

B. MATTERS OF GENERAL INTEREST

1. Actuarial Valuation Report, FY 2011/12 – Graham Schmidt, EFI (TIME CERTAIN: 9:05 A.M.) (Action)

Consider and take possible action to adopt Actuarial Valuation report, FY 2011/12

Mr. Wickman stated that the actuary is presenting a summary of the draft June 30, 2012 actuarial valuation (“valuation”). The final report, which will include updated employer contribution rates, will come before the Board for consideration and action in May.

Graham Schmidt, actuary with Cheiron-EFI, introduced Tim Doyle who has been working on the MCERA account for several years and will soon join Mr. Schmidt in the Bay area office. Mr. Schmidt stated that the valuation provides the recommended contribution rates that, upon MCERA Board adoption, will go into effect July 1, 2013. In a positive development, deferred gains are now greater than deferred losses, he said. Slight increases in projected employer contribution rates reflect a reduction in employer covered payroll and the deferred recognition of investment losses from 2009. The impact of Assembly Bill (AB) 340 will affect the valuation for the following year.

Mr. Doyle reviewed changes in contribution rates as a percentage of payroll. Trustee Piombo pointed out that the dollar amount of total annual required contributions does not increase at the same rate as the increase to the percentage-of-payroll since the payroll base is lower than the prior year. Mr. Wickman noted that rates for the City of San Rafael are also impacted by its relatively higher ratio of Safety employees. Funding ratios declined slightly from the prior year, with the biggest factor being deferred recognition of investment losses experienced in 2008.

Trustee Smith asked if Mr. Wickman is discussing the funding ratio with representatives of the City of San Rafael. In response, Mr. Wickman stated that he and Mr. Schmidt have met with the City’s pension subcommittee to discuss how benefits are financed. He noted that retroactive benefit improvements for safety and miscellaneous members, investment losses and a reduced payroll base have all been contributing factors to a lower funded ratio for the City. Trustee Piombo asked if the historical changes to the funded ratio by each year are readily accessible. Mr. Wickman responded that he has not collected the information from the valuation reports into a unique document but the annual valuations do show what the actuarial gains and losses were for a specific year.

Mr. Schmidt reviewed the effect of various factors on contribution rates, explaining how demographics impact the contribution rates. For example, the later entry age of new entrants increases overall costs.

In summary, Mr. Schmidt noted that the market value of assets exceeds the actuarial value, and projections are expected to show declining future costs if assumptions are met. With the exception of amortization of 50% of the 2009 investment losses over a current 27 year period, the current policy is to leave the amortization period for the unfunded accrued actuarial liability (UAAL) at 17 years for the next two years before declining. Prior to starting the next

annual valuation, Mr. Schmidt recommended considering economic assumptions, a separate line item for administrative expense, a review of amortization policy, and methods for temporarily adjusting contribution rates as appropriate in connection with audit findings.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)

a. Administrator's update

Mr. Wickman reported that money received from the Cornerstone distribution will be used to fund the \$15 million capital call by UBS on April 1 for the Trumbell Property Fund. A capital call for \$15 million on April 15 is expected from AEW to fund the second new core real estate portfolio.

Mr. Wickman notified the Board that Marin County is talking with Cheiron-EFI about assisting with an analysis of different hybrid plan options. Mr. Wickman expressed his support for Cheiron-EFI in this role if the County were to contract with them. There would be no overlap between this work and Cheiron-EFI's work for MCERA.

Mr. Wickman reported that Deputy County Counsel Renee Giacomini Brewer will replace Tom Lyons as Investment Committee counsel.

b. Staffing update

Mr. Wickman addressed the impact on pending MCERA projects of the passing of Alex Levin. The benefit system software provider, CPAS, has been asked to provide additional technical support. Helen Moody and Lori Nann will assume more responsibility for coordinating daily interactions with CPAS. Prior to filling the systems analyst position, Mr. Wickman is looking at the possibility of bringing in temporary support. Alex's passing also affected the Electronic Board Packet project that will nevertheless be implemented this summer. Mr. Wickman and Dale Barre met with Information Services Technology representatives to consider additional support for that effort.

c. Facility Use Report

No facility use in the period.

d. Future meetings

- May 8 Regular Board
- May 9 Investment Committee

Chair Bolger recessed Open Session at 10:06 A.M., reconvening in Closed Session and directing deliberations to **Agenda Items D and E**.

D. DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 10:00 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. Stacie Douglas	Service	3/1/12	Marin County Sheriff

Initial consideration of an application for service-connected disability retirement filed by a Safety member.

2. Denis Walsh	Service	6/9/09	Southern Marin Fire District
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Consider and take possible action on Administrative Law Judge's proposed findings of fact and recommended decision to deny application for service-connected disability retirement

3. Stephen Debrunner	Service	10/28/11	Marin County Sheriff
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Initial consideration of an application for service-connected disability retirement filed by a Safety member.

