

San Mateo County Employees' Retirement Association  
**Minutes of the Meeting of the Investment Committee**

**December 17, 2009 – Investment Committee Agenda**

**PUBLIC SESSION**

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Approval of the Minutes
- 4.0 Oral Communications From the Committee
- 5.0 Oral Communications From the Public
- 6.0 Investment Management Services - The Investment Committee Shall Review & Discuss
  - 6.1 Monthly Portfolio Performance Report
  - 6.2 Review Investment Consultant Service Requests For Proposal & Select Finalist Firms for Interviews
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

**MINUTES OF SAMCERA's Investment Committee**

- 1.0 **Call to Order:** Mr. David called the Public Session of the Investment Committee of the Board of Retirement to order at 9 a.m., December 17, 2009, in *SamCERA's* Board Room, Suite 125, 100 Marine Parkway, Redwood Shores, California.
- 2.0 **Roll Call:** Ms. Arnott, Mr. David and Ms. Jadallah. *Excused:* Mr. Bowler. *Other Board Members in Attendance:* Ms. Agnew. *Staff:* Mr. Bailey, Mr. Clifton, Ms. Dames and Mr. Hood. *Consultants:* Mr. Thomas. *Public:* None. *Retirees:* None.
- 3.0 **Approval of the Minutes:** None.
- 4.0 **Oral Communications From the Committee:** Ms. Jadallah reported that she attended the IIR Public Fund Boards Forum earlier in the month. She opined that the conference was good, however, was slightly better the previous year. This was because several speakers were unexpectedly unable to attend the conference this year and last minute speakers were then selected. Overall, the conference speakers seemed to have an optimistic outlook regarding the economy, however, still felt that real estate will have another year of poor performance. Ms. Jadallah said that speakers also discussed the possible changes in defined benefit plans such as increasing employee contributions.

Ms. Arnott reported that she attended the IFEBP Benefits Conference. She said the conference was very informative, as always. The speakers discussed the rebound in the economy as well as consolidation.
- 5.0 **Oral Communications From the Public:** None.
- 6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA's* 3.61% Total Fund Return for November 2009 outperformed the Total Plan Policy Benchmark return of 3.42%. The outperformance comes primarily from the equity portfolios. Fixed income slightly underperformed the BC Aggregate Index. The fund's return for the trailing twelve months is 19.94%, which is 1219 basis

points (bps) above the Actuarial Discount Rate, 7.75%, however, 374 basis points below *SamCERA's* Total Plan Policy Benchmark of 23.68%. The annual total performance is still being hindered by Aberdeen, Brandes, and BGI Alpha Tilts underperformance.

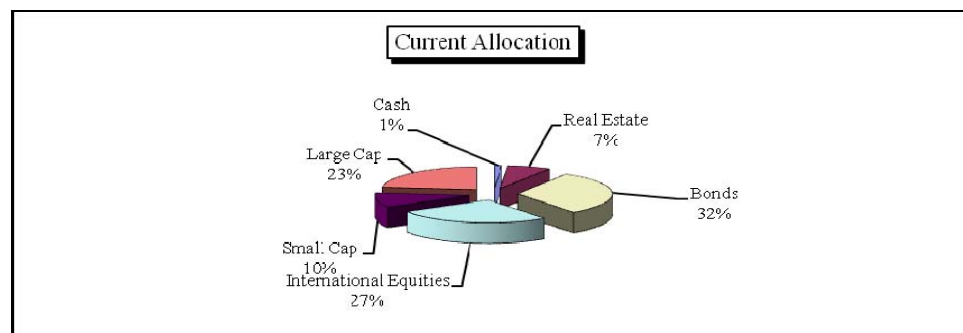
The table below shows the composite returns:

