

MINUTES

REGULAR BOARD MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

January 9, 2013 - 9 A.M.

EVENT CALENDAR 9 A.M. Regular Board Meeting

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

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

ABSENT: None

MINUTES

It was M/S Richardson/Brenk to approve the November 8, 2012, Investment Committee Meeting Minutes as submitted. The motion was approved by unanimous vote.

It was M/S Smith/Gladstern to approve the December 12, 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 the contract with State Street for custodial services has been renewed at a reduced flat fee. Mr. Wickman recommended issuing an RFP in 2013 for custodial services.

Mr. Wickman commended the benefits team for completing time-sensitive retirement estimates related to the County's Voluntary Separation Incentive Program.

Preparations are underway for issuing 1099R's from MCERA's new benefit management system for the first time.

Mr. Wickman addressed retirees at their recent lunch where Trustees Smith, Gladstern, and Webb were also in attendance.

A Public Records Act request was received from Unite Here for core real estate manager Cornerstone's initial presentation, limited partnership (LP) agreement, and private placement memorandum (PPM). MCERA has provided Cornerstone with notice of the request, and Cornerstone has indicated that it believes some of the requested records should not be disclosed. Counsel Dunning will confer with Cornerstone's counsel regarding the request and applicable law, and she will report further to the Board on this topic, as needed.

b. Staffing update

No report.

c. Facility Use Report

No report.

d. Future meetings

- January 10 Investment Committee
- February 13 Regular Board

2. Trustee Comments

None.

C. DISABILITY RETIREMENT APPLICATIONS

None.

Chair Bolger recessed Open Session and reconvened in Closed Session at 9:30 A.M.

D. LEGAL MATTERS

1. Conference with Legal Counsel – Anticipated Litigation (CLOSED SESSION)

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: one case.

Trustees Gladstern and McFarland recused and were excused from Closed Session on the matter of potential litigation by the Marin Association of Public Employees (MAPE) and other unions against MCERA, due to their official roles with MAPE that would create a conflict of interest with respect to all discussions relating to this litigation.

Trustee Sean Webb also recused and was excused from Closed Session on the matter of potential litigation by MAPE, the Service Employees International Union (SEIU) and other unions against MCERA due to a potential conflict of interest because he receives an annuity from SEIU.

Chair Bolger recessed Closed Session for a break at 10:53 A.M., reconvening in Closed Session at 11:00 A.M.

No reportable action.

Chair Bolger recessed Closed Session and reconvened the meeting in Open Session at 11:34 A.M.

E. OLD BUSINESS

1. Update on Public Employees' Pension Reform Act of 2013 (PEPRA)
Mr. Wickman presented two PEPRA-related items for discussion.

First, CalPERS has issued direction to its employers on pensionable compensation for PEPRA members. PERS communicated that certain special pay items may be reported for contribution purposes to CalPERS if they meet the definition of "pensionable compensation" in Gov. Code section 7522.34(a), subject to the issuance of regulations that will ultimately define what particular pay items may be included in pensionable compensation for PEPRA members.

Trustees discussed how MCERA should interpret the CalPERS directives, keeping in mind the goal of uniformity across '37 Act systems while exercising the fiduciary responsibility of determining the correct application of the law. Ms. Dunning advised that CalPERS's recent Circulars are stated as preliminary positions on "pensionable compensation" that remain subject to completing the regulatory process and thus are not definitive statements of all items that CalPERS ultimately will consider pensionable under PEPRA. Mr. Wickman stressed that employees, unions and plan sponsors should be included in any process if additional actions are to be taken regarding pensionable compensation by the MCERA Board.

Secondly, Mr. Wickman presented a letter sent to the Board from various labor unions that had been delivered after the deadline for agenda backup, requesting that the Board reconsider its policy on pensionable compensation for PEPRA members. Staff noted that the unions and their representatives were informed that morning that Board members did not receive the letter until today, and thus any discussion of it would occur at a subsequent Board meeting. Chair Bolger directed that the Retirement Administrator respond, on behalf of the Board, to the letter in accordance with discussions above.

2. Business Objectives for FY 2012/13 Quarterly Review (Action)
Quarterly review and consider and take possible action on updates to MCERA Business Objectives for current fiscal year

Mr. Wickman presented the Business Objectives for the current fiscal year for the quarterly review and to consider whether revisions are in order.

