

MINUTES

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

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

June 8, 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, Burroughs, Given (late arrival), Gladstern, Haim, McFarland, Phillips, Richardson, Webb (non-voting), Wofford
	ABSENT:	Brenk

MINUTES

It was M/S Haim/Richardson to approve the March 30-31, 2011, Strategic Planning Workshop Meeting Minutes as submitted. The motion was approved by unanimous vote.

It was M/S McFarland/Burroughs to approve the May 4, 2011, Regular Board Meeting Minutes as submitted. The motion was approved by unanimous vote.

It was M/S Phillips/McFarland to approve the May 5, 2011, Investment Committee Meeting Minutes as submitted. The motion was approved by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

No public comment.

B. BOARD OF RETIREMENT MATTERS

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

Retirement Administrator Jeff Wickman presented copies of the report on the May 16th Public Pension Forum sponsored by Marin County, at which he presented information on the MCERA system. The Forum report may also be accessed

through the County Web site. The Forum was well attended and a number of speakers took the opportunity to address the panel and provide their input.

Representatives from MCERA were invited to speak to the Novato Fire District Board of Directors to provide an overview of MCERA and discuss the most recent actuarial valuation. In attendance representing MCERA were Mr. Wickman, Assistant Retirement Administrator Helen Moody, Counsel Ashley Dunning and Actuary Graham Schmidt of EFI Actuaries. The presentation was well received and the Novato Fire District is also making efforts to reduce costs.

Mr. Wickman reported that on Tuesday the Marin County Grand Jury published a report titled "Public Sector Pensions: A Perspective". Mr. Wickman expressed appreciation for the level of detail and effort undertaken by the Grand Jury to produce the report. A formal response by the Board to the report's findings and recommendations must be completed within 90 days. An Ad Hoc Committee of the Board consisting of the Board Chair and Vice Chair will meet with staff to develop draft responses to bring back to the Board at its July meeting.

Trustee Given joined the meeting at 9:17 A.M.

Mr. Wickman reported that, in accordance with the Board's prior direction, the sale of the office building owned by MCERA at 1851 Heritage Lange in Sacramento, California was completed on June 7, 2011. Proceeds from the sale were \$4.3 million.

SACRS has initiated a project to categorize all '37 Act system policies. MCERA will be participating in this effort.

The MCERA Spring newsletter was published in May.

New enhancements to the MCERA Web site include a *Reports* tab where condensed financial statements, actuarial valuations, and audited financial reports for the past three years may be found.

Mr. Wickman continues to participate in meetings of the Marin County Council of Mayors and Councilmembers Ad Hoc Committee on Local Government Reform of Pension and Other Postemployment Benefits. The Committee's final report, to be published June 16, will be provided to the Board.

The annual process to renew MCERA's fiduciary liability insurance is underway. MCERA's existing policy will expire in September.

Two public records act requests on the investment portfolio were fulfilled.

Next Friday Mr. Wickman will attend the CalAPRS Administrator's Roundtable.

In response to Trustee Haim's inquiry, Mr. Wickman stated that he will be meeting with representatives from Marin County to discuss their interest in participating in 401(h) accounts.

b. Staffing update

Mr. Wickman is initiating the staffing plan outlined in the fiscal year 2011//2012 budget.

c. Facility Use Report

There were two facility use meetings.

Mr. Wickman also reported that automatic push button access will be installed at the front door of One McInnis Parkway.

d. Future meetings

- June 28 Governance Committee
- July 5 Communications and Member Services Committee
- July 13 Regular Board
- July 14 Investment Committee

2. Committee Reports

a. Finance and Risk Management Committee

Mr. Wickman reported that the Finance and Risk Management Committee reviewed the Quarterly Checklist. A new Committee initiative is underway to collect published reports on economic assumptions including methodologies for developing the assumed rate of return. Committee Chair Bolger reviewed details of a Fitch bond ratings report which reported that a funding ratio of 70 percent was adequate from a ratings standpoint.

