

**MINUTES**

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

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

**November 7, 2012 - 9 A.M.**

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**EVENT CALENDAR** 9 A.M. Regular Board Meeting

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

**SWEARING IN OF MICHAEL SMITH**

Interim County Counsel Jack Govi administered the oath of office to Michael Smith.

**SWEARING IN OF SEAN WEBB**

Mr. Webb will be sworn in at the December 12 Board meeting.

**ROLL CALL**

PRESENT: Bolger, Brenk, Cooper, Given, Gladstern, McFarland,  
Richardson, Shaw (ex officio alternate), Smith, Stevens

ABSENT: Piombo (safety alternate), Webb (retiree alternate)

**MINUTES**

It was M/S Bolger/McFarland to approve the October 10, 2012, Regular Board Meeting Minutes as amended. The motion was approved by a vote of 8-0, with Trustee Smith abstaining.

**A. OPEN TIME FOR PUBLIC EXPRESSION**

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

Ann Gregory of the Marin County Association of Retired Employees welcomed Michael Smith as he begins his term as elected retired member of the Board.

**B. ELECTION OF BOARD OFFICERS**

Election of Board Chairperson, Vice Chairperson and Secretary (**Action**)

Chair Gladstern requested nominations for Board Chairperson. Trustee Richardson nominated Trustee Bolger who was approved by unanimous vote. Ms. Gladstern received expressions of appreciation and gratitude from fellow trustees and Retirement Administrator Wickman for her dedicated service, guidance, and counsel as Board Chairperson for the past two years.

Chair Bolger requested nominations for Board Vice Chairperson. Trustee McFarland nominated Trustee Brenk who was approved by unanimous vote.

Chair Bolger requested nominations for Board Secretary. Trustee Cooper nominated Trustee McFarland who was approved by unanimous vote.

**C. BOARD OF RETIREMENT MATTERS**

1. Standing Committee Reports

a. Governance Committee

1. Elections Process in MCERA Bylaws (Action)

Consider and take possible action on Governance Committee's recommendation regarding amendments to Part VIII, Elections, in MCERA Bylaws

Governance Committee Chair Brenk explained that the elections process in the MCERA Bylaws is being revised in order to give members and retirees more time to return ballots. Mr. Wickman stated that there will be one month from when ballots are issued until they are to be returned.

Trustee Gladstern added that the Governance Committee recommended that notification of elections or vacancies in appointed positions be provided in the winter newsletter as well as the spring edition.

Based on the action of the Governance Committee, Governance Committee Chair Brenk recommended that the Board adopt amendments to Part VIII, Elections, in the MCERA Bylaws, as submitted. The motion was approved by unanimous vote.

2. Model Side Letter (Action)

Consider and take possible action on Governance Committee's recommendation regarding model side letter terms

Mr. Brenk stated that the model side letter was developed for use in conjunction with RFPs or contract negotiations for new fund investments. The fiduciary acknowledgement is included in the side letter, Chair Bolger noted. According to Counsel Dunning, there is similar language in current private equity side letter agreements which she recommended for all commingled accounts going forward.

Based on the action of the Governance Committee, Governance Committee Chair Brenk recommended that the Board adopt model side letter terms as submitted. The motion was approved by unanimous vote.

3. Retirement Administrator Evaluation Policy (Action)

Consider and take possible action on Governance Committee's recommendation regarding updates to policy

Mr. Brenk explained that the only revision to the subject policy is the addition of numbers to rating categories.

Based on the action of the Governance Committee, Governance Committee Chair Brenk recommended that the Board adopt amendments to the Retirement Administrator Annual Performance Evaluation Policy as submitted. The motion was approved by unanimous vote.

4. Anticipated Time Commitments for Retirement Board Members (Action)  
Consider and take possible action on Governance Committee's recommendation regarding updates to time commitments

Modifications to the Anticipated Time Commitments for Retirement Board Members align with state law (AB 1519) effective January 1, 2013, that requires 24 hours of education every two years for trustees.

Based on the action of the Governance Committee, Governance Committee Chair Brenk recommended that the Board adopt updates to the Anticipated Time Commitments for Retirement Board Members as submitted. The motion was approved by unanimous vote.

5. Records Retention Policy and Guidelines (Action)  
Consider and take possible action on Governance Committee's recommendation regarding triennial policy review

Upon review the Records Retention Policy and Guidelines was updated to include a legend.

Based on the action of the Governance Committee, Governance Committee Chair Brenk recommended that the Board adopt amendments to the Records Retention Policy and Guidelines as submitted. The motion was approved by unanimous vote.

