October 2012, BlackRock Inc. reached an agreement with the U.S. Department of Labor ("DOL") to reimburse clients \$2,661,513 in connection with certain trades the DOL alleged violated Title I of the Employee Retirement Income Security Act ("ERISA"). BlackRock also agreed to pay to the DOL a \$266,151 penalty.

On 8 January 2014, BlackRock Inc. reached a settlement with the New York Attorney General's office ("AG") pursuant to which the AG found BlackRock's use of analyst surveys violated New York's Martin Act and Executive Law. The settlement did not involve the payment of any fine or other penalty although BlackRock paid \$400,000 to cover the AG's costs of investigation. BlackRock neither admitted nor denied the allegations, but agreed to stop using analyst surveys.

On 8 May 2014, the primary Italian securities regulator ("CONSOB") fined BIM UK 150,000 EURO (approximately \$205,826 USD) for negligent market manipulation. The fine was based on BIM UK's filing, on behalf of the BlackRock group of companies, a large shareholder report regarding its holdings in Unicredit S.p.A. to CONSOB in December 2011, that turned out to be incorrect.

On 16 September 2014, BTC entered into an agreement with the SEC to resolve allegations relating to three alleged violations of an SEC regulation prohibiting short sales of an equity security during the restricted period preceding a public offering. The three trades at issue occurred in 2010 and 2011. As part of the approximately \$1.7 million settlement, BTC agreed to disgorge profits from each of the violations and to pay interest and a civil penalty. BTC also agreed to cease and desist from any future violations of the rule in question.

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.**
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.

N/A

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.
- 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?

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

International Equity Portfolios - Developed

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

Foreign Ordinary Shares	99.88%
ADR's	0.02%
Cash & Equivalents (Foreign)	0.00%
Cash & Equivalents (Domestic)	0.10% (non-equitized)

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

Large-Cap*	93.61%
Mid-Cap	6.37%
Small-Cap	0.02%

*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 of 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.

The 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

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

5. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of 12/31/15, SamCERA's account (#523935) represented 0.33% of units outstanding of EAFE Equity Index Fund. Total firm AUM as of 9/30/2015 was \$45.1 trillion. As such, SamCERA's account constituted approximately 0.0003% of overall firm AUM as of 9/30/2015. (2015 year-end firm AUM will be available on January 15th.)

Signed by:

Dated:

Name of Firm

[Signature]
1/11/16
BlackRock

Mondrian Investment Partners International Value – December 31, 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 **Monday, January 11, 2016.**

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.

Yes, though no derivatives positions are currently held since the remaining forward currency contracts for defensive hedging purposes matured in January 2015

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 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>80.56%</i>
<i>ADR's</i>	<i>0%</i>
<i>MIP Limited Partnership</i>	<i>18.48%</i>
<i>Cash & Equivalents (Foreign)</i>	<i>0.61%</i>
<i>Cash & Equivalents (Domestic)</i>	<i>0.35%</i>

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

<i>Large-Cap > 11bn</i>	<i>82.45%</i>
<i>Mid-Cap 3.5bn-11bn</i>	<i>12.57%</i>
<i>Small-Cap < 3.5bn</i>	<i>3.72%</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**

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

18.48% of the portfolio was invested in emerging markets via Mondrian Investment Partners Limited Partnership Units.

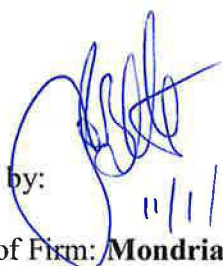
5. Does the portfolio currently employ a currency hedging strategy? **Yes** / **No**
Whilst the portfolio does utilize currency hedging strategies, there were no open positions at 31 December 2015.

6. What proportion of total AUM do the assets in this product make-up of the firm? **7.8%**
What size does SamCERA's account comprise of total product assets? **3.5%**

Signed by:

Dated:

Name of Firm: **Mondrian Investment Partners Limited**



11/1/16

Compliance Certification Statement

Select International Small Cap Plus

Firm Name	Fidelity Institutional Asset Management Trust Company (FIAM TC)
Product Name	FIAM 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?

a. **Yes: Please explain.** / **No**

Since the last Compliance Certification statement, the following material senior leadership changes have taken place at FIAM (formerly known as Pyramis):

- In October 2015 FIAM was established to meet the rapidly evolving and increasingly complex investment needs of our clients. FIAM brings together the distribution and client service teams from Pyramis Global Advisors (Pyramis) and Fidelity Financial Advisor Solutions (FFAS) to create a single, integrated distribution and service organization for the benefit of our clients. Jeff Lagarce, previously president of Pyramis, assumed the position of President of FIAM. Scott Couto, formerly President of FFAS, took on the role of Head of FIAM Distribution. Lynne Goldman assumed the role of Chief Administrative Officer, and Candace Race assumed the position of Head of Marketing.

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

b. **Yes: Please explain.** / **No**

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

Yes: Please explain. / **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



San Mateo County Employees' Retirement Association I Compliance Certification Statement

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 / No: Please explain.

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?

- 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.

 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

INTERNATIONAL EQUITY PORTFOLIOS - DEVELOPED

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

Foreign Ordinary Shares	99.1%
ADR's	0.0%
Cash & Equivalents (Foreign)	0.0%
Cash & Equivalents (Domestic)	0.9%

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 December 31, 2015 is provided in the table below. Please note the data provided excludes cash.

	Weight (%)
10b to 20b	0.2
5b to 10b	12.8
2b to 5b	39.0
1b to 2b	29.6
0.5b to 1b	11.8
0.2b to 0.5b	5.0
Below 0.2b	0.7

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

Yes / No: Please explain

C.

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

Yes / No

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

The portfolio invests in emerging markets. As of December 31, 2015, the portfolio's allocation to emerging markets was 20.3%.

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

Yes / No

1. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

The Select International Small Cap Plus assets make up less than 1% of FIAM's total assets under management. SamCERA comprises 12.80% of the total assets of the commingled pool.

Signed by: 

Dated: 1/7/16
Name of Firm: Fidelity Institutional Asset Management

Eaton Vance Parametric Emerging Markets Core Fund – December 31, 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 **Monday, January 11, 2016.**

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. 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?

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. 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>	82.04%
<i>ADR's</i>	9.69%
<i>GDR's</i>	7.37%
<i>Derivatives</i>	0.00%
<i>Cash & Equivalents (Foreign)</i>	0.49%
<i>Cash & Equivalents (Domestic)</i>	0.41%

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>> 50,000</i>	4.85%
<i>15,000 – 50,000</i>	19.98%
<i>7,500 – 15,000</i>	21.22%
<i>1,500 – 7,500</i>	40.51%
<i>750 – 1,500</i>	8.81%
<i>400 – 750</i>	3.48%
<i>< 400</i>	1.14%

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

As of December 31, 2015, the allocation to frontier markets was 1.7% (only Kuwait is considered frontier; citing MSCI for constitution of Emerging Markets). Non-benchmark holdings comprised 23.3% of the portfolio. Detailed reports are attached.

4. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? Yes / No: Please explain.
5. Does the portfolio currently employ a currency hedging strategy? Yes / No
6. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

AUM of this product on 12/31/15 was \$183.8mm USD, while the firm AUM was approximately \$152B, which makes the proportion of this product 0.12%. Also as of

12/31/15, SamCERA consisted of 7,443,899.031 shares worth \$61,181,971.87 USD, or 33.29% of this product.

A handwritten signature in blue ink, appearing to read 'CSmith', is positioned above the typed text.

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

Dated: January 8, 2016

Name of Firm: Parametric Portfolio Associates

Brown Brothers Harriman Inflation Indexed Securities – December 31, 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 **Monday, January 11, 2016.**

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 were a number of organizational changes during the fourth quarter. None of these changes directly affect the daily operations of the BBH U.S. TIPS investment team.

After a nearly 40 year career at BBH, Rick Witmer stepped down from his role as Head of BBH Investment Management, in accordance with the Firm's retirement policy for general partners, and the partners named JP Paquin as his successor, effective January 1, 2016.

Effective January 1, 2016, William Tyree became the new Managing Partner for BBH succeeding Digger Donahue who reached the customary age at which a BBH Managing Partner steps down. The role of Managing Partner is periodically rotated in keeping with BBH's commitment to generational transfer of leadership. Mr. Donahue will continue as a General Partner of the Firm.

In October, Dan Greifenkamp was named Head of Funds for BBH IM with primary responsibility for the oversight of our registered funds, both mutual and private. Wyatt Courtney was named Head of Domestic and European Business Development and Relationship Management.

During the quarter, Erica Bens, Head of Risk & Governance for BBH IM, announced her resignation effective January 31, 2016. Daniel LaLima, Head of Operations, left BBH Investment Management on October 30, 2015. Vice Presidents Kerin Rausch and Kenneth McManus continue to manage our risk management functions with the support of Risk & Governance team reporting the General Partner JP Paquin. Ms. Kerr, who joined BBH IM in May 2015, had already assumed oversight of BBH IM operations in replacement of Mr. LaLima.

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 to the benchmark 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? **None.**

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>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>100%</i>
<i>Corporate Bonds</i>	<i>0%</i>
<i>Mortgage and asset-backed securities</i>	<i>0%</i>
<i>Yankee bond securities</i>	<i>0%</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 December 31, 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.

8. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of November 30, 2015, BBH U.S. TIPS Strategy assets made up 7% of BBH total AUM. The SamCERA account was 1.7% of Strategy assets.

Signed by: John Ackler, CFA

Dated: January 2016

Name of Firm Brown Brothers Harriman & Co.



Compliance Certification Statement

FIAM U.S. Core Bonds – December 31, 2015

FIAM Broad Market Duration.

Firm Name	Fidelity Institutional Asset Management Trust Company (FIAM TC)
Product Name	FIAM 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@fmr.com

GENERAL COMPLIANCE ISSUES

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

Yes: Please explain. / **No**

Since the last Compliance Certification statement, the following material senior leadership changes have taken place at FIAM (formerly known as Pyramis):

- In October 2015 FIAM was established to meet the rapidly evolving and increasingly complex investment needs of our clients. FIAM brings together the distribution and client service teams from Pyramis Global Advisors (Pyramis) and Fidelity Financial Advisor Solutions (FFAS) to create a single, integrated distribution and service organization for the benefit of our clients. Jeff Lagarce, previously president of Pyramis, assumed the position of President of FIAM. Scott Couto, formerly President of FFAS, took on the role of Head of FIAM Distribution. Lynne Goldman assumed the role of Chief Administrative Officer, and Candace Race assumed the position of Head of Marketing.

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

Yes: Please explain. / **No**



San Mateo County Employees' Retirement Association | Compliance Certification Statement

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

Yes: Please explain. / 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. 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



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?

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 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.

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

DOMESTIC FIXED INCOME PORTFOLIOS

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

Certificates of Deposit	0.0%
Commercial Paper	0.0%
Other High Grade Short-term securities	0.14%
U.S. Government & Agency securities	21.76%
Corporate Bonds	46.90%
Mortgage- and asset-backed securities	31.20%
Yankee bond securities	0.0%

2. Does the firm conduct horizon analysis testing?

Yes / No: Please explain.

3. Are any holdings below investment grade?

Yes / No

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

1.97% 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.

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.

Not applicable.

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

6.45% as of December 31, 2015.



San Mateo County Employees' Retirement Association I Compliance Certification Statement

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.

Not applicable.

Signed by:

Dated: 1/7/16

Name of Firm: Fidelity Institutional Asset Management

INVESCO Core Real Estate – December 31, 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 **Monday, January 11, 2016.**

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 September 30, 2015, the Fund's leverage was 20.1%.

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.
5. What proportion of total AUM do the assets in this product make-up of the firm?
15.1% of Invesco Real Estate assets
What size does SamCERA's account comprise of total product assets?
3.07% of total product assets

Signed by:  Charles Ward
Dated: January 11th, 2016
Name of Firm: Invesco Real Estate

The Parametric Portfolio Associates LLC Cash Overlay – December 31, 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 **Monday, January 11, 2016**.

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.

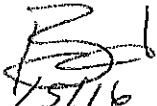
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

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 known conflicts of interests and other additional specific risks that have been identified through an annual risk assessment or a change in business or regulatory matters. 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 is required to share in maintaining and enforcing compliance with all applicable internal and external rules.

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:  Benjamin Hammes
Dated: 7/5/16
Name of Firm: Director of Compliance
Parametric Portfolio Associates LLC

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 4.9

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Approve a Resolution Authorizing the Chief Executive Officer to Execute a Second Amendment to the Agreement with The Northern Trust Company for Global Custody Services

Staff Recommendation

Approve a resolution authorizing the Chief Executive Officer to execute a Second Amendment to the Agreement with The Northern Trust Company for Global Custody Services to include access to Custodian's Fair Value Level Determination Reports.

Background

In July 1, 2014, the Board authorized the execution of a five-year global custody agreement, with Northern Trust Company ("Agreement") with a total not to exceed amount of \$2,000,000. On February 5, 2015, the First Amendment to the Agreement became effective to modify the services performed under the Agreement to include Preliminary Valuation for reporting services.

Discussion

The current Agreement covers the delivery of year-end financial reports in accordance with existing Governmental Accounting Standards Board (GASB) standards. From time to time, GASB issues new standards that require SamCERA to meet additional financial reporting and disclosure requirements. Effective for periods beginning after June 15, 2015, GASB has issued a new Statement (No. 72) which provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

To assist SamCERA in complying with GASB No.72, Northern Trust can provide access to its Fair Value Level Determination Reports at a flat annual rate of \$3,000, an amount which will not modify the Agreement's total not to exceed amount of \$2,000,000. In addition, in order to address potential subsequent amendments due to GASB reporting, custodial or financial requirements, the attached resolution authorizes the Chief Executive Officer to execute subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate through the term of the agreement.

Attachment

Resolution Authorizing Chief Executive Officer to Execute a Second Amendment to the Agreement with the Northern Trust Company for Global Custody Services

RESOLUTION 2016 -___

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE SECOND
AMENDMENT TO AGREEMENT WITH THE NORTHERN TRUST COMPANY
FOR GLOBAL CUSTODY SERVICES**

WHEREAS, Article XVI, Section 17 of the California Constitution vests with the Board the sole and exclusive fiduciary responsibility over the assets of SamCERA; and

WHEREAS, in accordance with the provisions of Article XVI, Section 17 of the California Constitution and California Government Code Section 31596(b), SamCERA, with the approval of its Board, may employ a depository institution or a trust company, licensed under state or federal law to conduct the business of a trust company or any Federal Reserve Bank, to act as custodian of any securities or other properties beneficially owned by SamCERA; and

WHEREAS, the Board authorized the execution of a global custody agreement, with Northern Trust Company ("Agreement") with an effective date of July 1, 2014; and

WHEREAS, on February 5, 2015, the First Amendment to the Agreement became effective to modify the services performed under the Agreement to include Preliminary Valuation for reporting services; and

WHEREAS, the Board now desires now to further amend the Agreement to include access to Custodian's Fair Value Level Determination Reports to assist in compliance with GASB Statement 72 at a flat annual rate of \$3,000, which will not modify the total not to exceed amount of \$2,000,000; therefore, be it

RESOLVED, that the Chief Executive Officer is hereby authorized to execute an amendment to the agreement for Custodian's Fair Value Level Determination Reports to assist in compliance with GASB Statement 72 at a flat annual rate of \$3,000.

IT IS FURTHER RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 4.10

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Authorization to Execute Contract with Joanne Bond Coaching, LLC

Staff Recommendation

Adopt a resolution authorizing the Chief Executive Officer to execute an agreement with Joanne Bond Coaching LLC for leadership coaching services.

Background

Among other management training opportunities, the County's Human Resources Department makes available to County department heads certain leadership coaching services. These services have been recommended for several newly promoted employees in leadership roles.

Discussion

As the Chief Executive Officer, it is in the best interests of SamCERA that I consistently and positively motivate staff to successfully administer the fund and benefits and that I retain staff. With the upcoming changes to our pension administration system, it is vital that I am effective in guiding the SamCERA team through both the short term and long term challenges.

Several County department heads and management staff have utilized the coaching services of Joanne Bond, a certified leadership coach specializing in coaching business leaders to how to enhance their leadership presence. She has over 25 years' experience.

The contract provides for individual customized coaching both in person and on the phone for a minimum of 4 hours a month at a rate of \$2,000 a month. The contract is for one year and can be terminated at any time. If it is determined that other services such as staff workshops would be of benefit to SamCERA, the resolution provides that the Chief Executive Officer can amend the agreement as deemed necessary.

Attachment

Resolution Authorizing the Chief Executive Officer to Execute a Contract with Joanne Bond Coaching, LLC

RESOLUTION 2016- __

RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO CONTRACT WITH JOANNE BOND COACHING LLC FOR LEADERSHIP COACHING SERVICES.

WHEREAS, SamCERA, in accordance with California Government Code Section 31588.2, is authorized to expend funds on the administration of the pension system; and

WHEREAS, this Board has determined that it is in the best interests of SamCERA and its members that the Chief Executive Officer consistently and positively motivate staff to successfully administer the fund and benefits;

WHEREAS, with the upcoming implementation of changes to SamCERA's pension administration software system, it is vital that the Chief Executive Officer is effective in guiding the SamCERA team through both the short term and long term challenges posted by that implementation; and

WHEREAS, San Mateo County's Human Resources Department makes available to County department heads certain leadership coaching services provided by Joanne Bond, a certified leadership coach specializing enhancing leadership presence; therefore be it

RESOLVED, the Chief Executive Officer is authorized to execute an amendment to the agreement with Joanne Bond Coaching LLC at an amount not to exceed \$24,000 for all services through January 2017; be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute amendments and minor modifications as the Chief Executive Officer deems necessary.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 5.2

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Adoption of Cost of Living Adjustments (COLAs) for 2016

Staff Recommendation

Approve resolution adopting the Cost of Living Adjustments as recommended by Milliman, Inc.

Discussion

Annual COLAs are calculated pursuant to the '37 Act which requires that the COLAs be based on the change in the Consumer Price Index for the Bay Area provided by the U.S. Bureau of Labor Statistics and rounded to the nearest one half of one percent.

Milliman, Inc. has calculated the annual COLAs for each retirement category for approval by the Board. As reflected in the attached letter, Milliman reports that the CPI increased 2.61% during 2015. Rounded to the nearest one half of one percent, this yields a COLA for nearly all members who retire before April 2, 2016, equal to 2.5%. All COLAs will be paid beginning with the April 2016 benefit payments.

Attachments

January 20, 2016 letter from Milliman, Inc.

Resolution Adopting Cost of Living Adjustments Effective April 1, 2016 as Recommended by Milliman, Inc.



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

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

milliman.com

VIA EMAIL ONLY

January 20, 2016

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

Re: Annual COLA Payable in 2016

Dear Scott:

The San Mateo County Employees' Retirement Association (SamCERA) provides a Cost-of-Living Adjustment (COLA) to retirees and beneficiaries who retired on or before April 1 of each year in accordance with Article 16.5 of the County Employees' Retirement Law of 1937 (CERL). This letter outlines the COLA percentage and changes to the COLA Bank to be adopted by the Board and effective in April of 2016.

Inflation Index

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

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

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

Identical language appears in Sections 31870 and 31870.1 of the CERL. The Retirement Board has adopted the Annual Average Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose area (Base Period: 1982-84=100) as the basis for making the annual adjustments. This index increased by 2.61% during the 2015 calendar year, from an index value of 251.985 in 2014 to an index value of 258.572 in 2015.

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

COLA and COLA Bank

The annual COLA that SamCERA retirees and beneficiaries are eligible to receive is based on the change in the consumer price index rounded to the nearest one-half of one percent (subject to the maximum COLAs specified in relevant sections of the CERL). We recommend that the SamCERA Board adopt the following items to take effect in April 2016:

- COLA percentage

- Plan 1. Each retiree and beneficiary who retired on or before April 1, 2016 will receive a Cost-of-Living Adjustment in accordance with the following table.

Date of Retirement	General	Safety	Probation
All Dates	2.5%	2.5%	2.5%

- Plan 2. Each retiree and beneficiary who retired on or before April 1, 2016 will receive a Cost-of-Living Adjustment of 2.5%.
 - Plan 3. No Cost-of-Living Adjustment is provided to Plan 3 retirees and beneficiaries.
 - All Other Plans. Each retiree and beneficiary who retired on or before April 1, 2016 will receive a Cost-of-Living Adjustment of 2.0%, the maximum increase under CERL 31870.
- No change in COLA Bank. COLA Banks are unchanged for all Plan 1 retirees and beneficiaries. After the payment of the April 2016 COLA, all Plan 1 retirees and beneficiaries will continue to have COLA Bank balances of 0.0%. (Note that under no circumstances may the COLA Bank be reduced below 0.0%.) Retirees and beneficiaries in other plans do not accumulate COLA Banks in accordance with Section 31874.4 of the CERL.

Certification

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

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

We are members of the American Academy of Actuaries and Associates of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Mr. Scott Hood
January 20, 2016
Page 3

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

Sincerely,

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

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

NJC/CJG/fyb

cc: Ms. Gladys Smith

A handwritten signature in black ink that reads 'Craig Glyde'.

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Board of Retirement

RESOLUTION 2016- __

**RESOLUTION ADOPTING COST OF LIVING ADJUSTMENTS EFFECTIVE APRIL 1, 2016
AS RECOMMENDED BY MILLIMAN, INC.**

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

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

WHEREAS, Milliman, Inc., by its letter dated January 20, 2016, and accompanying exhibits has reported the appropriate annual cost of living adjustments for members based on each member's retirement tier, date of retirement; and the applicable rules of the 1937 Act, therefore, be it

RESOLVED, that the Board adopts the schedules of cost of living adjustments set forth in the Milliman, Inc. letter dated January 20, 2016, addressed to Chief Executive Officer Scott Hood from Milliman Consulting Actuary Nick J. Collier, and the letter's accompanying exhibits entitled "*Plan 1 COLA Bank Accumulations, General and Safety*" and "*Plan 1 COLA Bank Accumulations, Probation.*" Be it further

RESOLVED, that the Board hereby adopts said cost of living adjustments effective April 1, 2016. Be it further

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

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 6.1

TO: Board of Retirement



FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ended December 31, 2015

Staff Recommendation

Accept the preliminary performance report dated December 31, 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, private real asset, and real estate portfolios. The performance for these portfolios will be reflected in the quarterly performance report generated by SIS.

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

Discussion

The fund's net preliminary return for December was -1.4%, while the preliminary trailing twelve-month return for calendar year 2015 was 0.7% net. The twelve-month net return is higher than SamCERA's Total Plan Policy Benchmark return of -0.5%, 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 implementation of private equity and private real assets.

Volatility continued during the month. The broad U.S. equity market was down 2.1%. Large-capitalization stocks outperformed small-capitalization stocks, with large-capitalization stocks returning -1.6% and smaller capitalization stocks returning -5.0%. Negative investor sentiment continued as concerns about falling oil prices, the economic slowdown in China, and the Federal Reserve raising U.S. short-term interest rates for the first time in almost 10 years caused angst in the markets. Economic reports were mixed, with jobs, GDP growth, and consumer confidence above expectations, and manufacturing activity below.

International equity indices were also down on the month, with developed markets (as measured by MSCI EAFE) down 1.4% and emerging markets down 2.2%.

U.S. Treasury yields rose as the Federal Reserve finally increased its short-term target rate in December. The short-end of the curve rose the most (the 2-year Treasury rate was higher by 11 basis points), while the 10-year Treasury rate increased 7 basis points. The general U.S. fixed income market return was lower by 0.3%. The high yield market sold off during the month due to higher default concerns and liquidity fears, with the high yield market down 1.8%.

Attachments

- A. Verus 2015 Year in Review
- B. Northern Trust Performance Report

2015: A Year in Review

U.S. Economy

- Despite weakness in the manufacturing sector from a stronger dollar, the economy continued to show signs of improvement with 2015 GDP expected to come in at 2.5%. Predominantly driven by a strong labor market and growth in the services sector, the economy continues to show signs of positive momentum.
- Although slowing global growth and weaker commodities prices remain a concern for the Federal Reserve, confidence in the domestic economy gave the Federal Reserve a reason to move the target interest rate up 25 bps in December.
- Because this interest rate movement was largely priced in and anticipated throughout the year, markets broadly responded positively and will be looking for further guidance from the Federal Reserve as they continue to monitor the state of the U.S. and global economy in 2016.

U.S. Markets

- Although the S&P 500 traded in a narrow range in the first part of the year, August and September proved to be challenging months as the index lost 11.2% in one week. The index lost 0.7% in 2015.
- In Q3, U.S. companies experienced the first earnings recession since 2009. Companies faced headwinds from a strong dollar, weak oil prices, and weaker global growth.
- High yield spreads reached the highest point since 2011 making high yield debt the worst performer among fixed income this past year. The Bank of America-Merrill Lynch U.S. High Yield credit index returned -4.6% over the year. We remain watchful for an increase in defaults from highly indebted companies, in particular in the Energy sector.

International Economy

- In the first three months of 2015, 28 central banks around the globe cut interest rates to weaken currencies and spur economic growth. In addition to these key rate cuts, larger central banks started or expanded their equivalent of quantitative easing programs.
- In March, the ECB began a quantitative easing program to support economic growth. With markets looking for more support, the ECB announced an expansion of existing policy measures in November, lengthening the timeline and expanding the instruments available for purchase.
- Accommodative monetary policy was supportive for European and Japanese markets throughout the year. While economic growth saw moderate improvement, further stimulation may be necessary in the coming months.

International Markets

- Weak global growth and falling commodity prices were reflected in stock prices as the MSCI ACWI closed the year with a loss of 4.2%.
- European earnings continue to see improvement compared to the rest of global markets while valuations in Japan remain attractive. We will continue to monitor this growth in 2016.
- In light of ECB quantitative easing, European yields reached all time lows in May. The German 10 year was trading as low as 8 bps before selling off to a high of 98 bps in June making U.S. Treasury notes relatively attractive.
- Crude Oil saw further losses this year as it opened the year at \$60 and closed the year at \$37.

S&P 500



WTI CRUDE OIL



MSCI ACWI



Chart Data: 12/31/2014 – 12/31/2015



Disclosure: Past performance is no guarantee of future results. This information is provided for informational purposes only and is intended for institutional entities and their representatives and not retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security, pursue a particular investment vehicle or any particular trading strategy. Investing entails risk, including possible loss of principal.

Capital Markets Snapshot

RUSSELL 2000



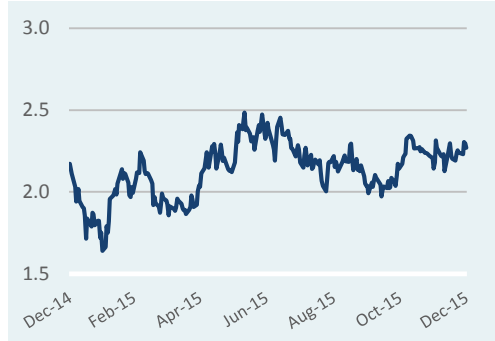
MSCI EAFE



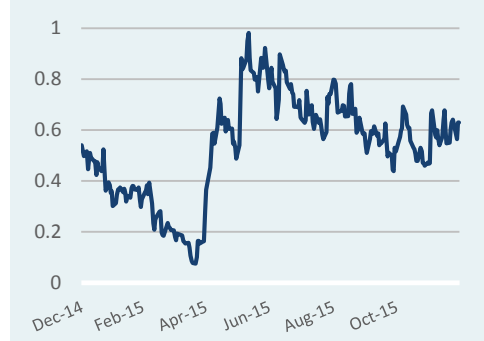
MSCI EM



U.S. 10 YR YIELD



GERMAN 10 YR YIELD



BLOOMBERG COMMODITY INDEX

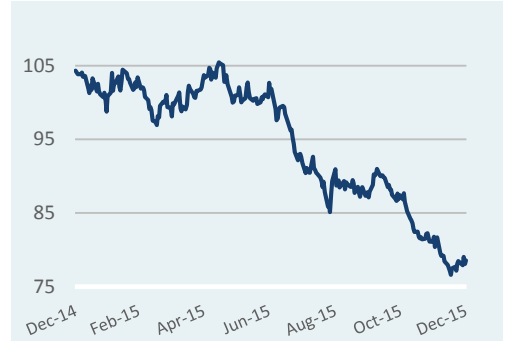


Chart Data: 12/31/2014 – 12/31/2015
Source: Bloomberg

ECONOMIC DATA - RELEASED

Date	Country	Event	Freq	Period	Surv(M)	Actual	Surprise
12/31	US	Chicago Purchasing Manager	M	Dec	50.00	42.90	-6.15
12/31	RU	CPI YoY	M	Dec P	13.0%	12.9%	-90.0%
12/31	US	Initial Jobless Claims	W	26-Dec	270k	287k	2.89
12/30	US	Pending Home Sales MoM	M	Nov	0.70%	-0.90%	-1.82
12/29	US	Consumer Confidence Index	M	Dec	93.5	96.5	1.8
12/27	JN	Industrial Production MoM	M	Nov P	-0.50%	-1.00%	-0.63
12/24	JN	Tokyo CPI Ex-Fresh Food YoY	M	Dec	0.10%	0.10%	0.00
12/24	JN	Jobless Rate	M	Nov	3.20%	3.30%	1.62
12/24	US	Initial Jobless Claims	W	19-Dec	270k	267k	-0.79
12/23	CA	GDP MoM	M	Oct	0.00	0.00	-1.12
12/23	US	Durable Goods Orders	M	Nov P	-0.60%	0.00%	0.62
12/23	US	U. of Mich. Sentiment	M	Dec F	92	92.6	0.93
12/23	UK	GDP QoQ	Q	3Q F	0.50%	0.40%	-5.39
12/22	US	GDP Annualized QoQ	Q	3Q T	1.90%	2.00%	0.81
12/21	EC	Consumer Confidence	M	Dec A	-5.9	-5.7	0.34

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
01/04	EC	Markit Eurozone Manufacturing PMI	M	Dec F	53.1	53.1	0.02
01/04	GE	CPI EU Harmonized YoY	M	Dec P	0.30%	0.40%	0.15
01/04	US	ISM Manufacturing	M	Dec	48.6	49	0.69
01/06	EC	Markit Eurozone Services PMI	M	Dec F	53.90	53.90	0.08
01/06	US	Factory Orders	M	Nov	1.50%	-0.20%	0.43
01/07	US	Initial Jobless Claims	W	2-Jan	287k	--	--
01/08	US	Unemployment Rate	M	Dec	5.00%	5.00%	0.06
01/08	US	Change in Nonfarm Payrolls	M	Dec	211k	200k	18.67
01/08	US	Average Hourly Earnings YoY	M	Dec	2.30%	2.80%	0.06
01/11	CA	Housing Starts	M	Dec	211.9k	--	--
01/12	UK	Industrial Production MoM	M	Nov	0.00	--	--
01/13	JN	Machine Orders MoM	M	Nov	10.70%	--	--
01/14	UK	Bank of England Bank Rate	D	14-Jan	0.50%	0.50%	0.00
01/15	US	Retail Sales Advance MoM	M	Dec	0.20%	0.20%	0.14
01/15	US	PPI Final Demand MoM	M	Dec	0.00	0.00	0.11



Disclosure: Past performance is no guarantee of future results. This information is provided for informational purposes only and is intended for institutional entities and their representatives and not retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security, pursue a particular investment vehicle or any particular trading strategy. Investing entails risk, including possible loss of principal.

