

MINUTES

BOARD GOVERNANCE COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

October 21, 2010 - 9 A.M.

CALL TO ORDER

Chair Gladstern called the meeting to order at 9:18 A.M.

ROLL CALL

PRESENT: Bolger, Gladstern, Haim, Webb

ABSENT: None

MINUTES

It was M/S Webb/Bolger to approve the August 25, 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. Conflict of Interest Code (Action)

Counsel Dunning presented the proposed amendments to MCERA's Conflict of Interest Code. Counsel observed that consultants report under the most expansive disclosure category unless the Conflict of Interest Code itself provides, or the Retirement Administrator determines in writing, that a lesser disclosure is appropriate. Trustee Bolger recommended a further amendment to the Code that any exceptions by the Retirement Administrator be brought to the Governance Committee for its information.

It was M/S Webb/Bolger to recommend that the Board adopt the amended Conflict of Interest Code, with the further amendment recommended by Bolger. The motion was approved by unanimous vote.

2. Plan Document

Mr. Wickman reported continued work with Hanson Bridgett on the Plan Document and other matters related to MCERA's planned request for an IRS determination letter, in anticipation of the January 2011 filing.

3. Time Commitments for Retirement Board Members (Action)

Chair Gladstern introduced the proposed revised Time Commitments for Retirement Board Members document to the Committee, emphasizing its importance to new trustees as well as their supervisors. The Chair observed that the time committed by Trustees to their position on the Board has grown over the years, and that participation in Committees and/or leadership roles add to that commitment. There was also discussion of the amount of time required to prepare for Board and Committee meetings. The Committee discussed

including both additional items in the revised document. The Committee then provided direction to staff to finalize the revised document with those further edits.

4. Policy Review Schedule

The Committee reviewed the current Policy Review Schedule.

C. NEW BUSINESS

1. Policy re Board Adoption of MCERA's Actuarial Economic Assumptions (Action)

Chair Gladstern stated that the proposed Policy re Board Adoption of MCERA's Actuarial Economic Assumptions was developed to bring visibility to the system's economic assumptions. Furthermore, the proposed policy will support the Plan Document filing by providing for additional visibility and structure in the Board's review and acceptance of the economic assumptions.

The Committee discussed the nature and timing of the Board's review of the actuarial report, with Trustee Bolger recommending that the Board develop a means to conduct a more in-depth review of the topics addressed in the policy. The Committee then discussed amending the draft policy to provide that it should be reviewed annually in conjunction with the Board's adoption of MCERA's actuarial valuation.

It was M/S Webb/Bolger to recommend that the Board adopt the Policy re Board Adoption of MCERA's Actuarial Economic Assumptions, as amended. The motion was approved by unanimous vote.

2. Board Meeting Agenda Setting and Meeting Organization (Action)

Mr. Wickman reviewed the agenda-development process with the Committee, recommending adjustments toward the goal of standardizing the items for the Board meetings. The Chair noted that increasingly lengthy Committee reports have delayed subsequent agenda items.

It was M/S Bolger/Webb to recommend that the Board revise its Agenda setting and meeting organization to reflect the following:

- a. Disabilities to commence at 11:00 A.M., Time Certain
- b. Legal Matters to precede Disabilities
- c. Same-day Investment Committee matters, if any, will be addressed after the conclusion of Board meetings on a Special Investment Committee Agenda.

The motion was approved by unanimous vote.

3. Class Action Securities Litigation Policy (Action)

The Committee discussed the adequacy of the timing and provision of information pertaining to class action securities litigation. Trustee Bolger recommended modifying the wording for Section II.A regarding monitoring class action filings. The Chair stated that staff, the custodian and two law firms should be monitoring these actions. Trustee Bolger recommended clarifying the process, noting that secondary law firms are only alerting as to class actions, adding that there are complex and numerous decision points in class action matters.

The Committee agreed that the policy should be amended to address MCERA's monitoring-related efforts, and referred the matter to the Finance and Risk Management Committee for recommendations.

4. Accessibility of Records Policy (Action)

Triennial review of Accessibility of Records Policy and provide direction to staff re same

The Committee reviewed the policy and determined that only one modification was warranted: a clarification of the location at which the policy would be maintained at MCERA.

It was M/S Bolger/Webb to recommend that the Board amend the Accessibility of Records Policy, as discussed. The motion was approved by unanimous vote.

5. Waiver of Membership Policy (Action)

Consider and discuss development of Waiver of Membership Policy

Observing that other 1937 Act systems have policies dealing with the irrevocability of waivers of membership, Administrator Wickman requested approval to develop a Waiver of Membership Policy that would include such a provision. Counsel Dunning reviewed the 1937 Act and current bylaws, which provide for waiver of membership, and she advised that because some ambiguity exists in both the 1937 Act and the bylaws regarding implementation of such a waiver, a policy on the topic would be appropriate.

Chair Gladstern acknowledged new members' difficulties in comprehending the effects of the membership decision vis-a-vis the structure of pension plans and additionally the effect on Social Security benefits of such membership. There was discussion of the importance of providing an educational statement to explain the potential effect of the waiver of membership on an individual.

The Committee determined that the Administrator would develop a draft Waiver of Membership Policy for the Committee's review at a subsequent meeting.

6. Disability Retirement Process Flowchart (Action)

Consider and take possible action to recommend edits to Flowchart

The Committee reviewed the Disability Retirement Process Flowchart with the purpose of clarifying the requirements surrounding independent medical examinations (IMEs). The Committee agreed that the Flowchart should anticipate that the Board's medical consultant may submit a recommendation for the Board's initial consideration, and if the consultant and staff so agree, the member need not obtain an IME before the Board initially considers the member's application. The Committee also noted that the Flowchart should include a provision showing that the Board retains the right to request an IME of a member after it initially considers the application.

It was M/S Bolger/Webb to recommend that the Board approve amendments to the Disability Retirement Process Flowchart, as discussed. The motion was approved by unanimous vote.

7. Next Committee meeting

The Committee determined to meet next in January 2011, on a date to be determined.

There being no further business, Chair Gladstern adjourned the meeting at 11:52 A.M.

Maya Gladstern, Chair

Attest: Jeff Wickman
Retirement Administrator