6. Procedures for Hearings on Non-Disability Retirement Related Matters (Action)  
Consider and take possible action on Governance Committee's recommendation regarding updates to procedures, including but not limited to standard review period

Committee Chair Brenk stated that the subject procedures have been revised to align with the new requirements in the Public Employees Pension Reform Act (PEPRA). According to Mr. Wickman, the procedures provide for a process to hear claims related to the determination of whether a compensation item should or should not be included in the calculation of pension benefits.

Based on the action of the Governance Committee, Chair Brenk recommended that the Board adopt revisions to the Procedures for Hearings on Matters Other Than Disability Retirement as submitted. The motion was approved by unanimous vote.

Mr. Brenk noted that the the Investment Committee charter has been referred to the Investment Committee.

2. Administrator's Report (Oral)

a. Administrator's update

Mr. Wickman reported that the Board of Supervisors reappointed Ms. Bolger to another three-year term on the Retirement Board.

On December 18 the Board will hold a special meeting to take action on items related to the implementation of the new PEPRA provisions.

Mr. Wickman met with County Administrator Matthew Hymel and Deputy Administrator Dan Eilerman to discuss the pooling concept discussed by MCERA's actuary at the October Strategic Workshop.

Annual statements for members will be produced from CPAS and will have a new look. The new benefit system provides a higher level of precision for certain items like service credit. Members may therefore notice minor adjustments to certain items.

Mr. Wickman, Board Secretary Dale Barre, and principal systems analyst Alex Levin met with Marin County Information Technology representatives Gordon Haberfelde and Cathy Selmi for initial discussions on developing a process for implementing electronic board packets. Mr. Levin and Mr. Haberfelde will meet separately to develop an approach for securing data on the County network. Ms. Barre will develop a timeline for the specific steps necessary to implement the program including the purchase of hardware and software and training requirements for trustees.

Mr. Wickman, Assistant Retirement Administrator Michelle Hardesty, and several trustees will attend next week's semi-annual SACRS conference.

Mr. Wickman's presentations on PEPRA with the assistance of counsel and the actuary have been well received, with the next presentation to be for the Southern Marin Fire District Board on November 28th.

As a result of the county's employee opinion survey staff will hold an off-site team building session with facilitator Jim Delia on Monday, November 19. The MCERA office will be closed on this day.

b. Staffing update

Due to increased workload as a result of PEPRA and the County's voluntary separation incentive program (VSIP) Retirement Administrator Wickman is exploring the possibility of utilizing additional temporary staffing to get through the

next 3-6 months. Ms. Hardesty and MCERA staff have been attending the VSIP question and answer sessions offered by the County. Trustee Gladstern recommended that employees who participate in VSIP be given priority for retirement estimates.

c. Facility Use Report

The training room has recently been utilized by Marin County Aging and Adult Services.

d. Future meetings

- November 8 Investment Committee
- November 29 Finance and Risk Management Committee
- December 12 Board

3. Trustee Comments

Chair Bolger expressed support for Mr. Wickman's proactive educational sessions on PEPRAs for system members.

Chair Bolger requested that trustees indicate their interest in committees to be appointed at the next Board meeting.

**D. LEGAL MATTERS**

1. *In the Matter of Application for Service-Connected Disability Retirement, Denis Walsh (Action)* (OPEN SESSION)

Consider and take possible action on stipulated request for extension of time to conduct additional limited discovery during administrative hearing.

John Grey, attorney for applicant Denis Walsh, stated that he and Deputy County Attorney Pat Richardson were in agreement that additional time is needed to conduct limited discovery for Mr. Walsh's application for service-connected disability retirement. Mr. Grey and Mr. Richardson are jointly requesting that the Board grant the extension of time.

Mr. Grey explained that the circumstances leading to the request occurred when Counsels agreed to continue Dr. McCormack's deposition to allow him to review medical records that he had not previously considered. In the meantime the previously scheduled hearing would commence with the deposition transcript presented to the hearing officer in lieu of live testimony. Mr. Grey pointed out that the intent was to avoid a delay in the hearing. Having presented their plan to the hearing officer, the attorneys received a letter from the hearing officer denying, in part, their request.

Counsel Dunning advised that, since both attorneys have requested the relief sought, if the Board finds good cause to do so, it may under its bylaws grant an order extending the time within which discovery may be completed as requested.

It was M/S Gladstern/Richardson to grant an extension of time to a date that is mutually agreed on by the parties to complete the deposition of Dr. Bruce McCormack as expeditiously as possible and to permit the deposition transcript to be submitted to the hearing officer in lieu of live testimony. The motion was approved by unanimous vote.

