

MINUTES

**REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA**

August 11, 2010 - 9 A.M.

EVENT CALENDAR 9 A.M. Regular Board Meeting

CALL TO ORDER Chair Phillips called the meeting to order at 9:09 A.M.

ROLL CALL PRESENT: Bolger, Haim, Given, Gladstern, Phillips, Richardson, Webb
 (non-voting), Wofford (late arrival)

ABSENT: Brenk, Smith, Hufford

MINUTES July 14, 2010 Regular Board Meeting Minutes

It was M/S Gladstern/Richardson to approve the July 14, 2010, Regular Board Meeting Minutes as submitted.

AYES: Given, Gladstern, Phillips, Richardson
NOES: None
ABSTAIN: Bolger, Haim
ABSENT: Wofford

A. OPEN TIME FOR PUBLIC EXPRESSION

Former Trustee Sherry Sweet appeared before the Board upon the invitation of Board Chair Jim Phillips. The Chair expressed the Board's appreciation for Ms. Sweet's dedicated service to the system, stating that she was a valued member of the Board. Several Trustees commended Ms. Sweet and wished her well, praising her service to the retirement system, its members and retirees. Chair Phillips presented the former Trustee with a gift, while summarizing the Trustees' comments and thanking Ms. Sweet for her faithful commitment to the MCERA Board. Ms. Sweet expressed her sincere high regard for the members of the Board and for the privilege of working with them.

B. BOARD OF RETIREMENT MATTERS

1. Determination of Election Result – Seventh Member Safety
Chair Phillips reported that the initial election resulted in a tie vote, but that the election result would not be officially determined by the Board at the meeting because of an issue that had come to MCERA's attention following the election. Counsel explained that

MCERA staff had learned following the election that at least one eligible voter had not been provided with a ballot by MCERA because of a coding error as to that member, and because of the tie vote, that member's vote would have changed outcome of the election. Therefore, in accordance with Election Code rules, staff was considering conducting a repeat election, would consult with the Elections Office, and would update the Board on the topic at the August meeting.

Trustee Wofford joined the meeting at 9:30 A.M.

2. Administrator's Report (Oral)

a. Administrator's update

Retirement Administrator Jeff Wickman thanked the Board and staff for their support during the first several days of his tenure. Mr. Wickman expressed thanks to former Retirement Administrator Tom Ford for his guidance during the transition in administration. He reported engagement with several current system matters, including reviewing recent investment portfolio modifications with the investment consultant.

b. CPAS update

1. CPAS Ad Hoc Committee Report

Board Chair Phillips reported that he and the Ad Hoc CPAS Committee members Trustees Gladstern, Brenk, and Given met to discuss CPAS implementation matters last week. A report from the committee will be provided at the September Board meeting.

c. Staffing update

Administrator Wickman reported on his engagement with each staff member to assess top priorities. He praised the staff's commitment to the system's key mission of customer service. Mr. Wickman emphasized his commitment to add value with respect to staffing, in particular in the area of investment accounting.

d. Facility Use Report

Administrator Wickman reported that the Marin County Association of Retired Employees (MCARE) conducted a recent meeting at MCERA, in accordance with the recently established Facility Use and Reservation Policy.

e. Future meetings

- August 12 Finance and Risk Management Committee
 - Committee Chair Bolger announced a delay in the meeting start time to 10:30 A.M.
- August 25 Governance Committee
- September 8 Regular Board

- September 9 Investment Committee
- September 15 Fall Strategic Workshop

3. Committee Reports

a. Finance and Risk Management

1. Budget update

Committee Chair Bolger reported that final budget numbers will be presented at the next regular Board meeting.

b. Ad Hoc Education Committee

1. Discussion of potential topics for Fall Board Strategic Workshop

Board Chair Phillips reported that the agenda for the Fall Strategic Workshop was under review.

4. Trustee Comments

Chair Phillips initiated an Ad Hoc Special Investment Committee with Jerry Richardson as Chair, for the purpose of investment software evaluation. The Board Chair advised that Trustees Gladstern, Webb, and Haim will comprise the Ad Hoc Retirement Administrator Evaluation Committee.

Trustee Bolger reported on her attendance in July at the National Council of Public Employees (NCPERS) Program for Advanced Trustee Studies conference at Harvard. She stated that conference discussions included the adequacy of public pension system funding levels and whether or not modern portfolio theory provides sufficient protection from losses. Other topics included risk management and fiduciary responsibilities, she reported. She stated that she would submit a written report on the conference at the next meeting.

Chair Phillips directed deliberations to **Agenda Items C and D** in Closed Session at 9:45 A.M., reconvening in Open Session at 10:14 A.M.

