

## MINUTES

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

One McInnis Parkway, 1<sup>st</sup> Floor  
Retirement Board Chambers  
San Rafael, CA

April 13, 2011 - 9 A.M.

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

### **MINUTES**

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

It was M/S Haim/McFarland to approve the March 10, 2011, Investment Committee Meeting Minutes as submitted. The motion was approved by unanimous vote.

#### **A. OPEN TIME FOR PUBLIC EXPRESSION**

No public comment.

#### **B. BOARD OF RETIREMENT MATTERS**

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

Retirement Administrator Jeff Wickman reported that recent upgrades to the MCERA Web site include a list of MCERA consultants. Future upgrades will include access to approved actuarial valuation reports and financial reports.

Mr. Wickman and Assistant Retirement Administrator Helen Moody participated in a recent meeting with the financial staff from the Administrator's Office at Marin County and San Mateo County. At this meeting Mr. Wickman presented an overview of the pension system.

As a follow-up to discussions at the Strategic Planning meeting, Mr. Wickman met with Marin County Courts to share the Board's feedback regarding entering into a 401(h) plan agreement. The Administrator discussed other options that may be available to the Courts including contracting with an company to provide the health benefits through a 115 trust. Trustee Haim suggested gauging the County's potential interest in joining a 401(h) program. Chair Gladstern recommended a future educational session on the available options.

Mr. Wickman continues to attend the Marin County Council of Mayors and Councilmembers Local Government Reform of Pensions and Other Post Employment Benefits committee meetings. He has offered his services as a resource and provided input on the draft report.

The company selected to assist the Board with analyzing investment risk, SF Sentry, has received a draft contract from MCERA. To assist with their work, Mr. Wickman is working with the MCERA custodial bank to establish comingled look through accounts that will show holdings information for the MCERA investments that are in comingled funds. The cost from the custodian is \$1,500 per the six comingled funds. Having this data available in the custodial system will increase MCERA's ability to track, analyze and share investment data with the Board.

Transition of market neutral assets to the State Street Global Advisors index fund will be completed April 18, 2011.

Mr. Wickman will meet later this week with Administrators of selected '37 Act systems to discuss strategies regarding implementing each of their software programs.

b. Staffing update

No changes to the staffing plan.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) and the Marin County Deputy Sheriff's Association held meetings at the facility.

d. Future meetings

- April 21           Governance Committee  
The meeting date has been changed to April 18.
- May 4             Regular Board
- May 5             Investment Committee

2. Committee Reports

a. Communications and Member Services Committee

1. Approve Spring MCERA newsletter copy (Action)

Mr. Wickman presented newsletter copy for review and approval on behalf of the Communications and Member Services Committee. Articles of interest include the cover article on upcoming elections, and introductions to the Trustees and their responsibilities and duties.

Board Chair Gladstern offered potential modifications on different topics in the interest of clarity, including adding the importance of trustee education to the article that introduces the Board members. There was agreement that the Question and Answer article would be modified to clarify what contributions are refunded if an employee terminates and requests a withdrawal of funds. Trustee Phillips offered changes that will clarify investment terminology.

It was M/S Richardson/Brenk to approve the Spring MCERA newsletter copy as amended in accordance with the discussion. The motion was approved by unanimous vote.

b. Finance and Risk Management Committee

1. Budget Update

Mr. Wickman presented the next fiscal year's budget for further consideration and review by the Board in accordance with the Budget Policy. The Trustees considered potential minor revisions on various points. The discussion included what constitutes a completed disability retirement application in the context of Mr. Wickman's goal of streamlining the completion of the process within a six-month time frame. Ms. Gladstern discussed potential cost reductions applicable to the County Department of Finance. Mr. Wickman advised that potential budget adjustments will be presented to the Finance and Risk Management Committee mid-year. Presently, Mr. Wickman will revise the budget according to the discussion and present it to the Board for final approval at the May Board meeting.

c. Ad Hoc CPAS Committee Report

1. Project Status Update

Ad Hoc CPAS Committee Chair Phillips reported that the Committee will meet prior to the next Board meeting to assess the next build. Work on the project is moving at a consistent pace. With the last build all core functionality has been received. The next build is scheduled for delivery on April 25. Formal user acceptance testing will begin when conditional acceptance of the system occurs.

Chair Gladstern recessed Open Session and directed deliberations to **Agenda Item D** in Closed Session at 10 A.M., reconvening in Open Session at 11:25 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. Marlene Philley Initial consideration of an application for service-connected disability retirement filed by a Miscellaneous member	Service	3/27/09	Health & Human Services
2. Cheri DeSemas Initial consideration of an application for service-connected disability retirement filed by a Miscellaneous member	Service	5/28/09	Health & Human Services
3. Kim Shine Consider and take possible action re Administrative Law Judge's Findings of Facts and Proposed Decision	Service	10/02/08	Community Development Agency

Chair Gladstern reported that, by a vote of 7-0, the Board granted non-service-connected disability retirement to Marlene Philley and denied her request for service-connected disability retirement subject to the applicant's right to a request an administrative hearing in accordance with MCERA procedures. Trustee McFarland recused himself, disclosing a potential conflict because he works in the same department as the applicant.

