MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

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

December 12, 2012 - 9 A.M.

EVENT CALENDAR 9 A.M. Regular Board Meeting

SWEARING IN OF SEAN WEBB
Assistant County Counsel John Govi administered the oath of office to Sean Webb.

CALL TO ORDER Chair Bolger called the meeting to order at 9:01 A.M.

ROLL CALL PRESENT: Bolger, Brenk, Cooper, Given, Gladstern, McFarland, Piombo (safety alternate), Richardson, Shaw (ex officio alternate), Smith, Stevens, Webb (retiree alternate)

ABSENT: None

MINUTES
It was M/S McFarland/Gladstern to approve the October 17-18, 2012, Strategic Workshop Minutes as submitted. The motion was approved by a vote of 8-0-1, with Smith abstaining.

It was M/S Gladstern/Brenk to approve the November 7, 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.

Dan Curry, Tobacco Education and Resource Development Coordinator with the Marin County Health and Human Services Department, spoke against tobacco industry investments. He encouraged the Retirement Board to join other public pension systems in divesting from tobacco-related investments.

Chair Bolger directed deliberations to NEW BUSINESS, Agenda Item G.1.
G. **NEW BUSINESS**

1. **Standing Committee Charters (Action)**
   Consider and take possible action on updates to charters of Communications and Member Services, Finance and Risk Management, Governance, and Investment Committees as to function and schedule and status as standing committees

   Mr. Wickman presented a memo outlining the historical development of standing committees. He noted that the member services committee had been formed to address customer service issues experienced by MCERA a couple of years ago. Since that time most of the service issues have been addressed. He proposed moving the review of the newsletter to the Ad Hoc Education committee. He also recommended reducing the number of Governance Committee meetings from four to two.

   Trustees Smith and Gladstern expressed agreement with staff’s recommendations in view of positive feedback from members. Chair Bolger expressed confidence in staff at MCERA.

   It was M/S Smith/Given to approve staff’s recommendations to eliminate the Communications and Member Services Committee and reduce the number of Governance Committee meetings from four to two per year. The motion was approved by unanimous vote.

   Chair Bolger directed deliberations to **OLD BUSINESS, Agenda Item F.2.**

F. **OLD BUSINESS**

2. **Consider and take possible action to approve Board Standing Committee Meeting Schedule for 2013 (Action)**

   Mr. Wickman presented a schedule of meetings for 2013 for Board Standing Committees in accordance with recommendations outlined in his letter to the Board dated December 5, 2012.

   It was M/S Brenk/Gladstern to approve the 2013 meeting schedule for Board Standing Committees as presented. The motion was approved by unanimous vote.

   Chair Bolger directed deliberations to **Agenda Item B.**

B. **APPOINTMENT OF BOARD COMMITTEES**

   Appointment of Committees and Committee Chairs (Action)

   Chair Bolger presented her appointments to committees and committee chairs for the 2013 calendar year for discussion. Mr. McFarland expressed an interest in serving on the Ad Hoc Education Committee and will replace Ms. Bolger, who offered to resign her position on that committee. With this revision the committee appointments are as follows:
It was M/S Given/Richardson to approve members of committees and committee chairs for calendar year 2013 as amended per discussions. The motion was approved by unanimous vote.

Chair Bolger directed deliberations to Agenda Item C.1.

C. BOARD OF RETIREMENT MATTERS

1. Standing Committee Reports
   a. Finance and Risk Management Committee
      1. Administrative Budget FY 2012/13 Quarterly Review
         Consider and review budget for quarter ending September 30, 2012

      Finance and Risk Management Committee Chair Bolger reported that upon review the Committee found the current fiscal year budget to be on track. At the first quarter mark as of September 30, 2012, Mr. Wickman reported expenditures are 22% of the total budget. One extra hire is assisting with the current workload. Additional travel expenditures are due to staff attending educational sessions sponsored by CalAPRS. The Committee found quarterly checklist items as listed in Agenda Item C.1.a.2 below to be in order.