Discussions on contract language continue with Wellington with regard to the proposed transition of the fixed income portfolio from Core to Core Plus.

Mr. Wickman reviewed the new real property insurance policy placed through Marin County Risk Management Office. There was a cost impact in purchasing property insurance for the year due to the insurance industry's reaction to the recent Japan earthquake.

To address potential price and timing issues for foreign currency exchange transactions, the Committee determined that Mr. Wickman should pursue potential side letter agreements with investment managers. Bo Abesamis of Callan Associates will also be invited to address the Investment Committee to discuss foreign currency exchange.

b. Ad Hoc CPAS Committee Report

1. Project Status Update

Ad Hoc CPAS Committee Chair Jim Phillips reported that the Committee met with Mr. Wickman, Principal Systems Analyst Alex Levin and Assistant Retirement Administrator Helen Moody. Because an analysis revealed gaps in key system functions, parallel testing will be deferred from July to August. The latest build which includes fixes for the functional issues was accepted on June 7 and staff will begin testing the build to ensure quality of the solutions provided.

Mr. Phillips allowed that vendor resource issues remain. The integration of staff with the system is progressing. The Committee will continue to meet monthly at a minimum.

c. Ad Hoc Assistant Retirement Administrator Committee Report

Mr. Wickman announced an initial pool of 21 are being reviewed by MCERA and Alliance Resource Consulting for potential interviews. Interviews will be conducted at the end of June.

3. Trustee Comments

Trustee Haim commented on his attendance at a sports ceremony with former MCERA Trustee Peter Arrigoni.

Trustee Phillips reported that the recent due diligence visit with investment consultant Callan Associates was thorough and left a favorable impression. Mr. Phillips emphasized the degree to which MCERA expects service from Callan Associates. He noted that Callan has substantial resources and a well-aligned management structure. To that point, Mr. Wickman commended the firm's integration of information technology and research resources with investment professionals. The firm's recent acquisitions should not impact the resources currently committed to MCERA.

Chair Gladstern reported that the SACRS conference was well attended and the content was worthwhile. Ms. Gladstern attended the CalAPRS Trustees Roundtable where investment risk advisor SF Sentry's presentation was well received. The next trustee roundtable will occur on October 14. Ms. Gladstern provided information on a June 16 conference focusing on governance hosted by Broadridge.

Trustee Given expressed his sincere appreciation to the Retirement Administrator and staff for the thorough preparation of materials and organization of meetings.

Chair Gladstern said that the annual Retirement Administrator evaluation process will proceed over the next few months.

Chair Gladstern recessed Open Session at 10:00 A.M., directing deliberations to **Agenda Item C** and **Agenda Item D** in Closed Session, reconvening in Open Session at 11:35 A.M.

C. LEGAL MATTERS

- 1. Conference with legal counsel – anticipated litigation (CLOSED SESSION)
Potential initiation of litigation pursuant to subdivision (c) of Government Code sec. 54956.9: two cases

No reportable action.

- 2. Conference with legal counsel – anticipated litigation (CLOSED SESSION)
Exposure to litigation pursuant to subdivision (b) of Government Code sec. 54956.9: one case

No reportable action.

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. Erik Sterne Initial consideration of an application for service-connected disability retirement filed by a Safety member	Service	1/28/10	San Rafael Fire Dept
2. Ronald Whitehead Initial consideration of an application for service-connected disability retirement filed by a Safety member	Service	7/16/09	San Rafael Fire Dept
3. Daniel Hanlon Initial consideration of an application for service-connected disability retirement filed by a Safety member	Service	9/8/09	San Rafael Police Dept

Trustee Burroughs was excused from the meeting during deliberations on **Agenda Item D.2**, returning thereafter.

