

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

July 23, 2013

Agenda Item 5.0

**February 26, 2013 – Investment Committee Agenda**

**PUBLIC SESSION**

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Oral Communications From the Committee
- 4.0 Oral Communications From the Public
- 5.0 Approval of the Minutes
- 6.0 Investment Management Services - the Investment Committee Shall Review & Discuss
  - 6.1 Preliminary Monthly Portfolio Performance Report
  - 6.2 Discussion and Approval of Alternative Asset Opportunity - D.E. Shaw 130/30 Manager Request for Information Responses (to be heard in Closed Session)
  - 6.3 Discussion and Review of Overlay Management – Further Discussion
  - 6.4 Approval of Annual Review Questionnaires for International Managers
  - 6.5 Approval of Large-Cap Growth Manager Finalist Candidates
  - 6.6 Approval of Changes to Fixed Income Policy Benchmark
  - 6.7 Discussion on Proposed Changes to the Investment Policy
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

**MINUTES OF SAMCERA's Investment Committee Meeting – February 26, 2013**

- 1.0 **Call to Order:** Mr. David called the Public Session of the Investment Committee of the Board of Retirement to order at 10:03 a.m. February 26, 2013, in SamCERA's Board Room, Suite 160, 100 Marine Parkway, Redwood City, California.
- 2.0 **Roll Call:**  
*Present:* Ms. Lauryn Agnew, Mr. Ben Bowler, Mr. Al David, and Ms. Michal Settles.  
*Alternates present:* Mr. John Murphy and Mr. Christopher Miller.  
*Staff:* Mr. David Bailey, Mr. Michael Coultrip, Ms. Brenda Carlson, Ms. Lilibeth Dames, Ms. Gladys Smith and Ms. Kristina Perez.  
*Consultants:* Mr. Jonathan Brody and Mr. Patrick Thomas, of Strategic Investment Solutions.
- 3.0 **Oral Communications From the Committee.** Ms. Agnew reported her attendance at the CALAPRS Advanced Board Leadership Institute, at the UCLA Anderson School of Management January 29-31, 2013. Mr. David reported attending the NCPERS Legislative Conference, in Washington D.C. on January 26 – 28, 2013.
- 4.0 **Oral Communications From the Public:** None.
- 5.0 **Approval of the Minutes:** Mr. David asked if there were any corrections or changes to the minutes, and none were noted.  
**Action:** Ms. Settles moved to approve the Investment Committee minutes from October 23, 2012. The motion was seconded by Mr. Bowler and carried unanimously.
- 6.1 **Monthly Portfolio Performance Report:** Mr. Coultrip presented the report and stated it was a strong month with SamCERA's overall portfolio up 3.1%, and he reviewed and discussed the different asset classes with the Board.  
**Action:** This agenda item was informational. It did not require committee action.

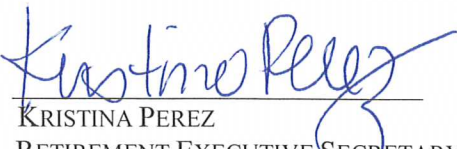
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Item 6.3 was taken out of order, and Item 6.2 was postponed until later in the meeting.

- 6.3 **Discussion and Review of Overlay Management – Further Discussion:** Mr. Coultrip explained the State Street report and analysis showing the estimated results of implementing an overlay program, and the Committee discussed.  
**Action:** Ms. Agnew moved to recommended Board approval to continue the process and return to the Board with a list of overlay management candidates. The motion was seconded by Mr. Bowler and carried unanimously.
- 6.4 **Approval of Annual Review Questionnaires for International Managers:** Mr. Coultrip reviewed the annual review process with the Committee, and let them know that the questionnaires will be sent to the managers once approved by the Board. Mr. Coultrip noted that ESG factor questions were added.  
**Action:** Ms. Agnew moved to recommend Board approval of the proposed annual review questionnaires for SamCERA's International Managers. The motion was seconded by Mr. Bowler and carried unanimously.
- 6.5 **Approval of Large-Cap Growth Manager Finalist Candidates:** Mr. Coultrip explained the search process with the Committee and stated that RFIs had been sent to six candidates, and all six had responded. John Nicolini of SIS, reviewed the selection criteria, and discussed each of the six finalists with the Committee.  
**Action:** Ms. Settles moved to recommend Board approval to invite the selected three large cap growth manager candidates, Brown Advisory, Delaware and TCW, to SamCERA for interviews. The motion was seconded by Mr. Bowler and carried unanimously.
- 6.6 **Approval of Changes to Fixed Income Policy Benchmark:** Mr. Coultrip discussed changes proposed to the fixed income benchmark. He went over the structure changes and compared the current target with the proposed target.  
**Action:** Ms. Agnew moved to recommend Board approval of the proposed fixed income benchmark. The motion was seconded by Ms. Settles and carried unanimously.
- 6.7 **Discussion on Proposed Changes to the Investment Policy:** This item will be discussed before the full Board of Retirement at the regular meeting.
- The Chair returned to item 6.2 at this time, and it was determined that this item would be heard in open session, not in closed session as agendized.
- 6.2 **Discussion and Approval of Alternative Asset Opportunity - D.E. Shaw 130/30 Manager Request for Information Responses:** Mr. Coultrip and Patrick Thomas discussed and reviewed information provided by DE Shaw regarding their 130/30 strategy, with the Committee. Mr. Coultrip explained that D.E. Shaw had previously presented before the Board; and additional reports analyzing D.E. Shaw in comparison to other 130/30 managers were given to the Board last month.  
**Action:** Ms. Settles moved to recommend Board approval to transition SamCERA's current long-only strategy with D.E. Shaw to a 130/30 strategy, after appropriate due diligence is conducted. The motion was seconded by Ms. Agnew and carried unanimously.
- 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 meeting at 11:32 a.m.

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ALBERT DAVID  
INVESTMENT COMMITTEE CHAIR

  
KRISTINA PEREZ  
RETIREMENT EXECUTIVE SECRETARY