   2. Quarterly Checklist (see above)
      Consider, review and updates on the following:
      a. MCERA educational and event-related expenses
b. Other expenses per Checklist guidelines

c. Variances in the MCERA administrative budget in excess of 10%

d. Reconciliation of MCERA administrative accounts

e. Vendor services provided to MCERA

f. MCERA staffing status

g. Internal controls, compliance activities and capital calls

h. Audits, examinations, investigations or inquiries from governmental agencies

i. Other items from the Retirement Administrator related to risk and finance

3. **Structure of Investment Vehicles – Manatt, Phelps & Phillips**

   Consider and discuss legal aspects of investing in mutual funds, fund of funds, and other commingled vehicles

   At the Finance and Risk Management Committee, representatives of Manatt, Phelps, & Phillips presented an educational overview of the structure and fee profile of various commingled investment vehicles, such as bank maintained collective funds and limited partnerships. A memo on these matters that was presented to the Committee will be sent to all Board members.

4. **Eaton Vance Investment Management Fee (Action)**

   Review and take possible action on recommendation of Finance and Risk Management Committee regarding fees for MCERA’s investment as compared to the Eaton Vance collective separate trust vehicle

   Upon discussion and comparison of the fee structure of the Eaton Vance tax-managed mutual fund (the current investment) with the collective investment trust, the Finance and Risk Management Committee recommended retaining the current vehicle. In addition the Committee directed the Retirement Administrator to inquire with Eaton Vance about a new separate institutional share class that would not include a redemption fee. Mr. Wickman explained that currently there is a 2% redemption fee that would take several years to recover. Trustee Gladstern suggested comparing returns of the two vehicles.

   It was M/S Richardson/Brenk to retain the current investment vehicle for the Eaton Vance emerging markets portfolio. The motion was approved by unanimous vote.
5. **Review of Securities Litigation Monitoring Firms**

Review conclusion of Finance and Risk Management to remain with existing securities litigation monitoring firms for domestic matters, and to inquire further about international litigation monitoring services.

Mr. Wickman reported that the Board has previously engaged two law firms to assist with monitoring securities class actions and to advise regarding whether MCERA should opt into, or out of, any such actions. Those two firms are Bernstein Litowitz Berger & Grossman, LLP (BLB&G) and Robbins Geller Rudman & Dowd, LLP (RGRD). Both BLB&G and RGRD provide regular reports that are reviewed by MCERA staff. There is no cost to MCERA for the reports. The Committee indicated they were satisfied with the current firms and recommended that the questions of which firms to utilize be revisited in the next two years. Mr. Wickman will follow up with the current monitoring firms to see how they are reviewing international securities litigation in light of the recent Morrison decision.

2. **Administrator’s Report (Oral)**
   a. Administrator’s update

   Mr. Wickman reported the transition of assets from RCM and Dodge and Cox to the S&P 500 Non-Lending fund managed by State Street Global Advisors would be complete as of the Board meeting date. He noted that $48 million from the liquidations of assets would be transferred to MCERA’s two small cap equity managers Dimensional Fund Advisors and Columbus Circle Investors.

   Investment Committee matters to be addressed at the Committee’s January meeting include interviews with core real estate firms to replace the Cornerstone Patriot Fund. Also to be addressed is the matter of joining the RREEF redemption queue.

   Annual member statements will be sent to members today.

   MCERA actuarial service provider EFI Actuaries has been purchased by Cheiron Inc. The transition will be monitored by Mr. Wickman who expects that Graham Schmidt will continue to provide customary actuarial services to MCERA.

   Mr. Wickman, Counsel Dunning, and actuary Graham Schmidt presented information on the Public Employees Pension Reform Act and AB 197 at a meeting of the Southern Marin Fire District Board.

   MCERA received two Public Records Act requests in the last thirty days: one from Alameda Capital for data on private equity commitments, and the other from IPREO for investment portfolio holdings.
On the 19th of November staff held a team-building session facilitated by Jim Delia of Delia and Associates. The meeting focused on the results of staff Strength Deployment Inventory a tool that empowers individuals to improve relationships and manage conflict more effectively. The meeting was a follow-up to MCERA’s Employee Opinion Survey results.

b. Staffing update

No report.

c. Facility Use Report

The Adult Services Division of the Marin County Probation Department is using the training room.

d. Future meetings

- December 18 Special Board
- January 9 Regular Board
- January 10 Investment Committee

3. Trustee Comments

Ms. Gladstern joined the recent well-attended retiree group holiday lunch.

D. LEGAL MATTERS

None.

E. DISABILITY RETIREMENT APPLICATIONS

None.

OLD BUSINESS, continued.