The Board denied Cheri DeSemas' application for service-connected disability subject to the applicant's right to a request an administrative hearing in accordance with MCERA procedures by a 7-0 vote. Trustee McFarland recused himself, disclosing a potential conflict because he works in the same department as the applicant. Trustee Webb recused himself from discussions, disclosing a potential appearance of a conflict because of his prior involvement with matters that included the applicant.

The Board rescheduled consideration of Kim Shine's disability application for the May Board meeting upon the applicant's request.

Chair Gladstern directed deliberations to **Agenda Item F.1.**

**F. NEW BUSINESS**

1. Actuarial Valuation Report, FY 2010 - Graham Schmidt, EFI (TIME CERTAIN: 11:30 A.M.)

Actuary Graham Schmidt of EFI Actuaries presented the Actuarial Valuation as of June 30, 2010. He reviewed previously approved revisions including a discussion of retirement age, and use of the term "Tier 3A" for certain County benefits listed in the report, and certain technical corrections in the report. Mr. Schmidt also reviewed

valuation assets and non-valuation reserves as reflected in a chart in the report. Board members referenced several prior Board meetings with the actuary, including most recently Strategic Planning, about the assumptions and methodologies used in the report and expressed confidence in the actuary's recommendations and the Board's conclusions.

It was M/S Haim/Brenk to adopt the Actuarial Valuation Report as of June 30, 2010, as amended. The motion was approved by unanimous vote.

Chair Gladstern directed discussion to **Agenda Item B.2.d.**

d. Ad Hoc Assistant Retirement Administrator Committee Report

Mr. Wickman reported that the announcement of the Assistant Retirement Administrator position will be released soon. Once potential candidates' applications are reviewed, the plan is to fill the position by mid-May.

3. Trustee Comments

Trustee Haim inquired about proposed disability process changes, and Mr. Wickman stated that the summary form will be used in agenda backup provided for the next regular Board meeting.

Trustee Phillips commented that the memorial service held for Supervisor Charles F. McGlashan, IV, was well attended. Mr. Phillips praised Mr. McGlashan's accomplishments during his six-year tenure on the Board of Supervisors and during his years on the Board of Retirement.

Chair Gladstern appointed herself to Governance, Finance and Risk Management, and Communications and Member Service Committees.

Trustee Gladstern announced a MCARE scholarship benefit dinner which she encouraged the Trustees to attend.

Trustee Gladstern reported on her attendance at the Council of Institutional Investors (CII) Spring meeting. There is a pending runoff vote for President of the group. A report on the CII meeting was presented by Trustee Bolger, who said that the organization is broad-based and independent, and concerns itself with corporate governance and investment management issues.

Trustees Brenk and McFarland discussed their attendance of the CALAPRS Pension Plan management course, where studies included actuarial analysis and sample disability cases, as well as basic pension plan management.

Trustee Webb reported that the Institutional Investor Public Funds Round Table included educational sessions on fixed income hedge fund strategies and in-depth discussions on emerging markets.

**C. LEGAL MATTERS**

None.

**E. OLD BUSINESS**

None.

Chair Gladstern directed deliberations to **Agenda Item F.2.**

2. Voting Instructions to MCERA Delegate to SACRS Business Meeting, May 13, 2011

a. Election of SACRS Board of Directors (**Action**)

Chair Gladstern reviewed the SACRS Board of Directors nomination and election process. The Trustees discussed the candidates presented in the two available options.

It was M/S Phillips/Haim to select the Orange County Employees Retirement System (OCERS) recommended 2011-2012 Nominees/Candidates for the SACRS Board of Directors. The motion was approved by unanimous vote.

b. Copy of meeting agenda

The SACRS meeting agenda was presented without discussion.

3. SACRS Voting Proxy (Action)

Board vote to select delegate and alternate delegate for SACRS May meeting

It was M/S Bolger/McFarland to recommend that Chair Maya Gladstern and Trustee Sean Webb serve as delegate and alternate delegate, respectively, to the SACRS Business Meeting on May 13, 2011. The motion was approved by unanimous vote.

4. 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
- Pathway Capital -Private Equities Fund
- \* X Pyramis Global Advisors -Equitized US Market Neutral Fund
- \* X Pyramis Global Advisors -International Small Cap Equity Fund
- X RCM -Large Cap Growth Equities Portfolio
- State Street Global Advisors -S&P 500 Flagship Non-Lending
- X Wellington Management -Core Domestic Fixed Income Portfolio
- X Western Asset Management -Core Plus Domestic Fixed Income Portfolio
- 2. Real Estate
- X Woodmont Realty Advisors -Direct ownership – Monthly report
- AEW Capital Management -Value Added Portfolio Quarter
- ING Clarion -Core Portfolio Quarter
- \* X RREEF -Value Added Portfolio Quarter
- \* X Woodmont Realty Advisors -Direct Ownership Quarter
- 3. Market Neutral
- X Monthly Performance Report -For period ending March 31, 2011
- 4. Other

**H. OTHER INFORMATION**

1. Approved Trustee Training Calendar
2. *Keeping in Touch* – April 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 12:03 P.M.

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Maya Gladstern, Chair

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Bernadette Bolger, Secretary