



**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:

Finance and Risk Management

Greg Brenk, Chair  
Bernadette Bolger  
Roy Given  
Maya Gladstern  
Alan Piombo  
Jerry Richardson  
Michael Smith  
Kim Stevens

Governance

Kim Stevens, Chair  
Bernadette Bolger  
Greg Brenk  
Chris Cooper  
Maya Gladstern  
Howard McFarland  
Sean Webb

Investment

Jerry Richardson, Chair  
All trustees

Ad Hoc Education

Alan Piombo, Chair  
Maya Gladstern  
Howard McFarland  
Sean Webb

Ad Hoc IRS Compliance

Bernadette Bolger  
Maya Gladstern

Ad Hoc Proxy Voting

Bernadette Bolger  
Maya Gladstern  
Kim Stevens

Ad Hoc Retirement Administrator Performance Evaluation

Bernadette Bolger, Chair  
Roy Given  
Maya Gladstern  
Howard McFarland

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 19<sup>th</sup> 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.

<b>CONSENT CALENDAR for</b>		
<b>MCERA MEETING, WEDNESDAY, DECEMBER 12, 2012</b>		
<b>CONSENT CALENDAR</b>		
<b>November 2012</b>		
<b>RETURN OF CONTRIBUTIONS</b>		
<b>Brenda Grayson (Partial)</b>	<b>County of Marin</b>	<b>173.53</b>
<b>Sandra Nisja (Partial)</b>	<b>County of Marin</b>	<b>1,505.54</b>

Ana Ortiz (Partial)	County of Marin	78.26	
Robert Ruiz (Partial)	County of Marin	177.43	
Hutton Taylor (Partial)	County of Marin	163.54	
Georgia Maher/D. McMorrow (Full)	County of Marin	69,749.60	
Laurie O'Hara (Full)	County of Marin	1,631.53	
Deborah Teeler (Full)	County of Marin	1,047.96	
Fara King (Partial)	Courts	123.85	
Jay Bushrow (Partial)	City of San Rafael	<u>56.54</u>	
	<b>TOTAL</b>		<b>74,707.78</b>
<b>BUYBACK</b>			
Ronald Caselli	County of Marin		
Jill Maier	County of Marin		
Rene Mendez-Penate	County of Marin		
Linda Metz	County of Marin		
Kristin Shore	County of Marin		
<b>NEW RETIREES</b>			
Miguel Costamagna	DPW	County of Marin	
Edward Bermudez	H&HS	County of Marin	
Hutton Taylor	H&HS	County of Marin	
Pamela Waltenspiel	Public Defenders	County of Marin	
<b>RESCINDED RETIREMENTS</b>			
<b>DECEASED RETIREES</b>			
Barbara Klavert	DA	County of Marin	
Eleanor Wight	H&HS	County of Marin	
Belle Ganapoler	Library	County of Marin	
Sadako Harris	Beneficiary	County of Marin	
<b>CONFERENCES/SEMINARS</b>			
<b>SACRS</b>			
Trustees Cooper, Gladstern, McFarland, Smith, Webb			
Retirement Administrator Wickman, Assistant Retirement Administrator Hardesty			
Counsels Dunning and Richardson			
Wharton Investment Strategies			
Trustee McFarland			
<b>OTHER</b>			

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

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Bernadette Bolger, Chair

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Howard McFarland, Secretary