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

Mr. Wickman stated that the December 18 Special Board meeting will focus on two main topics: new PEPRA contribution rates and a proposed policy regarding the implementation of AB 340 and AB 197 as to pensionable compensation and compensation earnable, respectively. According to Mr. Wickman, staff will provide recommendations to the Board on how to implement the provisions consistent with the law.

NEW BUSINESS, continued.

2. Future Meetings

Consider and discuss agenda items for future meetings

Chair Bolger and Trustee Gladstern encouraged future discussions and educational presentations on environment-social-governance (ESG) matters.
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
   * 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
   * X 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
   * 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
   Cornerstone - Core Quarter
   * X RREEF - Value Added Portfolio Quarter
   * X Woodmont Realty Advisors - Direct Ownership Quarter

3. Other

I. OTHER INFORMATION

1. Trustee Training Calendar
2. Keeping in Touch – December Issue, Retired Employees Association newsletter

J. CONSENT CALENDAR (Action)

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

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, DECEMBER 12, 2012

CONSENT CALENDAR
November 2012

RETURN OF CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Name</th>
<th>Employer</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brenda Grayson (Partial)</td>
<td>County of Marin</td>
<td>173.53</td>
</tr>
<tr>
<td>Sandra Nisja (Partial)</td>
<td>County of Marin</td>
<td>1,505.54</td>
</tr>
</tbody>
</table>

MCERA 12/12/12 Regular Board Meeting Minutes Page 7 of 8
<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ana Ortiz (Partial)</td>
<td>County of Marin</td>
<td>78.26</td>
</tr>
<tr>
<td>Robert Ruiz (Partial)</td>
<td>County of Marin</td>
<td>177.43</td>
</tr>
<tr>
<td>Hutton Taylor (Partial)</td>
<td>County of Marin</td>
<td>163.54</td>
</tr>
<tr>
<td>Georgia Maher/D. McMorrow (Full)</td>
<td>County of Marin</td>
<td>69,749.60</td>
</tr>
<tr>
<td>Laurie O’Hara (Full)</td>
<td>County of Marin</td>
<td>1,631.53</td>
</tr>
<tr>
<td>Deborah Teeler (Full)</td>
<td>County of Marin</td>
<td>1,047.96</td>
</tr>
<tr>
<td>Fara King (Partial)</td>
<td>Courts</td>
<td>123.85</td>
</tr>
<tr>
<td>Jay Bushrow (Partial)</td>
<td>City of San Rafael</td>
<td>56.54</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>74,707.78</strong></td>
</tr>
</tbody>
</table>

**BUYBACK**

<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ronald Caselli</td>
<td>County of Marin</td>
</tr>
<tr>
<td>Jill Maier</td>
<td>County of Marin</td>
</tr>
<tr>
<td>Rene Mendez-Penate</td>
<td>County of Marin</td>
</tr>
<tr>
<td>Linda Metz</td>
<td>County of Marin</td>
</tr>
<tr>
<td>Kristin Shore</td>
<td>County of Marin</td>
</tr>
</tbody>
</table>

**NEW RETIREES**

<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miguel Costamagna</td>
<td>DPW</td>
</tr>
<tr>
<td>Edward Bermudez</td>
<td>H&amp;HS</td>
</tr>
<tr>
<td>Hutton Taylor</td>
<td>H&amp;HS</td>
</tr>
<tr>
<td>Pamela Waltenspiel</td>
<td>Public Defenders</td>
</tr>
</tbody>
</table>

**RESCINDED RETIREMENTS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbara Klavert</td>
<td>DA</td>
</tr>
<tr>
<td>Eleanor Wight</td>
<td>H&amp;HS</td>
</tr>
<tr>
<td>Belle Ganapoler</td>
<td>Library</td>
</tr>
<tr>
<td>Sadako Harris</td>
<td>Beneficiary</td>
</tr>
</tbody>
</table>

**CONFERENCES/SEMINARS**

**SACRS**

Trustees Cooper, Gladstern, McFarland, Smith, Webb
Retirement Administrator Wickman, Assistant Retirement Administrator Hardesty
Counsels Dunning and Richardson
Wharton Investment Strategies
Trustee McFarland

**OTHER**

There being no further business, Chair Bolger adjourned the meeting at 10:25 A.M.

Bernadette Bolger, Chair                                      Howard McFarland, Secretary