

MINUTES

BOARD GOVERNANCE COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Retirement Board Conference Room
One McInnis Parkway, 1st Floor
San Rafael, CA

July 6, 2010 - 9 A.M.

CALL TO ORDER Chair Gladstern called the meeting to order at 9:31 A.M.

ROLL CALL PRESENT: Bolger, Gladstern, Sweet (ex-officio)

ABSENT: Haim, Webb

MINUTES February 11, 2010 Governance Committee Meeting

It was M/S Bolger/Sweet to approve the February 11, 2010, Governance Committee Meeting Minutes as submitted. The motion was approved by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

No public comment.

B. OLD BUSINESS

1. Corporate Governance Policy (Action)

Review and take possible action to recommend edits to Corporate Governance Policy

Counsel Dunning presented a comparison of the Corporate Governance Policy (“the Policy”) with the Corporate Governance Policy of the Council of Institutional Investors (CII), which serves as the blueprint for the Policy. It was noted that the CII policy includes annual updates, with recent priorities including proxy voting and executive compensation.

Counsel addressed the fiduciary issue that MCERA policies relating to investments, such as the Corporate Governance Policy, should reasonably be anticipated to enhance Fund returns or, at a minimum not be detrimental to Fund returns. To that end, Ms. Dunning recommended that the investment consultant, as well as legal, provide guidance as to such matters. Retirement Administrator Tom Ford noted that the due diligence policy for investments considers corporate governance.

The Committee decided that the Policy should be subject to annual review so as to align with the CII’s annual review and update of its model Corporate Governance Policy.

It was M/S Sweet/Bolger to recommend that the Board adopt edits to the Corporate Governance Policy as submitted. The motion was approved by unanimous vote.

2. Plan Document
Update on development of Plan Document

Counsel Dunning reported on the progress of preparation of an MCERA Plan Document for possible submission to the IRS to secure a Determination Letter. Ms. Dunning stated that the Plan Document will include Board of Supervisors and Board of Retirement resolutions that adopt Plan provisions from the 1937 Act and that most of those resolutions already have been located and included in the working draft document. Counsel stated that she has worked with Assistant Retirement Administrator Helen Moody and Communications Associate Sydney Fowler to prepare the draft Plan Document, and that staff will be providing that information to outside tax counsel shortly. Retirement Administrator Tom Ford noted that MCERA's tax counsel is currently waiting for a response from the IRS to its preliminary submissions regarding general provisions of the 1937 Act.

C. NEW BUSINESS

1. Budget Policy (Action)
Discuss, review, and take possible action to recommend adoption of Budget Policy

The Committee reviewed the proposed Budget Policy and discussed several modifications thereto.

It was M/S Bolger/Sweet to recommend adoption of the Budget Policy as amended. The motion was approved by unanimous vote.

2. MCERA Conflict of Interest Code (Action)
Review and take possible action to recommend update to COI Code

Counsel Dunning recommended that the current Conflict of Interest Code be updated, and, in particular, that more guidance be provided with respect to filings by consultants, including investment managers. Trustee Bolger voiced a preference for further consideration of the matter at the Board's strategic planning workshop in September.

3. Travel Expense Policy (Action)
Review and take possible action to recommend edits to policy

The Committee reviewed the Travel Expense Policy, discussing proposed modifications including the purchase of insurance for rental cars recommended by the Retirement Administrator. Upon further consideration, the Committee agreed to continue discussions of the matter at the next Committee meeting.

4. Due Diligence Policy (Action)
Review and take possible action to recommend edits to policy

The Due Diligence Policy was discussed and reviewed by the Committee, with no edits proposed. There was consideration given to a due diligence presentation to the Board.

5. Proxy policy (Action)
Review and take possible action to recommend edits to policy

Retirement Administrator Tom Ford noted that he would discuss the proxy provision of the Investment Policy Statement with the incoming Retirement Administrator and that the item may be returned to the Governance or Investment Committee.

6. Consider possible development of Additional Board Policies (Action)

a. Whistleblower Policy

Counsel Dunning reviewed the County's Whistleblower Policy with the Committee as well as a Whistleblower Policy that had been adopted by another public retirement system in California. There was discussion regarding the potential value of identifying the retirement board or one of its committees as an additional place to which MCERA employees could report any perceived issues, as opposed to having all reporting be streamlined to the County. Chair Gladstern stated her preference for a comprehensive approach and requested that Counsel return to the committee with a draft policy similar to the sample that was presented.

b. Confidentiality and privacy policy

Upon consideration of current confidentiality and privacy provisions in place, the Committee determined that the matters were sufficiently addressed.

7. Policy Review Schedule

Discuss draft schedule

A proposed policy review schedule was reviewed by the Committee. The Committee agreed that all policies will have a stated review period, and that the last amended date begins a new review cycle.

8. Role of Committees (Action)

Consider and take possible action to recommend changes in committee structures and functions

In light of mitigation of Member Services Committee concerns given the reduced backlog of service requests, as well as the limited agenda of the Communications Committee, a merger of the two committees was proposed by the Administrator. The Committee weighed the benefits of the proposed change in committee structures in light of the status quo.

It was M/S Bolger/Sweet to recommend that the Board merge the Communications Committee and the Member Services Committees into one committee named "Communications and Member Services" and modify the Member Services Committee Charter to accommodate same. The motion was approved by unanimous vote.

9. Next Committee meeting

Consider possible agenda topics and date for next meeting, including among others:

- Excess earnings, interest crediting, reserving policy
The Committee agreed to address the matter at the Fall Strategic Workshop
- Asset Manager code of conduct
The Committee agreed to discuss the matter at the next Committee meeting.

The Committee determined to convene the next Governance Committee meeting on August 25 at 9 A.M.

There being no further business, Chair Gladstern adjourned the meeting at 11:55 P.M.

Maya Gladstern, Chair

Attest: Jeff Wickman, for Tom Ford
Retirement Administrator