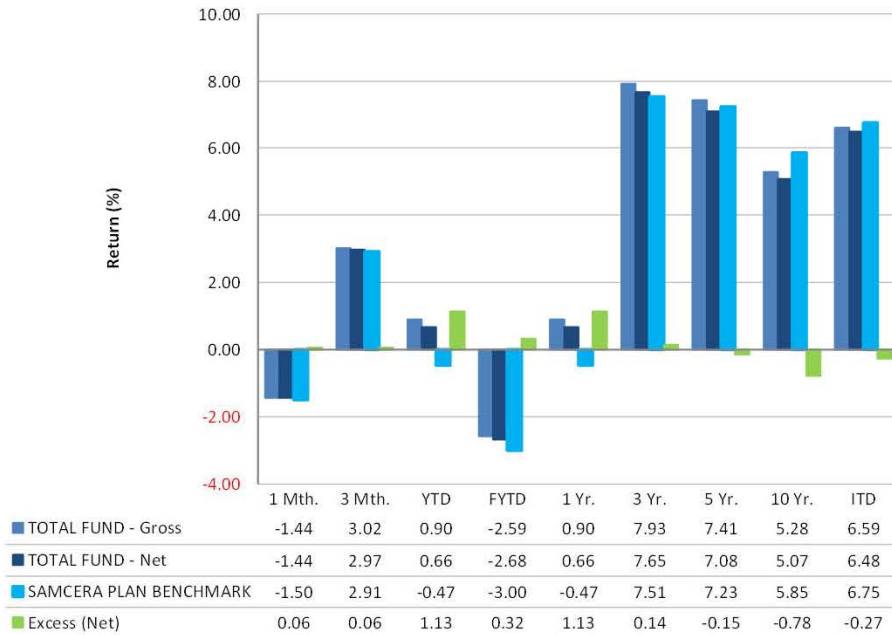
Source: Bloomberg

San Mateo County Total Fund Characteristics

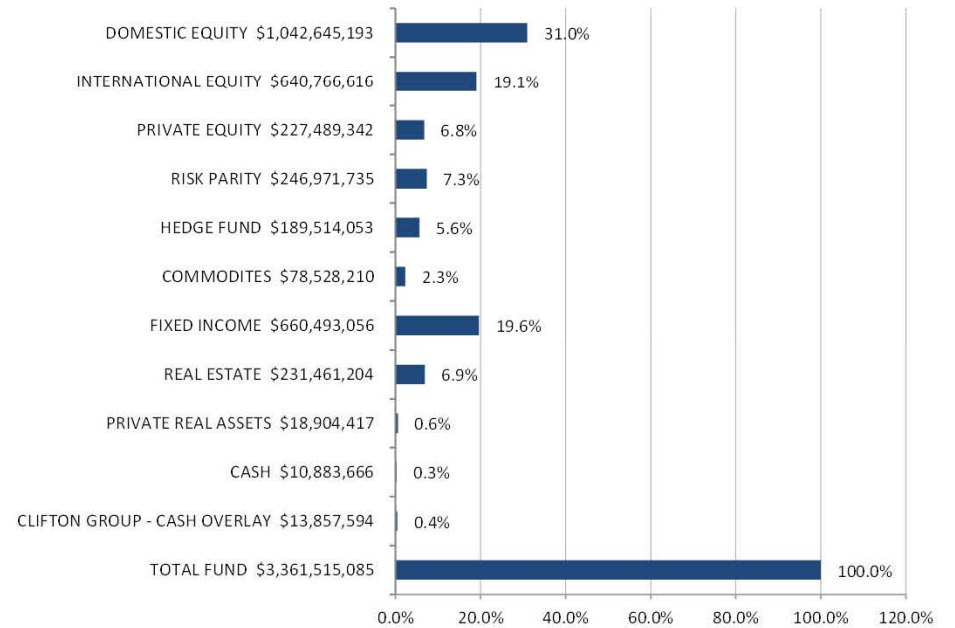


December 31, 2015

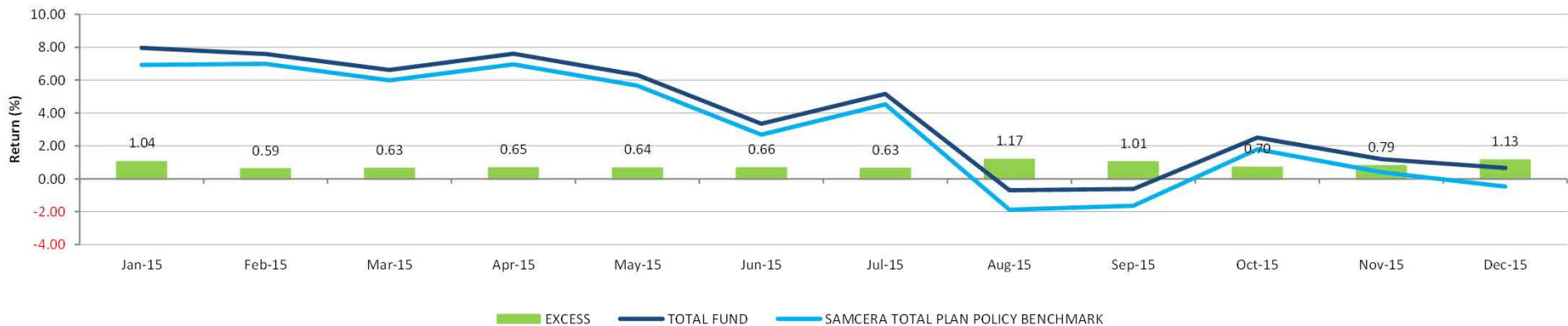
Total Fund Performance



Asset Allocation



Rolling Month End Annual Returns

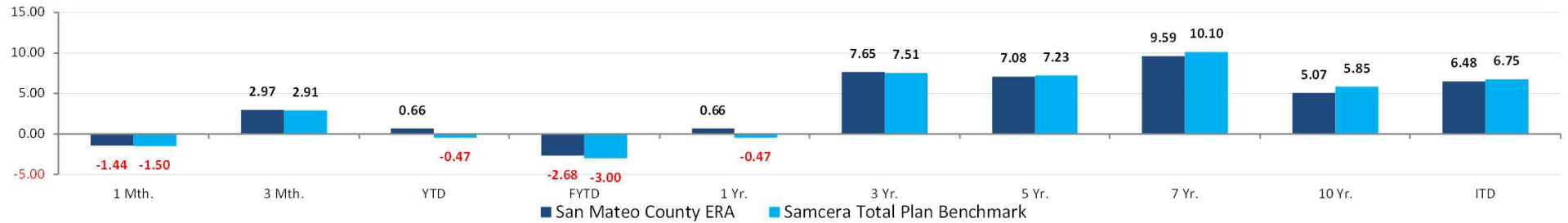


San Mateo County Composite Return Summary



December 31, 2015

Return Comparison



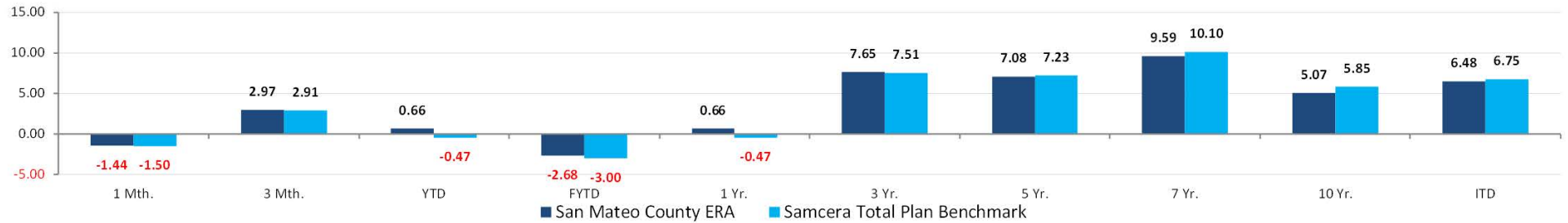
Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
San Mateo County ERA	3,361,515,085	-1.44	2.97	0.66	-2.68	0.66	7.65	7.08	9.59	5.07	6.48
Samcera Total Plan Benchmark		-1.50	2.91	-0.47	-3.00	-0.47	7.51	7.23	10.10	5.85	6.75
Excess		0.06	0.06	1.13	0.32	1.13	0.14	-0.15	-0.51	-0.78	-0.27
San Mateo Ex-Clifton Overlay	3,347,657,491	-1.46	2.87	0.56	-2.65	0.56	7.59	7.07	9.53	4.94	6.41
Samcera Total Plan Benchmark		-1.50	2.91	-0.47	-3.00	-0.47	7.51	7.23	10.10	5.85	6.75
Excess		0.04	-0.04	1.03	0.35	1.03	0.08	-0.16	-0.57	-0.91	-0.34
Total Equity	1,683,411,809	-1.92	5.51	-0.50	-3.89	-0.50	10.21	8.08	11.56	4.84	7.31
Samcera Total Equity Benchmark		-2.21	5.52	-0.93	-3.50	-0.93	11.12	8.88	13.03	6.21	7.84
Excess		0.29	-0.01	0.44	-0.38	0.44	-0.91	-0.80	-1.47	-1.38	-0.53
Total Fixed Income	660,493,056	-1.24	-0.31	-0.81	-1.83	-0.81	1.54	4.31	7.13	4.86	5.54
Samcera Fixed Income Benchmark		-0.64	-0.46	-0.52	-0.64	-0.52	0.36	3.04	3.96	4.42	5.10
Excess		-0.60	0.16	-0.29	-1.19	-0.29	1.18	1.27	3.17	0.44	0.44
Total Risk Parity	246,971,735	-2.49	-1.25	-6.13	-6.84	-6.13	0.84	--	--	--	4.35
Samcera Risk Parity Benchmark		-1.36	3.55	0.73	-0.47	0.73	9.39	--	--	--	8.23
Excess		-1.13	-4.81	-6.86	-6.37	-6.86	-8.55	--	--	--	-3.88

San Mateo County Composite Return Summary



December 31, 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	189,514,053	0.55	1.44	10.42	10.32	10.42	8.99	--	--	--	6.23
Samcera LIBOR + 4%		0.34	1.03	4.18	2.07	4.18	4.18	--	--	--	4.20
Excess		0.21	0.41	6.24	8.24	6.24	4.80	--	--	--	2.02
Total Private Equity	227,489,342	-0.97	3.47	16.30	3.53	16.30	15.00	-19.80	--	--	-31.71
Samcera PE Benchmark		-1.81	7.04	3.25	0.04	3.25	18.05	15.46	--	--	16.63
Excess		0.83	-3.57	13.04	3.50	13.04	-3.05	-35.26	--	--	-48.34
Total Commodities	78,528,210	-1.09	-7.43	-22.89	-22.14	-22.89	-14.63	--	--	--	-10.36
Bloomberg Commodity Index		-3.09	-10.52	-24.66	-23.46	-24.66	-17.29	--	--	--	-15.16
Excess		2.00	3.09	1.77	1.32	1.77	2.67	--	--	--	4.80
Private Real Assets	18,904,417	-0.09	-6.40	9.15	73.98	9.15	--	--	--	--	6.75
Samcera CPI + 5%		0.00	0.57	5.68	1.52	5.68	--	--	--	--	4.41
Excess		-0.09	-6.97	3.47	72.45	3.47	--	--	--	--	2.34
Total Real Estate	231,461,204	-0.14	2.74	15.19	2.74	15.19	12.67	12.54	5.03	6.05	8.29
Samcera Real Estate Benchmark		0.00	0.00	11.35	3.63	11.35	12.36	12.80	5.66	5.92	8.72
Excess		-0.14	2.74	3.84	-0.89	3.84	0.31	-0.26	-0.63	0.13	-0.43
Total Cash	10,883,666	0.01	0.07	0.24	0.17	0.24	0.48	0.56	0.75	1.19	2.13
Samcera Cash Benchmark		0.03	0.03	0.05	0.04	0.05	0.05	0.07	0.10	1.24	1.99
Excess		-0.02	0.04	0.18	0.12	0.18	0.42	0.48	0.65	-0.05	0.15

San Mateo County Manager Return Summary



December 31, 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	1,683,411,809	-1.92	5.51	-0.50	-3.89	-0.50	10.21	8.08	11.56	4.84	7.31
Samcera Total Equity Benchmark		-2.21	5.52	-0.93	-3.50	-0.93	11.12	8.88	13.03	6.21	7.84
Excess		0.29	-0.01	0.44	-0.38	0.44	-0.91	-0.80	-1.47	-1.38	-0.53
Total Domestic Equity	1,042,645,193	-2.17	6.26	0.93	-1.68	0.93	13.92	11.15	14.41	6.05	8.08
Samcera Dom. Equity Benchmark		-2.44	5.93	-0.12	-2.39	-0.12	14.39	11.84	14.96	7.34	8.43
Excess		0.27	0.33	1.05	0.72	1.05	-0.47	-0.68	-0.55	-1.29	-0.35
Total Large Cap Equity	885,506,100	-1.78	6.73	2.51	-0.13	2.51	14.95	11.71	14.22	6.41	8.87
Russell 1000		-1.80	6.50	0.92	-0.78	0.92	15.01	12.44	15.12	7.40	9.23
Excess		0.01	0.23	1.60	0.65	1.60	-0.05	-0.73	-0.90	-0.99	-0.36
Barrow Hanley	106,348,240	-1.90	5.41	0.21	-3.76	0.21	14.58	11.92	--	--	13.85
Russell 1000 Value		-2.15	5.64	-3.83	-3.23	-3.83	13.08	11.27	--	--	13.43
Excess		0.25	-0.23	4.04	-0.53	4.04	1.50	0.65	--	--	0.43
Blackrock S&P 500 Index Fund	554,355,354	-1.59	6.99	1.50	0.22	1.50	--	--	--	--	13.66
S&P 500		-1.58	7.04	1.38	0.15	1.38	--	--	--	--	13.61
Excess		-0.01	-0.05	0.12	0.06	0.12	--	--	--	--	0.06
Brown Advisory	111,238,033	-1.79	7.55	6.67	2.18	6.67	--	--	--	--	12.22
Russell 1000 Growth		-1.47	7.32	5.67	1.64	5.67	--	--	--	--	14.22
Excess		-0.32	0.23	1.00	0.54	1.00	--	--	--	--	-2.00
DE Shaw Commingled Fund	113,560,890	-2.63	5.90	2.72	-0.51	2.72	--	--	--	--	2.72
Russell 1000		-1.80	6.50	0.92	-0.78	0.92	--	--	--	--	0.92
Excess		-0.83	-0.60	1.81	0.27	1.81	--	--	--	--	1.81
Total Small Cap Equity	157,139,093	-4.26	3.73	-6.24	-8.63	-6.24	10.11	9.11	15.40	4.55	5.91
Russell 2000		-5.02	3.59	-4.41	-8.75	-4.41	11.65	9.19	14.01	6.80	7.07
Excess		0.76	0.14	-1.83	0.12	-1.83	-1.54	-0.08	1.39	-2.26	-1.16

San Mateo County Manager Return Summary



December 31, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Boston Company	77,116,761	-4.02	2.74	-6.19	-8.00	-6.19	9.50	8.89	--	--	12.16
Russell 2000 Value		-5.27	2.88	-7.47	-8.17	-7.47	9.06	7.67	--	--	11.87
Excess		1.25	-0.14	1.28	0.17	1.28	0.44	1.22	--	--	0.30
Chartwell Investment Mgmt	80,022,332	-4.48	4.70	-6.30	-9.24	-6.30	10.92	10.56	16.16	6.99	7.46
Russell 2000 Growth		-4.77	4.32	-1.38	-9.31	-1.38	14.28	10.67	16.33	7.95	7.88
Excess		0.29	0.38	-4.91	0.06	-4.91	-3.36	-0.11	-0.17	-0.96	-0.42
Total International Equity	640,766,616	-1.50	4.29	-2.69	-7.47	-2.69	3.23	1.93	5.79	2.60	5.03
MSCI ACW ex US-IMI		-1.61	3.52	-4.60	-8.78	-4.60	2.02	1.27	8.09	3.18	4.50
Excess		0.12	0.77	1.91	1.32	1.91	1.21	0.66	-2.30	-0.57	0.53
Total Developed Markets Equity	579,584,644	-1.37	4.88	-1.13	-6.49	-1.13	4.48	2.67	6.41	3.21	3.78
MSCI ACW ex US-IMI		-1.61	3.52	-4.60	-8.78	-4.60	2.02	1.27	8.09	3.18	4.20
Excess		0.25	1.36	3.47	2.30	3.47	2.46	1.40	-1.69	0.04	-0.42
Baillie Gifford	197,723,439	-1.66	7.52	1.48	-5.06	1.48	6.54	--	--	--	6.98
MSCI ACWI ex US Growth		-1.27	5.04	-0.91	-6.23	-0.91	3.90	--	--	--	4.63
Excess		-0.39	2.48	2.39	1.16	2.39	2.64	--	--	--	2.35
Blackrock EAFE Index Fund	129,702,335	-1.35	4.70	-0.58	-5.99	-0.58	--	--	--	--	-2.66
MSCI EAFE ND		-1.35	4.71	-0.81	-6.01	-0.81	--	--	--	--	-2.88
Excess		-0.00	-0.00	0.24	0.01	0.24	--	--	--	--	0.22
Mondrian Investment Partners	188,747,660	-1.61	2.25	-5.42	-8.81	-5.42	2.55	2.65	6.38	3.37	4.75
MSCI ACWI ex US Value		-2.45	1.50	-9.59	-12.20	-9.59	-0.08	0.49	7.06	2.54	4.17
Excess		0.84	0.75	4.17	3.39	4.17	2.64	2.16	-0.68	0.83	0.58
FIAM Intl Small Cap	63,411,211	0.24	5.27	3.25	-4.68	3.25	5.09	--	--	--	5.44
MSCI ACWI Small Cap ex US Net		0.10	5.28	2.60	-5.27	2.60	5.64	--	--	--	5.50
Excess		0.14	-0.00	0.64	0.60	0.64	-0.55	--	--	--	-0.07



San Mateo County Manager Return Summary



December 31, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Emerging Markets Equity	61,181,972	-2.72	-1.02	-15.83	-16.12	-15.83	-6.57	--	--	--	-4.36
MSCI Emerging Markets ND		-2.23	0.66	-14.92	-17.35	-14.92	-6.76	--	--	--	-4.54
Excess		-0.49	-1.68	-0.91	1.24	-0.91	0.19	--	--	--	0.18
EV Parametric EM	61,181,972	-2.72	-1.02	--	--	--	--	--	--	--	-10.75
MSCI Emerging Markets GD		-2.17	0.73	--	--	--	--	--	--	--	-11.07
Excess		-0.54	-1.75	--	--	--	--	--	--	--	0.32
Total Fixed Income	660,493,056	-1.24	-0.31	-0.81	-1.83	-0.81	1.54	4.31	7.13	4.86	5.54
Samcera Fixed Income Benchmark		-0.64	-0.46	-0.52	-0.64	-0.52	0.36	3.04	3.96	4.42	5.10
Excess		-0.60	0.16	-0.29	-1.19	-0.29	1.18	1.27	3.17	0.44	0.44
Total Domestic Fixed Income	561,710,659	-0.98	-0.73	-0.23	-1.36	-0.23	1.66	4.31	7.15	4.94	5.64
Samcera US Fixed Inc Benchmark		-0.86	-0.38	-0.07	-0.77	-0.07	0.65	3.41	4.22	4.61	5.29
Excess		-0.12	-0.36	-0.17	-0.58	-0.17	1.01	0.90	2.93	0.34	0.35
Total Core Fixed Income	334,683,418	-0.64	-0.10	0.06	0.08	0.06	1.93	4.18	6.85	4.73	5.52
BC U.S. Aggregate		-0.32	-0.57	0.55	0.65	0.55	1.44	3.25	4.09	4.51	5.24
Excess		-0.32	0.47	-0.49	-0.58	-0.49	0.48	0.93	2.75	0.22	0.28
FIAM Core Bond	232,925,833	-0.75	-0.41	0.06	0.04	0.06	1.62	3.77	6.27	--	4.88
BC U.S. Aggregate		-0.32	-0.57	0.55	0.65	0.55	1.44	3.25	4.09	--	4.55
Excess		-0.43	0.16	-0.49	-0.62	-0.49	0.18	0.52	2.18	--	0.32
Western Total Return	101,757,548	-0.39	0.63	--	--	--	--	--	--	--	-0.74
BC U.S. Aggregate		-0.32	-0.57	--	--	--	--	--	--	--	-0.04
Excess		-0.07	1.20	--	--	--	--	--	--	--	-0.70
Brown Brothers Harriman	67,144,347	-0.69	-0.22	-1.26	-2.12	-1.26	-3.25	2.13	--	--	2.24
BC US Tips		-0.79	-0.64	-1.44	-1.78	-1.44	-2.27	2.55	--	--	2.67
Excess		0.10	0.42	0.17	-0.35	0.17	-0.98	-0.42	--	--	-0.43

San Mateo County Manager Return Summary



December 31, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Opportunistic Credit	159,882,894	-1.80	-2.24	-0.61	-3.90	-0.61	4.81	6.98	--	--	9.16
BC BA Intermediate HY Index		-1.84	0.02	-0.74	-2.98	-0.74	2.94	5.73	--	--	7.27
Excess		0.04	-2.26	0.14	-0.92	0.14	1.88	1.25	--	--	1.89
AG Opportunistic Whole Loan	25,253,584	0.00	0.33	1.72	1.49	1.72	--	--	--	--	-0.42
BC BA Intermediate HY Index		-1.84	0.02	-0.74	-2.98	-0.74	--	--	--	--	0.13
Excess		1.84	0.31	2.46	4.47	2.46	--	--	--	--	-0.55
Angelo Gordon	39,125,313	0.00	1.26	8.33	3.42	8.33	10.86	--	--	--	10.55
BC BA Intermediate HY Index		-1.84	0.02	-0.74	-2.98	-0.74	2.94	--	--	--	3.20
Excess		1.84	1.24	9.07	6.40	9.07	7.93	--	--	--	7.35
Beach Point Select Fund	38,597,927	-1.68	-1.10	--	-1.88	--	--	--	--	--	3.63
BC BA Intermediate HY Index		-1.84	0.02	--	-2.98	--	--	--	--	--	-1.86
Excess		0.17	-1.12	--	1.09	--	--	--	--	--	5.49
Brigade Cap Mngmt	56,906,070	-3.86	-6.32	-9.69	-11.80	-9.69	-0.81	3.57	--	--	4.22
BC BA Intermediate HY Index		-1.84	0.02	-0.74	-2.98	-0.74	2.94	5.73	--	--	6.23
Excess		-2.02	-6.34	-8.95	-8.82	-8.95	-3.74	-2.16	--	--	-2.01
Total Global Fixed Income	98,782,397	-2.68	2.22	-4.01	-4.57	-4.01	0.82	3.97	--	--	3.97
Samcera Global Fixed Benchmark		0.41	-0.89	-3.29	-0.40	-3.29	-1.68	1.01	--	--	1.01
Excess		-3.09	3.10	-0.72	-4.17	-0.72	2.50	2.96	--	--	2.96
Franklin Templeton	98,782,397	-2.68	2.22	-4.01	-4.57	-4.01	0.37	3.69	--	--	3.69
BC Multiverse Index		0.41	-0.89	-3.29	-0.40	-3.29	-1.68	1.01	--	--	1.01
Excess		-3.09	3.10	-0.72	-4.17	-0.72	2.05	2.68	--	--	2.68
Total Risk Parity	246,971,735	-2.49	-1.25	-6.13	-6.84	-6.13	0.84	--	--	--	4.35
Samcera Risk Parity Benchmark		-1.36	3.55	0.73	-0.47	0.73	9.39	--	--	--	8.23
Excess		-1.13	-4.81	-6.86	-6.37	-6.86	-8.55	--	--	--	-3.88



San Mateo County Manager Return Summary



December 31, 2015

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
AQR Global Risk III	117,156,032	-2.69	-2.03	-8.59	-9.56	-8.59	-1.29	--	--	--	2.98
Samcera Risk Parity Benchmark		-1.36	3.55	0.73	-0.47	0.73	9.39	--	--	--	8.23
Excess		-1.33	-5.59	-9.32	-9.09	-9.32	-10.68	--	--	--	-5.26
Panagora	129,815,703	-2.31	-0.54	-3.79	-4.24	-3.79	--	--	--	--	-0.15
Samcera Risk Parity Benchmark		-1.36	3.55	0.73	-0.47	0.73	--	--	--	--	3.11
Excess		-0.95	-4.09	-4.53	-3.77	-4.53	--	--	--	--	-3.27
Total Real Estate	231,461,204	-0.14	2.74	15.19	2.74	15.19	12.67	12.54	5.03	6.05	8.29
Samcera Real Estate Benchmark		0.00	0.00	11.35	3.63	11.35	12.36	12.80	5.66	5.92	8.72
Excess		-0.14	2.74	3.84	-0.89	3.84	0.31	-0.26	-0.63	0.13	-0.43
Invesco Core Real Estate	224,787,130	0.00	2.88	15.35	2.88	15.35	12.76	12.55	5.06	6.07	7.61
Samcera NCREIF ODCE EW (gross)		0.00	0.00	11.35	3.63	11.35	12.36	12.80	5.66	5.92	7.34
Excess		0.00	2.88	4.00	-0.75	4.00	0.41	-0.25	-0.60	0.15	0.27
Invesco US Val IV	6,674,074	-4.48	--	--	--	--	--	--	--	--	-4.48
Samcera NCREIF ODCE EW (gross)		0.00	--	--	--	--	--	--	--	--	0.00
Excess		-4.48	--	--	--	--	--	--	--	--	-4.48
Total Alternatives	514,436,020	-0.40	0.58	4.90	0.47	4.90	3.92	4.71	-12.50	-6.71	-4.17
Samcera Alternatives Benchmark		-1.28	1.36	-1.77	-3.91	-1.77	7.07	6.86	10.16	6.19	6.88
Excess		0.89	-0.78	6.68	4.38	6.68	-3.15	-2.15	-22.66	-12.91	-11.05
Total Private Equity	227,489,342	-0.97	3.47	16.30	3.53	16.30	15.00	-19.80	--	--	-31.71
Samcera PE Benchmark		-1.81	7.04	3.25	0.04	3.25	18.05	15.46	--	--	16.63
Excess		0.83	-3.57	13.04	3.50	13.04	-3.05	-35.26	--	--	-48.34
Private Real Assets	18,904,417	-0.09	-6.40	9.15	73.98	9.15	--	--	--	--	6.75
Samcera CPI + 5%		0.00	0.57	5.68	1.52	5.68	--	--	--	--	4.41
Excess		-0.09	-6.97	3.47	72.45	3.47	--	--	--	--	2.34

San Mateo County Manager Return Summary



December 31, 2015

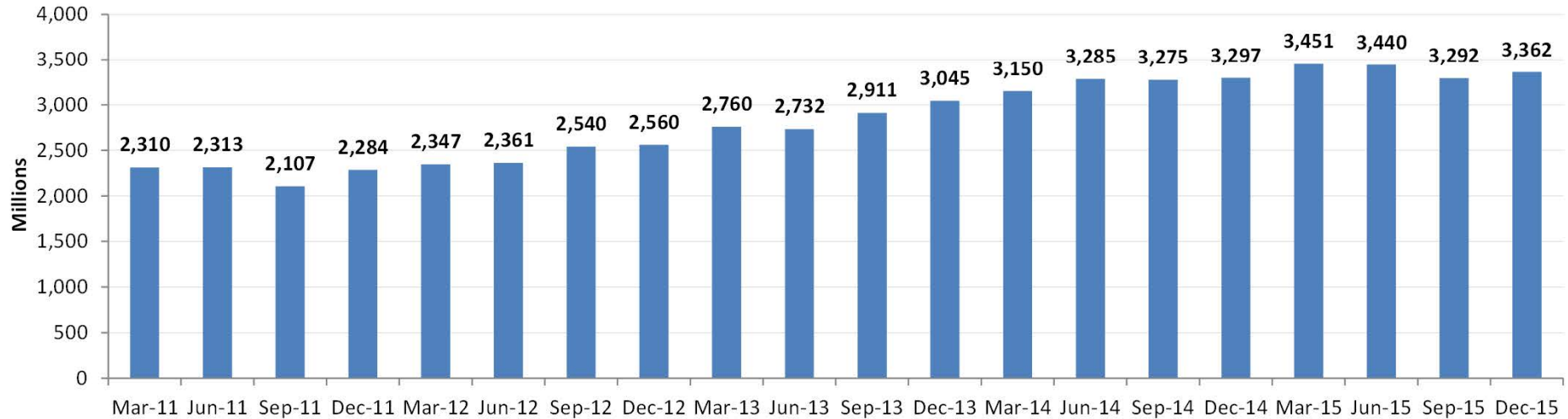
Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Hedge Fund Composite	189,514,053	0.55	1.44	10.42	10.32	10.42	8.99	--	--	--	6.23
Samcera LIBOR + 4%		0.34	1.03	4.18	2.07	4.18	4.18	--	--	--	4.20
Excess		0.21	0.41	6.24	8.24	6.24	4.80	--	--	--	2.02
AQR Delta XN	154,662,998	0.81	1.81	10.84	10.73	10.84	9.12	--	--	--	6.31
Samcera LIBOR + 4%		0.34	1.03	4.18	2.07	4.18	4.18	--	--	--	4.20
Excess		0.47	0.78	6.65	8.65	6.65	4.94	--	--	--	2.11
Standard Life GARS	34,851,055	-0.60	-0.43	--	--	--	--	--	--	--	-0.43
Samcera LIBOR + 4%		0.34	1.03	--	--	--	--	--	--	--	1.03
Excess		-0.94	-1.46	--	--	--	--	--	--	--	-1.46
Total Commodities	78,528,210	-1.09	-7.43	-22.89	-22.14	-22.89	-14.63	--	--	--	-10.36
Bloomberg Commodity Index		-3.09	-10.52	-24.66	-23.46	-24.66	-17.29	--	--	--	-15.16
Excess		2.00	3.09	1.77	1.32	1.77	2.67	--	--	--	4.80
Total Cash	10,883,666	0.01	0.07	0.24	0.17	0.24	0.48	0.56	0.75	1.19	2.13
Samcera Cash Benchmark		0.03	0.03	0.05	0.04	0.05	0.05	0.07	0.10	1.24	1.99
Excess		-0.02	0.04	0.18	0.12	0.18	0.42	0.48	0.65	-0.05	0.15
SamCera General Account	8,666,170	0.02	0.05	0.27	0.18	0.27	0.18	0.22	0.25	1.46	2.12
County Treasury Pool	2,217,496	0.00	0.00	0.00	0.00	0.00	0.38	0.60	0.79	1.05	2.86
San Mateo County ERA	3,361,515,085	-1.44	2.97	0.66	-2.68	0.66	7.65	7.08	9.59	5.07	6.48
Samcera Total Plan Benchmark		-1.50	2.91	-0.47	-3.00	-0.47	7.51	7.23	10.10	5.85	6.75
Excess		0.06	0.06	1.13	0.32	1.13	0.14	-0.15	-0.51	-0.78	-0.27

December 31, 2015

Record of Asset Growth

	Three Months	One Year
TOTAL FUND		
Beginning Market Value	3,292,427,331	3,296,787,236
Contributions	13,233,658	415,303,876
Withdrawals	-45,268,804	-381,626,122
Income Received	7,260,453	38,250,221
Gain/Loss	92,488,313	-8,192,444
Ending Market Value	3,361,515,085	3,361,515,085