C. **DISABILITIES**

All disability applications are heard in Closed Session unless applicant specifically waives confidentiality and requests that their application be heard in Open Session. Member records are confidential (Government Code Section 31532). (Action)

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|---|---------|---------|----------------|
| 1. Cathryn Watson | Service | 7/15/09 | Probation Dept |
| Initial consideration of an application for service-connected disability retirement filed by a Miscellaneous member | | | |
| 2. Jeffrey Taylor | Service | 3/6/09 | County Sheriff |
| Reconsideration of an application for disability retirement filed by a Safety member | | | |
| 3. Carmen Vasquez-Lind | Service | 12/4/06 | Marin County |
| Request for extension of time in which to conduct a hearing. | | | |

Chair Phillips reported that the Board granted Cathryn Watson's application for service-connected disability retirement by a 7-0 vote.

Trustee Wofford recused herself from Agenda Item C.2 because it involved an employee in her department, returning for remaining agenda items.

Chair Phillips reported that the Board granted Jeffrey Taylor's application for service-connected disability retirement by a 6-0 vote (with Trustee Wofford recused).

Chair Phillips reported that the Board granted Carmen Vasquez-Lind's request for a 90-day extension of time in which to conduct a hearing by a 7-0 vote.

D. LEGAL MATTERS

1. Military Service Credit

Consider advice received on military service credit and provide direction to staff regarding same

Chair Phillips introduced the topic of military service credit and noted that it was on the agenda to receive advice of counsel, as had been requested by Trustee Hufford, and to direct staff accordingly. Counsel Dunning advised that MCERA members with intervening military service -- as defined in the 1937 Act -- may purchase service credit for that time if it has not already been paid for with retirement contributions made during or immediately after the military service period. However, she noted that, just as with other potential "public service" credit, members who were hired after a date certain in 1979 are not currently permitted by their employers to purchase military service that occurred *before* they first became MCERA members. Counsel noted that staff is the process of developing a broader set of procedures to explain a variety of service credit purchase topics, and that staff would like to include military service credit within those procedures. Counsel confirmed that the County appears to be providing accurate information regarding intervening military service credit to the one member whom MCERA is aware currently may be eligible for that service credit. Staff stated that it would continue to communicate directly with members and plan sponsors on this topic.

E. OLD BUSINESS

1. Due Diligence Report – Artisan Partners, International Large Cap Growth
Board Chair Jim Phillips, Investment Committee Chair Jerry Richardson

Chair Phillips reported favorably on his Due Diligence visit to Artisan Partners with Investment Committee Chair Richardson. Characterizing the Artisan International Large Cap Growth portfolio manager as a key person, the Chair reviewed the conference with him as well as the Chief Investment officer. Mr. Phillips concluded that all was well with Artisan Partners, and that the relationship should be maintained.

Chair Phillips stated that BlackRock is scheduled for a due diligence visit as they are on the watch list. A due diligence visit with Dodge & Cox will also be scheduled.

F. NEW BUSINESS

1. Supplemental Ad Hoc Cost of Living Increase (Action)

Consider and take possible action to adopt recommendations of Actuary regarding implementation of ad hoc supplemental COLA

Chair Phillips recalled that the Board gave careful consideration to the supplemental Ad Hoc COLA last year. He added that the system is in similar circumstances this year. Trustee Haim referred to earnings erosion experienced by affected retirees, and reiterated his preference for a process to address the possibility of establishing an excess earnings account. Trustee Gladstern stated that the process continues to be under development and will be discussed at the Fall Strategic Workshop. Trustee Webb requested a presentation by the actuary at the next Board meeting on the issue.

2. Resolution 2010/11-01 Authorizing the Retirement Administrator to Act on Behalf of MCERA Relating to Accounts with Financial Institutions for the Custody of Securities (Action)

Consider and take possible action to approve Administrator's actions regarding custody of securities

RESOLUTION NO. 2010/11-01

**A RESOLUTION OF
THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION'S (MCERA)
BOARD OF RETIREMENT
AUTHORIZING THE RETIREMENT ADMINISTRATOR
TO ACT ON BEHALF OF MCERA
RELATING TO ACCOUNTS WITH FINANCIAL INSTITUTIONS
FOR THE CUSTODY OF SECURITIES**

The Board of the Marin County Employees' Retirement Association (MCERA) resolves that the individual listed below is fully authorized and empowered to execute documents and instructions related to the management of real estate, and to establish accounts in any bank or financial or depository institution in the name of and on behalf of MCERA; to make deposits in, charge, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages; to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments, documents, or paper of any type; and to make, execute, and deliver, on behalf of MCERA, any and all written instruments necessary or proper to effectuate the authority hereby conferred, and that any such actions heretofore taken by the following person on behalf of MCERA are hereby ratified, approved, and confirmed. All actions taken under the authority of this resolution shall be reported to the Finance Committee either before or at the next regularly scheduled committee meeting thereafter.

Jeff Wickman, Retirement Administrator

PASSED AND ADOPTED at a regular meeting of the Marin County Employees' Retirement Association's Board of Retirement, held this ___ day of August, 2010, by the following vote:

I hereby certify that the above-listed signatory is a duly-appointed employee of this Association and that this is a true and correct copy of the Resolution of the Marin County Employees' Retirement Association.

James Phillips, Chairperson
Board of Retirement
Marin County Employees' Retirement Association

It was M/S Richardson/Gladstern to approve Resolution 2010/11-01 authorizing the Retirement Administrator to act on behalf of MCERA relating to accounts with financial institutions for the custody of securities. The motion was approved by unanimous vote.

