



RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING
9:00 a.m.

October 30, 2013

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: Richard Cabral

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Accept comments from the public**

No members of the public offered comment.

3. **Update from investment consultant regarding the finalists for the Small/Mid Private Equity Search**

Price gave an overview on the background and the objective of the search for the small/mid private equity manager. He distributed a summary of information regarding the finalists.

Dirks gave an overview of the search process and the performance of the managers scheduled for presentations. He noted this fund will be a long-term commitment.

4. **Manager presentations:**

Bay Hills Capital – Lance Mansbridge, Philip Godfrey

Mansbridge gave an overview of the firm noting they are an employee owned San Francisco based private equity firm. He also gave a brief overview of the team. He reported their exclusive focus is on the North American small buyout sector. He also stated they do not have plans to change their present structure.

He discussed the advantages of the small buyout sector noting the opportunity is rich with superior return characteristics. He also gave a summary of the firm's key strengths.

Godfrey gave an overview of his background and experience. He also provided an overview of investing in the small buyout sector noting it requires dedication and strong relationships. He reviewed their process of identifying, evaluating and investing in funds.

Siguler Guff – George Siguler, Michael Keough, Kevin Kester

Siguler gave an overview of the firm noting they are a multi-strategy private equity investment firm with over \$10 billion in assets under management.

Kester discussed the investment team and investment committee. He reviewed the investment process of the small buyout investment strategy. He also discussed the rigorous due diligence process.

J.P. Morgan – Lawrence Unrein, Katherine Rosa, Joel Damon

Damon provided an overview of the firm.

Unrein described the team and the company.

Rosa discussed the advantages of focusing on small to mid-market companies. She reviewed some of the investments currently held in the small to mid-market investment strategy.

Horsley Bridge Partners - Elizabeth Obershaw, Josh Freeman, Lance Cottrill, Fred Giuffrida

Cottrill gave an overview of the firm and discussed the areas of the private equity market they concentrate on.

Obershaw discussed the investment committee and managing directors. She reviewed their experience, continuity, decision-making process and ownership. She also reviewed the investment team and the operations team.

Freeman stated their strategy is data-driven, noting high performing investments are critical to superior fund-level returns.

Giuffrida discussed their strategy and the investments made since 2007, noting the realized returns are at 3.5 times invested cost.

Cottrill discussed management fees.

5. Consider and take possible action on Small/Mid Private Equity Manager

After a discussion on the managers presenting, it was M/S/C to make a capital commitment to Siguler Guff as recommended by staff subject to due diligence, on-site visits and authorize the CEO to sign the necessary contracts. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

6. Consider and take possible action on updated Investment Policies and Guidelines

Price reviewed the recommended changes to the Investment Policies and Guidelines. The Board discussed changing number four on page 17 to read "The Board members, accompanied by the Investment Consultant, senior investment and executive staff, will normally visit with a prospective Investment Manager in its offices prior to hiring, as approved by the Board."

It was M/S/C to accept the recommended Board and staff changes to the Investment Policies and Guidelines. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles, and Watts)

Watts was no longer present for subsequent discussion and voting.

7. **Consider and take possible action to reschedule the December 11, 2013 Board meeting**

This item was pulled from the agenda.

8. **Miscellaneous**

(a) Staff Report –

Leedom reported that letters have been sent to members that retired in 2013 and were under the age of 59 ½ regarding the 1099R reporting for 2013.

She also reported tax counsel is researching a new IRS ruling regarding commingled funds.

She reminded members of the compensation committee there is a committee meeting on Monday.

Price reported two portfolio managers at Lord Abbett resigned.

He noted the onsite visit for Pyrford will be December 17th.

He reported he received initial feedback on the operational due diligence for Aether and will have this information for review at the next Board meeting.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Rodrigues asked for clarification on the coding on the 1099s of members retired in 2013 before the age of 59 ½. It was noted this coding would apply to members who did not have a bona fide separation of service.

Mitchoff asked for clarification on the new IRS ruling regarding commingled funds.

Telles reported a hearing for the DSA lawsuit is scheduled for October 31st at 8:30 a.m.

It was M/S/C to adjourn the meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues and Telles)

Brian Hast, Chairman

Jerry Telles, Secretary