

MINUTES

BOARD GOVERNANCE COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

November 19, 2013 – 9 A.M.

CALL TO ORDER Chair McFarland called the meeting to order at 9:03 A.M.

ROLL CALL PRESENT: Bolger, Brenk, Cooper, Gladstern, McFarland, Webb
ABSENT: Smith

MINUTES

It was M/S Cooper/Gladstern to approve the June 24, 2013 Governance Committee Meeting Minutes as submitted.

AYES: Bolger, Brenk, Cooper, Gladstern, McFarland, Webb
NOES: None
ABSTAIN: None
ABSENT: Smith

A. OPEN TIME FOR PUBLIC EXPRESSION

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

No public comment.

B. OLD BUSINESS

1. Guidelines for Discussion of and Action on Disability Retirement Applications at Board Meetings (Action)

Consider and possibly recommend to Board adoption of Guidelines, including consideration of safety member voting rules

Mr. Wickman reviewed the Governance Committee's discussions of the Guidelines for Discussion of and Action on Disability Retirement Applications (Guidelines) from the June meeting. As a result of those discussions, he presented the Guidelines for consideration of the safety vote and recusals by Board members.

Counsel Ashley Dunning discussed legal considerations for the safety vote. Ms. Dunning described MCERA's current practice of having the alternate safety member vote when a safety member in the same service as the regular safety member applies for a disability retirement.

Chair McFarland asked whether recusal is necessary if a disability retirement applicant is in the same department. Ms. Dunning stated that step would be a prudent course of action in the event of a contentious disability retirement application, given Government Code section 1090 considerations. With respect to recusals more generally, factors would need to be considered on a case-by-case basis, according to Mr. Wickman, as to whether there may be a bias for or against an applicant. He stressed the need to consider anything that could potentially impair a decision-maker's impartiality on a given disability retirement application.

Trustee Cooper expressed his view that trustees can be objective and may have valuable insight with respect to matters regarding the service in which they serve. Ms. Dunning distinguished the question of recusal and vote based on department from the question at hand, which is the interpretation of "same service" in the statute.

It was M/S Cooper/Gladstern to continue MCERA's current practice whereby the alternate safety member votes when the regular safety member is in the same service as the disability retirement applicant.

AYES: Bolger, Brenk, Cooper, Gladstern, McFarland, Webb
NOES: None
ABSTAIN: None
ABSENT: Smith

Mr. Wickman then reviewed remaining provisions in the Guidelines, including those for applicants who represent themselves. Conditions under which a pro se applicant may have a family member present that align with the Brown Act requirement for persons present to have an official role were discussed. A few modifications to phrasing in the Guidelines were proposed.

It was M/S Brenk/Gladstern to recommend that the Board adopt Guidelines for Discussion of and Action on Disability Retirement Applications at Board Meetings as amended per discussions.

AYES: Bolger, Brenk, Cooper, Gladstern, McFarland, Webb
NOES: None
ABSTAIN: None
ABSENT: Smith

C. NEW BUSINESS

1. MCERA Tax Compliance Resolution (Action)

Consider and possibly recommend to Board adoption of Tax Compliance Resolution

Mr. Wickman presented the Comprehensive Tax Compliance Resolution necessary to satisfy requirements for receiving a Favorable Determination Letter from the Internal Revenue Service (IRS). Mr. Wickman noted that the resolution bridges any gaps between the requirements for operating MCERA under the Internal Revenue Code (IRC) and provisions in the County Employees Retirement Law of 1937.

MCERA's filing incorporates provisions of the Public Employees' Pension Reform Act (PEPRA) and Senate Bill 13 and Assembly Bill 1380 passed by the 2013 legislature. Mr. Wickman noted there remains one MCERA practice that will need to be modified to meet

IRC regulations, which is the purchase of service credit through pretax payroll deductions. A resolution to eliminate this practice going forward and wind down existing agreements will be presented for consideration at the December Board meeting.

Trustee Cooper was excused from the meeting at 10:31 A.M.

It was M/S Bolger/Webb to recommend that the Board adopt the Comprehensive Tax Compliance Resolution as submitted.

AYES: Bolger, Brenk, Gladstern, McFarland, Webb
NOES: None
ABSTAIN: None
ABSENT: Cooper, Smith

Chair McFarland recessed the meeting for a break at 10:41 A.M., reconvening at 10:49 A.M.

2. Remote Meeting Attendance (Action)

Consider and possibly recommend to Board development of policy regarding remote meeting attendance

Mr. Wickman introduced the concept of remote meeting attendance. Mr. Wickman presented information on remote meeting policies from other 1937 Act systems. The Committee discussed important considerations for remote attendance such as the need for a quorum, equal participation, and transparency. Trustee Bolger expressed a preference for not being too restrictive on remote attendance.

Counsel Dunning reviewed the Brown Act requirements that would need to be satisfied if remote meetings were allowed. This included the requirement to notify the public in advance of the location of the remote meeting and accommodating the public at the location, including making sure the location was ADA compliant.

It was M/S Gladstern/Webb to recommend that, due to administrative expense, the Board determine that remote attendance at meetings by trustees is not allowed.

Discussion included Trustee Bolger's preference to provide for remote meeting attendance so long as it was infrequent and did not include the Board or Investment Committee meetings.

AYES: Gladstern, Webb
NOES: Bolger, Brenk, McFarland
ABSTAIN: None
ABSENT: Cooper, Smith

Upon failure of the motion, Mr. Wickman requested direction on whether staff should develop a policy on the matter. Chair McFarland stated that remote attendance for committee meetings, with the exception of the Investment Committee, may be reasonable. Trustee Brenk supported this view, so long as there was a good reason that a trustee could not attend a meeting in person.

Based on Trustee Bolger's recommendation, Chair McFarland directed Mr. Wickman to draft provisions for remote meeting attendance at committee (Investment Committee excepted) meetings at the discretion of the committee chair.

3. Budget Policy and Adoption Process (Action)

Conduct standard policy review

It was M/S Webb/Gladstern to recommend that the Board accept the standard review of the Budget Policy and Adoption Process.

AYES: Bolger, Brenk, Gladstern, McFarland, Webb

NOES: None

ABSTAIN: None

ABSENT: Cooper, Smith

4. Investment Committee Meeting Schedule for 2014 (Action)

Consider and possibly recommend to Board schedule for meetings in 2014

Mr. Wickman presented a schedule for Investment Committee meetings in 2014 for consideration. Four meetings coincide with quarterly investment reports, with the remaining two meetings planned for annual manager reviews. Mr. Wickman discussed the change from the panel discussion format at strategic workshops for annual reviews with Trustee Brenk, noting that the level of activity at Investment Committees should abate in the coming year following a relatively heavy schedule in the past year. The advantage of the panel discussion format was noted by Trustee Gladstern and discussed.

It was M/S Webb/Bolger to recommend that the Board adopt the Investment Committee Meeting Schedule for 2014, amended to move the proposed May 8 Investment Committee meeting to January 9.

AYES: Bolger, Brenk, Gladstern, McFarland, Webb

NOES: None

ABSTAIN: None

ABSENT: Cooper, Smith

5. Next Committee meeting

Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

Mr. Wickman discussed policies that may be considered in 2014.

There being no further business, Chair McFarland adjourned the meeting at 11:55 A.M.

Howard McFarland, Chair

Attest: Jeff Wickman
Retirement Administrator