Chair Bolger directed deliberations to **Agenda Item F, OLD BUSINESS.**

**F. OLD BUSINESS**

1. Update on Public Employees’ Pension Reform Act of 2013 (PEPRA)

Mr. Wickman stated that the ’37 Act systems are working together to develop as consistent an administrative approach as possible to the implementation of PEPRA. At next week’s SACRS conference system representatives will confer on items related to pensionable compensation and compensation earnable. It is possible that urgency legislation could be introduced to clarify certain items according to Ms. Dunning.

Mr. Wickman indicated that MCERA is working on a memo to employers that will provide a detailed explanation of the various PEPRA-related changes that will impact employers. He stressed the importance of employers making an accurate initial determination of the appropriate tier prior to their first payroll

Chair Bolger recessed the meeting for a break at 10:25 A.M., reconvening at 10:30 A.M. and directing deliberations to **Agenda Item E, Disabilities.**

**E. DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 10:30 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. Karen Wofford Initial consideration of an application for service-connected disability retirement filed by a Safety member.	Service	12/7/11	Marin County Sheriff
2. Louis Lupo Initial consideration of an application for service-connected disability retirement filed by a Safety member.	Service	10/11/11	Novato Fire Protection Dist.
3. Travis Ruggles Initial consideration of an application for service-connected disability retirement filed by a Safety member.	Service	12/8/11	San Rafael Police Dept.
4. Gary Tindel	Service	5/4/11	Marin County Sheriff

Mr. Wickman presented a memo outlining the steps used to develop and process Karen Wofford's application for service-connected disability retirement. When the applicant is a current or former employee or, as in this case, a former trustee, the processing and investigation is conducted by the Sonoma County Employees Retirement Association (SCERA) as provided in an agreement between MCERA and SCERA. The agreement was developed to avoid any conflict, or appearance of a conflict, that might arise in connection with the normal investigation of disability applications by staff of the retirement system. Upon completion the information is presented to MCERA which by law must make the decision.

Chair Bolger commented that a number of trustees served on the Board with Ms. Wofford. Counsel Dunning advised that Board members may participate so long as they believe they can do so without bias or prejudice that would influence their decision-making.

Chair Bolger recessed Open Session and reconvened the meeting in Closed Session at 10:40 A.M.

Trustee Richardson was excused from the meeting at 12:30 P.M.

Chair Bolger recessed Closed Session at 12:30 P.M. and reconvened the meeting in Open Session at 12:35 P.M.

Chair Bolger reported on the following Closed Session actions by the Board:

The Board granted Karen Wofford's application for service-connected disability retirement. Motion was by Trustee Richardson, seconded by Trustee Brenk, and approved by unanimous vote of 9-0.

The Board referred Louis Lupo's application for service-connected disability retirement to the Administrative Law Judge with instructions for further proceedings, pursuant to Government Code section 31534(c). Trustee Cooper did not vote on the application because he serves in the same service as the applicant. Safety alternate Trustee Piombo was absent from the meeting. Motion was by Trustee Gladstern, seconded by Trustee McFarland, and approved by a vote of 8-0.

The Board remanded Travis Ruggles' application for service-connected disability retirement to staff for further review. Motion was by Trustee Richardson, seconded by Trustee Cooper, and approved by unanimous vote of 9-0.

The Board denied Gary Tindel's application for service-connected disability retirement and provided the applicant with the opportunity to request an administrative hearing in accordance with MCERA policy. Trustees Given and Smith recused themselves from the discussion and vote due to relationships with the applicant that could impact their decisions. Motion was by Trustee Richardson, seconded by Trustee McFarland, and approved by unanimous vote of 7-0.

**G. NEW BUSINESS**

1. Fall MCERA Newsletter (Action)

Consider and take possible action to approve Fall newsletter copy

Communications and Member Services Committee Chair McFarland stated that the committee gave thorough consideration to the newsletter copy during its review and revision process.

It was M/S McFarland/Gladstern to approve the Fall newsletter copy as amended. The motion was approved by unanimous vote.

2. Consider and take possible action to approve Board Meeting Calendar for 2013 (Action)

Mr. Wickman presented two options for the Board meetings in 2013. One option is based on the current committee structure and schedule with 32 meetings per year, 18 of which are regular Board and Investment Committee meetings. A second option reduces committees meeting quarterly to three meetings per year.

Mr. Wickman expressed his concern about the challenges of developing and distributing materials for 32 meetings a year. He suggested the Board consider having the Communication and Member Services Committee changed to an Ad Hoc committee. Counsel Dunning suggested that an annually appointed Ad Hoc committee could assist staff with the newsletter.