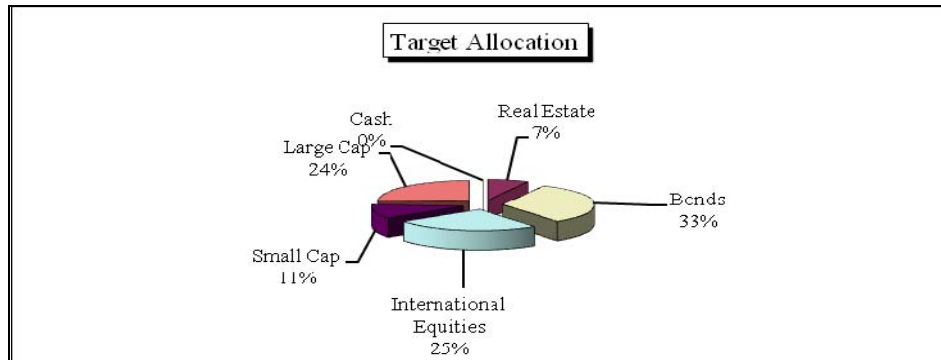
	Market Value	One Month	Trailing Three Months	Trailing Six Months	Trailing Twelve Months
Equity Aggregate	\$1,220,435,95	5.04%	6.93%	19.52%	\$1,220,435,
Equity Composite Benchmark		4.77%	6.62%	18.86%	
<b>Variance</b>		<b>0.27%</b>	<b>0.31%</b>	<b>0.66%</b>	
Fixed Income Aggregate	\$474,015,153	1.12%	4.63%	12.11%	\$474,015,1
Fixed Income Composite		1.29%	2.86%	6.21%	
<b>Variance</b>		<b>-0.17%</b>	<b>1.77%</b>	<b>5.90%</b>	
Real Estate Aggregate	\$110,601,490	0.00%	-7.07%	-21.73%	\$110,601,4
NCREIF (one quarter lag)		0.00%	-3.32%	-8.35%	
<b>Variance</b>		<b>0.00%</b>	<b>-3.75%</b>	<b>-13.38%</b>	
Cash Aggregate	\$19,001,811	0.05%	0.17%	0.57%	\$19,001,81
91 Day Treasury Bill		0.01%	0.06%	0.11%	
<b>Variance</b>		<b>0.04%</b>	<b>0.11%</b>	<b>0.46%</b>	
Total Fund Returns	\$1,824,054,41	3.61%	5.27%	13.42%	\$1,824,054,
Total Plan Policy Benchmark		3.42%	5.06%	14.34%	
<b>Variance</b>		<b>0.19%</b>	<b>0.21%</b>	<b>-0.92%</b>	

#### Performance versus Actuarial Discount Rate

Total Fund Returns			3.61%	5.27%	13.42%
Actuarial Discount Rate			0.62%	1.88%	3.80%
<b>Variance</b>			<b>2.99%</b>	<b>3.39%</b>	<b>9.62%</b>

*SamCERA's* current asset allocation is summarized as follows:





**Action:** No action was required. The Monthly Portfolio Performance Report is an informational report.

## 6.2 Review Investment Consultant Service Requests For Proposals & Select Finalist Firms for Interviews

Mr. Clifton reported that the Investment Consultant RFP was distributed to twelve investment consulting firms with a significant public fund client base. *SamCERA* received responses from ten of the twelve firms:

Ennis Knupp & Associates	Meketa Group	Mercer Investment Consulting
Milliman, USA	New England Pension Consultant (NEPC)	Pension Consulting Alliance (PCA)
Russ V. Kuhns & Associates	Strategic Investment Solutions	Wilshire Associates
Wurts & Associates		

The committee reviewed each RFP submission in great detail, discussing each firm's pros and cons.

The Investment Committee then eliminated consulting firms due to several factors, including the primary consultants' experience in his or her firm and industry, personnel turnover, client turnover, consultant-to-client ratio, distribution of ownership, resources and fees.

Following extensive discussion, the committee selected the five firms as finalists for the Investment Consultant search.

Staff will provide a report to the Board regarding the five selected finalists at the January board meeting. After board approval, invitations for interviews will be extended to the firms.

7.0 **Other Business:** None.

8.0 **Chief Investment Officer's Report:** None.

9.0 **Adjournment:** There being no further business, Mr. David adjourned the committee at 11:25 a.m.

AL DAVID, VICE CHAIR OF THE BOARD OF RETIREMENT