

MINUTES

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

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

March 14, 2012 - 9 A.M.

EVENT CALENDER 9 A.M. Regular Board Meeting

SWEARING IN OF CHRIS COOPER

County Counsel Pat Faulkner administered the oath of office to Chris Cooper.

SWEARING IN OF ALAN PIOMBO

County Counsel Pat Faulkner administered the oath of office to Alan Piombo.

CALL TO ORDER Chair Gladstern called the meeting to order at 9:06 A.M.

ROLL CALL PRESENT: Bolger, Brenk, Cooper, Gladstern, Haim, McFarland,
Piombo (safety alternate), Richardson, Stevens, Webb
(retiree alternate)

ABSENT: Given

MINUTES

It was M/S McFarland/Bolger to approve the February 8, 2012 Regular Board 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 reported that he, general counsel Ashley Dunning and Investment Consultant Jim Callahan from Callan Associates met with the new trustees to provide a general orientation to MCERA and specific review of the trust fund portfolio.

With the assistance of County Counsel, the investment management agreement with Wellington to transition the fixed income portfolio from Core to the Core Plus strategy has been completed.

Officials from the City of Fresno pension system met with MCERA staff to learn about the implementation of MCERA's new pension administration system and see a demonstration of that system.

The final June 30, 2011 Actuarial Valuation will be presented at the April Board meeting, along with a draft Summary Valuation evolving from the Ad Hoc SB 867 Committee.

The goal of revising the pre-retirement seminar was met with the completion of the new Seminar Handbook. Staff are also looking at ways to improve scheduling of one-on-one counseling sessions for prospective retirees.

The Retirement Administrator reminded Board members that Form 700s and biannual ethics training are due soon.

b. Staffing update

No discussion.

c. Facility Use Report

No facility use.

d. Future meetings

- March 15 Investment Committee
- March 21-22 Strategic Planning Workshop
- April 3 Communications and Member Services Committee
- April 11 Regular Board

2. Committee Reports

Chair Gladstern affirmed the appointment of Trustee Stevens and appointed Trustee Cooper to the Finance and Risk Management Committee; Trustees Cooper and Piombo to the Communications and Member Services Committee, excusing Trustee Brenk; and Trustees Stevens and Piombo to the Governance Committee.

a. Finance Committee

1. Administrative Budget FY 2011/12 Quarterly Review

Consider and review budget for quarter ending December 31, 2011

Finance and Risk Management Committee Chair Bolger stated that the Committee reviewed the draft budget. She stated the budget would be reviewed with the entire Board during agenda item B.2.a.4.

2. Quarterly Checklist

Consider, review and updates on the following:

The Committee's review of the quarterly checklist resulted in no concerns.

3. Notes to Financial Statements Update

Consider and discuss updates to financial statement notes

The Chair recommended that an ad hoc committee be established to review notes to the June 30, 2012 financial statement.

Chair Gladstern directed deliberations to **Agenda Item B.2.a.5.**

5. System Risk Quarterly Review – SF Sentry

Presentation and discussion of preliminary system risk analysis

David Hansen of SF Sentry presented the quarterly system risk analysis for the Committee's consideration. Matters previously identified with fixed income holdings were discussed with MCERA's fixed income managers, who provided additional duration and bond rating data.

Tim Holmes from SF Sentry stated that the quarterly analysis results showed no material issues. Committee Chair Bolger requested information on mutual funds fees associated with Eaton Vance and Artisan for possible rebate. She also discussed consideration of safeguards to address potential conflicts with regard to MCERA investment information within mutual funds.

Chair Bolger and Trustee Haim recommended that system risk discussions be moved to the Investment Committee; however, Board Chair Gladstern prefers to consider the matter later in the year.

Chair Gladstern directed deliberations to **Agenda Item B.2.a.4.**

4. Administrative Budget FY 2012/13 (Action)

Consider and possibly adopt administrative budget, as recommended by the Finance Committee, for the next fiscal year

Mr. Wickman presented a proposed no-growth Administrative Budget for the next fiscal year that is under the allowed administrative cap in the CERL by \$891,801. Salaries and benefits, including annual step increases, represent the largest portion of the proposed budget. Mr. Wickman recommended two position reclassifications and the elimination of funding for two extra hire positions.

Mr. Wickman highlighted goals in the budget such as tracking customer service metrics and providing accessible documents on the website. Financial goals include a Comprehensive Annual Financial Report (CAFR), along with a Popular Annual Financial Report (PAFR) currently under development. He also proposed beginning the process to identify requirements for a new general ledger system.

Discussions on the proposed budget included consideration of electronic Board packets and related policies. Chair Gladstern agreed that considerations surrounding electronic delivery should be explored, and Trustee Brenk concurred commenting that certain costs for the delivery of packets could be reduced. Trustee Haim expressed a desire to maintain some flexibility to continue to receive packets. Mr. Wickman indicated that a full cost-benefit analysis would need to take place before there would be any changes to the current mechanism for delivering materials to the Board.

Based on the action of the Finance and Risk Management Committee, Committee Chair Bolger recommended that the Board adopt the Administrative Budget for FY 2012/12 as submitted. The motion was approved by unanimous vote.

Chair Gladstern recessed Open Session and reconvened the meeting in Closed Session at 10 A.M. and directed deliberations to **Agenda Item D, Disabilities.**

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. Don Florence Initial consideration of an application for service-connected disability retirement filed by a Safety member.	Service	4/7/10	Marin County Fire Dept.
2. Daniel Martin Initial consideration of an application for non-service-connected disability retirement filed by a Miscellaneous member.	Non-Service	6/14/10	Marin County Department of Public Works

Chair Gladstern recessed Closed Session and reconvened the meeting in Open Session at 12:30 P.M.