Net Asset Values Over Time (\$000)



December 31, 2015

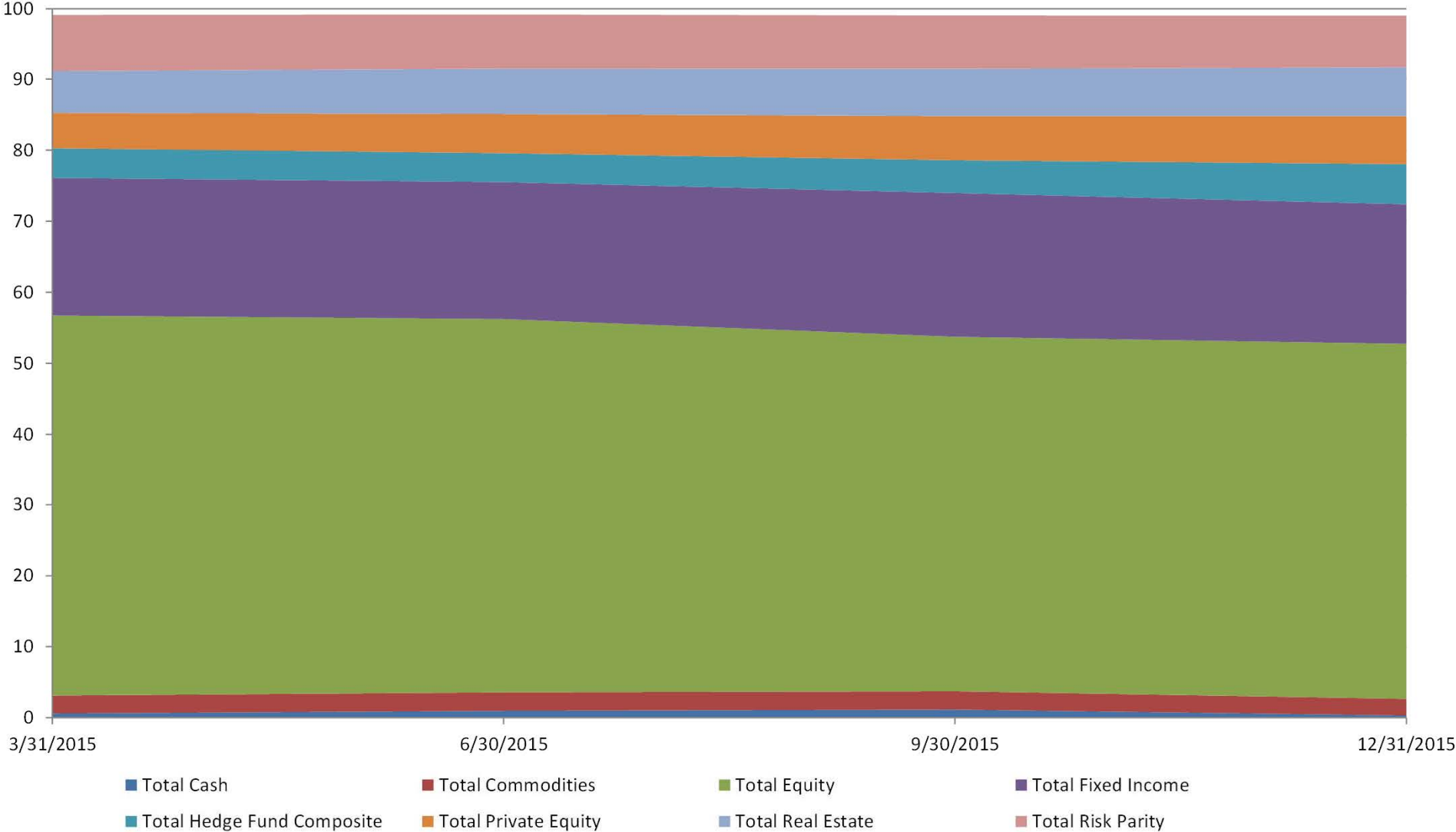
Actual vs Target Weights



	Min	Actual	Target	Deviation	Max
Total Large Cap Equity	22.0	26.3	24.0	2.3	26.0
Total Small Cap Equity	4.0	4.7	6.0	-1.3	8.0
Total International Equity	18.0	19.1	20.0	-0.9	22.0
Total Fixed Income	18.0	19.6	20.0	-0.4	22.0
Total Private Equity	5.0	6.8	7.0	-0.2	9.0
Total Risk Parity	6.0	7.3	8.0	-0.7	10.0
Total Hedge Fund Composite	2.0	5.6	4.0	1.6	6.0
Total Commodities	1.0	2.3	3.0	-0.7	5.0
Total Real Estate	4.0	6.9	6.0	0.9	8.0

December 31, 2015

Asset Allocation over Time

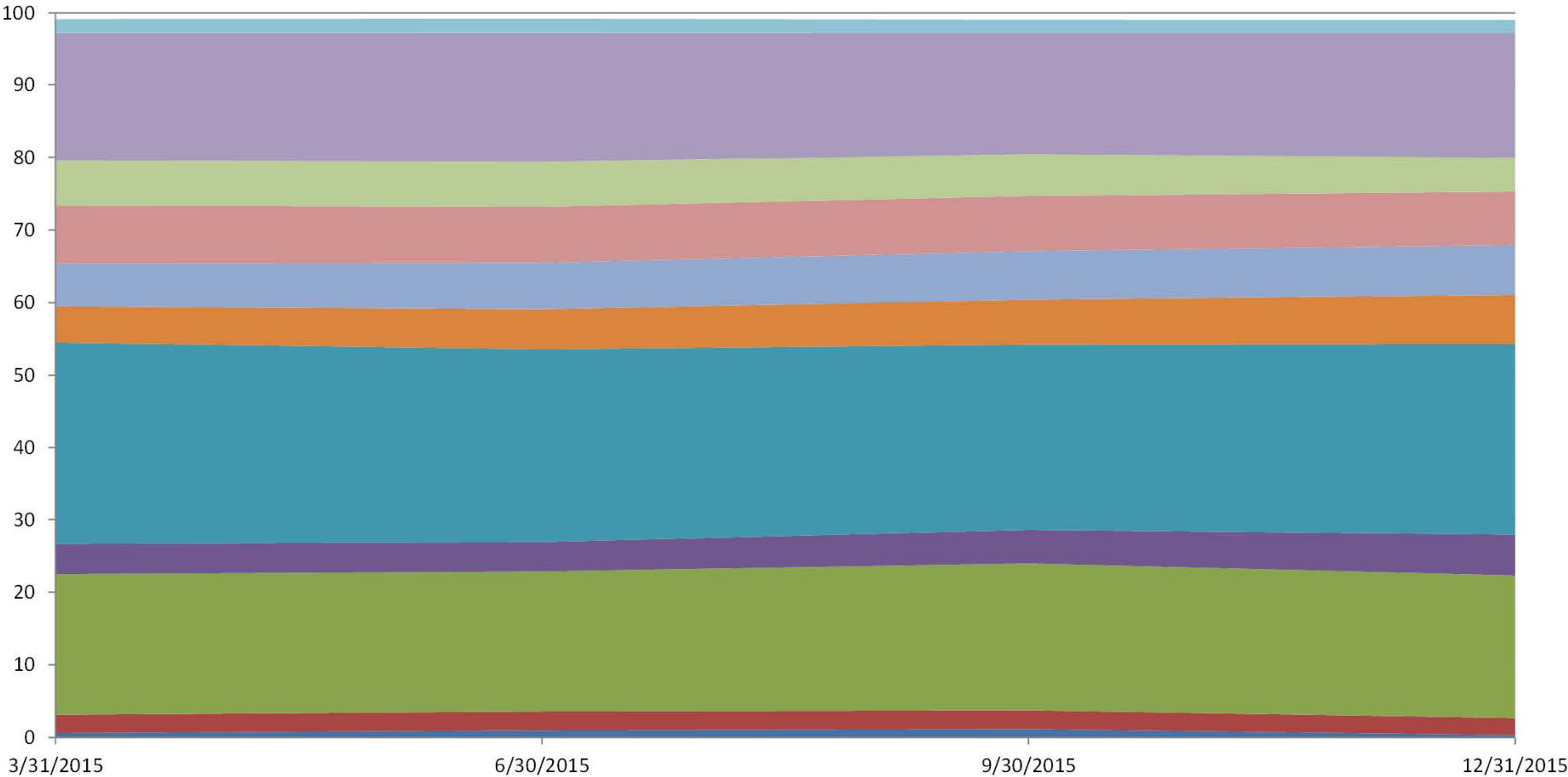


**San Mateo County
Sub-Asset Class Allocation Over Time**



December 31, 2015

Sub-Asset Class Allocation Over Time



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

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 6.2

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer 

SUBJECT: Update on Transition of Consulting Services and Presentation by Verus, Inc.

Staff Recommendation

Participate in discussion about the transition of consulting services from SIS to Verus.

Background

In December 2015, Scott Hood and Mike Coultrip met with the Verus senior management team in their Seattle headquarters office to discuss the planned merger between SIS and Verus. Staff met with Shelly Heier (President), Jeffrey Scott (Chief Investment Officer), Scott Whalen (Chief Consulting Officer), Kraig McCoy (Chief Financial Officer), and other members of their team.

Discussion

As of January 1st, the planned merger officially took place, resulting in SIS effectively becoming the Verus San Francisco office.

Jeffrey Maclean, Chief Executive Officer, will introduce Verus to the Board and provide an overview of the combined firm's capabilities and resources, as well to address any questions.

Attachment

Verus Firm Overview



PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS

JANUARY 2016

Firm overview for

San Mateo County Employees' Retirement Association

Table of contents



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700
LOS ANGELES 310-297-1777

Our Firm TAB I

Appendix TAB II

***Past performance is no guarantee of future results.** This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Verus Advisory Inc. and Verus Investors, LLC (“Verus”) file a single form ADV under the United States Investment Advisors Act of 1940, as amended.*

I. Our Firm

Perspectives that drive enterprise success

Verus provides research-driven investment solutions that enable institutional investors to prudently discharge their fiduciary responsibility.

Through independent, impartial advice and investment expertise, our professionals strive to be the driving force that empowers clients to achieve their enterprise objectives.

Firm overview

ESTABLISHED

Founded in 1986
102 employees across three offices
82 investment professionals (80%)

EXPERIENCED

Established reputation for research
16 years average consultant experience

VESTED

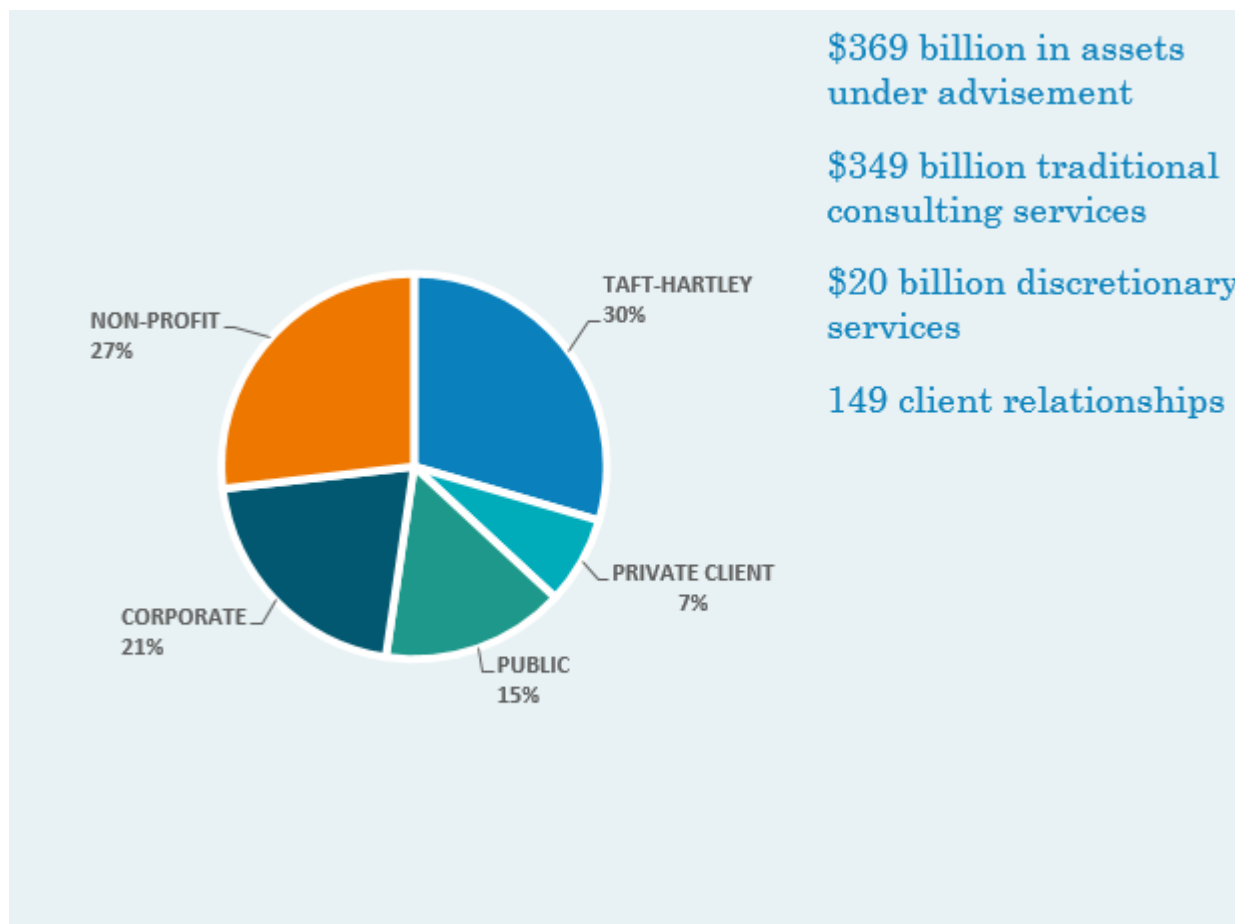
100% employee-owned; impartial
business philosophy and structure

INDUSTRY LEADING

Global thought leadership on risk
allocation, risk management and capital
markets

BOUTIQUE CULTURE

Personalized and well-resourced



\$369 billion in assets
under advisement

\$349 billion traditional
consulting services

\$20 billion discretionary
services

149 client relationships

(Preliminary as of 1/01/16.; pie chart depicts client breakdown by value of assets)

Representative clients

PUBLIC

Contra Costa County Employees' Retirement Association
 Fresno County Employees' Retirement Association
 Imperial County Employees' Retirement System
 Indiana Public Retirement System
 Kern County Employees' Retirement Association
 Los Angeles Metropolitan Transportation Authority
 Pasadena Fire and Police Retirement System
 San Diego County Employees' Retirement Association
 San Luis Obispo County Pension Trust
 Stanislaus County Employees' Retirement Association
 Tulare County Employees' Retirement Association
 Sacramento County Employees' Retirement System
 Merced County Employees' Retirement Association
 San Mateo County Employees' Retirement Association
 Tennessee Consolidated Retirement System
 Alameda County Employees' Retirement Association
 Oklahoma Public Employees' Retirement System
 West Virginia Investment Management Board
 Wisconsin State Investment Board
 North Carolina Department of State Treasurer

CORPORATE

Allergan, Inc.
 Apria Healthcare 401K Savings Plan
 Avista Corporation
 Barrick Gold Corporation
 Carnival Corporation
 Castle & Cooke
 Eastside Retirement Association
 Forever Living Products
 Group Health Cooperative
 Hanford Site
 Harnish Group
 Jack in the Box, Inc.
 Karsten Manufacturing
 Kinross Gold Corporation
 LaCrosse Footwear
 Moss-Adams LLP
 Mutual of Enumclaw Insurance Company
 Plum Creek Timberlands
 The Seattle Times
 Southwest Airlines Pilots' Association

NOT-FOR-PROFIT

Allergan Foundation
 Blood Centers of the Pacific Pension Plan
 Blood Systems Inc.
 Community Foundation for Monterey County
 Diocese of San Bernardino
 Diocese of San Diego
 Foundation for CSU Monterey Bay
 Gonzaga University
 Group Health Foundation
 Huntington Memorial Hospital
 Providence Portland Medical Foundation
 Puget Sound Energy Foundation
 Riverside Community Foundation
 University of Colorado Hospital
 University Child Development School
 Virginia Mason Medical Center
 Whitworth University

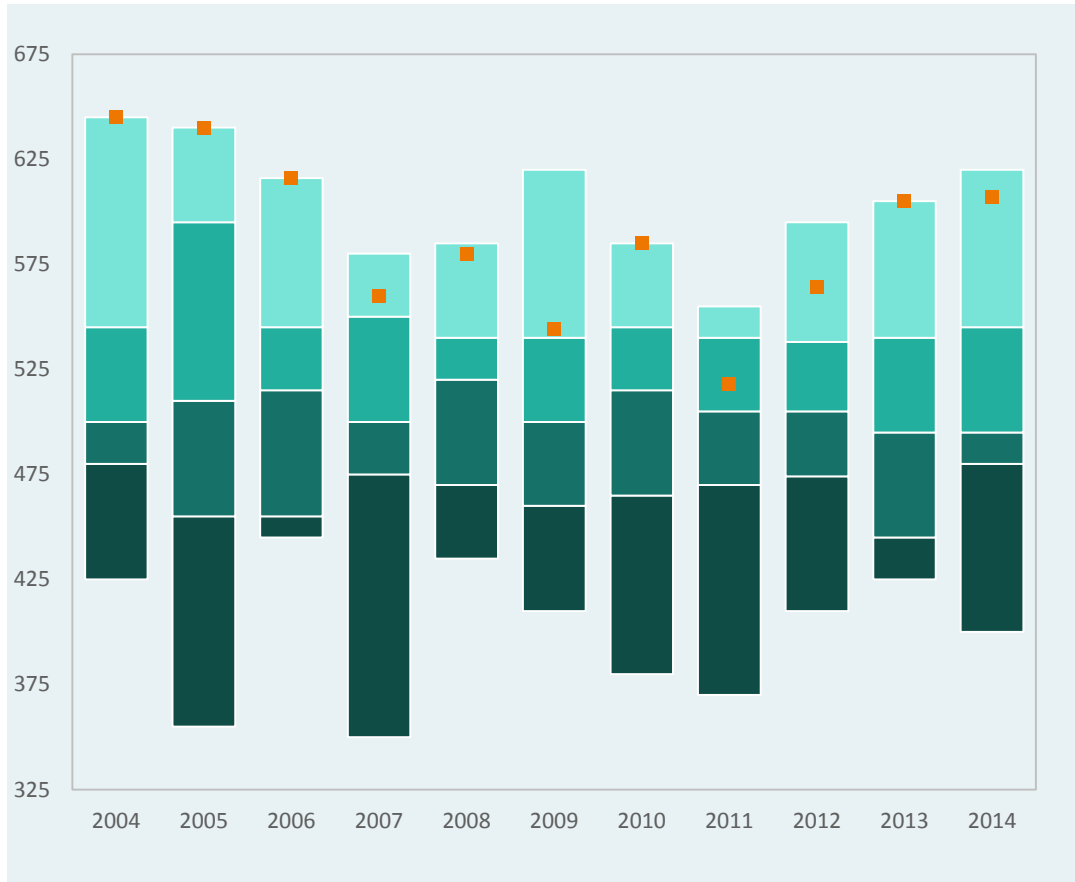
MULTI-EMPLOYER

Arizona Bricklayers' Pension Trust Fund
 Golden Valley Electric Association
 IATSE Local 720 Pension Trust and Wage Disability Trust
 IBEW #100 Pension Trust Fund
 IBEW #1710 Pension Trust Fund
 Inlandboatmen's Union
 Juan de la Cruz Farm Workers Pension Plan
 Laborers Pension Trust Fund for N. California
 Montebello Teachers Association Supplemental Health Plan
 NECA Puget Sound
 Northern California Pipe Trades
 Oregon Retail Employees Pension Trust
 Puget Sound Electrical Workers
 San Diego County Cement Masons
 San Diego Theatrical
 Solano and Napa Counties Electrical Workers Benefit Funds
 Sound Retirement Trust
 Southern CA Cement Masons Trust Funds
 Washington State Plumbers
 Western Washington Laborers - Employers

As of October 1, 2015. Note: It is not known whether the listed clients approve or disapprove of Verus or the advisory services provided. There is no objective criteria used in determining which clients have been included on this list

“Greenwich Quality Index” over time

Consistently highly rated by our clients



Topics considered in determining score:

- Our understanding of client goals
- Innovative and proactive investment advice and ideas
- Capability of consultants
- Investment manager knowledge
- Satisfaction with manager recommendations
- Extent of client-service capabilities
- Responsiveness to clients

Verus was known as “Wurts & Associates” at the time of the survey. This data reflects the results as shown by Greenwich Associates, in which Verus is compared to the top 15 consultants by number of client citations. Bounds of first and fourth quartile may not be representative.

Our guiding principles

- Enterprise objectives and risk tolerance should guide all decisions
- Asset allocation and risk exposures drive portfolio results
- Economic factors and valuation drive long-term asset class returns
- Risk and diversification must be viewed through multiple lenses
- Fees and costs must be minimized...and justified

Research oversight and guidance

INVESTMENT COMMITTEE

Shelly Heier, CFA, CAIA*
President

Jeffrey Scott, CFA
Chief Investment Officer

Scott Day, CFA
Managing Director

Brent Nelson
Managing Director

Anne Westreich, CFA
Managing Director

Ed Hoffman, CFA, FRM
Managing Director

Margaret Jadallah
Managing Director

ALTERNATIVE INVESTMENTS COMMITTEE

Jeffrey MacLean
Chief Executive Officer

Kraig McCoy, CFA*
Chief Financial Officer

Omer Tareen, CFA
Managing Director

John Meier, CFA
Managing Director

Strategic research

Ian Toner, CFA
Managing Director

Traditional manager research

Marianne Feeley, CFA
Director

Private markets manager research

Faraz Shooshani
Managing Director

Hedge fund manager research

Brian Rowe, CFA, CAIA
Managing Director

Aksia, LLC
Hedge fund operational and investment due diligence support

CAPITAL MARKET ASSUMPTIONS

INVESTMENT LANDSCAPE

HEDGE FUND ENVIRONMENT

PRIVATE EQUITY OUTLOOK

REAL ASSETS OUTLOOK

ACTIVE MANAGEMENT ENVIRONMENT

INVESTMENT MANAGER EVALUATIONS

SPECIAL PROJECTS

*Committee Chair

Comprehensive market coverage

RISK

- **Max Giolitti**
Managing Director
- **Ruth Danner, CIPM**
Director
Risk
- **Ling Zhang, CFA, Ph.D.**
Sr. Risk Analyst
- **Danny Sullivan, CAIA**
Sr. Risk Analyst
- **Tri Nguyen**
Sr. Risk Analyst
- **Andy Berner, Ph.D.**
Risk Analyst
- **Shang Gao**
Risk Analyst
- **Zoey Yan**
Risk Analyst

CAPITAL MARKETS

- **Scott Day, CFA**
Managing Director
- **Ian Toner, CFA**
Managing Director
- **Matt Brady, CFA**
Assistant Portfolio Manager
- **Annika Westre**
Research Analyst
- **Thomas Garrett, CAIA**
Sr. Research Analyst

EQUITY

- **Vincent Francom, CFA, CAIA**
Sr. Research Analyst
- **Jonathan Brody, CFA, Ph.D.**
Sr. Research Analyst
- **Elena Solovyeva, CFA**
Research Analyst
- **Omer Tareen, CFA**
Deputy CIO
- **Shaharyar Asaf, CFA**
Sr. Portfolio Mgr.
- **Riley Dinnison**
Consulting Associate

FIXED INCOME

- **Philip Schmitt, CIMA**
Sr. Research Analyst
- **Marianne Feeley, CFA**
Dir., Trad'l Assets
- **Scott Day, CFA**
Managing Director
- **Matt Brady, CFA**
Assistant Portfolio Manager
- **Kevin Tjernberg**
Sr. Consulting Assoc.

REAL ASSETS

- **John Wasnock**
Sr. Research Analyst
- **Noah Schmidt**
Research Analyst
- **Colton Loder, CFA, CAIA**
Sr. Portfolio Mgr.
- **John Nicolini, CFA**
Managing Director
- **Eric Crowder**
Consulting Associate

HEDGE FUNDS

- **Brian Rowe, CFA, CAIA**
Managing Director
- **Ping Zhu, CFA, FRM, CAIA**
Sr. Research Analyst
- **Trevor Parmelee**
Research Analyst
- **Wilson Ma, CFA, FRM**
Sr. Portfolio Manager
- **Thomas Winkler, CAIA**
Sr. Consulting Assoc.
- **Brian Kwan, CFA**
Sr. Consulting Assoc.

PRIVATE ASSETS

- **Faraz Shooshani**
Managing Director
- **Louis Kleist**
Sr. Research Analyst
- **Steve Hempler**
Sr. Private Markets Consultant
- **Lisa Keliuotis**
Sr. Research Analyst
- **Derek Kong**
Sr. Research Analyst
- **Herbert Nishii**
Sr. Consulting Assoc.
- **Austin Vierra**
Consulting Associate

- Research and analytics
- Portfolio management
- Consulting team
- Risk allocation and asset management

Firm leadership



Jeffrey MacLean
Chief Executive Officer



Jeffrey Scott, CFA
Chief Investment Officer



Shelly Heier, CFA, CAIA
President & Chief Operating Officer
Chair - Investment Committee



Scott Whalen, CFA
Chief Consulting Officer



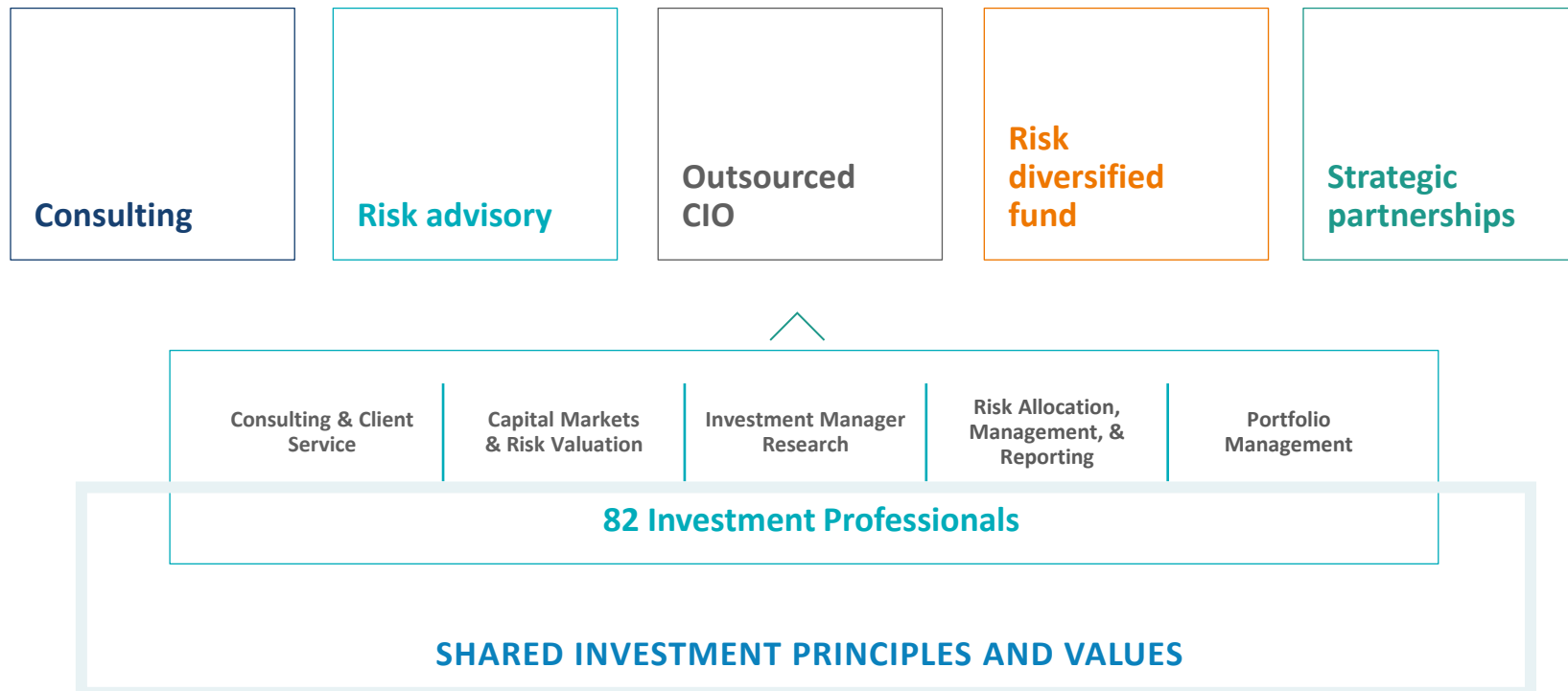
Kraig McCoy, CFA
Chief Financial Officer
Chair - Alternative Investments
Committee



Omer Tareen, CFA
Managing Director

Services offered

Centralized investment team supports service delivery for varied client governance models



II. Appendix

Risk management

The rationale for focusing on risk is not to eliminate risk entirely. The rationale is to be able to knowingly take risks and to avoid unintended risks. Risk is the currency with which we buy our investment returns



Sample Risk Dashboards



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

**NOVEMBER 2015
Capital Markets Update**

Market commentary

Economic Climate

- The November jobs report was once again above expectations, as the U.S. added 211,000 new jobs to nonfarm payrolls during the month, compared to the ADP survey estimate of 190,000. The unemployment rate remained at 5.0%, while the participation rate increased 0.1% to 62.5%.
- Revised third quarter real GDP was 2.1%, up from the advanced estimate of 1.5%. Higher inventories were a significant factor in the upward revision, only subtracting 0.6% from GDP, compared to the original 1.4% subtraction. However, a rise in inventories could have a negative impact on fourth quarter GDP, as companies may look for ways to pull down inventory, including limiting production and therefore working hours.