In response Trustee Gladstern agreed that an ad hoc structure may be acceptable, so long as sufficient time is allowed for newsletter review. She also requested a review of the Communications and Member Services Committee charter which she observed merged two prior committees and included information on the CPAS implementation. Other comments on the newsletter included Trustee Brenk's suggestion that the Board have the opportunity to consider an initial draft prior to approving the final version at a later meeting.

Trustee Smith remarked that the reason for having so many committees may not be as significant as was in the past. The system may be better served, he said, by bringing items directly to the Board, so that staff has time to attend to administration. Trustee Given recommended that staff advise the Board on the matters for which the Board's assistance is requested. For the Governance Committee Trustees Brenk and Stevens agreed that fewer meetings are reasonable.

Chair Bolger recommended that committee charters be reviewed at the December Board meeting and that staff bring a proposal to that meeting that balances administration with Board and committee meetings.

It was Brenk/Gladstern to adopt the 2013 Board calendar for Board, Strategic Workshop, and Investment Committee meetings as submitted. The motion was approved by unanimous vote.



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

Charters and meeting dates in 2013 for committees will be considered at the December Board meeting.

## **H. INVESTMENT INFORMATION**

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

### **PERIODIC REPORTS**

#### 1. Equities and Fixed Income

	Abbott Capital	-Private Equities Fund	Quarter
* X	Artisan Funds, Inc.	-International Equities Fund	
	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	Quarter
* 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

	Woodmont Realty Advisors	-Direct ownership – Monthly report	
	AEW Capital Management	-Value Added Portfolio	Quarter
* X	RREEF	-Value Added Portfolio	Quarter
* X	Woodmont Realty Advisors	-Direct Ownership	Quarter

#### 3. Other

## **I. OTHER INFORMATION**

### 1. Trustee Training Calendar (Action)

It was M/S Brenk/Gladstern to approve the following 2013 conferences: Dimensional Fund Advisors Annual Institutional Symposium in February, the California Retired County Employees Association (CRCEA) conference in April, and the Wharton Investment Strategies seminar May. The motion was approved by unanimous vote.

### 2. Keeping in Touch – November Issue, Retired Employees Association newsletter

**J. CONSENT CALENDAR (Action)**

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

CONSENT CALENDAR for  
MCERA MEETING, WEDNESDAY, NOVEMBER 7, 2012

CONSENT CALENDAR  
October 2012

RETURN OF CONTRIBUTIONS

Donna Broadbent (Full)	County of Marin	1,456.32
Noah Bruce (Full)	County of Marin	4,061.04
Kimberly Elite (Partial)	County of Marin	12,271.27
Lynne Foster-Liebmann (Partial)	County of Marin	115.18
Carl Huber (Partial)	City of San Rafael	23,748.66
Robert Price (Partial)	City of San Rafael	820.23
Laniaa McCarthy (Full)	Southern Marin Fire	22,720.02
TOTAL		\$65,192.72

BUYBACK

Lawrence Beaton	County of Marin
Scott Dumont	County of Marin
Janet Greenwood	County of Marin
Sandra Hirschfield	County of Marin
Thomas Siragusa	City of San Rafael

NEW RETIREES

Jody Branham	H&HS	County of Marin
Jodie Brooks	H&HS	County of Marin
Lourdes Quinonez	H&HS	County of Marin
Marta Ventura	H&HS	County of Marin
Dennis Brighton	CDA	County of Marin
Thomas Vasegird	DOF	County of Marin
Jeffrey Carroll	Sheriff	County of Marin
Sami Mason	Probation	County of Marin
Linda De Waard	Courts	County of Marin
Robert Price		City of San Rafael

RESCINDED RETIREMENTS

DECEASED RETIREES

Lita Aceves	H & HS	County of Marin
Karla Joseph	H & HS	County of Marin
Lavon Eller		City of San Rafael

Leon Mac Donald  
Thomas Elliott

City of San Rafael  
Novato Fire

CONFERENCES/SEMINARS  
COUNCIL OF INSTITUTIONAL INVESTORS  
Trustees Bolger, Brenk, Gladstern  
CalAPRS TRUSTEES ROUNDTABLE  
Trustee Gladstern  
CalAPRS ADMINISTRATIVE ASSISTANTS ROUNDTABLE  
Staff Dale Barre  
CalAPRS ACCOUNTANTS ROUNDTABLE  
Staff Lisa Jackson  
CalAPRS INTERMEDIATE STAFF TRAINING  
Staff Lorna Shamrock  
DUE DILIGENCE - EATON VANCE  
Retirement Administrator Wickman, Trustees Bolger and Gladstern  
OTHER

There being no further business, Chair Bolger adjourned the meeting at 1:10 P.M.

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Bernadette Bolger, Chair

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Howard McFarland, Secretary