3. Resolution 2010/11-02 Authorizing the Retirement Administrator to Act on Behalf of MCERA Relating to Establishment and Management of Retirement System Accounts (Action)
Consider and take possible action to approve Administrator's actions regarding retirement system accounts

RESOLUTION NO. 2010/11-02

**A RESOLUTION OF
THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION'S (MCERA)
BOARD OF RETIREMENT
AUTHORIZING THE RETIREMENT ADMINISTRATOR
TO ACT ON BEHALF OF MCERA
RELATING TO ESTABLISHMENT AND MANAGEMENT OF RETIREMENT SYSTEM
ACCOUNTS**

WHEREAS, the Board of Retirement of the Marin County Employees' Retirement Association ("MCERA") has plenary authority to administer the retirement plan in accordance with the California Constitution and other applicable law, and

WHEREAS, it is necessary and appropriate for the Board of Retirement to open accounts in banks and financial or depository institutions for the purposes of facilitating the management and custody of investments owned by MCERA, and

WHEREAS, it is necessary and appropriate for the Board of Retirement to adopt rules authorizing individuals to act on behalf of MCERA with respect to such accounts with banks, financial or depository institutions, for facilitating the management and custody on investments owned by MCERA.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

The individual listed below is fully authorized and empowered to establish accounts in any bank or financial or depository institution in the name of and on behalf of MCERA, to make deposits therein, to charge, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages.

Further, he is authorized and empowered to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments, documents, or paper of any type; and to make, execute, and deliver, on behalf of MCERA, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

Jeff Wickman, Retirement Administrator

PASSED AND ADOPTED at a regular meeting of the Marin County Employees' Retirement Association's Board of Retirement, held this 11th day of August, 2010, by the following vote:

I hereby certify that the above-listed signatory is a duly-appointed employee of this Association and that this is a true and correct copy of the Resolution of the Marin County Employees' Retirement Association.

James Phillips, Chairperson
Board of Retirement
Marin County Employees' Retirement Association

It was M/S Gladstern/Richardson to approve Resolution 2010/11-02 authorizing the Retirement Administrator to act on behalf of MCERA relating to establishment and management of retirement system accounts. The motion was approved by unanimous vote.

4. Future Meetings
Consider and discuss agenda items for future meetings

Chair Phillips stated that he would communicate with Ad Hoc committee members soon as to meeting times.

G. INVESTMENT INFORMATION

“X” indicates report distributed; * indicates report distributed electronically

PERIODIC REPORTS

1. Equities and Fixed Income

	Abbot Capital	-Private Equities Fund	
	Analytic Investors	-Equitized US Market Neutral Portfolio	
* X	Artisan Funds, Inc.	-International Equities Fund	
* X	BlackRock	-Alpha Advantage Index Fund	
* X	The Clifton Group	-Futures Overlay Program	
	Columbus Circle Investors	-Small Cap Growth Portfolio	
* X	Dimensional Fund Advisors	-Small Cap Value Fund	
* X	Dodge & Cox	-Large Cap Value Portfolio	
	Eaton Vance	-Emerging Markets	
	Morgan Stanley	-International Equities Fund	
* X	Numeric Investors	-Equitized US Market Neutral Portfolio	
	Pathway Capital	-Private Equities Fund	
*	Pyramis Global Advisors	-Equitized US Market Neutral Fund	
*	Pyramis Global Advisors	-International Small Cap Equity Fund	
* X	RCM	-Large Cap Growth Equities Portfolio	
* X	Wellington Management	-Core Domestic Fixed Income Portfolio	
	X Western Asset Management	-Core Plus Domestic Fixed Income Portfolio	
2. Real Estate

	Woodmont Realty Advisors	-Direct ownership – Monthly report	
	AEW Capital Management	-Value Added Portfolio	Quarter
*	ING Clarion	-Core Portfolio	Quarter
*	RREEF	-Value Added Portfolio	Quarter
X	Woodmont Realty Advisors	-Direct Ownership	Fiscal Yr
3. Market Neutral

	X Monthly Performance Report	-For period ending July 31, 2010	
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4. Other

Trustee Given requested consideration of a monthly investment report summary. Chair Phillips advised conducting a Due Diligence review of the investment consultant due to changes in time commitments.

H. FINANCIAL INFORMATION

1. Treasurer's Monthly Report
Short Term Investments for period ending June 30, 2010*

The Board accepted the Treasurer's monthly report on Short Term Investments for the period ending June 30, 2010.

I. OTHER INFORMATION

1. Approved Trustee Training Calendar
2. *Keeping in Touch* – August Issue, Retired Employees Association newsletter

J. CONSENT CALENDAR (Action)

It was M/S Gladstern/Richardson to approve the Consent Calendar as submitted. The motion was approved by unanimous vote.

There being no further business, Chair Phillips adjourned the meeting at 10:45 A.M.

James Phillips, Chair

Michael Smith, Secretary