Domestic Equities

- The U.S. equity market experienced increased volatility during November. At one point, the S&P 500 was down nearly 3%, but recovered towards the end of the month to post a 0.3% return.
- Small-cap stocks outperformed large-cap stocks during November, with the Russell 1000 and Russell 2000 returning 0.3% and 3.3%, respectively. This breaks a run of four straight months of large-cap outperformance.
- As of the end of November, according to FactSet, the Q3 blended earnings (combined reported earnings and consensus earnings estimates) decline for the S&P 500 was -1.3%. The third quarter represents the first back-to-back quarters of earnings decline since 2009. However, if the energy sector were excluded the blended earnings growth rate would jump to 5.7%

Domestic Fixed Income

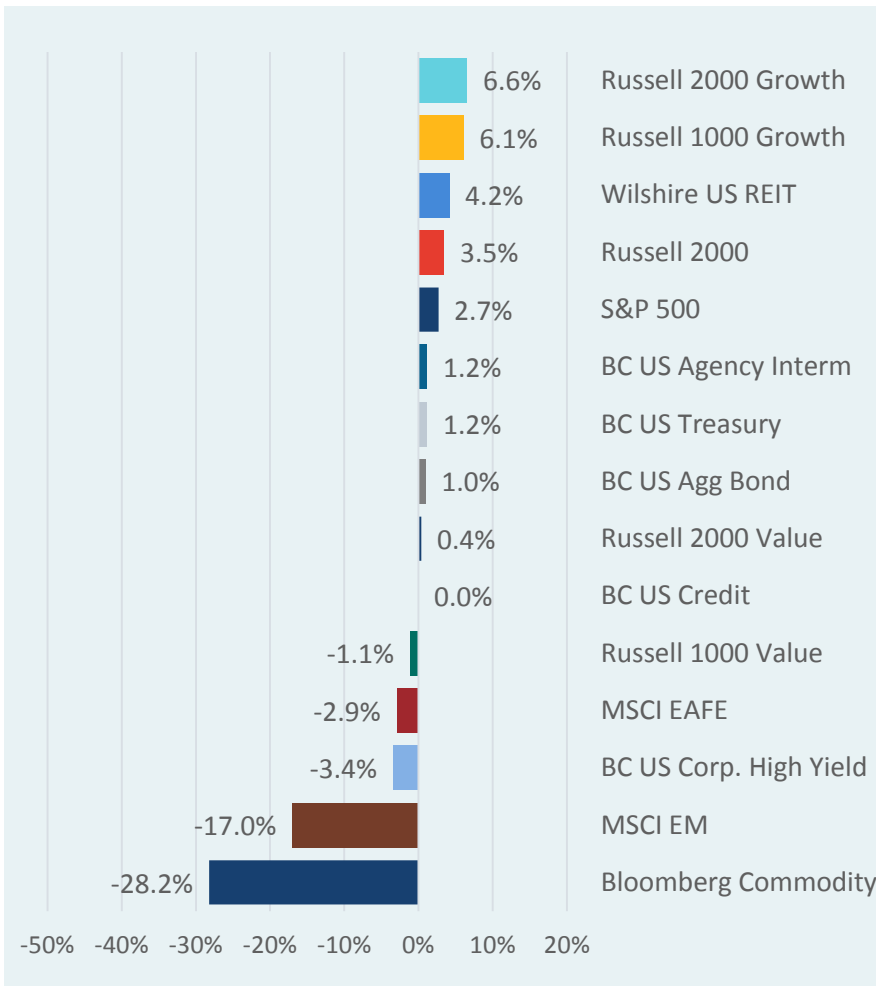
- Market participants will be paying close attention to the December 16th Federal Reserve meeting, as markets have priced in a high probability that the Federal Funds rate will increase for the first time since 2006.
- As the Fed meeting approaches, Treasury yields increased across all maturities. Short-term yields saw the largest increase, resulting in a flattening of the yield curve.
- Yields also rose across the broader bond market as the BC Aggregate fell -0.3%. The high yield market experienced its second worst monthly performance of the year, returning -2.2%.

International Equities

- The European Central Bank further cut its deposit rate to -0.3% and extended its monthly asset purchase program six months to March 2017. Market participants were expecting an increase in the monthly asset purchases, resulting in a negative impact to European equities.
- The MSCI China Index was flat in light of October data releases. Economic data continues to be mixed as industrial production rose 5.6% year-on-year, which failed to meet expectations. In contrast, retail sales continued to be strong, with an increase of 11% year-over-year.
- Emerging markets underperformed developed markets during November as the MSCI Emerging Markets Index returned -3.9%. Continued weakness in commodity prices and the anticipation of a U.S. rate hike acted as a headwind.

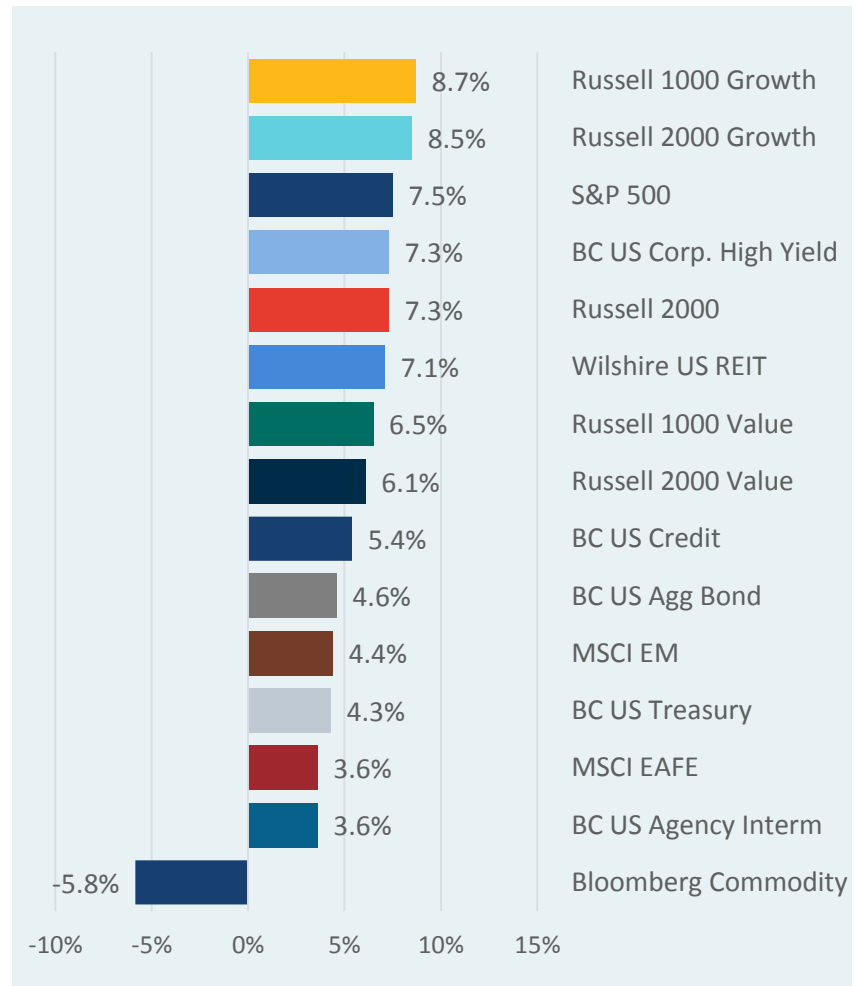
Major asset class returns

ONE YEAR ENDING NOVEMBER



Source: Morningstar, Verus, as of 11/30/2015

TEN YEARS ENDING NOVEMBER

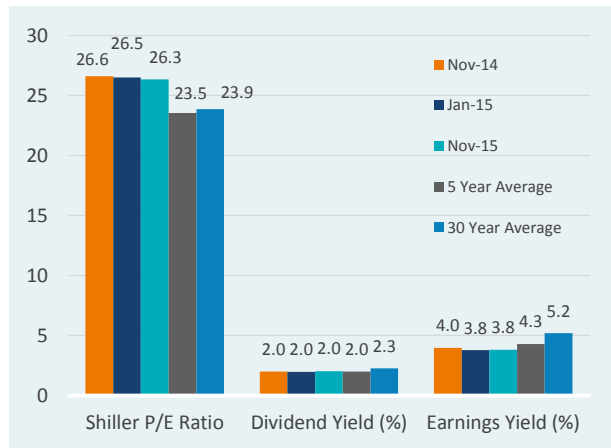


Source: Morningstar, Verus, as of 11/30/2015

U.S. large cap equities

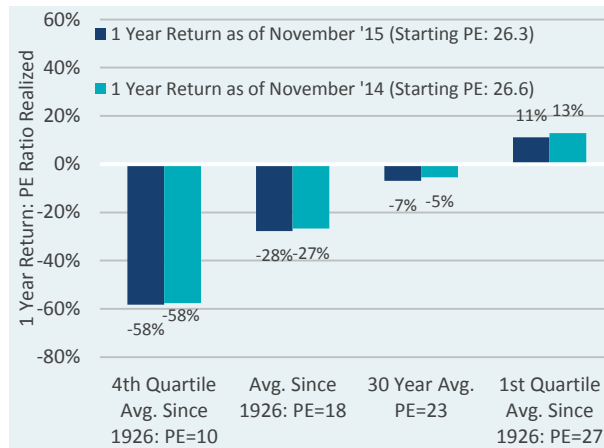
- After a volatile month, large cap equities finished November mildly positive, with the S&P 500 Index and the Russell 1000 Index both returning 0.3%. The small gains amongst large cap equities may have been driven by strong fundamentals, as almost 74% of S&P 500 companies reported higher than expected earnings, per FactSet.
- The S&P 500 Shiller P/E ratio increased to 26.3, rising for the second straight month. The Shiller has fallen over the past year from 26.6 to 26.3, but remains above its short- and long-term historical averages.
- In aggregate, third quarter earnings declined 1.3%, though this is better than the 5.1% decline predicted at the beginning of the quarter.

US LARGE CAP (S&P 500) VALUATION SNAPSHOT



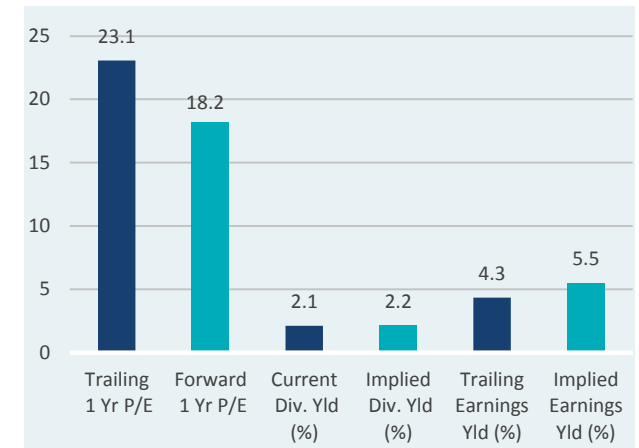
Source: Yale/Shiller

EFFECTS OF CHANGES IN SHILLER PE RATIO



Source: Yale/Shiller, Verus

S&P 500 VALUATION SNAPSHOT



Source: Standard & Poor's, as of 11/30/15

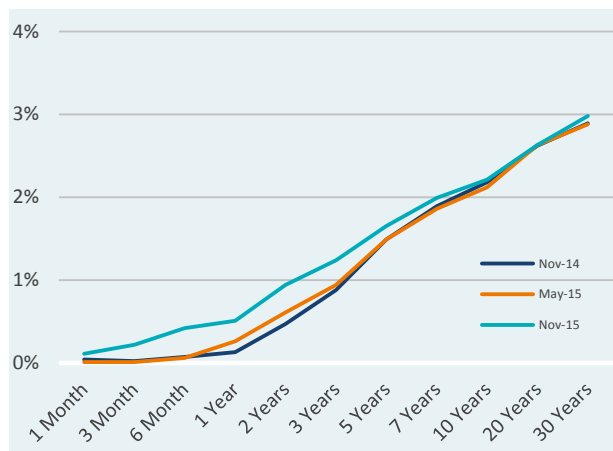
Fixed income

- U.S. Treasury yields rose across all maturities in November. The largest relative yield increases were seen in short maturities with the 3 month, 6 month, and 1 year maturities rising 14bps, 19bps, and 17bps, respectively.
- High yield issuers were hardest hit by yield increases during November. The BC Corporate High Yield Index had a return of -2.2% for the month, compared to a

dip of just 0.3% in the BC Aggregate Index.

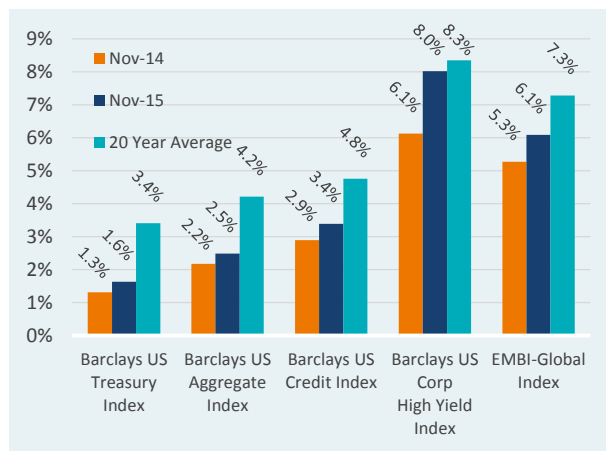
- 5 year inflation expectations increased for the second straight month during November, with the 5-year TIPS breakeven rate finishing the month at 1.3%. The 10-year rate held steady at 1.5%. 5- and 10-year TIPS breakeven rates have fallen 0.1% and 0.3%, respectively, from their rates a year ago.

U.S. TREASURY YIELD CURVE



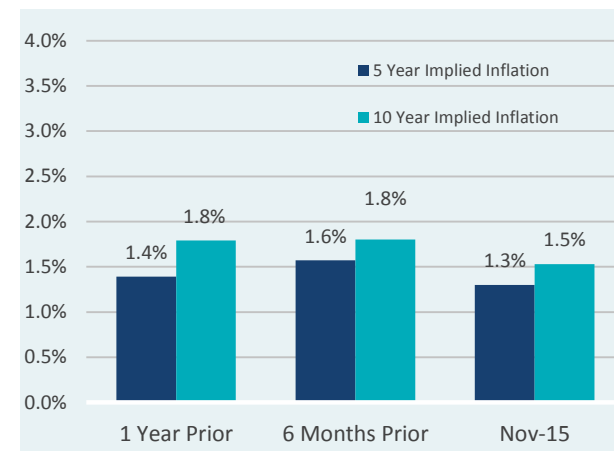
Source: Federal Reserve

NOMINAL FIXED INCOME YIELDS



Source: Ibbotson, JP Morgan

IMPLIED INFLATION (TIPS BREAKEVEN)



Source: Federal Reserve, as of 11/30/15

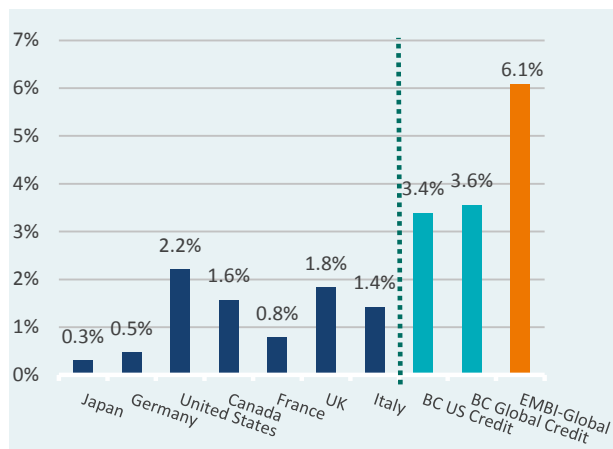
Global markets

- International developed markets underperformed domestic markets in November, as the MSCI EAFE returned -1.6%. Emerging markets performed even further in the red at -3.9% (MSCI Emerging Markets). Uncertainty of meeting growth expectations in China due to mixed economic data and the possibility of policy divergence between the ECB and Fed were at the forefront of global market headlines.
- Sovereign yields fell slightly in the Eurozone over the month with 10-year yields in Germany, France, and Italy finishing at 0.5%, 0.8%, and 1.4%, respectively.

However, 10-year yields in the U.S., Canada, and the United Kingdom rose during November.

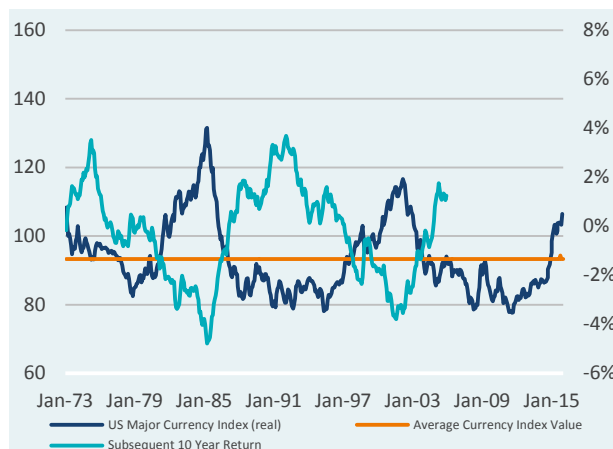
- The U.S. Dollar Major Currency Index rose significantly during the month, up 2.9% against a basket of major currencies. U.S. dollar strength and the possibility of an interest rate hike by the Fed in December, combined with declines in commodity prices, remain a source of concern for emerging market economies, as well as U.S. firms with exposure to emerging markets.

GLOBAL SOVEREIGN 10 YEAR INDEX YIELDS



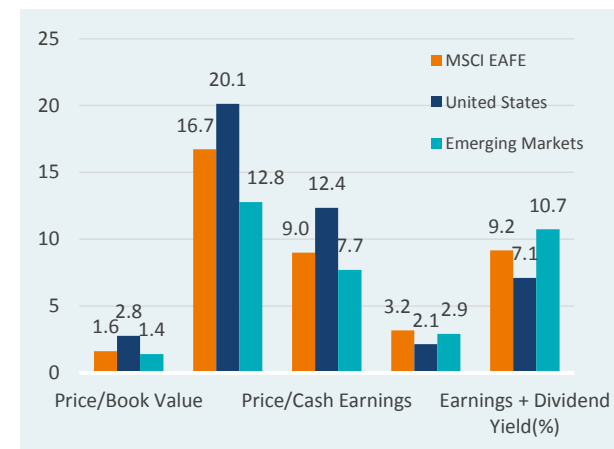
Source: Bloomberg, JP Morgan, as of 11/30/15

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Moody's as of 11/30/15

MSCI VALUATION METRICS (3 MONTH AVERAGE)



Source: MSCI, as of 11/30/15

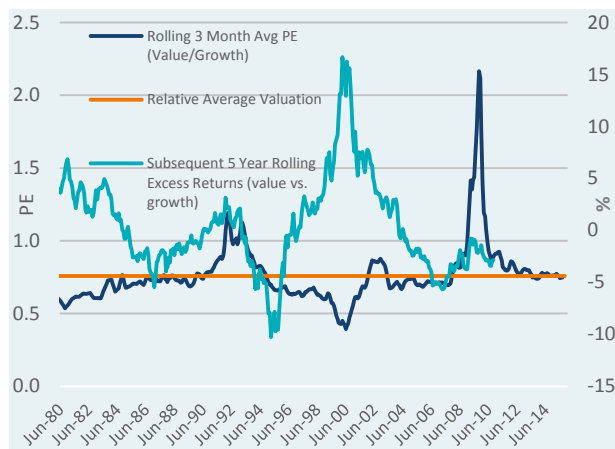
Style tilts: U.S. large value vs. growth

- Value stocks slightly outperformed growth stocks in November, as the Russell 1000 Value and the Russell 1000 Growth returned 0.4% and 0.3%, respectively. However, over recent periods, especially during the last 12 months, value stocks have significantly underperformed relative to growth stocks.
- The relative PE ratio of value to growth stocks continues to track the long-run average over the last

few years. This metric suggests that although growth stocks have recently outperformed, they appear to be fairly valued when compared to value stocks.

- Growth stocks have also provided a better risk-adjusted return over the short- and intermediate-term, as shown by a higher Sharpe ratio relative to value stocks.

RELATIVE PE RATIO OF U.S. VALUE VS. GROWTH



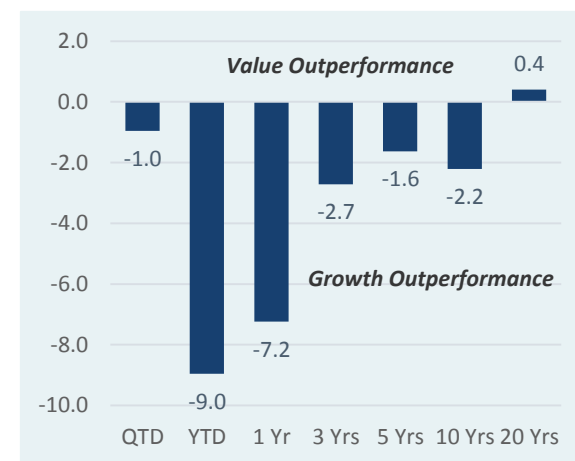
Source: Russell, Verus, as of 11/30/15

U.S. VALUE VS. GROWTH ABSOLUTE PERFORMANCE

	RUSSELL 1000 GROWTH ANNUALIZED RETURN TO DATE %	RUSSELL 1000 VALUE ANNUALIZED RETURN TO DATE %
QTD	8.9	8.0
YTD	7.2	(1.7)
1 YEAR	6.1	(1.1)
3 YEARS	17.4	14.7
5 YEARS	15.1	13.5
7 YEARS	17.7	13.6
10 YEARS	8.7	6.5
20 YEARS	7.7	8.8
	SHARPE RATIO	SHARPE RATIO
3 YEARS	1.61	1.37
5 YEARS	1.24	1.08
7 YEARS	1.23	0.86
10 YEARS	0.49	0.33
20 YEARS	0.30	0.42

Source: Russell, as of 11/30/15

U.S. VALUE VS GROWTH RELATIVE PERFORMANCE



Source: Russell, as of 11/30/15

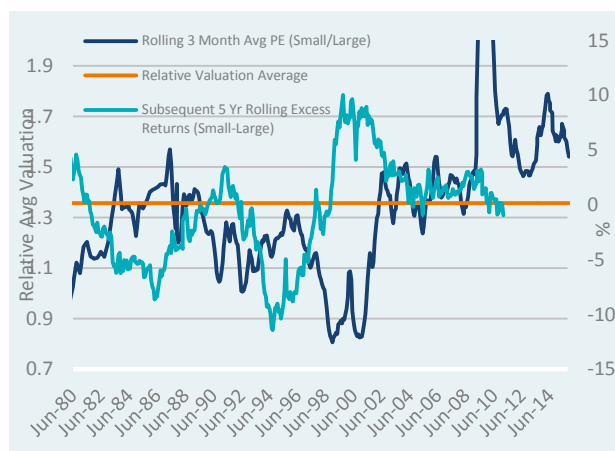
Style tilts: U.S. large vs. small

- After four months of large cap outperformance, small cap stocks outperformed large cap stocks by a large margin, with the Russell 1000 Index and Russell 2000 Index returning 0.3% and 3.3%, respectively during the month.
- Despite underperforming small cap stocks in November, large cap stocks are still outperforming small cap stocks by 2.2% year to date.
- The gap in performance between large- and small

cap stocks has narrowed over nearly all time periods, with the Russell 2000 even slightly outperforming the Russell 1000 over the 7 year period.

- Due to the outperformance of small cap stocks during the month, the relative P/E of small to large jumped to 1.67X. The 3-month average relative P/E increased after 5 consecutive months of decline, and remains above its 20- and 30-year historical averages.

RELATIVE PE RATIO OF U.S. SMALL VS. LARGE



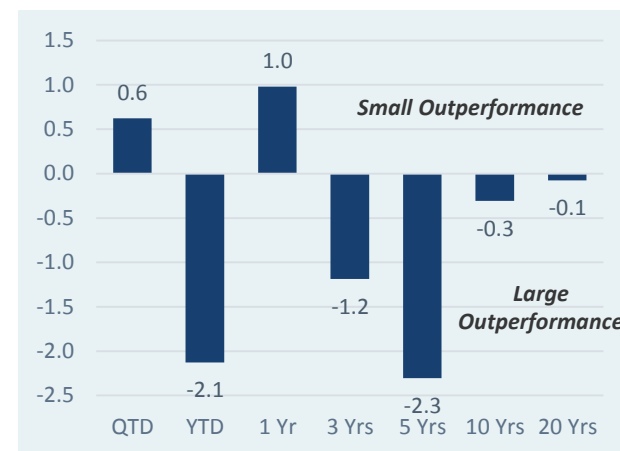
Source: Russell, Verus, as of 11/30/15

U.S. LARGE VS. SMALL ABSOLUTE PERFORMANCE

	RUSSELL 1000 INDEX ANNUALIZED RETURN TO DATE %	RUSSELL 2000 INDEX ANNUALIZED RETURN TO DATE %
QTD	8.4	9.1
YTD	2.8	0.6
1 YEAR	2.5	3.5
3 YEARS	16.1	14.9
5 YEARS	14.3	12.0
7 YEARS	15.7	15.8
10 YEARS	7.6	7.3
20 YEARS	8.5	8.4
	SHARPE RATIO	SHARPE RATIO
3 YEARS	1.53	1.08
5 YEARS	1.18	0.75
7 YEARS	1.06	0.81
10 YEARS	0.42	0.31
20 YEARS	0.40	0.30

Source: Russell, as of 11/30/15

U.S. SMALL VS. LARGE RELATIVE PERFORMANCE



Source: Russell, as of 11/30/15

Commodities

- The Bloomberg Commodity Index declined sharply, returning -7.3% during November, bringing the year-to-date return to -22.3%, thus far making 2015 the worst year of performance for the index since 2008.
- Energy continued recent trends as the worst performing commodity sector, down 31.7% year-to-date. WTI Crude and Brent Crude indexes fell 9.7% and 8.6%, respectively, during November

amidst excess global supply.

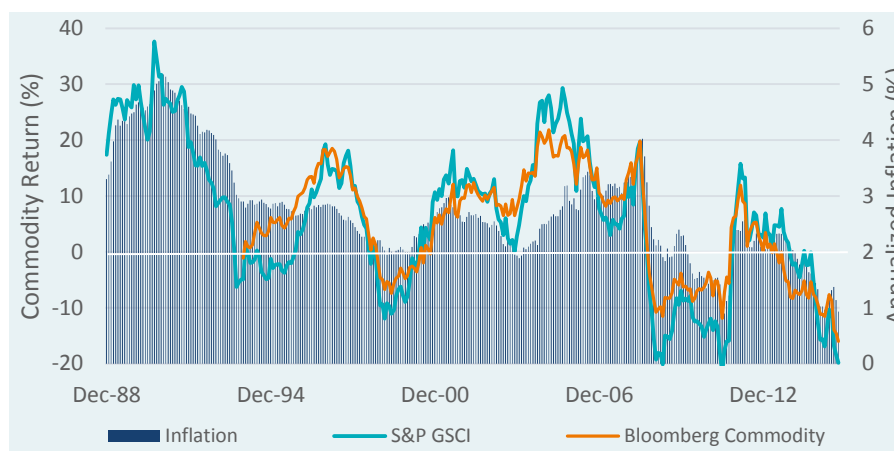
- Global El Nino weather patterns continue to have a widespread effect on commodity markets, potentially providing a boost to sectors such as agriculture and livestock, and putting further strain on oil and natural gas amid above average winter temperatures.

INDEX AND SECTOR PERFORMANCE

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(7.7)	(22.3)	(28.2)	(17.2)	(11.1)	(5.8)
Bloomberg Agriculture	(1.2)	(14.7)	(16.4)	(14.1)	(7.4)	0.8
Bloomberg Energy	(13.6)	(31.7)	(46.8)	(24.7)	(18.5)	(20.3)
Bloomberg Grains	(5.3)	(17.3)	(16.3)	(16.4)	(6.4)	1.2
Bloomberg Industrial Metals	(11.2)	(29.3)	(32.3)	(17.3)	(13.3)	(2.4)
Bloomberg Livestock	(7.2)	(22.0)	(25.8)	(5.5)	(4.0)	(7.9)
Bloomberg Petroleum	(10.2)	(29.2)	(42.0)	(24.8)	(14.0)	(10.4)
Bloomberg Precious Metals	(4.2)	(10.7)	(10.1)	(17.8)	(7.7)	6.6
Bloomberg Softs	8.3	(12.2)	(19.0)	(13.2)	(12.1)	(3.7)

Source: Bloomberg, as of 11/30/15

COMMODITY RETURNS VS. ANNUALIZED INFLATION



Source: Standard & Poor's, Bloomberg, as of 11/30/15

Periodic table of returns November 2015

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD	5-Year	10-Year
Real Estate	74.8	16.6	38.4	23.2	35.2	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	10.1	15.1	8.7
Large Cap Growth	32.9	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	7.2	14.3	8.7
Small Cap Growth	26.3	6.4	37.2	22.4	31.8	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	3.6	13.5	8.5
Large Cap Equity	23.8	4.4	31.0	21.6	30.5	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	2.8	13.4	8.0
US Bonds	19.3	3.2	28.5	21.4	22.4	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.9	12.5	7.6
Hedge Funds of Funds	18.9	2.6	25.7	16.5	16.2	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	0.7	12.0	7.3
Small Cap Equity	18.1	0.4	19.6	14.4	13.9	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	0.6	10.6	6.5
International Equity	13.4	-1.5	18.5	11.3	12.9	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	0.5	5.5	4.9
Cash	10.2	-1.8	15.2	10.3	10.6	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	0.0	5.3	4.6
60/40 Global Portfolio	9.7	-2.0	11.6	9.9	9.7	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-1.6	3.1	4.4
Large Cap Value	3.1	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-1.7	2.7	3.6
Small Cap Value	2.9	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-2.3	0.0	2.6
Emerging Markets Equity	1.4	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-13.0	-3.0	1.1
Commodities	-1.1	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-22.3	-11.1	-5.8

WORST

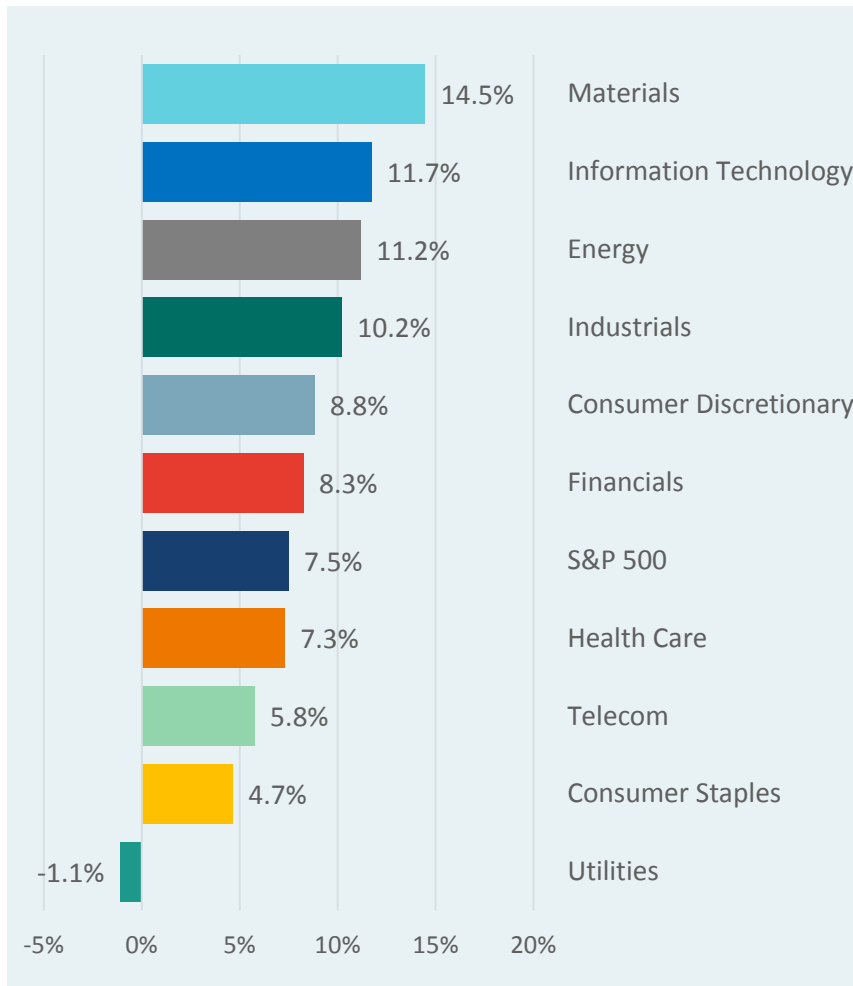
BEST

- Large Cap Equity
- Small Cap Growth
- Commodities
- Large Cap Value
- International Equity
- Real Estate
- Large Cap Growth
- Emerging Markets Equity
- Hedge Funds of Funds
- US Bonds
- 60% MSCI ACWI/40% BC Global Bond
- Small Cap Equity
- Cash
- Small Cap Value

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BC Agg, T-Bill 90 Day, Bloomberg Comm Index, NCREIF Property, HFRI FOF, MSCI ACWI, BC Global Bond.

