

MINUTES

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

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

April 17, 2012 – 9 A.M.

CALL TO ORDER Chair Brenk called the meeting to order at 9:02 A.M.

ROLL CALL PRESENT: Bolger, Brenk, Gladstern, Haim, McFarland, Piombo, Stevens, Webb

ABSENT: None

MINUTES

It was M/S Gladstern/McFarland to approve the February 7, 2012 Governance Committee Meeting Minutes as submitted. The motion was approved by unanimous vote.

In a follow-up discussion of delegation of fiduciary duty to investment managers, Trustee Bolger discussed the standards used under the Employee Retirement Income Security Act (ERISA). Counsel Dunning explained that MCERA is not subject to ERISA as a public retirement plan, but that public plans tend to look at ERISA's fiduciary standards, and guidance provided under ERISA, when controlling legal authority is not available. Questions about fiduciary delegation will be referred to the Finance and Risk Management Committee.

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

1. MCERA Officer Selection (Action)

Consider and take possible action to recommend policy to Board on MCERA Officer Selection and Duties

Based on the direction of the Committee at its previous meeting staff and counsel prepared a draft policy on selection and duties of Board of Retirement officers. The draft was developed with the goal of adding structure to the current process while also maintaining some flexibility for the Board. Matters addressed by the policy include the length of officer terms and the manner in which items may be placed on the Board agenda. Of note is the three-year cap on terms of office and the requirement of five affirmative votes to select officers. The Committee considered and discussed the proposed provisions in the policy.

It was M/S Bolger/Webb to recommend that the Board adopt the Election and Duties of Board of Retirement Officers Policy as submitted. The motion was approved by unanimous vote.

C. NEW BUSINESS

1. Class Action Securities Litigation – International Developments

Consider and discuss new developments in international securities litigation.

Mr. Wickman stated that the *Morrison* decision continues to be the central evolving policy area in international securities litigation. Counsel Dunning reviewed the result of the *Morrison* decision, which is a U.S. Supreme Court decision regarding litigation for securities traded on foreign exchanges. She emphasized the importance of timely notice of lawsuits in international jurisdictions, because of the need to “opt in” to the litigation soon after the initiation of the litigation in some jurisdictions, rather than waiting to potentially “opt out” of a settlement, as has been common practice in securities litigation in the United States. Mr. Wickman has met with some litigation monitoring firms that have a specialized focus on international securities law.

Board Chair Gladstern discussed her participation in the Council of Institutional Investors group that, following its recent Spring conference in Washington, D.C., discussed concerns about the *Morrison* decision with U.S. congressional representatives’ staff.

Trustee Piombo was excused from the meeting at 9:39 A.M.

2. Investment Policy Statement (IPS) (Action)

Consider and possibly recommend to Board amendments to IPS, including but not limited to the Investment Goal Statement

Mr. Wickman presented revisions to the Investment Policy Statement proposed during the Strategic Planning Workshop for consideration and review. Matters addressed included the appropriate number of votes for actions on real estate transactions for separately managed accounts, the importance of alignment of investment management agreements with the IPS, and the delegation of fiduciary duty to investment managers. Counsel Dunning recommended that MCERA seek to obtain express representations from all investment managers that they are fiduciaries to MCERA.

It was M/S Haim/Gladstern to recommend that the Board approve revisions to the Investment Policy Statement as amended per discussions. The motion was approved by unanimous vote.

3. Structure of Board Meetings (Action)

Discuss and consider possible recommendation to Board on structure of regular meetings, in particular, timing and other logistics of closed sessions.

The Committee considered alternative structures for Board agendas in order to improve access of members, retirees, beneficiaries, plan sponsors and other interested parties to its discussions. It was generally agreed that the major challenge in developing the agenda for Board meetings is accommodating the closed session disability matters, because the length of those agenda items can vary substantially depending upon the complexities of the matters involved. As a result, there may be a delay in other items on the agenda that in turns causes an inconvenience to interested attendees.

Trustee Webb emphasized the importance of serving member needs, and the Committee considered setting more topics at times certain, or scheduling Disabilities at a different time or on a separate day. Counsel Dunning indicated that there can be flexibility to have time certain at the end of meetings, with authority given to the Retirement Administrator to change the time according to how long each meeting is expected to last.

It was M/S Gladstern/Webb to recommend that the Board set at time certain at the beginning of Board meetings items of interest to members, retirees, beneficiaries, plan sponsors and other members of the public and to set Disability retirement applications at time certain of between 10 and 11 a.m., or as best determined by the Retirement Administrator and the Board Chair. The motion was approved by unanimous vote.

4. Next Committee meeting

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

Matters discussed as potential future topics of discussion included proxy voting and money market fund regulations. Mr. Wickman will bring a proposed revision to the Policy Regarding Adoption of Actuarial Economic Assumptions to the Committee.

There being no further business, Chair Brenk adjourned the meeting at 11:09 A.M.

Greg Brenk, Chair

Attest: Jeff Wickman, Retirement Administrator