

MINUTES

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

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

February 7, 2012 – 2 P.M.

CALL TO ORDER Chair Brenk called the meeting to order at 2:02 p.m.

ROLL CALL PRESENT: Bolger, Brenk, Gladstern, McFarland

ABSENT: Haim, Webb

MINUTES

It was M/S Gladstern/Bolger to approve the October 20, 2011, Governance 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 Committee regarding any agenda item when the Committee considers the item.

No public comment.

B. OLD BUSINESS

C. NEW BUSINESS

1. Plan Document
Review staff updates to Plan Document

Retirement Administrator Jeff Wickman presented Plan Document updates to the Committee for review. Notable additions are historical documentation on the 401(h) plan and resolutions implementing new plan tiers adopted by the County and City of San Rafael. Staff will continue to add information to the Plan Document as new legislation applicable to MCERA is enacted and /or other actions are taken by plan sponsors or MCERA that should be reflected in the Plan Document.

The role of the Governance Committee is to provide oversight regarding the items included in the Plan Document as it is developed and evolves, according to Counsel Ashley Dunning.

2. Economic Assumptions Policy (Action)
Consider and possibly recommend to Board updates to policy to reflect MCERA's new economic assumptions

Mr. Wickman presented proposed revisions to the Policy Regarding Adoption of Actuarial Economic Assumptions that clarify the existing economic assumptions adoption process and include newly adopted assumptions. The Committee discussed minor revisions to the Policy.

Trustee Bolger reviewed with counsel the Board's duty to base its decisions on the actuary's recommendations, including reasonable ranges that the actuary recommends, while exercising independent judgment and prudence.

It was M/S McFarland/Gladstern to recommend that the Board adopt revisions to the Policy Regarding Adoption of Actuarial Economic Assumptions as amended. The motion was approved by unanimous vote.

3. Contributions Collections Policy Discussion

Consider and discuss potential new policy refining timing on collection of employer contributions

Committee Chair Brenk reviewed the proposed policy to formalize the timely receipt of required member and employer contributions. Committee members discussed policy provisions with Mr. Wickman, who will confer with plan sponsors and bring the policy back to the Committee for further consideration.

4. Accessibility of Records Policy (Action)

Consider and possibly recommend edits to policy based on additional guidance provided in public records opinion by Los Angeles Superior Court

Counsel Dunning stated that proposed revisions to the Accessibility of Records Policy align with Court of Appeals decisions, and a recent Los Angeles Superior Court ruling, regarding non-confidentiality of service credit information and non-confidentiality of retirement option selections by a member.

It was M/S Bolger/Gladstern to recommend that the Board adopt revisions to the Accessibility of Records Policy as submitted. The motion was approved by unanimous vote.

5. MCERA Officer Selection

Discuss procedure for selection of MCERA officers

The Committee considered whether to formalize further the process of selecting officers for the Board. After reviewing an example of a formal process used by another pension system provided by staff, the Committee deliberated the relative merits of more or less formal procedures. The Committee concluded that less formality, and a policy that memorializes current practice, may be preferable. A suitable draft policy will be considered at the next Committee meeting.

6. Investment Code of Conduct and Insider Trading Policy Review (Action)

Triennial review of Investment Code of Conduct and Insider Trading Policy

The Committee conducted the triennial review of the Investment Code of Conduct and Insider Trading Policy. The Policy follows current applicable law on the topic, according to counsel, and as such serves as an educational resource. In discussing the fiduciary role

delegated to investment managers, Trustee Bolger recommended using the ERISA standard. Where the delegation has not been specifically acknowledged by an investment manager, the link should be established, she stated. Staff is currently reviewing all the manager agreements to determine that acknowledgements have been received by MCERA.

It was M/S McFarland/Gladstern to recommend that the Board affirm review of the Investment Code of Conduct and Insider Trading Policy. The motion was approved by unanimous vote.

7. Class Action Securities Litigation Mid-Year Report
Conduct mid-year review per subject Policy

Mr. Wickman stated that the lower threshold for active participation in class action securities litigation has had a negligible impact on the workload. Matters discussed included the potential for participating in class actions and the need for securities monitoring firms to cover international as well as domestic class actions. Ms. Dunning related a United States Supreme Court decision known as the “Morrison decision”, which no longer permits jurisdiction in U.S. district court for legal actions regarding securities purchased on foreign exchanges. Alternative jurisdictional options for such actions would be in foreign, or potentially, state courts.

8. Next Committee meeting
Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

Trustee Bolger noted that Ms. Gladstern will share results of the April Council of Institutional Investors (CII) annual conference at the next Committee meeting. Proxy voting and governance will be discussed at the March Strategic Planning Workshop. Ms. Bolger suggested a discussion of new safeguards for money market funds.

There being no further business, Trustee Brenk adjourned the meeting at 3:55 P.M.

Greg Brenk, Chair

Attest: Jeff Wickman, Retirement Administrator