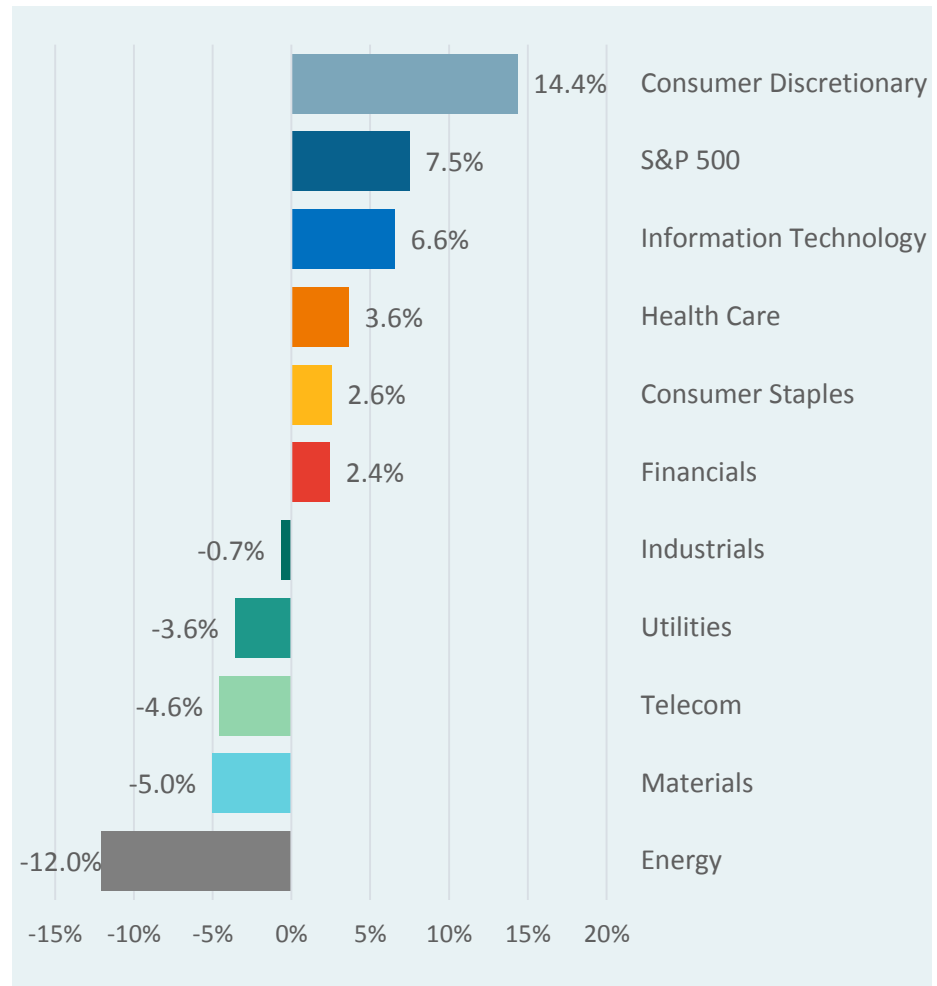
S&P 500 and S&P 500 sector returns

QTD ENDING NOVEMBER



Source: Morningstar as of 11/30/15

ONE YEAR ENDING NOVEMBER



Source: Morningstar as of 11/30/15

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.3	8.8	3.0	2.7	16.1	14.4	7.5
S&P 500 Equal Weighted	0.3	7.5	0.1	0.4	16.9	14.5	8.9
DJ Industrial Average	0.7	9.4	1.8	1.9	13.5	12.8	7.8
Russell Top 200	0.4	9.3	3.8	3.4	16.1	14.6	7.3
Russell 1000	0.3	8.4	2.8	2.5	16.1	14.3	7.6
Russell 2000	3.3	9.1	0.6	3.5	14.9	12.0	7.3
Russell 3000	0.6	8.5	2.6	2.6	16.0	14.1	7.6
Russell Mid Cap	0.3	6.5	0.2	0.5	16.1	13.6	8.4
Style Index							
Russell 1000 Growth	0.3	8.9	7.2	6.1	17.4	15.1	8.7
Russell 1000 Value	0.4	8.0	(1.7)	(1.1)	14.7	13.5	6.5
Russell 2000 Growth	3.7	9.5	3.6	6.6	17.3	13.4	8.5
Russell 2000 Value	2.8	8.6	(2.3)	0.4	12.6	10.6	6.1

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI EAFE	(1.6)	6.1	0.5	(2.9)	6.6	5.5	3.6
MSCI AC World ex US	(2.1)	5.2	(3.9)	(7.3)	3.3	3.0	3.6
MSCI EM	(3.9)	3.0	(13.0)	(17.0)	(4.6)	(3.0)	4.4
MSCI EAFE Small Cap	0.0	6.0	8.8	8.2	11.7	8.5	5.3
Style Index							
MSCI EAFE Growth	(0.7)	7.5	4.9	1.2	7.9	6.4	4.6
MSCI EAFE Value	(2.5)	4.7	(3.8)	(7.1)	5.2	4.6	2.6
Regional Index							
MSCI UK	(2.3)	4.8	(3.8)	(6.4)	3.9	5.8	3.8
MSCI Japan	(1.0)	9.0	9.2	7.6	12.0	5.9	1.7
MSCI Euro	(1.8)	5.2	(0.3)	(4.6)	6.4	6.1	4.0
MSCI EM Asia	(3.3)	4.2	(9.1)	(10.8)	0.2	0.6	6.6
MSCI EM Latin American	(4.2)	1.7	(28.0)	(34.5)	(16.5)	(12.6)	1.7

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BC US Treasury US TIPS	(0.1)	0.2	(0.7)	(1.8)	(2.2)	2.4	4.1
BC US Treasury Bills	(0.0)	(0.0)	0.1	0.1	0.1	0.7	3.3
BC US Agg Bond	(0.3)	(0.2)	0.9	1.0	1.5	3.1	4.6
Duration							
BC US Treasury 1-3 Yr	(0.2)	(0.3)	0.6	0.4	0.6	0.7	2.5
BC US Treasury Long	(0.8)	(1.4)	(1.2)	1.6	1.9	6.9	7.0
BC US Treasury	(0.4)	(0.8)	1.0	1.2	0.9	2.6	4.3
Issuer							
BC US MBS	(0.1)	(0.1)	1.5	1.7	2.1	2.9	4.7
BC US Corp. High Yield	(2.2)	0.5	(2.0)	(3.4)	3.1	6.0	7.3
BC US Agency Interm	(0.2)	(0.3)	1.4	1.2	1.0	1.5	3.6
BC US Credit	(0.2)	0.3	(0.0)	0.0	1.7	4.3	5.4

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Comm. Index	(7.3)	(7.7)	(22.3)	(28.2)	(17.2)	(11.1)	(5.8)
Wilshire US REIT	(0.4)	5.4	2.2	4.2	12.5	13.0	7.1
Regional Index							
JPM EMBI Global Div	(0.1)	2.7	2.6	0.2	1.7	5.6	7.2
JPM GBI-EM Global Div	(2.2)	2.3	(13.0)	(18.1)	(8.6)	(2.4)	4.7

Source: Morningstar, as of 11/30/15

Disclosures & notices

Past performance is no guarantee of future results. This report or presentation is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and should not be relied upon by retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. The opinions and information expressed are current as of the date provided or cited only and are subject to change without notice. This information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Verus expressly disclaims any and all implied warranties or originality, accuracy, completeness, non-infringement, merchantability and fitness for a particular purpose. This report or presentation cannot be used by the recipient for advertising or sales promotion purposes.

The material may include estimates, outlooks, projections and other “forward-looking statements.” Such statements can be identified by the use of terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

“VERUS ADVISORY™ and VERUS INVESTORS™ and any associated designs are the respective trademarks of Verus Advisory, Inc. and Verus Investors, LLC.” Additional information is available upon request.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 6.3

TO: Board of Retirement 
FROM: Michael Coultrip, Chief Investment Officer
SUBJECT: Approval of Resolution Amending the Investment Policy Statement

Staff Recommendation

Adopt a resolution amending the SamCERA Investment Policy Statement.

Background

The U.S. Department of Labor (DOL) issues interpretive bulletins for pension plans subject to the Employment Retirement Income Security Act (ERISA). Although ERISA specifically exempts governmental plans, both governmental plan and ERISA pension plan trustees have equivalent fiduciary duties arising out of the common law of trusts and governmental plans turn to ERISA and DOL decisions for guidance.

At the December meeting, staff presented a summary of the October DOL interpretive bulletin, which stated among other items, that an ERISA fiduciary may address economically targeted investments (ETIs) or incorporate environmental, social and governance ("ESG") factors in its Investment Policy Statement or integrate ESG-related tools, metrics and analyses to evaluate an investment's risk or return in choosing among otherwise equivalent investments. It can also consider whether and how potential investment managers consider ETIs or use ESG criteria in their investment practices.

Discussion

On June 3, 2014, the Board established an Investment Policy Statement (the "Policy") for the investment of the Fund assets. Section 5 of the Board's Investment Policy Statement, "General Investment Policies," is set forth below. The red-lined language is consistent with the new DOL guidance that the Board's policy can address whether and how potential investment managers consider ESG criteria in their investment practices.

"Consistent with the investment beliefs contained in Section 4.0, it is the investment policy of the Board to:

~~A. Consistent with fiduciary standards, always act in the best economic interests of SamCERA's plan beneficiaries and plan sponsors, and refrain from making investment decisions for political, social, or other non-economic reasons~~ Achieve long-term risk-adjusted returns consistent with its fiduciary duty.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

- B. Pursue an investment strategy that reduces the volatility of returns through prudent diversification of the portfolio across a broad selection of distinct asset classes, as provided for in Section 6.0 of this Investment Policy.
- C. Further diversify other risks, including extreme events, liquidity, and leverage by looking beyond traditional asset class definitions by utilizing multiple lenses on portfolio risks.
- D. Adopt an asset allocation target to guide the structure of the investment portfolio, as provided for in Section 6.0, and reevaluate on an annual basis.
- E. Reevaluate the asset-liability study every three to five years.
- F. Delegate full discretion, including whether to include environmental, social, and governance factors, if such factors have a direct relationship to the economic and financial value of an investment, when analyzing the financial merits of competing investment choices on behalf of SamCERA, to each investment manager to the extent authorized in their Investment Management Agreement (IMA)."

In addition to the recommended changes above, staff is proposing additional updates to the investment policy, as set forth below, which reflect the Board's previously approved investment policies. The changes are summarized below:

1. Section 6 "Asset Allocation & Portfolio Structure", Section 6 (A) "Public Equity Assets", Section 6 (C) "Alternative Assets", Section 6 (E) "Real Estate Assets", Section 6 (F) "Asset Allocation Policy Benchmark", and Section 9 "Public Equity Investment Policies" are amended to reflect a two percent reduction to the domestic equity allocation and a corresponding one percent increase to alternative assets (hedge funds/absolute return) and real estate.

The above asset allocation change was approved by the Board in August 2015.

2. Section 6 (B) "Fixed Income Assets" is amended to reflect the change to the fixed income manager structure as a result of changing the Western Asset Core Plus fixed income mandate to the Western Asset Total Return Unconstrained mandate. In order to keep the expected fixed income risk profile of the new structure similar, one percent of the Western allocation was transferred to the Core mandate. This resulted in a seven percent allocation to Core and a three percent allocation to Core Unconstrained.

The above change was approved by the Board in July 2015.

Attachment:

SamCERA Red-Lined Investment Policy Amended January 2016



SamCERA's Investment Policy Statement

Approved June 2014

Revised September 2014

Revised September 2015

Revised January 2016

1.0 ESTABLISHMENT OF INVESTMENT POLICY

The Board of Retirement (the “Board”), having exclusive authority and exclusive fiduciary responsibility for the investment and administration of the Trust Fund (the “Fund”), hereby establishes the following Investment Policy (the “Policy”) for the investment of the San Mateo County Employees’ Retirement Association (“SamCERA”) assets. The Board reserves the right to amend, supplement or rescind this Policy at any time.

The purpose of this Policy is to assist SamCERA in effectively supervising its investments in order to meet the requirements of the California Constitution, the County Employees Retirement Law of 1937 (“the 1937 Act”), the Mission and Goals of SamCERA and other requirements, and to encourage effective communication between SamCERA and its investment managers (the “Manager(s)”) and investment consultants (the “Consultant(s)”).

A. GOVERNING DOCUMENTS FOR THE INVESTMENTS OF THE FUND.

The powers and duties of the Board are set forth in the 1937 Act and in Article XVI of the State Constitution. They are further defined by the Mission and Goals adopted by the Board.

SamCERA was created by San Mateo County Ordinance No. 564 adopted by the Board of Supervisors, effective July 1, 1944. This ordinance established the retirement system in accordance with the provisions of California's County Employees' Retirement Law of 1937.

Constitution of the State of California

Article XVI, Section 17, relates to the administration of the system and investment of the Fund assets. It reads in pertinent part:

“(a)...The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

“(b) The members of the retirement board of a public pension or retirement system 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 of a public pension or retirement system 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 of a public pension or retirement system 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.”

The 1937 Act

The 1937 Act contains language similar to that in the State Constitution regarding the investments of the Fund:

Government Code section 31595.

“The board has exclusive control of the investment of the employees retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.

The board and its officers and employees shall discharge their duties with respect to the system: (a) 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.

(b) 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.

(c) 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 prudent not to do so.

SamCERA’s Mission and Goals

The Board has adopted a Mission and Goals statement. The Mission summarizes SamCERA’s reason to exist.

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

The Mission is further defined by three goals. One goal speaks to the management of the assets of the Fund. This asset management goal reads:

“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.”

In recognition of the requirements of the California Constitution, the 1937 Act, the SamCERA Mission and Goals and other legal requirements, the SamCERA Board has established this Investment Policy.

2.0 ROLES AND PRINCIPAL DUTIES

The Fund investments shall be prudently planned, implemented, managed, and monitored. The Board, Investment Committee (the “Committee”), Investment Staff (the “Staff”), Investment Consultant (the “Consultant”), Custodian Bank (the “Custodian”), and Investment Managers (the “Managers”) shall coordinate this process. The roles and principal duties of the above-mentioned parties are defined below:

A. THE BOARD shall review and approve Committee recommendations. The Board also will review, adopt and monitor all investment policies, guidelines and procedures required to prudently administer the Fund and to effectively mitigate risk to the Fund.

B. THE COMMITTEE shall identify issues pertinent to the effective investment and administration of the Fund and, on Board approval, initiate analysis of such issues by Staff, Consultant or Managers. It also reviews Staff’s and Consultant’s recommendations regarding all investment policies and Fund management. The Committee provides recommendations to the Board for adoption, oversees implementation, and monitors the investment programs in accordance with all applicable laws and Board-established policies, guidelines and procedures. Refer to Attachment A – Charter of SamCERA’s Investment Committee of the Board for detailed Committee responsibilities.

C. THE STAFF shall oversee the Fund’s investment program activities, implement the Board decisions, make recommendations to the Committee regarding Fund management, and recommend investment-related policies and procedures to the Committee. Additionally, Staff shall monitor the performance and compliance of Managers in accordance with all applicable laws, Board-established policies, guidelines and procedures, as well as Schedule B Investment Guidelines set out in the Investment Management Agreements (IMA) between SamCERA and each Manager. Staff shall also facilitate the Committee meetings and complete activities as directed by the Board.

D. THE CONSULTANT shall review, analyze and evaluate the Fund’s effectiveness and efficiency and make fund management related recommendations. Consultant assists Staff in implementing the Board decisions and developing all investment-related policies. Consultant’s responsibilities are detailed in the service agreement between SamCERA and Consultant.

E. THE CUSTODIAN shall provide custody of SamCERA’s investment assets. In addition, the Custodian will manage the securities lending program. The Custodian’s responsibilities will be detailed in the service agreement between SamCERA and Custodian.

F. THE MANAGERS shall prudently manage their mandated allocations in accordance with all applicable laws, Board-established policies, guidelines and procedures, as well as specific investment guidelines. Managers’ responsibilities will be detailed in the Investment Management Agreements (IMA) between SamCERA and each Manager.

3.0 INVESTMENT OBJECTIVES

The Board shall develop an investment program, consistent with the Investment Beliefs and General Investment Policies as stipulated in Sections 4.0 and 5.0, respectively, in order to meet the following objectives:

- A. Generate risk-adjusted returns that exceed the Asset Allocation Policy Benchmark (as defined in Section 6.0) on a net-of-fee basis over five-year rolling periods.
- B. Move toward full actuarial funding of the Pension Benefit Obligation based on GASB 25 and the Board's policy of layered fifteen-year unfunded actuarial accrued liability (UAAL) amortization periods.
- C. Achieve a Fund return that meets or exceeds the long-term forecast of capital market returns for the asset allocation portfolio benchmark over multiple economic cycles (e.g. 15-20 years).
- D. Provide a more consistent return stream than a traditional 60% Equity / 40% Fixed Income portfolio as measured by lower portfolio drawdowns over a full market cycle.

4.0 INVESTMENT BELIEFS

The following section summarizes the Board's investment beliefs that have guided it in the development of this Policy document and will guide it in the oversight of the Plan assets.

- Strategic asset allocation is the primary driver of portfolio risk and return.
- SamCERA should have a long-term horizon and not be tempted to deviate from its long-term plan in response to short-term volatility.
- Everything else being equal, simplicity is preferred over complexity.
- For those asset classes evidencing market efficiencies, the manager structure may favor the employment of passive strategies.
- Diversification is fundamental.
- There is no single definition of risk. There are various measures of 'risk' that can be used for various purposes.
- The portfolio should be diversified across many risk dimensions/timeframes.
- SamCERA should not pursue investments that will not adequately compensate it for the risks that those investments bring.
- Costs matter.

5.0 GENERAL INVESTMENT POLICIES

Consistent with the investment beliefs contained in Section 4.0, it is the investment policy of the Board to:

- A. ~~Consistent with fiduciary standards, always act in the best economic interests of SamCERA's plan beneficiaries and plan sponsors, and refrain from making investment decisions for political, social, or other non-economic reasons.~~ Achieve long-term risk-adjusted returns consistent with its fiduciary duty.
- B. Pursue an investment strategy that reduces the volatility of returns through prudent diversification of the portfolio across a broad selection of distinct asset classes, as provided for in Section 6.0 of this Investment Policy.
- C. Further diversify other risks, including extreme events, liquidity, and leverage by looking beyond traditional asset class definitions by utilizing multiple lenses on portfolio risks.
- D. Adopt an asset allocation target to guide the structure of the investment portfolio, as provided for in Section 6.0, and reevaluate on an annual basis.
- E. Reevaluate the asset-liability study every three to five years.
- F. Delegate full discretion, including whether to include environmental, social, and governance factors, if such factors have a direct relationship to the economic and financial value of an investment, when analyzing the financial merits of competing investment choices on behalf of SamCERA, to each investment manager to the extent authorized in their Investment Management Agreement (IMA).
- G. Adopt objectives that encourage investment managers to maximize their performance, within acceptable risk parameters, relative to their individual investment style benchmark.
- H. Refrain from drastically shifting asset class allocations over short time spans, unless it is in the Fund's best interest to do so.
- I. Rebalance the portfolio in accordance to the Rebalancing Policy set forth in Section 7.0.

6.0 ASSET ALLOCATION & PORTFOLIO STRUCTURE

The target asset class allocation, rebalancing ranges, and the sub-asset class portfolio structure of the Fund shall be allocated as follows:

ASSET CLASS	TARGET ALLOCATION	REBALANCE RANGE
Public Equity	48 50%	±3%
Fixed Income	20%	±2%
Risk Parity	8%	±2%
Alternative Assets *	17 6%	±2%
Real Estate *	7 6%	±2%

* Recognizing the illiquidity of the asset class, rebalancing will be considered over six- to twelve-month periods.

A. Public Equity Assets shall be allocated to managers within the following sub-asset classes:

PUBLIC EQUITY ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Large Capitalization Domestic	24.0%	±2%
Passive Core	15.0%	±2%
Active Core	3.0%	±2%
Growth	3.0%	±2%
Value	3.0%	±2%
Small Capitalization Domestic	46.0%	±2%
Growth	23.0%	±2%
Value	23.0%	±2%
International	20.0%	±2%
Passive Core	4.0%	±2%
Growth	6.0%	±2%
Value	6.0%	±2%
Small Capitalization	2.0%	±2%
Emerging Market	2.0%	±2%
TOTAL PUBLIC EQUITY	5048.0%	

B. Fixed Income Assets shall be allocated to managers within the following sub-asset classes:

FIXED INCOME ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Core	76.0%	±2%
Core Unconstrained	34.0%	±2%
Opportunistic Credit	5.0%	±2%
Inflation Protection	2.0%	±2%
Global Fixed Income	3.0%	±2%
TOTAL FIXED INCOME	20.0%	

C. Alternative Assets shall be allocated to managers within the following sub-asset classes:

ALTERNATIVE ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Private Equity	7.0%	±2%

Hedge Funds (Absolute Return)	54.0%	±2%
Commodities	3.0%	±2%
Real Assets	2.0%	±2%
TOTAL ALTERNATIVE ASSETS	176.0%	

D. Risk Parity Assets shall be allocated as follows:

RISK PARITY ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Risk Parity	8.0%	±2%
TOTAL RISK PARITY	8.0%	

E. Real Estate Assets shall be allocated as follows:

REAL ESTATE ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Core	76.0%	±2%
TOTAL REAL ESTATE	76.0%	

F. Asset Allocation Policy Benchmark

The Asset Allocation Policy Benchmark defined below is derived by assigning a passive benchmark to each of the sub-asset classes referenced in Sections 6.0 (A) through 6.0 (E) and weighting each by the Target Allocation. The performance of the Asset Allocation Policy Benchmark is computed by the Plan's investment consultant, [Strategic Investment Solutions](#).

Benchmark	Asset Allocation Policy Benchmark
Public Equity	4850%
Russell 1000 Index	24%
Russell 2000 Index	46%
MSCI ACWI x US IMI Index	20%
Fixed Income	20%
BC Aggregate Index	10%
BC BA Intermediate High Yield Index	5%

BC Capital US TIPS Index	2%
BC Multiverse Index	3%
Risk Parity	8%
60% Russell 3000 / 40% BC Aggregate	8%
Alternatives	176%
Russell 3000 +3%	7%
LIBOR + 4%	54%
DJ-UBS Bloomberg Commodity Index	3%
CPI + 5%	2%
Real Estate	76%
NCREIF ODCE	76%

7.0 REBALANCING POLICY

- A. The Chief Investment Officer (CIO) shall rebalance the portfolio as needed in conformance with the asset allocation tactical ranges set forth in Section 6.0.
- B. The potential need to rebalance will be continuously monitored, and will be subject to deviations within the established rebalance ranges specified in Section 6.0.
- C. The CIO will have discretion to rebalance to Target or to some other allocation, as long as it is within policy ranges.
- D. Cash flows will be used first to rebalance, and to the extent possible, exchange traded derivatives will be used to rebalance in a cost-effect manner.
- E. All rebalancing activity shall be reported to the Board at the next scheduled meeting.

8.0 GENERAL MANAGER INVESTMENT PERFORMANCE POLICIES

The responsibility for securities selection, purchase and sale decisions, and proxy voting (where appropriate) is delegated to the external investment managers. The individual investment guideline parameters (including diversification constraints, concentration limits, asset type exclusions, etc.) and performance objectives for each investment manager will be established within the IMA with each firm.

The Board expects to measure investment performance quarterly and will generally follow prudent time horizons when evaluating short term, intermediate term, and long term performance of its investment managers. Generally, the Board defines underperformance as: Cumulative annualized performance (net of fees) over a three-year period below a broad market-based benchmark return times 0.9, or five year return (net of fees) below the broad market based benchmark return.

Performance will also be evaluated in light of the manager's stated style and discipline.

9.0 PUBLIC EQUITY INVESTMENT POLICIES

PUBLIC EQUITY OVERVIEW: Public equity is expected to produce returns higher than that provided from fixed income but at potentially higher levels of volatility. Exposure to this asset class will provide return streams generally correlated to that of the general economic growth. There are two primary parts to the Public Equity category: 1) Domestic Equity, and 2) International Equity.

PUBLIC EQUITY MANAGER STRUCTURE:

Domestic Equity: For the domestic equity program, the majority of the tracking error will come from stock selection via active management as the overall manager structure for domestic equities will not possess any significant biases in terms of investment style. The domestic equity composite will consist of two sub-composites: 1) Large-Capitalization Equity, and 2) Small-Capitalization Equity. The large-cap composite will consist of Core, Value, and Growth. Core will consist of two strategies, one a passive and another a low-tracking error active, while the Growth and Value categories will consist of higher tracking error active strategies. The Small-Capitalization strategy will consist of actively-managed Value and Growth strategies.

International Equity: International Equity will consist of two sub-composites: 1) Developed Equity, and 2) Emerging Equity. Developed Equity will consist of a passive Core component and active Value, Growth (although both have exposure to emerging markets) and Core Small-Capitalization strategies. Emerging Market Equity will consist of an active Core mandate.

PUBLIC EQUITY PERFORMANCE OBJECTIVE:

The performance objective of the Public Equity Category is to outperform on a net-of-fee basis a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for both the domestic and international equity parts (which results in the following weights: 50.48% Russell 1000, 8.312% Russell 2000, and 41.70% MSCI World ex US IMI), with a maximum tracking error of 3% to this benchmark.

PUBLIC EQUITY RISK EXPOSURES AND RISK MITIGATION:

The primary risk factors for Public Equity are correlation to general economic growth, high volatility in returns, and potential illiquidity in smaller-capitalization and certain emerging market stocks. SamCERA will control for these risk factors by diversifying the plan across assets that exhibit limited correlation to economic growth. In addition, SamCERA's rebalancing ranges for small-cap and emerging market equities will help ensure adequate diversification within the equity portion of the SamCERA portfolio.

ASSET CLASS	BENCHMARK INDEX
Total Public Equity	Customized Benchmark Portfolio
Domestic Equity	850% Russell 1000 / 1520% Russell 2000
Large Capitalization Domestic Equity	Russell 1000
Passive Core	S&P 500
Active Core	S&P 500
Large Growth	Russell 1000 Growth
Large Value	Russell 1000 Value
Small Capitalization Domestic Equity	Russell 2000
Small Growth	Russell 2000 Growth
Small Value	Russell 2000 Value
International Equity	MSCI All Country World ex US IMI
Developed International	MSCI All Country World ex US
Developed International Passive Core	MSCI EAFE
Developed International Growth	MSCI ACWI Free ex US Growth
Developed International Value	MSCI ACWI Free ex US Value
International Small	MSCI ACWI Small Cap ex US
Emerging Markets	MSCI Emerging Markets Free

10.0 FIXED INCOME INVESTMENT POLICIES

FIXED INCOME OVERVIEW: Fixed income is expected to provide a lower but steadier stream of returns than public equity asset classes, but is also expected to reduce the risk of the overall portfolio because bonds have lower risk than most other major asset classes. That said, there are a number of sub-categories within fixed income that exhibit very different risk/return trade-offs and hold different tasks in terms of role in the portfolio. Fixed Income is broken out into five subcategories:

- 1) Core, 2) Core Unconstrained, 3) Opportunistic Credit, 4) Inflation Protection, and 5) Global Fixed Income

Core: Core is generally considered the lowest-risk fixed income category, and one that invests in primarily liquid, investment grade U.S. Dollar denominated bonds. It also generally consists of sectors that comprise the Barclays Aggregate Index. Core's role in the portfolio is to dampen portfolio volatility and protect the portfolio in times of economic duress.

Core Unconstrained: Core Unconstrained is a medium-risk fixed income sub-category, and contains the sectors contained in Core plus high yield (below investment grade bonds), non-U.S. Dollar denominated bonds, and emerging market fixed income securities. Core

Unconstrained's role in the portfolio is a combination of total portfolio volatility dampening combined with some moderate return enhancement.

Opportunistic Credit: Opportunistic Credit is expected to be the highest-risk fixed income category, and will be used to enhance return by investing in non-traditional sectors of the bond market, including bank loans, high yield bonds, convertible bonds, and CMBS/ABS securities. This sub-category will be exposed to general economic risk factors, similar to public equities.

Inflation Protection: Inflation Protection is expected to provide some protection against higher rates of inflation.

Global Fixed Income: Global Fixed Income has characteristics similar to a combination of Core and Core Unconstrained but extended to a global opportunity set, and is expected to provide some portfolio volatility dampening along with some return enhancement.

FIXED INCOME PERFORMANCE OBJECTIVE:

The performance objective of the Fixed Income Composite is to outperform, on a net-of-fee-basis, a customized index incorporating the weighted average components for five sub-categories highlighted above (which results in the following weights: 46% Barclay's Capital Aggregate Bond Index, 25% Barclays BA Intermediate High Yield Index, 10% Barclays Capital US TIPS Index, and 19% Barclays Capital Multiverse Index), with a maximum tracking error of 3% to this benchmark.

FIXED INCOME RISK EXPOSURES AND RISK MITIGATION:

The fixed income sub-sectors have very different risk factor exposures, with Core being generally the lowest risk, highest liquid sub-category, while Opportunistic Credit is generally the highest risk, lowest liquid sub-category. SamCERA will take into account these unique risk factors when constructing the fixed income portfolio to help ensure that the overall risk profile of the total portfolio is consistent with expectations.

Core: The primary risk factors are sensitivity to changes in interest rates, changes in mortgage prepayment speeds, and investment-grade corporate and sovereign credit risk.

Core Unconstrained: Typically includes the risk factors found in Core with additional exposures to high-yield default risks, emerging markets sovereign/corporate default risk, and potential illiquidity. The allocation to these risk exposures will be dynamic over time as the portfolio is not constrained to a benchmark.

Opportunistic Credit: Typically includes the risk factors contained in Core and Core Unconstrained, but, depending on the mandate, with higher emphasis to high-yield default risks, emerging markets sovereign/corporate default risk, and potential illiquidity.

Inflation Protection: The primary risk factors are to changes in real interest rates, deflationary environments (although deflation floors could mitigate some of this risk), and potential illiquidity.

Global Fixed Income: The primary risk factors are sensitivity to global interest rates, sovereign credit risk (including emerging markets), corporate default risk, and currency impacts.

ASSET CLASS	BENCHMARK INDEX
Fixed Income	Customized Benchmark Portfolio
Domestic Fixed Income	Barclays Capital Aggregate Bond Index
Core/Core Unconstrained	Barclays Capital Aggregate Bond Index
Opportunistic Credit	Barclays Capital BA Intermediate High Yield Index
Inflation Protection	Barclays Capital US TIPS Index
Global Fixed Income	Barclays Capital Multiverse Index

11.0 REAL ESTATE INVESTMENT POLICIES

REAL ESTATE OVERVIEW: Real Estate is expected to provide a return and risk profile between that provided by fixed income and equities. The majority of exposure will be in Core real estate assets of the highest quality located in the best locations in North America, Europe, and Asia. The remainder will be Value-Add properties that are expected to provide somewhat higher return potential along with somewhat higher risk. Income will be a large part of the return stream generated from this portfolio. The role of this portfolio is to provide diversification benefits, some protection against unanticipated inflation, and a steady income stream. Higher risk Opportunistic/Development real estate strategies will reside in the Private Equity composite due to their higher-risk, longer time horizon, and the less liquid nature of the investment set compared to Core and Value-Add strategies.