Chair Bolger recessed Closed Session, reconvening in Open Session and reported the following:

The Board granted Stacie Douglas' application for service-connected disability retirement. Motion was by Trustee Gladstern, seconded by Trustee McFarland, and approved by unanimous vote of 9-0.

The Board approved and adopted the Administrative Law Judge's Findings of Facts and Proposed Decision to deny the service-connected disability retirement application of Denis Walsh. Trustee Piombo voted in place of Trustee Cooper because Mr. Cooper works in the same service as the applicant. Motion was by Trustee Smith, seconded by Trustee Gladstern and approved by unanimous vote of 9-0.

The Board continued for 90 days the initial consideration of the application for service-connected disability retirement of Stephen Debrunner. Motion was by Trustee Richardson, seconded by Trustee Gladstern and approved by unanimous vote of 9-0.

E. LEGAL MATTERS

1. Conference with Legal Counsel – Pending Litigation (CLOSED SESSION)
MAPE et al. v. MCERA, et al., Marin County Superior Court Case No. 1300318.

Trustee Gladstern recused herself from this item and did not attend the closed session meeting, as she is a member of the Board of Directors of one of the petitioners in the case (MAPE). Trustee Webb recused himself from this item and did not attend the closed session meeting, as he receives a pension from one of the petitioners in the case (SEIU). Trustee McFarland recused himself from this item and did not attend the closed session meeting, as he is a steward of one of the petitioners in the case (MAPE).

Chair Bolger reported that no reportable action was taken on this agenda item.

F. NEW BUSINESS

1. Voting Instructions to MCERA Delegate to SACRS Business Meeting, May 17, 2013

- a. Election of SACRS Board of Directors (**Action**)

It was M/S Smith/Richardson to approve the final ballot for the SACRS Board of Directors. The motion was approved by unanimous vote.

- b. Copy of meeting agenda

Agenda Item C, BOARD OF RETIREMENT MATTERS, continued.

2. Trustee Comments

Trustee Smith asked staff and counsel whether stipends paid to county officials for their service on boards of entities independent from the county are part of compensation earnable. Staff will follow-up on the question with the County and report back to the Board.

Topics of interest at the Manatt Fiduciary Forum included PEPRA and bankruptcies in Stockton and San Bernardino, according to attendees Trustee Gladstern and Mr. Wickman. Governmental Accounting Standards Board (GASB) 67 and 68 were also discussed by Graham Schmidt.

NEW BUSINESS, continued.

2. Future Meetings

Consider and discuss agenda items for future meetings

None.

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 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 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 Annual
- * X RREEF -Value Added Portfolio Quarter
- Woodmont Realty Advisors -Direct Ownership Quarter
- 3. Other

H. OTHER INFORMATION

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

I. CONSENT CALENDAR (Action)

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

<p>CONSENT CALENDAR for MCERA MEETING, WEDNESDAY, April 10, 2013</p>		
<p style="text-align: center;">CONSENT CALENDAR March 2013</p>		
<p style="text-align: center;">RETURN OF CONTRIBUTIONS</p>		
Brenden Berry (Partial)	County of Marin	156.81
Daniel Derby (Partial)	County of Marin	2,172.07
Donna Blum (Full)	County of Marin	17,028.10
Traci Perry (Full)	County of Marin	<u>14,370.34</u>
	TOTAL	\$33,727.32
<p style="text-align: center;">BUYBACK</p>		
Richard Dunckel	County of Marin	
Beverly Hodges	County of Marin	
Barbara Lind	County of Marin	
Keith Parker	County of Marin	

Marlene Philley		County of Marin
Jo Ann Shibata		County of Marin

NEW RETIREES

Kent Julin	Fire	County of Marin
Daniel Derby	Sheriff	County of Marin
Wendy Burger	H&HS	County of Marin
Ellen Lowery	H&HS	County of Marin
Nancy Wiley	H&HS	County of Marin
Danny Briones	Dept. of Finance	County of Marin
Diane Wishnak	Assessor	County of Marin
Janet Harmon	Library	County of Marin
Michael Hughes		Novato Fire

RESCINDED RETIREMENTS

DECEASED RETIREES

Bruce Bales	District Attorney	County of Marin
Tony Machado	DPW	County of Marin
Peter Riedell	DPW	County of Marin
Martha Van Etten	Library	County of Marin

CONFERENCES/SEMINARS

CALAPRS GENERAL ASSEMBLY

Trustees Brenk, Gladstern; Retirement Administrator Wickman

MANATT FIDUCIARY FORUM

Trustee Gladstern; Retirement Administrator Wickman

In memory of Alex Levin, Chair Bolger adjourned the meeting at 11:42 A.M.

Bernadette Bolger, Chair

Howard McFarland, Secretary