It was M/S McFarland/Richardson to deny Don Florence’s initial application for service-connected disability retirement and to provide the applicant with the opportunity to request an administrative

hearing in accordance with MCERA policy. The motion was approved by a 7-1 vote, with Trustee Piombo voting no. Trustee Cooper recused because he is in the same service as the applicant.

It was M/S Haim/Stevens to deny Daniel Martin's initial application for non-service-connected disability retirement and to provide the applicant with the opportunity to request an administrative hearing in accordance with MCERA policy. The motion was approved by unanimous vote.

3. Trustee Comments

Trustee Haim thanked Mr. Wickman for sending out the Government Accountability Office report on public pension funds. Counsel Dunning responded to a question from Mr. Haim regarding indemnification of trustees for their actions in performance of their duties on the retirement board.

Trustee Bolger reported that the CalAPRS General Assembly included an informative presentation on pursuit of yield that discussed the non-correlation of commodities with other assets, which Trustee Brenk expressed an interest in. Other topics of discussion, she said, were vested rights and actuarial issues. Chair Gladstern also attended the conference and reported on actuarial and attorney panels and a discussion on hybrid pension plans.

Trustee Stevens reported on the RREEF client conference and she recommended discussing opportunities in mezzanine debt offered by RREEF.

C. LEGAL MATTERS

None.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Presentation on Governor's 12-Point Plan for Pension Reform

Staff presentation summarizing Governor's proposed pension reform measures

Based on Mr. Wickman's recommendation, Chair Gladstern rescheduled the discussion to the April Board meeting to accommodate members of the public who had attended the meeting to see the presentation but been unable to stay through the afternoon.

2. SACRS Voting Proxy (Action)

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

It was M/S Bolger/Brenk to select Maya Gladstern and Sean Webb as delegate and alternate delegate for the SACRS Spring conference in May. The motion was approved by unanimous vote.

3. SACRS Board of Directors Election (Action)

Consider and take possible action to ratify SACRS Nominating Committee 2012-2013 Slate of Directors.

It was M/S Richardson/McFarland to ratify the SACRS Nominating Committee 2012-2013 Slate of Directors. The motion was approved by unanimous vote.

4. Council of Institutional Investors Public Fund Director Elections (Action)
Board vote to select delegate for elections

It was M/S Bolger/Richardson to select Maya Gladstern as delegate for the Council of Institutional Investors Public Fund Director Elections. The motion was approved by unanimous vote.

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

Topics considered by Board members for future meetings included fiduciary liability, and a cost/benefit analysis and policies surrounding use of electronic Board packets. Monthly investment reports will be distributed electronically with a few exceptions.

G. INVESTMENT INFORMATION

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

PERIODIC REPORTS

1. Equities and Fixed Income

	Abbott Capital	-Private Equities Fund	
* X	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	
	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	Clarion Partners	-Core	Quarter
* X	RREEF	-Value Added Portfolio	Quarter
	Woodmont Realty Advisors	-Direct Ownership	Quarter

3. Other

H. OTHER INFORMATION

1. Trustee Training Calendar (**Action**)

It was M/S Brenk/Stevens to pre-approve attendance by trustees at the California Retired County Employees Association (CRCEA) Annual Spring Conference. The motion was approved by unanimous vote.

It was M/S Brenk/Stevens to approve the Hedge Fund Institutional Forum Roundtable for Public Plans. The motion was approved by unanimous vote.

2. *Keeping in Touch* – March Issue, Retired Employees Association newsletter

I. CONSENT CALENDAR (Action)

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

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, MARCH 14, 2012

CONSENT CALENDAR
February 2012

RETURN OF CONTRIBUTIONS

Yvette Brunot	County of Marin	27,073.38
Crista Doty	County of Marin	5,729.06
Elaine Rooney	County of Marin	93.59
Robert Royer	County of Marin	378.03
Laura Colberg	City of San Rafael	29,877.68
TOTAL		63,151.74\$

BUYBACK

Anne Battaglia	County of Marin
Jeffrey Carroll	County of Marin
David Mauldin	City of San Rafael

NEW RETIREES

Anneliese Brandt	Probation	County of Marin
Cynthia Bryant-Connolly	Board of Supervisors	County of Marin
Sandra Esteves-Guidi	Courts	County of Marin
Timothy Little	Sheriff	County of Marin
Robert Royer		Novato Fire
James Wanderscheid		Mosquito

Toni Archer
Albert Boro
David Dodd
Linda Jackson
Timothy Tune

City of San Rafael
City of San Rafael
City of San Rafael
City of San Rafael
City of San Rafael

RESCINDED RETIREMENTS

DECEASED RETIREES

Edna Slavich
James Wiese

Courts
DPW

County of Marin
County of Marin

CONFERENCES/SEMINARS

CALLAN ANNUAL CONFERENCE

Trustees Gladstern and Webb

DIMENSIONAL FUND ANNUAL SYMPOSIUM

Trustees Brenk and McFarland

CALAPRS BENEFITS ROUND TABLE

Staff Hardesty

CALAPRS TRUSTEES' ROUND TABLE

Trustee Gladstern

RREEF CLIENT CONFERENCE

Trustee Stevens

There being no further business, Chair Gladstern adjourned the meeting at 1:16 P.M.

Maya Gladstern, Chair

Gregory Brenk, Secretary