REAL ESTATE PERFORMANCE OBJECTIVE:

The performance objective of the Real Estate Composite is to outperform, on a net-of-fee basis, the NCREIF ODCE Index over a 5-year rolling period.

REAL ESTATE RISK EXPOSURES AND RISK MITIGATION:

Many real estate funds utilize leverage to enhance returns. Lack of liquidity is also a concern, but less so for core real estate investments. Value-add and opportunistic strategies also tend to have more exposure to general economic conditions than core properties.

These risks will be mitigated in a number of ways. First, the primary emphasis of SamCERA's real estate program will be focused on Core properties, with a secondary emphasis to Value-Add properties. Opportunistic-oriented strategies will reside in our Private Equity portfolio due to their higher risk profile. In addition, SamCERA's core real estate fund has a leverage limit of 35%, and SamCERA also sits on the Fund's Advisory Committee.

ASSET CLASS	BENCHMARK INDEX
Real Estate	NCREIF ODCE

12.0 ALTERNATIVE ASSETS INVESTMENT POLICIES

ALTERNATIVES OVERVIEW: Alternatives are investments that do not neatly fit into public equities, fixed income, or real estate. SamCERA's alternatives program is broken out into the following four sub asset classes:

- 1) Private Equity, 2) Hedge Funds, 3) Commodities, and 4) Private Real Assets

Private Equity: Private Equity is expected to be the highest returning asset class over the long-term. Its role in the portfolio is to provide high return potential in order to maximize the ability of the Fund to meet its performance objectives. The Private Equity program will contain manager allocations to three primary sub-categories: 1) Buyouts, 2) Venture Capital, and 3) Debt/Special Situations. These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation target allocation and ranges around target are summarized below:

Sub-Category	Target Allocation	Range
Buyouts	60%	+/- 20%
Venture Capital	20%	0 – 30%
Debt/Special Situations	20%	+/- 10%

The responsibility for private equity sourcing is delegated to SamCERA's investment consultant.

The private equity portfolio shall adhere to the following investment guidelines covering diversification and quality:

(a) Diversification: Subject to availability of sufficient attractive opportunities, the portfolio is to be diversified over multiple years by the following:

Vintage Year: It is expected that roughly equal amounts of new funding will be committed in each calendar year, with deviations permitted to accommodate market opportunities and to facilitate initial entry into the asset class.

Investment Manager: No more than twenty (20) percent of the private equity portfolio's target allocation may be committed to any one investment manager (excluding fund of funds).

Geography: Through commitments to funds located and/or investing both in and outside of the United States.

Industry: It is expected that the private equity portfolio will be generally diversified by sector/industry.

(b) Quality: All commitments to private equity by SamCERA must be of institutional quality as evidenced by other tax-exempt institutional investors' commitments to the investment manager's prior or current funds.

Fund managers are expected to comply with SamCERA's private placement disclosure rules.

Hedge Funds (Absolute Return): The hedge fund category will focus on funds that have an absolute return orientation and are not expected to contain significant levels of public market beta over the long term. This category is expected to provide a diversifying return stream to the total plan that is not correlated to the public markets. Suitable investment strategies include multi-strategy funds, GTAA or global macro funds, and CTA/Managed Futures trend following funds. It is expected that this category will be implemented via commingled funds and not in separate accounts so that SamCERA's investment in any single fund would be 'ring-fenced' (i.e. any potential losses would be limited to the investment in the single fund, and not extend to the total plan assets).

Commodities: Commodities are meant to provide some protection from higher levels of unanticipated inflation while providing a diversifying return stream from that of public markets.

Private Real Assets: Private Real Assets are expected to provide attractive total and risk-adjusted returns that exhibit low correlations with traditional asset classes but positive correlation with inflation. Private Real Assets will be composed of three sub-categories: 1) Infrastructure (Core, Secondary, Midstream Energy, and Power), 2) Mining, and 3) Farmland/Timber/Water. These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation target allocation and ranges around target are summarized below:

Sub-Category	Target Allocation	Range
Infrastructure	50%	+/- 50%
Mining	0%	0 – 50%
Farmland/Timber/Water	0%	0 – 50%

ALTERNATIVES PERFORMANCE OBJECTIVE:

The performance objective of the Alternatives Composite is to outperform, on a net-of-fee basis, a customized index incorporating the weighted average components for four sub-asset classes highlighted above (which results in the following weights: 44% Russell 3000+3%, 25% LIBOR+4%, 19% Dow Jones-UBS Commodity, and 12% CPI+5%).

ASSET CLASS	BENCHMARK INDEX
Alternatives	Customized Benchmark Portfolio
Private Equity	Russell 3000 + 3%
Commodities	Dow Jones -UBS Bloomberg Commodity
Hedge Funds	LIBOR + 4%
Real Assets	CPI + 5%

ALTERNATIVES RISK EXPOSURES AND RISK MITIGATION

Alternatives, while expected to provide attractive returns that are less correlated to the returns provided by public asset classes, also have a number of risks. Chief among these are illiquidity risk and leverage. By their nature both Private Equity and Private Real Assets are generally illiquid in that the life of these fund investments can be as long as ten to twelve years. SamCERA recognizes that this illiquidity is a necessary characteristic (and source of return premium) for these asset classes and as such will endeavor to take this illiquidity into account at the total plan level when addressing total plan liquidity needs during strategic planning asset liability studies. Leverage can be employed by alternative managers to enhance the overall risk-adjusted returns. SamCERA will control leverage exposure through partnership selection and portfolio construction and diversification.

13. RISK PARITY INVESTMENT POLICIES

RISK PARITY OVERVIEW: Risk Parity is a risk-diversified balanced portfolio that is expected to provide a more diversified return and risk profile than that of a traditional 60% equity / 40% fixed income portfolio. It is generally designed to be more balanced between equity risk, interest rate risk, and inflation risk than a traditional balanced portfolio.

RISK PARITY PERFORMANCE OBJECTIVE:

The performance objective of the Risk Parity Composite is to outperform, on a net-of-fee basis, the 60% Russell 3000 / 40% BC Aggregate over a 5 year rolling period.

RISK PARITY RISK EXPOSURES AND RISK MITIGATION:

Risk parity managers utilize leverage in order to enhance returns. Moderate leverage may be utilized and the portfolio managers should avoid strategies that might place the portfolio outside the expected ranges outlined. Gross exposures are expected to range from 250% to 350%. In addition, the risk parity portfolio shall consist of a portfolio of generally liquid trading instruments.

Counter-parties for Over the Counter (OTC) derivatives must either: (1) have a long-term rating from Standard & Poor's of at least A-, or from Moody's of at least A3; or (2) be approved by the manager's counter-party committee. In the event that the OTC derivative

counterparty is an unrated affiliate whose performance is unconditionally guaranteed by the parent company, the parent's credit rating shall apply.

ASSET CLASS	BENCHMARK INDEX
Risk Parity	60% Russell 3000 / 40% BC Aggregate

14.0 QUARTERLY INVESTMENT PERFORMANCE REPORTING

The quarterly investment performance reports will be designed as a risk management tool and will afford the Board the opportunity to timely identify potential risk issues within the portfolio and to assess the relative performance of the investment managers.

The report will provide sufficient information to assess the following:

- A. Total and active risk assessment at total fund, composite and individual manager level.
- B. Performance attribution at total fund, composite and individual manager level.
- C. Adherence to the investment style for which the manager is retained, as measured by the quarterly risk adjusted active return (deviation of the manager's performance from the specified performance benchmark) over the last quarter, six months, one-, three-, and five-year periods, including updates from previous quarterly reports regarding adherence to the style for which the firm was retained;
- D. Ability of the active manager to demonstrate consistently positive information ratios, including updates from previous quarterly reports regarding the firm's information ratios;
- E. Quarterly, annual, three- and five-year total time-weighted returns relative to the specified performance benchmark and manager style peer group.

15.0 ANNUAL INVESTMENT STRATEGY

Annually, the Board/Staff shall convene an investment strategy session (typically as part of the annual retreat) with the objective of addressing strategic investment policy issues and to deliberate any policies that could benefit the performance of the retirement Fund. The agenda for these sessions should include (but is not limited to) the following information:

- (a) Compare the Fund's actual investment performance for the prior fiscal year against the investment objectives set forth in Section 3.0 and evaluate the relative success or failure of the prior year's performance; specific commentary to this objective shall be an integral part of the performance measurement process.
- (b) Compare each investment manager's investment performance for the prior fiscal year against the relevant benchmarks and peer groups and evaluate the relative success or failure of their prior year's performance.

(c) Evaluate and review the total Fund performance attribution and contribution to return at the composite level to isolate performance drivers.(d) Evaluate and review the various risk exposures of the plan versus appropriate policy limits and on-going trends through time.

(e) Evaluate and review the portfolio rebalancing activity for the year.

(f) Evaluate the Fund's liquidity requirements for the current and next fiscal years.

(g) Compare each investment manager's fees to their respective peer universe.

16.0 PROXY VOTING

The Investment Managers are delegated authority for the voting of proxies, subject to the following guidelines:

A. All proxies shall be voted in the best interest of the shareholders, but in no instance shall the economic interests of the retirement Fund be subordinated to any other interest.

B. Investment managers shall provide staff with quarterly reports on all proxies cast, in a mutually acceptable format.

17.0 SECURITIES LENDING

A. Pursuant to Section 2.0 (E), the Custodian shall manage a securities lending program to enhance income in accordance with the terms and conditions set forth in a mutually acceptable securities lending agreement and guaranty.

B. The Board reserves exclusive authority to approve the securities lending agreement prior to the commencement of securities lending activity.

C. Unless otherwise specified in the agreement(s):

(i) All loans shall be marked-to-market daily.

(ii) Collateral on each loan shall be maintained daily at 102% of loan value for domestic securities and 105% of loan value for international securities.

(iii) Acceptable collateral shall be in the form of cash or marketable fixed income securities with maturities not greater than one year, including (1) Commercial Paper with quality ratings of P-1 and/or A-1 by Moody's Investors Services or Standard & Poor's Corporation, or their equivalents; (2) Banker's acceptances, certificates of deposits and time deposits; (3) United States Treasury and Government Agency short-term obligations; and (4) Repurchase Agreements with United States Treasury Securities and Agencies of the United States Government as collateral.

(iv) Borrower must have a long-term credit rating of either "A" from S&P or "A2" from Moody's. For split rated borrowers, the higher rating shall prevail if not the same rating, with the lower rating having a minimum long-term credit rating of either "A-" from S&P or "A3" from Moody's.

D. The Chief Investment Officer shall be responsible for monitoring the securities lending program and recommending changes as appropriate.

APPENDIX A

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Investment Committee Charter as Amended
RESOLUTION 99-00-09

This Resolution, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), sets forth the Charter for the Board's Investment Committee.

WHEREAS, Article XVI, §17 of the Constitution of the State of California as amended 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. &

WHEREAS, California Government Code §31595 states, as follows:

The Board has exclusive control of the investment of the employees retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board...; &

WHEREAS, *The Board of Retirement*, wishes to exercise these powers as follows:

EXERCISE OF POWERS: *The Board shall exercise its investment, management and administrative authority and responsibility through the approval of motions recorded in public meeting &*

WHEREAS, the Board has adopted SamCERA's Investment Policy and amendments thereto to direct the investments of the Retirement Fund and now wishes to establish an Investment Committee to guide the future evolution of SamCERA's Investment Policy. Therefore, be it

RESOLVED that the Board hereby establishes a standing Investment Committee to direct the Board in its ongoing evaluation of SamCERA's Investment Policy, including but not limited to

1.0 CONDUCT ASSET ALLOCATION STUDIES

1.1 Determine the characteristics of the Policy's liabilities in regards to the nature of Fund's cash flows

2.0 DEVELOP ASSET MIX ALTERNATIVES TO MEET LIABILITY REQUIREMENTS

- 2.1 Establish allowable asset classes
- 2.2 Determine asset class benchmarks
- 2.3 Develop risk, return & correlation projections

3.0 EVALUATE EFFICIENT FRONTIER ALTERNATIVES

- 3.1 Define risk, return and correlation
- 3.2 Evaluate mean variance optimization
- 3.3 Determine low risk alternatives and high risk alternatives
- 3.4 Scale portfolios between two extremes
- 3.5 Evaluate optimized efficient frontier
- 3.6 Integrate optimized efficient frontier with asset-liability relationships

4.0 ANALYZE BOARD RISK TOLERANCE

- 4.1 Assess risk/reward trade-offs
- 4.2 Assess contribution rate sensitivity & variability
- 4.3 Assess ability to exceed actuarial interest rate
- 4.4 Assess comfort level with characteristics of specific asset mixes

5.0 RECOMMEND PREFERRED ASSET MIX

- 5.1 Evaluate differences from current target
- 5.2 Evaluate Board's willingness to implement new target asset mix
- 5.3 Evaluate appropriateness of variance from peer public fund norms

- 6.0 RECOMMEND AMENDMENTS TO SAMCERA'S INVESTMENT POLICY
 - 6.1 Adjust target asset mix
 - 6.2 Introduce new benchmarks
 - 6.3 Include required asset class/portfolio modifications
- 7.0 RECOMMEND REVISIONS TO MANAGER STRUCTURE
 - 7.1 Adjust manager/style line-up as necessary
 - 7.2 Introduce new managers/asset classes
 - 7.3 Terminate managers/asset classes as necessary
 - 7.4 Establish active & passive allocation targets as appropriate
- 8.0 IMPLEMENT CHANGES TO MANAGER STRUCTURE
 - 8.1 Recommend time-line & approach to revise structure
 - 8.2 Conduct manager evaluations
 - 8.3 Establish portfolio and asset allocation rebalancing procedures
- 9.0 EVALUATE MANAGER PERFORMANCE
 - 9.1 Monitor results of managers both gross and net of investment management fees
 - 9.2 Assess consistency of portfolio decision making
 - 9.3 Evaluate organizational, ownership, personnel & other firm developments
- 10.0 RECOMMEND AND EVALUATE INVESTMENT CONSULTANT STRUCTURE & PERFORMANCE
 - 10.1 Recommend for Board determination the retention and termination of Investment Consultant(s) as necessary
 - 10.2 Define and assign special projects as warranted
 - 10.3 Monitor performance of Investment Consultant(s)
 - 10.4 Conduct evaluations of Investment Consultant(s)
 - 10.5 Evaluate organizational, ownership, personnel and other firm developments
- 12.0 INITIATE & EVALUATE SPECIAL INVESTMENT STUDIES
- 13.0 UNDERTAKE OTHER WORK ASSIGNED TO IT BY THE BOARD Be it further

RESOLVED that the Chair may appoint the members of the Investment Committee per Regulation 2.5.1. Be it further

RESOLVED that the Chief Executive Officer is hereby instructed to provide the Committee with access to all appropriate and available resources and records, so long as such access is consistent with sound fiduciary practices. Be it further

RESOLVED that the Chief Executive Officer is hereby authorized to provide compensation of \$100 per meeting for not more than two meetings per month to the members of the Committee eligible for such compensation, per GC§31521. Be it further

RESOLVED that the Board hereby reserves to itself sole authority to accept, modify, or reject the recommendations, which the Investment Committee may present from time to time pursuant to the provisions of this Resolution, per Regulation 2.3.

ADOPTED by unanimous vote, January 25, 2000

AMMENDED by unanimous vote, May 22, 2001

AMMENDED by unanimous vote, October 25, 2004

APPENDIX B

Derivatives Investment Policy

1) Introduction

There is a genuine need to allow SamCERA's separate account managers to evaluate new securities and introduce them into their portfolios, given that the investment process followed by the investment managers complies with the subsequent provisions of this policy statement. This policy statement allows SamCERA's separate account Managers to exercise reasonable investment freedom, while minimizing the possibility of adverse implications for the Board.

2) Derivative Definition

A 'derivative' commonly is defined as a financial instrument whose performance is derived, at least in part, from the performance of an underlying asset (such as a security or an index of securities).

3) Types of Securities Included or Excluded

Since the derivative sector of the market is likely to experience considerable change, provisions must be made for the general characteristics of a derivative security, its evaluation and monitoring. Therefore, it is most appropriate to not attempt to definitively list all of the derivative securities that are covered by this policy. Instead, what will be explicitly stated is the investment process that governs derivative investments and the evaluation and monitoring requirements of this policy.

4) Approach to Policy

An approach has been developed which states allowable derivative investments, limited allocation derivative investments and restricted derivative investments.

Derivative securities not specified in the above three groups of securities must be evaluated in accordance with the following section entitled Derivative Investment Process. If the security meets these provisions and the spirit of these policies, the manager may establish a prudent position in the instrument. However, the manager must be able to demonstrate the appropriateness of such an investment in light of SamCERA's guidelines.

5) Counter-Party Evaluation

When entering into a non-exchange traded derivative investment, the investment manager must fully evaluate the other side of the derivative transaction—the counter-parties to the trade. Due to the possibility of counter-party default, SamCERA's investment managers must evaluate the risks associated with the counter-party as if an investment were being made in the traditional securities issued by the counter-party.

At a minimum, the investment manager must evaluate the counter-party's following criteria:

- a) Corporate earnings stream
- b) Corporate asset quality
- c) Capitalization
- d) Corporate liquidity
- e) Moody's and Standard & Poor's debt ratings
- f) Other fundamental investment and risk characteristics

For those counter-parties that are broker/dealers, they must:

- a) Have investment grade (Moody's and S&P rated) debt
- b) Be registered with the SEC
- c) Have significant net capital to protect against potential adverse market circumstances

For those counter-parties that are financial institutions (banks), they must have:

- a) Investment grade (Moody's and S&P rated) debt
- b) Total assets in excess of \$1 billion
- c) Significant net capital to protect against potential adverse market circumstances

The investment manager must monitor individual investment and total portfolio exposure to counter-parties. Individual counter-party exposure must be well diversified and not concentrated in a small number of organizations.

6) Purposes for Derivatives

The acceptable investment purposes for the use of derivatives are as follows:

- a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
- b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
- c. Provides investment value to the portfolio, while being consistent with SamCERA's overall and specific investment policies.
- d. Obtains investment exposure that is appropriate with the manager's investment strategy and SamCERA's investment guidelines, but could not be made through traditional investment securities.

Given that one or more of these investment purposes are clearly met, it is the responsibility of the investment manager to explain and demonstrate how derivative investments impact portfolio risk and the context of the investment within the overall portfolio.

Any other derivative investment purpose is not allowed. Derivatives may not be introduced into the portfolio to create economic leverage or to create investment exposures that are otherwise excluded by SamCERA's Investment Policy. However, if a manager develops an investment purpose other than those listed above which he/she feels is legitimate and consistent with the spirit of SamCERA's guidelines, this purpose should be proposed in writing to the Board.

7) Investment Restrictions and Derivatives Policy

For the purpose of these guidelines, convertible debt, traditional zero coupon bonds, mortgage pass-through securities and asset-backed securities are not viewed as derivatives. Based upon the factors enumerated in the above Section 4 entitled Approach to Policy, the following guidelines have been established:

Allowable derivative investments

- a. Stable and well-structured mortgage CMO's (Collateralized Mortgage Obligations)
- b. Financial futures (if Exchange Traded)
- c. Currency forward contracts and currency options (Exchange and OTC traded)
- d. Interest rate swaps

Derivative investments with allocation limits

- a. Interest only mortgage CMO's
- b. Principal only mortgage CMO's
- c. Options (if Exchange Traded)
- d. Caps and floors as they apply to the above stated allowable derivative investments
- e. Credit Default Swaps (CDS)

Derivative investments with allocation limits, as listed above, may not represent more than 5% of the individual portfolio manager's assets (based on market value) managed for SamCERA. At the same time, derivative investments with allocation limits in aggregate may not expose the individual manager's portfolio to losses in excess of 5% of the manager's total assets. In addition, the use of options, caps and floors, and CDS may be used only for defensive investment purposes.

Managers investing in the above-defined limited allocation derivative instruments should ensure that portfolio exposure is maintained within the stated constraints, and communicate the assumptions and model used to estimate VAR (Value at Risk) and/or other reasonable risk measurement procedures annually to the Boards.

Restricted derivative investments

- a. Inverse floating rate notes and bonds
- b. Structured notes

Restricted derivatives cannot be held in SamCERA's separate account portfolios at any time.

8) Risk Analysis and Monitoring of Derivatives

For those securities that are classified as derivative investments with allocation limits, the investment managers are required to test and measure derivative investment sensitivities to changes in key risk factors. These risk factors include extreme changes in interest rates, volatility, liquidity, credit quality, and cash market prices.

These risk factors will be assessed prior to initial investment and on a quarterly basis. Results of such risk testing on derivative investments with allocation limits will be supplied to SamCERA on an annual basis (December 31). If the investment manager identifies additional risks that should be evaluated, these other risk factors should be added to the list and handled in a manner consistent with the previously stated approach.

9) Derivative Investment Process

Investment managers are expected to cover the following issues before purchasing a derivative instrument or security, whether specifically stated as an allowable derivative investment, a derivative investment with

allocation limits, or a derivative not specifically discussed in the Investment Restrictions and Derivatives Policy section above:

- a. Determine if the purpose for investing in a derivative security is consistent with one or more of the purposes in the previous section entitled Purposes for Derivatives.
- b. Determine where the security fits into the classification system, if at all, stated in the Investment Restrictions and Derivatives Policy.
- c. Evaluate, at a minimum, the counter-party risk and the risks stated in the Risk Analysis and Monitoring section of the derivatives policy.
- d. Evaluate the derivative in a comparably thorough manner as the firm would any other traditional investment opportunity.

10) Reporting Requirements

It is the responsibility of SamCERA's investment managers to certify and demonstrate that their portfolios are in compliance with SamCERA's overall guidelines as well as those that apply to derivative investments. On an annual basis (December 31), SamCERA's investment managers will provide the following minimum monitoring information on all derivative securities:

- a. A general statement from the investment manager that its portfolio is in compliance with this Derivatives Policy.
- b. When stating the market value of the derivative exposure, the manager will specify the security pricing sources. The pricing source must be exchange-listed.
- c. A statement of the risks (credit risk—an evaluation of potential counter-party default on obligations, market risk—percent of portfolio invested in derivatives, and any other relevant risks) associated with the derivative investments.
- d. Potential adverse impact on market values if extreme adverse market movements occur.
- e. A statement regarding the liquidity of the derivative investments.
- f. Summary comments and the firm's list of approved counter-parties, ratings, and a statement regarding any changes to this list.
- g. An overall statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

APPENDIX C

DUE DILIGENCE POLICY

MANUAL

POLICY

SamCERA's due diligence process requires: 1) Staff to perform on-going due diligence monitoring, 2) Consultant and Managers to make regularly scheduled due diligence presentations to Staff in SamCERA's offices, and 3) Staff and available Board members to make on-site visitations to the Consultant and Managers' offices on an as-needed basis.

PURPOSE

To discharge the fiduciary responsibilities of the Board and staff, regular due diligence with the San Mateo County Employees' Retirement Association investment managers is essential to the Board's ability to effectively monitor the performance of its investment professionals, and to the prudent discharge of the board's fiduciary duty to the beneficiaries of this multi-billion dollar retirement system.

F.01 – Due Diligence Monitoring

Individual investment managers will be monitored monthly, quarterly and annually. The managers' organizations and operations will be qualitatively monitored on a continual basis.

The Chief Investment Officer, with assistance from the Consultant, will present an investment performance report to the Board on a quarterly basis, as specified in Section 14.0 (Quarterly Investment Performance Reporting) in the Investment Policy. Performance will be measured for the total portfolio as well as individual components such as equities, fixed income and real estate portfolios. In addition, the performance of each component will be broken down into individual portfolios.

Comparisons will be made against market indices defined in this document. A variance from the stated performance objective will be calculated each quarter. Additionally, the portfolios' actual investment approach will be monitored against the required investment style to determine whether the manager is adhering to its acknowledged investment style.

The quarterly investment performance report will compare the total fund, each asset class and individual portfolio return to appropriate market indices and a representative peer group of similar funds or similar style investment managers. The report will note significant changes in the attribution of investment manager performance.

Annually, staff will request and review the Investment Manager's ADV Part II form and inform the board of significant changes in the firm or apparent conflicts of interest. In addition staff will request an annual insurance certification from each professional service provider. Where appropriate a Statement of Standards for Attestation Engagements (SSAE) No. 16 will be obtained and reviewed.

F.02 – Due Diligence Presentations

Consultants and Managers that are under contract with the Board to provide services will make a presentation to Staff at least once a year. The presentation shall include, but not be limited to, an update on the Manager's organization and business plan, changes to the investment process and investment performance. Staff may request presentations more frequently as circumstances demand. The Managers will provide on a semi-annual basis a completed Compliance Certification Statement and in-depth responses to a list of questions submitted by staff.

F.03 – Asset Categories

On-site meetings will be grouped by asset categories. This approach enables staff to readily compare and contrast investment approaches, systems, and controls utilized by the investment managers. It will also allow for a better evaluation of the existing asset diversification.

F.04 – Manager Selection Due Diligence

The Board, with the assistance of Staff and Consultant, selects Managers to manage the assets of the Fund. The Board authorizes Staff and Consultant to initiate a public markets search for a manager either to replace a manager or to fill a new mandate approved by the Board. The Consultant and Staff will conduct the search in accordance with criteria established for the search. The search criteria will include the scope of the mandate, the investment style, benchmark, and the minimum qualifications for candidates. When appropriate to better understand an investment strategy, Staff, and Consultant may perform on-site due diligence on the final candidate prior to signing the investment agreement.

The Board may require a public markets Manager being considered as provider of professional services for SamCERA to make a formal presentation to it at a public Board meeting. The presentation may include, but not be limited to: 1) manager's organization and its staff, 2) investment philosophy and process, 3) the resources available to provide the service, 4) proposed fees and 4) performance characteristics.

Appendix D

DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS, AND CAMPAIGN CONTRIBUTIONS

***Adopted by the Board of Retirement
December 14, 2010. Amended January 25, 2011.***

This policy is effective immediately upon adoption. This policy is intended to supplement any applicable provisions of state or federal law.

I. PURPOSE

This Policy sets forth the circumstances under which the San Mateo County Employees' Retirement Association (SAMCERA) shall require the disclosure of payments to *Placement Agents*, as that term is defined by Government Code section 7513.8, in connection with SAMCERA investments in or through *External Managers*, as that term is defined by Government Code section 7513.8. This Policy is intended to apply broadly to all of the types of investment partners with whom SAMCERA does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well as investment managers retained pursuant to a contract. SAMCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that SAMCERA investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to SAMCERA.

II. APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted, the agreement is amended in any way to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by SAMCERA or increase or accelerate the fees or compensation payable to the External Manager (Referred to hereafter as "Amendment".) In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and not to the original agreement.

IV. RESPONSIBILITIES

A. The Board is responsible for:

1. not entering into any agreement with an External Manager that does not

agree in writing to comply with this policy.

2. not entering into any agreement with an External Manager who has violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the board at a public session upon a showing of good cause.

B. Each External Manager is responsible for:

1. Providing a statement in writing that the External Manager will comply with this policy.
2. Providing the following information to the SAMCERA Investment Staff within 45 days of the time investment discussions are initiated by the External Manager, but in any event, prior to the completion of due diligence. In the case of Amendments, the Placement Agent Information Disclosure is required prior to execution of the Amendment.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with SAMCERA investments.
 - b. A resume for each officer, partner, principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former SAMCERA Board Member, employee or Consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof. Compensation to Placement Agents shall include, but not be limited to, compensation to third parties as well as employees of the External Manager who solicit or market investments to SAMCERA or who are paid based upon investment commitments secured by such employees.
 - d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External

Manager and the Placement Agent.

- f. A statement whether the placement agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former SAMCERA Board Members, employees, or Consultants who suggested the retention of the Placement Agent.
3. Providing an update of any changes to any of the information provided pursuant to section B.2 above within 14 calendar days of the date that the External Manager knew or should have known of the change in information.
4. Representing and warranting the accuracy of the information described in section B.2 above.
5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to SAMCERA,
 - a. all campaign contributions made by the Placement Agent to any publicly elected SAMCERA Board Member during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any publicly elected SAMCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SAMCERA investment shall also be disclosed.
 - b. all gifts, as defined in Government Code Section 82028, given by the Placement Agent to any SAMCERA Board Member during the prior 24-month period. Additionally, any subsequent gift made by the Placement Agent to any SAMCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SAMCERA investment shall also be disclosed.
6. SAMCERA reserves the right to deem the failure to disclose the information required by 5(a) and 5(b) as a material breach of the agreement with the External Manager.

- D. SAMCERA Investment Staff (“Staff”) are responsible for:
1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
 2. Confirming that the information in section B above has been received within 45 days of the time investment discussions are initiated, but in any event, prior to the completion of due diligence and any recommendation to proceed with the contract or Amendment.
 3. For new contracts and amendments to contracts existing as of the date of the initial adoption of this Policy, securing the agreement of the External Manager in the final written agreement between SAMCERA and the External Manager to provide in the event that there was or is an intentional material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy, SAMCERA is entitled to the greater of the reimbursement of any management or advisory fees paid by SAMCERA for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of the SAMCERA investment; and
 4. Prohibiting any External Manager or Placement Agent from soliciting new investments from SAMCERA for five years after they have committed a material violation of this Policy; *provided, however*, that SAMCERA’s Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
 5. Providing a quarterly report to the Board containing (a) the names and amount of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures, and (b) any material violations of this Policy; and maintaining the report as a public record.

DEFINITIONS:

The following definitions are current as of January 7, 2011. Should the legislature subsequently amend the definitions below, the definition of these terms as amended shall supersede the definitions contained in this policy.

As defined in California Government Code section 7513.8, “**External Manager**” means either of the following: (1) a person who is seeking to be, or is, retained by a board to manage a portfolio of securities or other assets for compensation; (2) a person who is engaged, or proposes to be engaged, in the business of investing, reinvesting, owning, holding, or trading securities or other

assets and who offers or sells, or has offered or sold, securities to a board. (All code section references are to the Government Code, unless otherwise noted.)

As defined in section 7513.8, “**Person**” means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.

As defined in section 7513.8, “**Placement Agent**” means any person hired, engaged, or retained by, or serving for the benefit of or on behalf of, an External Manager, or on behalf of another placement agent, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale of the securities, assets, or services of an External Manager to a board or an Investment Vehicle, either directly or indirectly. Notwithstanding the preceding sentence, an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.

As defined in section 7513.8, “**Investment Vehicle**” means a corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, constituting or managed by an External Manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other External Managers.

“**Compensation**” means, for the purposes of this policy, remuneration and other benefits (including without limitation, favors) of any kind.