Business Objective No. 1: Benefit Management System – Mr. Wickman recommended moving this objective to the next fiscal year and replacing it with an objective of modifying CPAS to accommodate PEPRA and AB 197 changes.

Business Objective No. 2: Performance Management – The goal to have new retirement set-ups completed within 30 days of the application is being achieved. Additional performance measures still need to be addressed and put into place.

Business Objective No. 3: Human Resource Management – Progress has been made on bringing employee evaluations current. Two positions will be realigned to appropriate classifications by the end of the fiscal year.

Business Objective No. 4: Management of Investments – Mr. Wickman plans to attend the Haas School of Business School investment seminar.

Business Objective No. 5: Communication and Education – Mr. Wickman reported that redesign of the preretirement seminar continues. In order to provide a broader perspective on retirement, a multi-person presentation is also being constructed.

Business Objective No. 6: Financial Goal – New accounting software has been purchased to enhance the interface with CPAS, with implementation expected by the end of the fiscal year. Mr. Wickman continues to believe developing a CAFR is a worthy goal but it may not be achievable in this fiscal year.

Business Objective No. 7: Retirement Board Meeting Materials – Mr. Wickman reported that the Electronic Board Packet Project team met with Marin County information technology representatives and a plan is in place to move the project forward. The plan calls for the use of iPads and an internally developed data path that can be securely accessed by the trustees. Trustee training is planned in the spring, with implementation by the end of the fiscal year.

Mr. Wickman expects that hardware costs would be recovered within two years, and he requested Board direction and commitment to the project. Chair Bolger recommended moving forward with the project to reduce paperwork and suggested an iPad demonstration at the Strategic Workshop. Discussions included Trustee Smith's favorable comment about iPads and Trustee Brenk's request for a security plan and cost/benefit analysis. Mr. Brenk will discuss these items with Mr. Wickman, who indicated that the requested analyses will be included in the final plan.

It was M/S Gladstern/McFarland to approve revisions to the Business Objectives for Fiscal Year 2012/13 in accordance with discussions. The motion was approved by unanimous vote.

F. NEW BUSINESS

1. Future Meetings

Consider and discuss agenda items for future meetings

A meeting of the Ad Hoc Education Committee will be scheduled to consider agenda items for the Board's March 20-21 Strategic Workshop.

G. 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	
	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	
	AEW Capital Management	-Value Added Portfolio	Quarter
*	X Cornerstone	-Core	
	RREEF	-Value Added Portfolio	Quarter
	Woodmont Realty Advisors	-Direct Ownership	Quarter

3. Other

H. OTHER INFORMATION

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

I. 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, JANUARY 9, 2013

CONSENT CALENDAR

December 2012

RETURN OF CONTRIBUTIONS

Robert Beaumont (Partial)	County of Marin	445.47
Blair Benzler (Full)	County of Marin	62,067.70
Peter Vaughey (Partial)	County of Marin	311.08
Nang Mitsamphanh (Full)	City of San Rafael	<u>1,022.19</u>
	TOTAL	\$63,846.44

BUYBACK

Lucie Brown	County of Marin
Gary Lara	County of Marin
Alex Levin	County of Marin
Randall MacKenzie	County of Marin
Evelyn Parik	County of Marin
Debra Stratton	County of Marin

NEW RETIREES

Timothy Baseheart	HHS	County of Marin
Doreen Mc Birney	Department of Child Support	County of Marin
Curtis Mc Cutcheon	IST	County of Marin
Daniel Tognetti	DPW	County of Marin
Jay Bushrow	City of San Rafael	
Eric Nickel	Novato Fire	
Mary Vidal	Southern Marin Fire	

RESCINDED RETIREMENTS

DECEASED RETIREES

Edna O'leary	H&HS	County of Marin
Fred Robbins	Courts	County of Marin

CONFERENCES/SEMINARS

CalAPRS Advanced Staff Training

Lorna Shamrock

OTHER

There being no further business, Chair Bolger adjourned the meeting at 12:41 P.M.

Bernadette Bolger, Chair

Howard McFarland, Secretary