

MINUTES

REGULAR BOARD MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

March 9, 2011 - 9 A.M.

<u>EVENT CALENDER</u>	9 A.M.	Regular Board Meeting
<u>CALL TO ORDER</u>	Chair Gladstern called the meeting to order at 9:05 A.M.	
<u>ROLL CALL</u>	PRESENT:	Bolger, Given (non-voting) (late arrival), Gladstern, Phillips, McFarland, Richardson, Haim, Walsh, Webb (non-voting), Wofford
	ABSENT:	Brenk

MINUTES

It was M/S Richardson/Haim to approve the February 9, 2011, Regular Board Meeting Minutes as submitted. The motion was approved by unanimous vote.

It was M/S Richardson/Phillips to approve the January 13, 2011, Investment Committee Meeting Minutes as amended. The motion was approved by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

Chair Gladstern invited public comment upon completion of each agenda item's presentation, and before the Board's deliberation.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)
 - a. Administrator's update

Retirement Administrator Jeff Wickman reported that One McInnis is now fully occupied with the arrival of the new tenant. For the convenience of MCERA visitors, the first four parking spaces have been marked as "MCERA Reserved." A new sign has been added to the front entry way to indicate the MCERA is in Suite 100.

Public records act requests for the current valuation report and most recent asset allocation study were completed.

The third planned investment into the Eaton Vance emerging markets portfolio was completed in February.

The County's Voluntary Separation Incentive Program (VSIP) resulted in thirty-six retirements as of June 2011. Benefits staff is preparing retirement packets for all the individuals prioritized by their projected retirement date.

The Ad Hoc Assistant Administrator Committee convened and will be reporting to the Board in the near future.

b. Seminar update

Since their initiation in February 2009, thirty-two pre-retirement seminars have been attended by 610 MCERA members. This represents 23% of the total membership according to Communications Associate Syd Fowler.

c. Staffing update

See Agenda Item B.2.a.2. for staffing discussion.

d. Facility Use Report

No facility use.

e. Future meetings

- March 10 Investment Committee
- March 30-31 Strategic Workshop
- April 13 Regular Board

2. Committee Reports

a. Finance Committee

1. Transfer of MCERA Property Insurance Services to Marin County Risk Management Division

Finance and Risk Management Committee Chair Bolger reported that Retirement Administrator Wickman had presented a proposal to seek a new property insurance provider through County Risk Management, and that the Committee agreed with that proposal. Mr. Wickman expects increased efficiency and hopefully reduced cost by utilizing the Marin County Risk Manager to obtain insurance on properties within MCERA's real estate portfolio.

Trustee Haim observed that the nature of the real estate portfolio may require the current insurer's special expertise, and he recommended that counsel review the real estate insurance contracts. Mr. Wickman replied that a review of contract provisions is in process, and he expressed confidence in the County's ability to locate an appropriate insurance provider.

2. Administrative Budget FY 2011-12

Consider and review proposed administrative budget (discussion item only)

Mr. Wickman presented the proposed draft Fiscal Year 2011-12 administrative budget, stating that it fit under the new legislative budget cap established by AB 609.

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

The budget staffing plan includes the conversion of extra hire positions to permanent and the alignment of proper job classifications for staff. Salaries are based on projected step increases and benefits costs based on input provided by the County. Staffing goals include bringing evaluations current and enhancing staff expertise in benefits administration and the new CPAS system.

Member service goals include establishing performance measures to track customer service delivery. The performance measures will help staff to identify areas of potential improvements. Mr. Wickman emphasized the goal of no lapse between the member's final paycheck and the first retirement check. Assistant Retirement Administrator Helen Moody noted the typical items that create challenges to immediate turnaround are service purchases and domestic relations orders.

Other planned service enhancements include access to MCERA publications on the website, including a consolidated financial report to be developed once the CPAS system is complete, a more streamlined disability retirement process, and tri-annual audit of MCERA actuarial valuation.

Trustee Phillips observed that the proposed alignment of extra hire positions with permanent status is appropriate and long anticipated. Chair Gladstern agreed, stating that the move gives momentum to the ongoing theme of improving member services. Trustees Haim and Phillips complimented Administrator Wickman and the Senior Accountant on the proposed budget.

b. Ad Hoc CPAS Committee Report

1. Project Status Update

Trustee Phillips reported that CPAS functionality for employer web and system security was received by MCERA as planned. A March 10 build is to include MCERA data through January 31, 2011, a critical data conversion fix on member contributions, and multiple other identified system fixes. In addition, 50% of the general ledger functionality is expected.

A new go live date of July 5, 2011 has been established, as enough of the core functionality has been received to determine the remaining time line. Trustee Phillips stated that while resource issues remain, he expects the program will

achieve MCERA's objectives. Trustee Phillips said that the new builds will be closely monitored.