RESOLUTION 2016-__

**RESOLUTION AMENDING SAMCERA'S
INVESTMENT POLICY STATEMENT**

WHEREAS, pursuant to Article XVI, Section 17, of the California Constitution, the Board of Retirement (the "Board"), has the exclusive authority and exclusive fiduciary responsibility for the investment and administration of the assets of the retirement system (the "Fund"), and on June 3, 2014, established an Investment Policy Statement (the "Policy") for the investment of the Fund assets; and

WHEREAS, the purpose of the Policy is to assist SamCERA in effectively supervising its investments in order to meet the requirements of the California Constitution, the County Employees Retirement Law of 1937 ("the 1937 Act"), the Mission and Goals of SamCERA and other requirements, and to encourage effective communication between SamCERA and its investment managers and investment consultants; and

WHEREAS, the Board desires that its Policy be reviewed and amended as necessary so as to remain up to date; and

WHEREAS, the Board has determined that the Investment Policy Statement be amended to address whether and how potential investment managers consider environmental, social and governance ("ESG") criteria and make minor clerical updates; and

WHEREAS, the Board has further determined that Section 6 "Asset Allocation & Portfolio Structure", Section 6 (A) "Public Equity Assets", Section 6 (C) "Alternative Assets", Section 6 (E) "Real Estate Assets", Section 6 (F) "Asset Allocation Policy Benchmark", and Section 9 "Public Equity Investment Policies" be amended to reflect a two percent reduction to the domestic equity allocation and a corresponding one percent increase to alternative assets (hedge funds/absolute return) and real estate; and

WHEREAS, the Board has further determined that Section 6 "Asset Allocation & Portfolio Structure", Section 6 (B) "Fixed Income Assets" be amended to reflect the change to the fixed income manager structure as a result of changing the Western Asset Core Plus fixed income mandate to the Western Asset Total Return Unconstrained mandate which resulted in a seven percent allocation to Core and a three percent allocation to Core Unconstrained; and

WHEREAS, the Board has reviewed the proposed amendment and desires to make such amendment; Now, therefore, be it

RESOLVED, that the SamCERA "Investment Policy Statement" be revised to read as set forth in the attached document.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

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 Six Months Ended December 31, 2015

Staff Recommendation

Accept the Preliminary Report on Budget-to-Actual for the six months ended December 31, 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 investments. The funding provided for professional services is deducted from investment earnings (Government Code §31596.1).

Administrative Expenses. SamCERA's administrative expenses through December 2015 totaled \$2.8 million, or 41.3% of the budget for the fiscal year 2015-16. Overall, administrative expenses are within anticipated levels. The following table summarizes each component of administrative expenses through December 2015.

	Annual Budget	Preliminary Actual 12/31/2015	% of Budget Used	Under Budget	% of Budget Remaining
Salaries and Benefits					
Salaries	\$ 3,182,524	\$ 1,344,861	42.3%	\$ 1,837,663	57.7%
Benefits	1,663,793	681,825	41.0%	981,968	59.0%
Subtotal	4,846,317	2,026,686	41.8%	2,819,631	58.2%
Services and Supplies					
Board Expense	10,500	3,300	31.4%	7,200	68.6%
Insurance	80,000	39,500	49.4%	40,500	50.6%
Medical Evaluation	120,000	1,200	1.0%	118,800	99.0%
Member Education	55,000	26,841	48.8%	28,159	51.2%
Education and Conference	140,800	38,539	27.4%	102,261	72.6%
Transportation and Lodging	192,500	36,772	19.1%	155,728	80.9%
Property and Equipment	30,000	9,442	31.5%	20,558	68.5%
General Office Supplies	45,000	11,709	26.0%	33,292	74.0%
Postage and Printing	90,000	23,672	26.3%	66,328	73.7%
Leased Facilities	589,565	270,837	45.9%	318,728	54.1%
County Services	373,179	229,190	61.4%	143,989	38.6%
Audit Services	57,000	42,241	74.1%	14,759	25.9%
Other Administration	50,000	155	0.3%	49,845	99.7%
Subtotal	1,833,544	733,397	40.0%	1,100,147	60.0%
Total	\$ 6,679,861	\$ 2,760,083	41.3%	\$ 3,919,778	58.7%

Salaries and Benefits – Personnel expenses totaled \$2.0 million, or 41.8% of the budget. This amount was slightly below expectation, due primarily to the hiring of extra help personnel without benefits to temporarily fill the Retirement Accounting Technician and Retirement Support Specialist positions.

Services and Supplies – Total year-to-date spending on services and supplies was \$0.7 million, or 40.0% of the budget. Our mid-year review indicates the following:

1. Items WITHIN the expected normal range of mid-year expense
Expenses on insurance, member education, and leased facilities were closely in line with the budgeted estimate.
2. Items BELOW the expected normal range of mid-year expense
 - Board Expense – 31.4% of the budget expended, due mainly to less than anticipated number of ad hoc committee meetings between July and December 2015.

- Medical evaluation – 1.0% of the budget expended, due to a sharp decrease in request for outside medical opinion on disabilities.
 - Education and Conferences (27.4% of the budget expended) and Transportation and Lodging (19.1% of the budget expended). Enrollment in training and conferences by Board members and staff through December was less than anticipated.
 - Property and Equipment (31.5% of the budget expended) and General Office Supplies (26.0% of the budget expended). Overall spending for both categories was below anticipated, mainly attributable to a reduced demand for purchases.
 - Postage and Printing – 26.3% of the budget expended, due mainly to the management’s green efforts to save the environment. SamCERA stopped printing its financial reports, which can easily be accessed online.
 - Other Administration – 0.3% of the budget expended. This budget is set aside for possible legal and tax consulting services from outside vendors. During the first half fiscal year, such services were not needed.
3. Item ABOVE the expected normal range of mid-year expense
- County Services Charges - 61.4% of the budget expended. Certain County Services (such as human resources and general liability insurance) are billed at mid-year rather than at fiscal year-end.
 - Audit Services Expenses – 74.1% of the budget expended. The interim financial audit for the prior fiscal year was completed in July 2015 (fiscal year 2015-16) rather than anticipated in June 2015 (fiscal year 2014-15).

Technology Expenses. Through December, the actual technology expenses totaled \$1.0 million, or 18.5% of the budget. Below is a summary of the technology expenses:

	Annual Budget	Preliminary Actual 12/31/2015	% of Budget Used	Under/ (Over)	% of Budget Remaining
Property and equipment	200,000	11,688	5.8%	\$ 188,312	94.2%
IT infrastructure	1,458,815	316,567	21.7%	1,142,248	78.3%
Research and Development	100,000	-	0.0%	100,000	100.0%
Capital assets	3,500,000	645,669	18.4%	2,854,331	81.6%
Total	\$ 5,258,815	\$ 973,924	18.5%	\$ 4,284,891	81.5%

Property and equipment expense - amounted to 5.8% of the budget. New electronic equipment for Board members is included in the budget, but has not been acquired in the first half year.

IT Infrastructure and Research and Development expenses - amounted to 21.7% of the budget. Expenses in these two categories were well below the anticipated budget levels due to delay in projects such as Electronic Content Management. The delay is for two reasons. First, IT staff is researching and reviewing the new technologies available in the market, the needs of the organization, the cost of the projects, and the availability of staff resources. Second, most of the IT staff resources are being directed to support the implementation of the new Pension Administration Software System (PASS), which is scheduled to go live in January 2017.

Capital expenses - amounted to 18.4% of the budget. The technology budget is derived from the contract amount. Information for certain expenses incurred is not available until the second half of the year.

Professional Services Expenses. For the six months ended December 31, 2015, the actual professional service expense totaled \$11.2 million, which was within the expected normal range of mid-year expense. Further details can be found on pages 4-5.

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

CONTRACTOR	SERVICE	FEE ⁽¹⁾	JULY – DEC 2015 EXPENSE	2015-16 ESTIMATE
Milliman	Actuarial Consulting	2.6 bps	\$79,000	\$88,000
Verus Investments (formerly SIS)	Investment Consulting	1.3 bps	\$225,000	\$450,000
Northern Trust	Global Custody	1.0 bps	\$158,250	\$350,000
SUB-TOTAL - NON-INVESTMENT MANAGER			\$462,250	\$888,000
<i>Estimated Market Value</i>			\$3.4 Billion	\$3.7 Billion
Average Basis Points ⁽²⁾			2.6 bps	2.4 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⁾	JULY – DEC 2015 EXPENSE	2015-16 ESTIMATE
BlackRock – S&P 500 Index Fund	Domestic Large Cap Equity	1.7 bps	\$48,073	\$99,500
Large Cap Enhanced	Domestic Large Cap Enhanced	64.9 bps	\$368,657	\$950,000
Barrow, Hanley, Mewhinney & Strauss	Domestic Large Cap Value	49.4 bps	\$263,925	\$560,000
Brown Advisory	Domestic Large Cap Growth	45.4bps	\$249,171	\$524,000
The Boston Company	Domestic Small Cap Equity	83.1 bps	\$372,585	\$921,000
Chartwell Investment Partners	Domestic Small Cap Equity	75.0 bps	\$159,418	\$894,750
Baillie Gifford	International Equity	46.2 bps	\$456,602	\$1,011,000
Eaton Vance - Parametric	International Equity	35.0 bps	\$140,811	\$750,000
Mondrian Investment Partners	International Equity	40.0 bps	\$356,462	\$815,400
Pyramis Global Advisors	International Equity	90.0 bps	\$283,784	\$616,000
BlackRock – EAFE Index	International Equity	5.0 bps	\$32,907	\$73,500
Pyramis Global Advisors	Domestic Fixed Income	13.5 bps	\$154,048	\$303,500
Western Asset Management	Domestic Fixed Income	25.0 bps	\$139,843	\$366,000
Opportunistic Credit	Domestic Fixed Income	N/A	\$1,175,870 (3)	\$1,870,000 (4)
Brown Brothers Harriman	Domestic Fixed Income	15.0 bps	\$50,728	\$110,250
Franklin Templeton	Global Fixed Income	35.0 bps	\$171,563	\$366,000
Private Equity	Private Equity	N/A	\$2,680,000 (3)	\$5,360,000 (4)
Real Assets	Private Equity	N/A	\$125,000 (3)	\$250,000
Risk Parity	Risk Parity	N/A	\$484,890	\$1,111,000
Hedge Funds	Hedge Fund	N/A	\$2,351,262	\$1,634,000 (4)
Commodities	Commodities	N/A	\$224,796	\$514,250
INVESCO Realty Advisors	Real Estate Management	33.6 bps	\$386,144	\$950,000
Clifton – Parametric	Cash Management Overlay	N/A	\$62,875	\$105,000
SUB-TOTAL - INVESTMENT MANAGER			\$10,739,414	\$20,155,150
Average Basis Points ⁽¹⁾			63.9 bps	53.2 Bps
SUB-TOTAL - NON- INVESTMENT MANAGER			\$462,250	\$888,000
Average Basis Points ⁽²⁾			2.6 bps	2.4 bps
TOTAL ESTIMATED CONTRACT FEES			\$11,201,664	\$20,559,150
<i>Estimated Market Value</i>			\$3.4 Billion	\$3.7 Billion
Average Basis Points ⁽²⁾			66.7 bps	55.6 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.
- (4) The 2015-16 Estimate is based on flat annual management fees. Actual expense for the six months through December 2015 includes both flat fees and performance fees for certain investment funds.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.2

TO: Board of Retirement



FROM: Scott Hood, Chief Executive Officer

SUBJECT: Trustee Requests to Attend an International Education Conference

Staff Recommendation

Consider the request of Alma Salas, Michal Settles and David Spinello to attend the 2016 Government Finance Officers Association ("GFOA") Conference in Toronto, Ontario, Canada.

Event Summary

Pre-approved Educational Program	Yes
Attendance Exceeds 8 Overnight Trips?	No
Event Name	GFOA 110 th Annual Conference
Location	Toronto, Ontario, Canada
Length of Travel	May 21-25, 2016
Registration Cost Per Person	\$ 380
Air Fare (Estimate) Per Person	\$ 770
Hotel Cost Per Person	Approximately \$800 (equal to 4 nights, \$173 average room rate + 16% tax)
Total Estimated Cost, per person, for Conference Only (excludes meals, ground transport., etc.)	\$1950
Additional Pre-conference Registration, per person	\$160-\$480
Additional Hotel Cost per person, for Pre-conference	\$400 (equal to 2 nights, \$173 average room rate + 16% tax)
Total Estimated Cost, per person for attendance at both conference + pre-conference (excludes meals, ground transport., etc.)	\$2510 - \$2830

Background

Government Code §31522.8 requires each Board member to receive at least 24 hours of education within two years of joining the Board and every subsequent two-year period. The current 24 hours of education must be completed by June 30, 2017. Consistent with that requirement and the Board's fiduciary duty to make informed decisions on all matters which come before it, the Board has determined that certain education activities help provide the Board with the knowledge and skills to make informed decisions.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

Also consistent with its fiduciary duties, the Board's Education Policy provides that this education be obtained in a cost efficient manner. In order to promote cost efficiency: (1) every Board member is limited to eight approved out-of-Bay Area educational events requiring overnight stays per fiscal year and (2) international travel must be approved by the Board because of the extra overnight costs inherent in long distance travel. To that end, for additional cost efficiency, Board members are encouraged to receive education from: local conferences, approved electronic media; SamCERA staff and consultants; and reading certain financial publications. Costs for attendance at educational events not consistent with the Education Policy (e.g. more than 8 events or not an approved provider) are not reimbursable without Board approval.

Discussion

The Board is being asked to approve the attendance of Alma Salas, Michal Settles and David Spinello at the 2016 Government Finance Officers Association ("GFOA") Conference in Toronto, Ontario, Canada. (Agenda is attached.) All three trustees have satisfied their educational requirement for the current reporting period.

Name	Estimated Education Hours to date for FY 2015-2017 (24 hours required by 6/30/17) Completed / Still Needed
Alma Salas	52 / 0
Michal Settles	65 / 0
David Spinello	44 / 0

Attendance at the Annual GFOA conference is an approved Educational activity, however, as stated above, the Board's Education policy requires specific Board approval for international travel to obtain education.

Attachment

2016 Government Finance Officers Association ("GFOA") Conference Brochure



Government Finance Officers Association
of the United States and Canada

110th ANNUAL CONFERENCE

May 22-25, 2016
TORONTO, ONTARIO, CANADA



Sharing Solutions & Strategies



EARN MORE THAN 20 CPE CREDITS

Go to www.gfoa.org to register today!

Must-Attend Event

Sharing Solutions and Strategies

Drawing on more than a century of experience, public finance professionals have widely come to view the GFOA Annual Conference as the one truly “must-attend” professional development event of the year. As in the past, the **110th GFOA Annual Conference** in Toronto, Ontario, Canada, will feature unparalleled opportunities for sharing ideas, sharpening skills, discovering new tools and technologies, and networking with peers from across North America and around the world.



Why Attend?

- A rich array of **concurrent sessions** covering a broad range of topics allows participants to tailor their conference experience to their own needs and circumstances;
- Special **preconference sessions** provide an opportunity to explore selected topics of special interest in even greater depth;
- **General sessions** bring participants into direct contact with nationally recognized speakers of special interest to public finance professionals;
- **Discussion groups, networking sessions, and social events** create countless opportunities for connecting, building new relationships with peers, and cementing existing relationships;
- Participants can earn **over 20 continuing professional education (CPE) credits** during the GFOA Annual Conference, with even more credits available for those who elect to participate in preconference sessions.

The **GFOA exhibit hall** will put participants in contact with vendors that offer practical tools and solutions for a broad range of professional challenges.

Select from **preconference seminars, concurrent sessions, and discussion groups** to customize your own educational curriculum.

Participate in half-day **preconference seminars** beginning the afternoon of Friday, May 20, 2016, through Saturday, May 21, 2016. **Concurrent sessions** will begin at 1:30 p.m. on Sunday, May 22, 2016, and conclude at 12:10 p.m. on Wednesday, May 25, 2016. The sessions will be held at the Metro Toronto Convention Centre, 222 Bremner Boulevard, Toronto, Ontario M5V 3L9, Canada.

Conference Overview	4
Program	5-6
Preconference Seminars	7-8
Welcome Reception and Conference Finale	9
Registration	10
Logistics	11
Where to Stay in Toronto	12
GFOA Official Hotels and Area Map	13
Tours and About Toronto	14
More GFOA Information	15
GFOA Conference Registration Form	Insert
Hotel Reservation Form	Insert

Join the GFOA

and take advantage of membership discount savings on this year's conference registration fee.

Already a member? Encourage your colleagues to join whether they're in the public or private sector: add members to your government's existing membership or introduce your peers who are interested in public finance but practicing in the private sector to join as an associate member.

Go to www.gfoa.org to read about GFOA member benefits and to download a membership application today!



FIRST-TIME CONFERENCE ATTENDEE SCHOLARSHIPS

The GFOA strives to provide leadership to the government finance profession through education, research, and best practices. Nowhere are these efforts more apparent than at the GFOA annual conference. To keep with our commitment, the GFOA Executive Board is pleased to announce:

50 scholarships will be awarded per state or province in the amount of the full-conference registration fee to first-time conference attendees who are GFOA active government members.

We encourage you to take advantage of this opportunity. To learn more about this opportunity and to apply, please e-mail firstannualconference@gfoa.org.

First Timers brunch will take place on Sunday, May 22, 2016, at the Metro Toronto Convention Centre for first-time attendees to learn more about the conference, meet GFOA's Executive Board and senior staff, and network with peers.

Conference Overview



Attend the GFOA Conference

Thousands of public finance professionals gather each year for this three-day conference to share **ideas**, develop technical and managerial **skills**, view **new products**, and **network** with peers. In order to meet the needs of our conference attendees, we did not increase registration fees this year. (For more information, go to page 10. The fee amounts are listed on the conference registration form insert.)

GFOA's conference program will feature a broad range of sessions covering all aspects of state and local government finance, with something for everyone! Speakers will include leading public-sector practitioners; experts from the auditing, banking, consulting, and technology industries; and leading academics and researchers at the forefront of the public finance profession.

Preconference seminars, conference sessions, and exhibits will be held in the Metro Toronto Convention Centre. Watch www.gfoa.org for the latest details on all conference events.



REMEMBER:

All delegates traveling to Toronto from the United States will need a passport. Apply or renew yours today at <http://travel.state.gov/content/passports/en/passports/apply.html>. For information on what to do while in Toronto, visit www.seetorontonow.com.

CPE CREDITS

It is possible to earn more than 20 continuing professional education (CPE) credits at the GFOA's annual conference. Additional CPE credits can be earned by attending one or more of the GFOA's preconference seminars.

The GFOA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.



National Registry of CPE Sponsors
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417
www.nasba.org

PROGRAM

The annual conference presents general sessions on Monday and Tuesday mornings that feature recognized leaders in the government finance profession and offers concurrent sessions that address topical issues in government finance.

CONCURRENT SESSIONS

Create your own curriculum from among concurrent sessions over three days. Sessions will cover the following fields of study:

- accounting, auditing, and financial reporting
- budgeting
- capital planning and economic development
- debt management
- financial management
- pension and benefit administration
- treasury and investment management

Take advantage of the following unparalleled opportunities at the GFOA annual conference:

- **preconference seminars** offered on Friday and Saturday
- **concurrent sessions** from Sunday through Wednesday
- **general sessions** on Monday and Tuesday mornings
- **discussion groups** held throughout the conference
- **welcome reception** on Sunday night
- **closing event** on Tuesday night



Program



TECHNICAL SESSIONS

Finance officers are called upon to be technical experts, strategic thinkers, resource managers, project leaders, and catalysts for change and improvement. Being effective in so many complex but crucial roles requires skills and experience, as well as training that is not easily accessible. These sessions will assist finance officers in improving their skill set and learning new techniques in accounting, auditing, and financial reporting (IT-related internal control, improved internal auditing, fraud detection techniques); budgeting and forecasting (grants management, program budgeting); capital financing (asset management, debt administration); treasury investment management (investment policies, revenue collections); and pension administration.

LEADERSHIP DEVELOPMENT

Finance officers are increasingly regarded as organizational leaders. GFOA's conference is a place to develop your existing leadership skills and make yourself more valuable to your organization. Sessions are designed for both experienced leaders and those looking to advance in their career (conflict management, team leadership, improved communication skills).

NETWORKING

GFOA's conference also offers multiple opportunities to connect and network with peers from your own area as well as from across the United States and Canada. Those opportunities will include focused networking sessions on specific topics and the unique challenges faced by school districts, utility agencies, and GFOA members in both very small jurisdictions and large urban governments.

Watch www.gfoa.org for detailed session information available in 2016.

Preconference Seminars

The GFOA's preconference seminars provide an opportunity for attendees to get in-depth training on topics vitally important to finance officers. Come to Toronto a day or two early and multiply the benefits you'll get by signing up for these added training offerings. Preconference sessions will be held at the Metro Toronto Convention Centre.



Taking an afternoon session on Friday or Saturday?

An afternoon snack will be available in your session room.

Taking a morning session on Saturday?

A continental breakfast will be available in your session room.

Taking both a morning and afternoon session on Saturday?

Enjoy a continental breakfast and afternoon snack in your session room, as well as a grab-and-go lunch.

Friday May 20, 2016

Financial Leadership

1:00 – 5:00 p.m. | 4 CPE Credits

Finding solutions for many of the financial challenges facing local governments requires not only technical financial skills, but also competency in financial leadership. This session will be focused on identifying characteristics of financial leaders and helping to develop and refine necessary skills at all levels of the organization (not only the CFO). Speakers will present case study examples and leading practices on how to identify and develop leadership skills in your organization and prepare the next generation of leaders to emerge with the tools, skills, and experience necessary to drive financial leadership. This session will also highlight work from GFOA's task force on financial resiliency and identify specific ways that finance can be a driver for a more financially resilient government. Specific recommendations from the task force related to finance and strategic planning, budgeting, economic development, capital planning, and overall risk management will be discussed.

Internal Control and Technology

1:00 – 5:00 p.m. | 4 CPE Credits

In recent years, governments have dramatically increased the automation and integration of their business processes and application controls as a result of the widespread move to modern enterprise resource planning (ERP) systems, including the use of many hosted or "cloud" applications. These developments have created significant internal control challenges that the authoritative standard-setting body for internal control, the Committee of Sponsoring Organizations (COSO), sought to address in its recently revised and expanded guidelines. The revised COSO guidelines place special emphasis on the need for organizations to update their framework of internal control (policies, procedures, business processes, etc.) in order to manage the risks created by new ways in which organizations are using their information technology applications. This session will examine the most significant risks associated with the latest applications of information technology and provide participants practical guidance on how to avoid or mitigate those risks.

Preconference Seminars

Saturday May 21, 2016

The Cost of Government

8:30 a.m. – 12:30 p.m. | 4 CPE Credits

GFOA has a best practice on measuring the cost of government services. However, many organizations suffer from lack of accurate cost information and struggle implementing processes that track the cost of government services, specifically for programs and services. This makes it difficult for decision makers to make informed decisions and for the organization to communicate this information with the public. This session will discuss what program/activity costing is, its pros and cons, its uses for the organization, and tips for implementation. The focus of the seminar will be on program costing and the chart of accounts, budgeting, charges and fees, performance management, and financial systems.

Best Practices in Managing Payroll

1:00 – 5:00 p.m. | 4 CPE Credits

Many finance officers have responsibility for payroll. With that comes responsibility to manage a process that accounts for approximately 85% of an organization's operating budget, maintain compliance with an ever changing set of state and federal legislative and regulatory requirements, navigate business rules further complicated by unique collective bargaining requirements, and perform with zero margin for error. And while just about every organization is able to manage these tasks routinely, there are often opportunities for significant improvements. This session will explore best practices in managing payroll, including the role of HR and finance, how to incorporate internal controls, use of technology, third-party service providers, recommendations on dealing with an ever changing set of compliance requirements, and case study examples from local governments that have successfully improved their payroll processes and overall payroll functions.

Finance Under a Microscope

1:00 – 5:00 p.m. | 4 CPE Credits

Finance officers must understand and master highly technical and complex aspects of accounting, budgeting, revenue forecasts, capital finance, investing, risk management, pensions, tax policies, and other public finance topics while also being able to effectively communicate the critical elements to a much less finance-savvy audience. Adding to that challenge, finance officers are relied on to deliver information under heightened levels of scrutiny and pressure from elected officials, the public, interest groups, and the media. The finance officer must be an effective communicator, deliver a consistent message to various stakeholders, and still get across key points so that the audience can understand the issues and, most importantly, their impact. In this session, finance officers will have the opportunity to refine their communication skills, both written and spoken, in a workshop setting and learn effective techniques for communicating technical information, as well as how to deal with difficult situations and environments and how to be viewed as a credible and reliable source of information.

WELCOME RECEPTION

Sunday, May 22, 2016 • 5:00 – 6:30 p.m.

Complimentary to all registered attendees and guests

Join the GFOA on Sunday evening as we kick off the 110th Annual Conference! Enjoy beverages and delicious appetizers as you mingle with friends and colleagues and make new acquaintances.

This informal reception will finish early enough to allow maximum flexibility for dinner plans or an evening to explore the unique ambiance of one of North America's most international cities.



CONFERENCE FINALE

Tuesday, May 24, 2016 • 7:00 – 10:30 p.m.

Ticketed event, which includes buffet dinner and live entertainment

After a busy couple of days, **sit back, relax, and have fun in downtown Toronto!** Let us plan an evening for you filled with food and entertainment. Don't miss this lively night exclusively for GFOA conference attendees and guests!

Ticket price includes food, beverages, and entertainment.

- **Adults:** Can\$53 or US\$40 in advance (Can\$67 or US\$50 after May 16, 2016, and on site)
- **Children/teens under 18:** Can\$20 or US\$15 in advance (Can\$27 or US\$20 after May 16, 2016, and on site)
- **Children under 5:** complimentary



Watch GFOA's website for details to be announced

Registration

IMPORTANT ACTION DATES

First discount deadline
January 28, 2016

Second discount deadline
April 14, 2016

Full registration fee required
April 15, 2016

Registration Fees Include

- Concurrent sessions on Sunday through Wednesday
- Welcome Reception on Sunday night for delegates and guests
- General sessions on Monday and Tuesday mornings
- Luncheons for delegates on Monday and Tuesday
- Discussion groups held throughout the conference

Registration Fee Discounts

Take advantage of the following discounts. This is a great way to save when sending junior staff in your office.

- Receive a **10 percent discount** on your conference registration fee when three or more people from your jurisdiction register together (registrations must be submitted and paid together). This discount does not apply to preconference seminars.
- Qualify for the **early registration fee discounts**. Payment must be received by the deadline dates listed in this brochure.
- **Join the GFOA today and receive \$25 off** the conference registration fee with a paid new membership.

Confirmations

Registration confirmations and invoices will be sent as PDF attachments via e-mail from training@gfoa.org. Please add this address to your allowed senders list.

Guest Registration

There is no registration fee for guests or children, but they must be preregistered. Guests will be admitted to the Sunday Welcome Reception and to the exhibit hall during designated hours. Conference sessions and the luncheons on Monday and Tuesday are not open to guests and children.

Substitutions

(Government entities only)

A one-for-one substitution of a nonmember for an active member is allowed. If your organization has a current GFOA member on the staff who is not attending conference, a nonmember may attend in his or her place at the lower member rate. Please provide the name or the membership number of the GFOA member.

Cancellation and Refund Policy

April 14, 2016

No fee for cancellations received before this date.

April 15, 2016

Cancellations postmarked between April 15–May 12 will be refunded, less a 25 percent service fee.

May 13, 2016

Cancellations postmarked after May 13 but by May 20 will be refunded, less a 50 percent service fee.

May 21, 2016

No refunds will be issued this date forward.



Register online @ www.gfoa.org or fill out the form in this brochure and mail or fax it to the GFOA, fax: 312-977-4806, or scan the completed registration form and e-mail it to conference@gfoa.org.

Phone registrations cannot be accepted. Check the registration discount dates and save money by registering early.

Airline Discount Codes



Visiting Toronto is convenient through Toronto Pearson International Airport and Billy Bishop Toronto City Airport. GFOA has arranged for discounts with the following airlines:

AirCanada (www.aircanada.com)

Agreement code – RFXPNDB1. Enter the promotion code in the search panel.

Delta (www.delta.com)

Meeting ID – NMMAF. When booking online, select Meeting Event Code and enter the Meeting ID in the box provided on the search flight page.

Porter (www.flyporter.com)

Promo code – GFOA16. To book travel online, enter the promo code in the box provided on the search flight page.

United (www.united.com)

Z-code – ZVJY. Agreement code – 957446. To book travel online, enter the Z Code and Agreement Code (i.e., ZVJY957446) in the Offer Code box.

Rail



VIA Rail (www.viarail.ca/) and **AMTRAK** (www.amtrak.com/)

bring visitors into the heart of the city each day. Toronto's Union Station is centrally located downtown and connects to the subway by underground tunnel.

Rental Car



Phone – 800-654-2240 (www.hertz.com) CV# 04SJ0004

Taxi Services



Taxi services can be accessed at the Toronto Pearson International Airport and Billy Bishop Airport.

Taxi rates are based on a zone fare system per car. An estimated fee from the **Toronto Pearson International Airport** to the GFOA's official conference hotels is Can\$53 and US\$40 and Can\$10 and US\$8 from **Billy Bishop Airport**.

Toronto Pearson International Airport



UP Express (Train to City) www.torontopearson.com/en/toandfrom/upexpress/#

UP Express departs from both Union Station and Toronto Pearson International Airport every 15 minutes. The trip to downtown takes just 25 minutes. A one-way fare is Can\$28 and US\$21.

Billy Bishop Airport



Toronto Transit Commission

Billy Bishop Airport is easily accessible by the Toronto Transit Commission. You'll be dropped a short walk from the ferry terminal building. Take the 511 Bathurst streetcar (www.ttc.ca/Routes/511/Northbound.jsp) or the 509 Harbourfront (<http://www.ttc.ca/Routes/509/Eastbound.jsp>). The cash fare is Can\$3 and US\$2.25.



Pedestrian Tunnel The Billy

Bishop Airport recently opened a pedestrian tunnel that connects Toronto's mainland to the airport. It takes under six minutes to complete the journey to the airport check-in area. Access to the pedestrian tunnel is free. The mainland entrance is located next to the airport ferry terminal (www.portstoronto.com/Airport/Getting-To/Airport-Map.aspx).



Ferry At the Billy Bishop Airport,

take one of the world's shortest ferry rides (121 meters or 397 feet) to and from the foot of Bathurst. There's a ferry every 15 minutes (www.portstoronto.com/Airport/Getting-To/Ferry-Schedule.aspx). The ferry is free for pedestrians.



Shuttle Service There's a complimentary express shuttle bus (www.portstoronto.com/Airport/Getting-To/Airport-Shuttle.aspx)

to and from the Billy Bishop Airport approximately every 15 minutes. The shuttle is open to anyone going to the airport, whether or not they are traveling.

Weather



Toronto celebrates four seasons. Below are the average temperatures you can expect in May:

Average: 12°C (54°F) **High:** 18°C (64°F) **Low:** 6°C (43°F)

Packing layers is recommended as the temperature goes from warm to cool from day to evening. Bring a light jacket and a sweater or two.

Where to Stay in Toronto



Reserve your room in **GFOA's official hotel block** and you'll have a great opportunity to network with other conference attendees outside the convention center.

Guaranteeing Your Room Reservation

OnPeak is the official housing provider for the GFOA 110th Annual Conference. The GFOA has worked diligently with the hotels in Toronto to establish room blocks for attendees and exhibitors. Improper solicitation of hotel reservations from any company or housing provider other than onPeak is not approved by the GFOA. Reservations made by unaffiliated organizations may appear to be for lower rates; however, they may be illegitimate, have unreasonable cancellation or change penalties, or be completely non-refundable. Please be aware of and report any unauthorized solicitation to the GFOA.