- 1. It was M/S Richardson/Wofford to grant Erik Sterne’s initial application for service-connected disability retirement. The motion was approved by unanimous vote.
- 2. It was M/S Given/Bolger to grant non-service-connected disability retirement to Ronald Whitehead and to deny his request for service-connected disability retirement subject to the applicant’s right to an administrative hearing in accordance with MCERA procedures.

AYES: Bolger, Given, Gladstern, Haim, McFarland, Phillips, Richardson, Wofford

NOES: None

ABSTAIN: None

ABSENT: Burroughs

3. It was M/S Richardson/McFarland to grant Daniel Hanlon's initial application for service-connected disability retirement. The motion was approved by unanimous vote.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. 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	
	Artisan Funds, Inc.	-International Equities Fund	
* X	The Clifton Group	-Futures Overlay Program	
* X	Columbus Circle Investors	-Small Cap Growth Portfolio	
* X	Dimensional Fund Advisors	-Small Cap Value Fund	
* X	Dodge & Cox	-Large Cap Value Portfolio	
* X	Eaton Vance	-Emerging Markets	
* X	Morgan Stanley	-International Equities Fund	
	Pathway Capital	-Private Equities Fund	
* X	Pyramis Global Advisors	-International Small Cap Equity Fund	
	X RCM	-Large Cap Growth Equities Portfolio	
* X	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	
* X	AEW Capital Management	-Value Added Portfolio	Quarter
* X	ING Clarion	-Core Portfolio	Quarter
* X	RREEF	-Value Added Portfolio	Quarter
	X Woodmont Realty Advisors	-Direct Ownership	Quarter

3. Other

H. OTHER INFORMATION

- 1. Approved Trustee Training Calendar

I. CONSENT CALENDAR (Action)

It was M/S Phillips/Given to approve the Consent Calendar as submitted. Chair Gladstern commented that Suzanne Dowling’s letter regarding rescinding retirement refers to reciprocity of service. Retirement Administrator Jeff Wickman advised that he will confirm that Ms. Dowling has not broken reciprocity. The motion was approved by unanimous vote.

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, JUNE 8, 2011

CONSENT CALENDAR
May 2011

RETURN OF CONTRIBUTIONS

County of Marin	47.43
County of Marin	1,660.88
County of Marin	<u>23,957.27</u>
TOTAL	\$25,665.58

BUYBACK

Linda Dobra	County of Marin
Patrick Echols	County of Marin
Edward Megia	County of Marin
Catherine A. Wright	City of San Rafael

NEW RETIREES

Diana Gano-Rosete	Agriculture, Weights and Measures	County of Marin
Yolande Garey	Cultural and Visitor Services	County of Marin
Jean Helgesen	ECC	County of Marin
Kathleen Jones	Community Development Agency	County of Marin
Carol Misseldine	Survivor/Charles Mcglashan	County of Marin
Jack Pribble	IST	County of Marin
Gail Rouchdy	H&HS	County of Marin
Michael Saunders	H&HS	County of Marin
John Berto		Novato Fire
Bruce Hudkins		City of San Rafael
Gary Lucas		City of San Rafael
John Parker		City of San Rafael
Steven Takemoto		City of San Rafael
Ronald Keith		MSMA

RESCINDED RETIREMENTS

Suzanne Dowling

DECEASED RETIREES

James Hutchison	Assessor-Recorder	County of Marin
Pierre Joske	Parks & Open Space	County of Marin
Norma Smith	County Clerk	County of Marin
Ronald Spurrell	Sheriff	County of Marin
Robert Bradley		City of San Rafael
Wilber Smith		City of San Rafael

CONFERENCES/SEMINARS

SACRS

Trustees Bolger, Brenk, Gladstern, Haim, McFarland, Phillips, Webb
Retirement Administrator Wickman, Counsel Dunning, Counsel Faulkner, Counsel Richardson

There being no further business, Chair Gladstern adjourned the meeting at 11:45 A.M.

Maya Gladstern, Chair

Bernadette Bolger, Secretary