Questions about system security led to Principal Systems Analyst Alex Levin's review of system access and security. Testing of the application server connection has been successful, and security logs will be monitored in the live environment. Trustee Wofford recommended thorough background checks in order to safeguard employee data. Mr. Wickman said that policies and procedures will be established around the appropriate use of the system.

Chair Gladstern recessed Open Session and directed deliberations to **Agenda Item D, Disabilities**, followed by **Agenda Item C, Legal Matters**, in Closed Session at 10:09 A.M.

D. DISABILITIES - (TIME CERTAIN: 10 A.M.)

All disability applications are considered in Closed Session unless applicant specifically waives confidentiality and requests that his or her application be considered in Open Session. (Action)

<u>Applications to be Heard</u>	<u>Service/Non-Service Connected</u>	<u>Date of Application</u>	<u>Employer</u>
1. William McMurray	Service	10/10/07	Marin County Sheriff
Consider and take possible action re Administrative Law Judge's Findings of Facts and Proposed Decision			
2. Marlene Philley	Service	3/27/09	Health & Human Svcs
Initial consideration of an application for service-connected disability retirement filed by a Miscellaneous member			

The Board reconvened in open session and the Chair reported that the Board had approved and adopted the Administrative Law Judge's Findings of Facts and Proposed Decision for William McMurray by a vote of 7-0, and granted the applicant a service connected death allowance under Government Code section 31787, with Trustee Wofford recusing because the decedent worked for her employer.

The Board continued its consideration of Marlene Philley's application to the April Board meeting.

C. LEGAL MATTERS

1. Conference with Legal Counsel -- Potential Initiation of Litigation
(CLOSED SESSION)
Initiation of litigation pursuant to subdivision (c) of Section 54956.9: two potential cases

No reportable action.

The Board returned to **Agenda Item B.2 Committee Reports**

c. Ad Hoc System Risk Committee Report

1. Recommend Investment Risk Analysis Vendor Selection (Action)

Ad Hoc System Risk Committee Chair Richardson advised that the Committee recommends that the Board direct the Retirement Administrator to engage SF Sentry Risk Advisors in a three-month trial basis contract for independent risk analysis at a total cost of \$15,000.

Trustee Haim asked about the goal and anticipated result of the contract, and Trustee Richardson explained that the goal is to obtain a comprehensive independent risk analysis of the investment portfolio. Trustee Phillips said that risk is assessed from a holistic view including stress scenarios and review of potential secondary pricing efficiencies.

It was M/S McFarland/Haim to direct the Retirement Administrator to engage SF Sentry Risk Advisors in a three-month trial basis contract for independent risk analysis at a total cost of \$15,000 subject to contract negotiations. The motion was approved by unanimous vote.

3. Trustee Comments

Chair Gladstern and several other Trustees' attended the recent CalAPRS General Assembly. Ms. Gladstern characterized the meeting as worthwhile, with informative discussions on risk and emerging markets, among other matters.

Chair Gladstern and fellow Trustees commended Trustee Walsh for his work on behalf of the Board.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Review of Form 700 reporting requirements – Ashley Dunning

Counsel Ashley Dunning provided an overview of recent developments in Form 700 and Conflict of Interest Code annual reporting requirements. Ms. Dunning also specifically reviewed gift reporting requirements.

2. Council of Institutional Investors Public Fund Director Elections (Action)

Board vote to select delegate for elections

Chair Gladstern expressed an interest in attending the CII spring conference, observing that she regularly attends the event.

It was M/S Haim/Wofford to appoint Chair Maya Gladstern as delegate to the Council of Institutional Investors Public Fund Director Elections. The motion was approved by unanimous vote.

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

No discussion.

G. INVESTMENT INFORMATION

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

PERIODIC REPORTS

1. Equities and Fixed Income

		Abbott Capital	-Private Equities Fund
		Analytic Investors	-Equitized US Market Neutral Portfolio
*	X	Artisan Funds, Inc.	-International Equities 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
*	X	Morgan Stanley	-International Equities Fund
*	X	Numeric Investors	-Equitized US Market Neutral Portfolio
*	X	Pathway Capital	-Private Equities Fund
*	X	Pyramis Global Advisors	-Equitized US Market Neutral Fund
*	X	Pyramis Global Advisors	-International Small Cap Equity Fund
		RCM	-Large Cap Growth Equities Portfolio
		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
*	X	ING Clarion	-Core Portfolio
		RREEF	-Value Added Portfolio
			Quarter
	X	Woodmont Realty Advisors	-Direct Ownership
			Quarter
3. Market Neutral

		X Monthly Performance Report	-For period ending February 28, 2011
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4. Other

H. OTHER INFORMATION

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

I. CONSENT CALENDAR (Action)

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

There being no further business, Chair Gladstern adjourned the meeting at 12:15 P.M.

Maya Gladstern, Chair

Bernadette Bolger, Secretary