Reservations will be processed on a first-come, first-served basis. A hotel is assigned in order of your preference, as available, or closest to event if not available. You can expect to receive a confirmation within three business days of booking your room reservation. If you have not received your confirmation within 72 hours, please contact the GFOA Housing Department at GFOAhotels@onpeak.com or 1-800-947-7358.

A major credit card valid until June 2016 or later or a check for one night's room and tax (add 13% tax) is required to secure a reservation. Credit cards and checks are for guarantee only and are not charged to hold reservations. A charge of one night's room and tax will be charged or forfeited on reservations that do not arrive (no-shows) and were not cancelled before 72 hours of arrival. Early departures after check-in are subject to penalty fees set by hotel.

Checks must accompany the completed form (enclosed) and arrive no later than May 22, 2016. Checks should be payable to "onPeak, LLC" (please add current tax of 13%) and mailed to GFOA 2016 Annual Meeting c/o onPeak, 350 N. Clark St., Suite 200, Chicago, IL 60654. Note: Institutional purchase orders are NOT accepted. Refunds to those who guaranteed accommodations with a check deposit will be mailed after the end of the event.

Housing Policies

The lowest available room rates at event hotels have been specially negotiated. Other booking channels are continuously monitored to track rival rates.



Internet:

Use onPeak's online system to simplify your group/block booking and reserve rooms in real-time with an immediate confirmation. Log on to www.gfoa.org and look for the housing link.



Phone:

8:00 a.m. – 5:00 p.m. CST,
Mon – Fri
1-800-947-7358 (US Toll-Free)
1-312-527-7300 (International callers)



Mail:

GFOA 2016 Annual Meeting
c/o onPeak
350 N Clark Street, Suite 200
Chicago, IL 60654



Fax:

1-312-329-9513



E-mail:

GFOAhotels@onpeak.com

Changes and cancellations

Cancellations within 72 hours of arrival will be charged one night's room and tax.

Room Requests

Use the grid on the enclosed housing reservation form to indicate your room type(s) and number of rooms you are requesting per night. For more space, attach an additional page or log on to www.gfoa.org, where you can easily make your group booking through onPeak's online system. Please indicate any special needs.

The official conference hotels are within walking distance of the convention center. A courtesy shuttle will be offered as an additional option from the Sheraton hotel.

GFOA Official Hotels and Area Map

Metro Toronto Convention Centre ★



Hotel rates

	Address
1. Fairmont Royal York Hotel	100 Front St W
2. Sheraton Centre Toronto	123 Queen St W
3. InterContinental Toronto Centre	225 Front Street West
4. Delta Toronto	75 Lower Simcoe Street
5. Novotel Toronto Centre	45 The Esplanade
6. Hyatt Regency Toronto	370 King St W

Canadian Funds

Canadian Funds	U.S. Funds*
Can\$249	US\$190
Can\$244	US\$186
Can\$209	US\$160
Can\$249	US\$190
Can\$195	US\$149
Can\$219	US\$167

*as of 11/2/15

Please refer to the Bank of Canada's website for current exchange information:

www.bankofcanada.ca/en/rates/exchform.html

Please make your reservations with the GFOA Housing Bureau to receive the GFOA discounted rate!

OnPeak will be the ONLY official housing company for this event and will not contact attendees directly to make a reservation. Booking through GFOA's official housing provider will ensure that attendees receive the GFOA discounted rate and are working with a reputable company and that credit card information is secure.

Tours and About Toronto

TOURS

Toronto is one of the most cosmopolitan cities in the world, a place where international ideas intersect with Canadian culture. A city of contrasts, Toronto's skyline includes the CN Tower, one of the Modern Wonders of the World, and glass skyscrapers juxtaposed with historic limestone facades. Beyond the city limits are breathtaking attractions within bucolic countryside. Experience the wonder of Niagara Falls, a renowned wine region, outstanding theatres and outdoor adventures—all within a short drive. Our selection of tours offers a variety of sights and experiences that will leave visitors with lasting memories of a great city.

Tours will be offered on Saturday through Tuesday and will include:

- Toronto Orientation City Coach Tour
- City Coach Tour & Harbor Cruise
- Toronto City Coach Tour & CN Tower
- Niagara Falls Orientation Tour
- CityPASS
- 3-day Double-Decker Bus Pass

For more information or to reserve a spot, visit www.regonline.ca/gfoa2016tours or e-mail ann.corbitt@visiontravel.ca. Onsite registration will be available; however, space is limited.



© emkaplin

ABOUT TORONTO



Canadian Tourism Commission

Toronto is a center of rare openness, warmth, energy, and style enriched by the fusion of traditions, passions and perspectives on life of the more than 100 cultures

found here. Miles of waterfront, boardwalks, parks, and trails nestle together with urban delights like cafés, artisans' exhibits and one-of-a-kind shops.

Experience the game that defines Canada and a sport that has been adopted by over seventy countries in the Hockey Hall of Fame! The Hall of Fame offers hockey artifacts at all levels of play from around the world; a replica NHL dressing room; exhibits dedicated to the game's greatest players, teams, and achievements; and NHL trophies including, **hands-on access to The STANLEY CUP.**

Theater companies offer everything from mega-musicals to avant-garde works. Multiculturalism is reflected in the food most of all.

Shoppers delight in trendy Queen Street West, Yorkville's designer boutiques and fabulous malls like the Toronto Eaton Centre and Vaughan Mills and the PATH, which features more than 1,200 shops in over 16 miles of underground concourses.

For more information about Toronto, please go to <http://www.seetorontonow.com/>.

Tourism Niagara



For more information on what to do while in Toronto, visit www.seetorontonow.com.

More GFOA Information

About the GFOA

For over a century, the GFOA has been dedicated to enhancing the professional management of governments for the public benefit. The association's more than 18,300 members rely upon the GFOA to provide timely information, practical educational opportunities, high quality professional publications, and the latest information on best practices.

Membership

Stay current with developments and trends in the government finance profession by uniting with GFOA's membership. Go to www.gfoa.org to learn more about membership benefits and to download an application and fee schedule. **JOIN NOW** and receive \$25 OFF your conference registration fee with a paid new membership! Add the new membership fee directly to the enclosed conference registration form. Then, e-mail, fax, or mail us the membership application that is posted on www.gfoa.org. Questions? E-mail: membership@gfoa.org.

Custom Research and Consulting Services

GFOA's Research and Consulting Center has provided advisory services to hundreds of local, county, and state governments; public utilities; school districts; transit authorities; and other special districts. GFOA consulting services focus on business process improvement, financial policy development, long-term financial planning, budgeting, and planning and procurement assistance for technology projects — including needs analysis, RFP development, requirements definition, system selection, and contract negotiations for financial management, human resource, payroll, and other administrative systems. GFOA's Research and Consulting Center also provides customized research on a project-by-project basis to meet the challenges faced by governments. GFOA's Research and Consulting staff include experts on subject matter who speak regularly at conferences, provide training, and are available to answer questions about GFOA's best practices. For more information, please contact consulting@gfoa.org.

Federal Government Relations

The GFOA works to keep members informed on federal legislation, regulations, judicial actions, and policies that affect public finance functions and to represent the interests of GFOA in Washington, DC. The GFOA collects, analyzes, and disseminates information to GFOA members and provides policymakers with information on GFOA positions. To learn more or make

suggestions about the GFOA's Washington activities, e-mail FederalLiaison@gfoa.org.

Awards for Recognition

The GFOA has established several highly regarded awards programs to encourage and assist state and local governments of all types and sizes to improve the quality of their financial management and to recognize their achievements:

Innovations in public finance

Awards for Excellence in Government Finance (AwardsforExcellence@gfoa.org)

Budgeting

Distinguished Budget Presentation Awards Program and the Award for Best Practices in School Budgeting (budgetawards@gfoa.org)

Financial reporting

Award Program for Small Government Cash Basis Reports (cashbasis@gfoa.org)

Canadian Award for Financial Reporting (canfr@gfoa.org)

Certificate of Achievement for Excellence in Financial Reporting (cafrprogram@gfoa.org)

Popular Annual Financial Reporting Award (pafr@gfoa.org)

Help improve your government's financial management — become a participant or reviewer today!

Publications

Whether you are new to the finance profession or a career veteran, you'll find publications at every level to fit your management needs. Visit www.gfoa.org for GFOA's latest publications and to download an order form. Orders may be placed online at GFOA's e-store. For information about quantity discounts, e-mail publications@gfoa.org.

Training Opportunities

The GFOA provides professional development training opportunities for state and local government finance practitioners. In addition to the annual conference, training courses are presented at basic, intermediate, and advanced levels and as updates or overviews, and range in length from one day to week-long immersion courses. Take part in CPE-accredited group-live courses or enjoy the convenience of training at your desktop with our group Internet-based seminars and live-streaming courses. Watch www.gfoa.org for exciting new training announcements and details. Questions? E-mail training@gfoa.org.

**Register Early
and Save!**



**Government Finance Officers Association
of the United States and Canada**

203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210

Nonprofit
U.S. Postage
PAID
Chicago, IL
Permit No. 9151

GFOA Toronto Checklist

- Register for conference**
- Register for preconference seminars**
- Purchase tickets to GFOA's Conference Finale**
- Reserve a hotel room from GFOA's official block of rooms**
- Apply or renew your passport at <http://travel.state.gov/content/passports/en/passports/apply.html>**
- Make your travel arrangements**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.3

TO: Board of Retirement

FROM: Tariq Ali, Chief Technology Officer



SUBJECT: Report on SamCERA's Information Technology Projects

Discussion

Project Manager for the PASS implementation Will Morrow will deliver an update on the Pension Administration Software System implementation project.

PASS Implementation

- Status
- Schedule
 - Only minor modifications to sprint plan to date
 - No schedule variances from sprint plan
 - Phase 1 complete
 - Phase 2, Validations 1, 2, and 3 complete (of 4)
 - Phase 3 (PASS Implementation) will start March 2016 and go-live January 2017
- Data Conversion
 - No significant conversion issues
 - Validation 1 of 4 has been successfully converted (includes person data)
 - Validation 2 of 4 has been successfully converted (includes member contribution data)
 - Validation 3 of 4 has been successfully converted (includes service purchases, pension benefits, and payment history)
 - Contract Amendment Three has been presented to provide an additional 2,050 data conversion hours (\$400,000)
- Budget
 - No budget variance
 - Vitech has invoiced \$3.8 million of the \$7.7 million contract
 - Contract Amendment One approved for V3 imaging (\$159,688 – 2.2%)
 - Contract Amendment Two approved for FAC and compensation limit changes (\$85,000 – 1.1%)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

- Risks
 - We have identified and planned mitigation for several project risks including:
 - Loss of key Vitech project staff
 - SamCERA staff resource availability
 - Loss of key SamCERA project staff
 - ISD cannot provide timely Workday support
 - Unique requirements for disability process.

- Other
 - Change management meetings are being conducted bi-monthly
 - SamCERA is monitoring progress of Orange County implementation for lessons learned
 - SamCERA will begin detailed data reconciliation activities

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.4

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer
Tariq Ali, Chief Technology Officer

SUBJECT: Authorization to Execute Third Amendment to the Agreement with Vitech Systems Group, Inc. to complete data conversion for the PASS Project



Staff Recommendation

Adopt a resolution authorizing the Chief Executive Officer to: (1) execute a Third Amendment to the agreement with Vitech Systems Group, Inc. for the additional costs to complete data conversion for a total agreement amount not to exceed \$9,819,687 for all services through December 31, 2021; and (2) execute any subsequent amendments and minor modifications in an amount not to exceed \$100,000 in the aggregate.

Background

SamCERA is midstream in its comprehensive system-wide project to overhaul and update its technology and business processes. A major part of this project are the services being rendered by Vitech Systems Group, Inc. ("Vitech") through a Pension Administration Software System ("PASS") agreement which provides for hardware, software, and implementation and support services. The original agreement for \$9,100,000 has been amended two times for the following reasons:

Amendment	Date	Increased Amount	Reason
First	Jan 2015	By \$234,687 To \$9,334,687	Added the license, services and fees associated with the addition of the V3 Imaging module as part of the PASS solution.
Second	Nov 2015	By \$85,000 To \$9,419,687	Added the required design and configuration to the Licensed Software for the Final Average Compensation (FAC) calculations and Compensation Limits for all SamCERA plans

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

As SamCERA transitions from its current pension administration system with PensionGold to the Vitech system, it is imperative that all data and records are captured, transferred and converted correctly.

Discussion

The current Vitech agreement provides for up to 4,000 hours of data conversion services. This hour limit was founded upon an estimate based on past data conversion efforts with other agencies. It was difficult for staff and Vitech to anticipate the complexity of converting data from a system developed in the mid-1990s to a new modern database.

Adding to the complexity of the project are the facts that: (1) there is no existing documentation regarding the existing PensionGold database, and (2) there are no existing SamCERA or PensionGold staff qualified and available to identify the numerous data anomalies that have been discovered in the current PensionGold database. To address this, Vitech is providing "enhanced" data conversion services to understand the existing PensionGold database design and to maximize the quality of the PensionGold data prior to conversion.

The success of the PASS project depends on thorough and correct conversion of appropriate data from PensionGold to Vitech V3. Staff estimates that approximately 2,050 additional hours are required for the data conversion effort at an hourly rate of \$195 for an estimated additional cost of up to \$400,000. If the project takes less time, then the actual cost will be less. Approval of the resolution will increase the contract total from \$9,419,687 to \$9,819,687. Because the additional services will not be rendered and invoiced until next fiscal year, the budget for fiscal year 2016-17 will include these costs.

The resolution also authorizes the CEO to execute any subsequent amendments and minor modifications in an amount not to exceed \$100,000 in the aggregate during the remaining term of the agreement which ends in 2021. It is anticipated that there may be some additional minor services needed prior to and post going live with the new PASS system in 2017. If any individual amendment or the aggregate total of the amendments are over that amount, the amendment will be brought to the Board. In all circumstances, the expenditures will be included in the Board approved budget.

Attachment

Resolution Authorizing the Chief Executive Officer to Execute a Third Amendment to Agreement With Vitech Systems Group, Inc. to Complete Data Conversion Services for the Pass Project

RESOLUTION 2016-__

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THIRD AMENDMENT
TO AGREEMENT WITH VITECH SYSTEMS GROUP, INC. TO COMPLETE
DATA CONVERSION SERVICES FOR THE PASS PROJECT**

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

WHEREAS, on January 28, 2014, this Board authorized the Chief Executive Officer to execute an agreement not to exceed \$9,100,000 with Vitech Systems Group, Inc. for the provision of the PASS hardware, software, and implementation and support services; and

WHEREAS, on January 20, 2015, the First Amendment to the Agreement became effective to expand the scope of the PASS project and add the license, services and fees associated with the addition of the V3 Imaging module as part of the PASS solution; and

WHEREAS, on November 3, 2015, the Second Amendment to the Agreement became effective to reflect the required design and configuration to the Licensed Software for the Final Average Compensation (FAC) calculations and Compensation Limits for all SamCERA plans; and

WHEREAS, this Board has determined that it is in the best interests of SamCERA to further amend the Agreement to reflect the additional costs to complete data conversion at an amount not to exceed \$ 400,000 for a total agreement amount not to exceed \$9,819,687 for all services through December 31, 2021; therefore be it

RESOLVED, the Chief Executive Officer is authorized to execute an amendment to the agreement with Vitech Systems Group, Inc. at an amount not to exceed \$9,819,687 for all services through December 31, 2021. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$100,000 in the aggregate as the Chief Executive Officer deems necessary.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.5

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer
Tariq Ali, Chief Technology Officer 

SUBJECT: Approval of Fourth Amendment to the Agreement with LRWL Inc. for Technology Modernization Project Manager Services

Staff Recommendation

Approve a resolution authorizing the Chief Executive Officer to enter into a Fourth Amendment to the Agreement with LRWL Inc. for Technology Modernization Project Manager Services.

Background

SamCERA launched its Technology Modernization Project in April 2012 by awarding, through a competitive RFP process, an agreement to LRWL Inc. for project management services in the amount of \$600,000. For almost 4 years, LRWL Inc. has been assisting SamCERA in overseeing its re-engineering of business processes, the conversion of paper documents to electronic files, data cleansing, the selection of Vitech, Inc. as PASS provider, and the implementation of the PASS system. During this time period, the original agreement has been amended three times for the following reasons:

Amendment	Date	Increased Amount	Reason
First	Feb 2013	By \$50,000 To \$650,000	Added "Change management" services for staff, members, and employers to commit to the changes and contribute its success and Business Process Re-engineering services for the Investment division.
Second	Oct 2013	By \$918,000 To \$1,568,000	Added oversight of the implementation of the PASS system
Third	Mar 2014	No increase	Adjustment of tasks and hourly rate

Discussion

LRWL Inc. has already assisted in the implementation of PASS through a phased approach which can be summarized as follows:

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

- **Phase 1 Project Initiation.** (Completed.) LWRL Inc. worked with Vitech to develop a detailed work plan that must include a Transition Plan, an Integration Plan, a Data Conversion Plan, a Rollout plan, a Training Plan, and a Work Breakdown Structure Plan.
- **Phase 2 Solution Development.** (Completed.) LWRL Inc. worked with Vitech to deliver functional subsets that are ready for User Acceptance Tests (UAT).
- **Phase 3 Solution Implementation.** (In progress.) LWRL Inc. is working with Vitech to finalize: the implementation plans, the system UAT, required documentation, training, infrastructure, data reconciliation, disaster recovery tests, security tests, and other activities required to prepare for solution implementation.
- **Phase 4 Post Implementation.** (To be completed between January 2017- June 2017.) LWRL Inc. will work with Vitech to ensure that warranty coverage and support coverage are in place prior to the first day PASS is implemented into production; to deliver a resource transition plan for how Vitech will support PASS using project staff.

Due to the complexity of the project, LWRL Inc. spends about 145 hours a month on project oversight services at a rate of about \$30,000 a month. To date, SamCERA has been invoiced 67% of the total contract amount but is only 57% (24 out of 42 months) through the contract term. Staff anticipates that at this service level rate, we will reach the current contract fiscal limitation by the end of October 2016. However, SamCERA needs LWRL Inc. services through June of 2017. Under the proposed Fourth amendment to the agreement LWRL Inc. would have an additional 1191 hours to oversee the implementation of the of the PASS through June 30, 2017 at an additional cost of up to \$250,000. Any unused hours, will not be charged and the full \$250,000, would not be spent. Because these additional charges would not occur until fiscal year 2016-17, no adjustments to the current FY 2015-16 budget are necessary.

The resolution also authorizes the CEO to execute any subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate during the remaining term of the agreement to address any additional minor services needed prior to and post going live with the new PASS system in 2017.

Attachment

Resolution Authorizing the Chief Executive Officer to Execute a Fourth Amendment to the Agreement with L. R. Wechsler, Ltd, Inc. for Technology Modernization Project Manager Services

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION 2016-__

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A
FOURTH AMENDMENT TO THE AGREEMENT WITH LRWL INC. FOR TECHNOLOGY
MODERNIZATION PROJECT MANAGER SERVICES**

WHEREAS, on March 23, 2012, this Board entered into an agreement (hereinafter referred to as the "Original Agreement") for the furnishing of certain services by L. R. Wechsler, Ltd, Inc., now known as "LRWL Inc.," to assist SamCERA with its comprehensive system-wide project to overhaul and update its technology and business processes as set forth in that Original Agreement which included the selection of Vitech, Inc. as the Pension Administration Software System (PASS) provider; and

WHEREAS, in 2013, the Board authorized the First Amendment to provide the oversight services for the PASS project, and authorized the Chief Executive Officer to execute the Second Amendment extending the term and increasing the total not-to-exceed amount of the contract to \$1,568,000; and

WHEREAS, in 2014, the Chief Executive Officer, who was authorized to execute further amendments up to a total of \$50,000, entered into a Third Amendment which added services but did not affect the total fiscal obligation; and

WHEREAS, the Board now desires to further amend that Original Agreement to increase the total not-to-exceed amount of the contract to \$1,818,000 in order to provide management oversight by LRWL, Inc. for the implementation of the PASS; therefore, be it

RESOLVED, that the Chief Executive Officer is hereby authorized to execute an amendment to the agreement to increase the fiscal obligation to not exceed \$1,818,000 in order to provide for 1,191 more hours of management oversight by LRWL, Inc. for the implementation of the PASS.

BE IT FURTHER RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments to the Fourth Amended Agreement with LRWL, Inc. and minor modifications in an amount not to exceed a total of \$50,000.

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on _____, 2016.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

Natalie Kwan Lloyd, Board Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.6

TO: Board of Retirement
FROM: Scott Hood, Chief Executive Officer
SUBJECT: Update on Strategic Plan Implementation



Staff Recommendation

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

Background

During the July 2015 Board meeting, the Board approved the Strategic Plan shown at attachment "B." The plan lists identified items that the staff intended to address in Fiscal Year 2015-16. The heart of the plan is a matrix that provides more details about the potential solutions, timing and status of each item. The Strategic Plan utilizes a numbering system by fiscal year, meaning the first two digits identify items that were initiated in the fiscal year that ends in the year of the digits. For example, item 14-1 was initiated in the fiscal year that ended on 6/30/14. The number "1" in this case is the sequence number.

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

Discussion

This year's annual staff planning retreat will be held on February 10. Staff will review the current progress and review and discuss the current Strengths, Weaknesses, Opportunities and Threats (SWOT) analyses previously done in small groups. Staff will then identify items to add to the list and discuss whether to extend any of the previous items into the next fiscal year.

The following is a summary of the current status of the implementation of the Strategic Plan:

14-1 New SamCERA Website

SamCERA's website went live on October 24th. **COMPLETED 10/24/15.**

14-2 Internet Access to Member Accounts

PensionGold Web Member Services was updated on September 8th to give retired members access to their accounts, including their monthly advices. **COMPLETED 9/8/15.**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

14-3 Business Continuity Plan

Staff has produced an extensive draft Business Continuity Plan. Management is currently reviewing and editing the document for suitability and potential adaptation. **Staff is expected to complete the review process by the end of the fiscal year.**

14-4 Web Member Services

Web Member Services went live on the internet on September 8th, 2015. **COMPLETED 9/8/15.**

14-14 Member Education Master Plan

Staff is developing a framework for essential information that members need throughout their career and into retirement. A member education master plan will identify the key information members need and when they need to receive it. **Staff estimates the framework will be established by 6/30/16 and completion of the plan will likely take into the next fiscal year.**

14-15 Review of SamCERA Policies

Staff reviewed policies and brought needed updates to the Board for approval. **All Board administrative and governance policies can be found on the new website. COMPLETED 10/24/15.**

15-1 Replication and Recovery Plan

Staff continues to work on the replication and recovery plan. Critical data and systems are being replicated at ISD. Staff is exploring opportunities for the next step of offsite replication. **This next phase is expected to continue into the next fiscal year.**

15-11 Implementing Results of Asset Liability Study

The last step in implementing the changes from the asset liability study was when the Board approved the investment with Standard Life Investments Global Absolute Return Strategies (GARS) at its September Board meeting. Per the Board's direction this increased the hedge fund/absolute return category bucket from 4% to 5%. **COMPLETED 9/30/15.**

16-1 Training on New Software Systems

Staff continues to implement a number of new software systems and programs and upgrades to existing systems. The Strategic Plan calls for a training plan that addresses these new and upgraded systems. **This was scheduled for the fourth quarter of this fiscal year but will likely be continued into the next fiscal year.**

16-2 Board Packet Processing

Staff stopped the implementation of the agenda management solution provided by Accela. Staff found that the program was not flexible enough to be adapted for the way staff prepares the Board packets. The project is on hold pending a determination on whether Sharepoint can be used effectively to support staff's Board packet creation process. **A new method for Board packet processing will likely be implemented in the next fiscal year.**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

16-3 Resource Management Plan

During this year's Staff Retreat, staff will reevaluate when the resource management plan can be developed and implemented. **The framework for the plan will be completed prior to the development of the budget for next year.**

16-4 Records Management

Staff held an initial meeting with an independent consultant who may be able to assist in developing an approach to reorganizing SamCERA's records. **The records management project will commence by the end of this fiscal year.**

16-5 Email Migration

Staff transitioned to Microsoft Outlook from Groupwise and is working with the solution to archive and search older emails. **COMPLETED 11/17/15.**

16-6 Website Investment Information

Staff initiated system to publish the investment decisions made by the Board on SamCERA's website soon after the Board meeting. **COMPLETED 12/22/15.**

16-7 SamCERA Culture

During this year's Staff Retreat, staff will address the topic of SamCERA's culture. **The maintenance and growth of SamCERA's culture is an ongoing goal for staff and management.**

16-8 Domestic Equity Manager Structure

Staff will work on various domestic equity manager structure options. **Staff will present domestic equity manager structure options for the Board's consideration during the fourth quarter of this fiscal year.**

16-9 Real Estate Investment

SamCERA's real estate program was further diversified when the Board approved an investment with the Invesco Real Estate U.S. Value-Add Fund IV at the October Board meeting. Per the Board's direction this increased the real estate allocation from 6% to 7%. **COMPLETED 12/1/15.**

16-10 Proxy-Vote Reporting

Staff is developing reporting procedures to share proxy-vote results. **Staff will present recommended procedures for the Board's consideration during the fourth quarter of this fiscal year.**

16-11 Soft Dollar Reporting

Once the domestic equity manager structure is finalized, staff will develop various options regarding the use of soft dollars. **Staff will present recommendations on the use of soft dollars to the Board for discussion during the fourth quarter of this fiscal year.**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

16-12 Internal Controls

Staff continues to review internal controls. This was included in the Strategic Plan so that our new Finance Officer can learn and review current internal control procedures. **Staff is expected to complete the review process by the end of the fiscal year.**

Attachments

- A. Strategic Plan "Dashboard"
- B. FY 2015-2016 Strategic Plan

Strategic Plan Dashboard

Project Lead ↓

		TIMING				
		FY 2015-16				
ITEM		Q1	Q2	Q3	Q4	END STATE
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.

as of 012616



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
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		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		X	Implement appropriate manager structure
MC	16-9	Real Estate allocation		X	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.

as of 012616



X = completion date

X = projected completion date
 (ongoing project)



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 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.	<p>Consider methods to convert to provision of monthly payment information via an electronic method. Will look at putting advice information on web member services. Plan is that after implementation:</p> <ul style="list-style-type: none"> • Current retirees will opt in; • New retirees will opt out; • Each retiree will receive a minimum of one paper advice per year at year end and whenever a change takes place <p>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: 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> <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	Tarig	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	Tarig	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	Gladys	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.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.7

TO: Board of Retirement
FROM: Scott Hood, Chief Executive Officer
SUBJECT: 2015-16 Board-Staff Retreat Topics



Staff Recommendation

Provide direction to staff regarding the topics and schedule for the April 26 and 27, 2016, Board-Staff Retreat.

Background

This item is to give trustees another opportunity to discuss retreat topics and the schedule. The annual Board retreat is scheduled for April 26 and 27, 2016. The Board assists with setting the topics to be addressed at the retreat and provides input regarding the proposed presenters. Following this meeting, staff and Verus will begin in earnest to schedule presenters.

Discussion

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

The 2016 SamCERA Board-Staff Retreat is scheduled along the same lines as the 2015 retreat:

Days: Two consecutive days
Timing: Leaves time in between speakers for discussion
Location: SamCERA Boardroom
Speakers: Draw speakers from outside professionals as well as SamCERA's consultants and staff
Regular Business: Conduct the Board's regular monthly business during the afternoon on Tuesday of the retreat
Dates: **Tuesday, April 26 and Wednesday, April 27**

Attachment

Draft 2016 Board-Staff Retreat Agenda

Agenda & Presenters

Board / Staff Retreat

April 26 & 27, 2016



San Mateo County Employees'
Retirement Association

BOARD / STAFF RETREAT AGENDA
Day One—Tuesday, April 26, 2016

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
8:30 a.m.	Coffee and Refreshments
9:00 a.m.	Welcome Presenter: Scott Hood, SamCERA Chief Executive Officer
9:15 a.m.	Board Governance and Innovation Presenter: Governance and Innovation Expert
10:15 a.m.	Open Discussion
10:45 a.m.	Deep Dive Led by Mike Coultrip. Assess longer-term drivers of fund returns and risks. Investigate longer-term manager performance and other characteristics vs indexes and peer groups. Review Risk Dashboard. Presenters: Michael Coultrip, SamCERA Chief Investment Officer and Margaret Jadallah, Verus
11:45 a.m.	Lunch
12:45 p.m.	Deep Dive- Continued Presenters: Michael Coultrip, SamCERA Chief Investment Officer and Margaret Jadallah, Verus
1:45 p.m.	Open Discussion
2:15 p.m.	Break
2:30 p.m.	Beginning of Regular Board Meeting Agenda

BOARD / STAFF RETREAT AGENDA
Day Two—Wednesday, April 27, 2016

<u>TIME</u>	<u>TOPIC AND PRESENTER</u>
8:30 a.m.	Coffee and Refreshments
9:00 a.m.	Overview of the 2016 Asset/Liability Process Led by Mike Coultrip. Provide an overview of the asset/liability study process. Presenters: Michael Coultrip, SamCERA Chief Investment Officer and Margaret Jadallah, Verus
10:15 a.m.	Open Discussion
10:30 a.m.	Mandated Ethics Training Presenter: Brenda Carlson, SamCERA Chief Legal Counsel
11:30 a.m.	Lunch
12:45 p.m.	Long Term Effects of Lowering the Assumed Rate of Return Presenter: Nick Collier, Milliman, Inc
1:45 p.m.	Open Discussion
2:15 p.m.	Break
2:30 p.m.	Sneak Peak of SamCERA's Future PASS System Presenter: Elizabeth LeNguyen, SamCERA Benefits Manager
3:30 p.m.	Private Equity Valuations/Fee Transparency Discussion of Private Equity Transparency and Fee Structures. Presenter: TBD
4:30 p.m.	Open Discussion
5:00 p.m.	End of Retreat

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 26, 2016

Agenda Item 7.8

TO: Board of Retirement

FROM: Gladys Smith, Assistant Executive Officer



SUBJECT: Report on Upcoming Trustee Elections and Appointments

Staff Recommendation

This is an information-only report. No Board action is required.

Background

The Board has nine members and two alternates. The Board includes the County Treasurer, appointees of the Board of Supervisors, and elected members chosen by the differing active and retiree SamCERA membership groups. The terms of the Board members elected by their respective membership groups and the Board members who are appointed all have three year terms which are staggered.

Discussion

The terms of the elected Third Member, Ms. Kwan Lloyd, the Eighth Member, Mr. Hackleman and the Eighth Member Alternate, Ms. Salas, will expire on June 30, 2016. The terms of the appointed Fifth Member and Ninth Member seats, currently held by Mr. Bowler and Ms. Settles will expire on that date as well.

Election Process

The election nominating and voting process are set forth in the Board regulations which state that the County Elections Division runs the election. Regulation 4.1, provides that: "Regular Elections shall be held on the second Monday in June of the years in which the terms of elected Trustees expire." Accordingly, elections for the elected seats will be on June 13, 2016. At the February Board meeting, staff will present an election schedule as developed in conjunction with the County Elections Division.

Appointment Process

Staff will notify the appropriate County staff of the two expiring appointed seats. The County will advertise the vacancies and conduct a selection process. By July 1, the Board of Supervisors are expected to make the appointments.