

MINUTES

**REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

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

December 11, 2013 - 9 A.M.

EVENT CALENDAR 9 A.M. Regular Board Meeting

CALL TO ORDER Chair Bolger called the meeting to order at 9:00 A.M.

SWEARING IN OF GREG BRENK

Greg Brenk was sworn in at MCERA offices on November 7, 2013.

SWEARING IN OF ALAN PIOMBO

Deputy Clerk of the Board Dale Barre administered the Oath of Office to Alan Piombo.

ROLL CALL

PRESENT: Bartfeld, Bolger, Brenk, Cooper (alternate safety),
Gladstern, McFarland, Piombo, Shaw (ex officio
alternate), Webb (alternate retiree)

ABSENT: Given, Shore, Smith

MINUTES

It was M/S Webb/McFarland to approve the November 6, 2013 Regular Board Meeting Minutes as submitted.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Webb

NOES: None

ABSTAIN: None

ABSENT: Given, Shaw, Shore, Smith

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. APPOINTMENT OF BOARD COMMITTEES

Appointment of Committees and Committee Chairs (**Action**)

Chair Bolger presented her appointments for committees and committee chairs in 2014.

It was M/S Piombo/Brenk to approve committees and committee chairs for 2014 as presented.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shaw, Shore, Smith

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)

a. Administrator's update

Retirement Administrator Jeff Wickman noted that the Board established performance objectives for this fiscal year to issue Requests for Proposals (RFP) for investment consulting and medical advisor services. Mr. Wickman said he is targeting the first quarter of 2014 to issue these RFPs. He suggested that the Chair establish Ad Hoc Committees to work with the staff on analyzing the bids that are received from companies responding to the RFPs.

Mr. Wickman has been elected to the CalAPRS Board for the coming year and will serve on committees for the Administrator's Institute and 2015 General Assembly.

Trustee Shaw joined the meeting at 9:10 A.M.

Annual statements have been mailed to members. Mr. Wickman expressed appreciation to Helen Moody for her part in conducting additional research on statements that were flagged from previous years. He noted staff would be moving on to the next project which will be issuing 1099s to retirees.

b. Staffing update

Mr. Wickman reported that Denise Lee has been assigned to address the backlog on service credit purchases and retirement estimates. In addition, Cookie Shamrock is working with Helen Moody to identify data and system issues identified during the annual statement process. He noted that Ms. Moody would be transitioning out of MCERA in early 2014 so other staff need to be trained on conducting business analysis on system-related issues.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) used MCERA facilities for meetings twice in the last month.

d. Future meetings

- January 8, 2014 Board

- January 9, 2014 Investment Committee

2. Standing Committee Reports

a. Governance Committee

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

Consider and take possible action on Governance Committee's recommendation to adopt Guidelines, including consideration of safety member voting rules

Governance Committee Chair McFarland reported that, upon discussion of the Guidelines for Discussion of and Action on Disability Retirement Applications at Board Meetings, the committee agreed to retain the current process for how safety members vote when disability retirement applicants are also safety members.

Based on the action of the Governance Committee, Governance Committee Chair McFarland recommended that the Board adopt the Guidelines for Discussion of and Action on Disability Retirement Applications at Board Meetings as submitted.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Shaw, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shore, Smith

2. MCERA Comprehensive Tax Compliance Resolution (Action)

Consider and take possible action on Governance Committee's recommendation to adopt Comprehensive Tax Compliance Resolution

Mr. McFarland stated that the Comprehensive Tax Compliance Resolution was developed to satisfy requirements for receiving a Favorable Determination Letter from the Internal Revenue Service (IRS) by bringing together language from the IRS and '37 Act.

Based on the action of the Governance Committee, Governance Committee Chair McFarland recommended that the Board adopt the MCERA Comprehensive Tax Compliance Resolution as submitted.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Shaw, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shore, Smith

3. Remote Meeting Attendance (Action)

Consider and take possible action on Governance Committee's recommendation to adopt policy regarding remote meeting attendance

Mr. McFarland stated that the Governance Committee directed staff to develop provisions for remote meeting attendance. Mr. Wickman noted that instead of creating a new policy the provisions for remote meeting attendance were incorporated into the Code of Fiduciary Conduct, Ethics and Governance.

Based on the action of the Governance Committee, Governance Committee Chair McFarland recommended that the Board adopt amendments to the Code of Fiduciary Conduct, Ethics and Governance as submitted.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Shaw, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shore, Smith

4. Budget Policy and Adoption Process (Action)
Conduct standard policy review

Based on the action of the Governance Committee, Governance Committee Chair McFarland recommended that the Board accept the review of the Budget Policy and Adoption Process.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Shaw, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shore, Smith

5. Investment Committee Meeting Schedule for 2014 (Action)
Consider and take possible action on Governance Committee's recommendation to adopt schedule for meetings in 2014

Mr. Wickman reviewed the 2014 Investment Committee schedule that sets four meetings to align with quarterly investment reports and two meetings for annual investment manager reviews. Trustee Gladstern noted that one meeting was moved to January 9 and Strategic Workshop dates were moved up by one day. The April Finance and Risk Management Committee meeting will be moved to a later date upon consultation with the committee chair.

Based on the action of the Governance Committee, Governance Committee, Chair McFarland recommended that the Board adopt the schedule for Board meetings in 2014 as amended.

AYES: Bartfeld, Bolger, Brenk, Gladstern, McFarland, Piombo, Shaw, Webb
NOES: None
ABSTAIN: None
ABSENT: Given, Shore, Smith

b. Finance and Risk Management Committee
1. MCERA Administrative Expense (Action) – Graham Schmidt, Cheiron EFI

Review and consider methodologies for charging administrative expenses

Finance and Risk Management Committee Chair Gladstern reported that methodologies for administrative expenses will be considered at the January 2014 Board Meeting so the actuary can attend and participate in the discussion.

2. Administrative Budget FY 2013/14 Quarterly Review

Consider and review budget for quarter ending September 30, 2013

Ms. Gladstern reported that the administrative budget for the first quarter of the fiscal year was reviewed. Overall, expenses are running slightly below budget.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Expenses for educational and other events were reviewed.

b. Continuing Trustee Education Log

Updated trustee education logs were reviewed showing that most trustees have met the 24-hour training requirement early.

c. Other expenses per Checklist guidelines

Credit card expenses and non-administrative expenses were reviewed. Additional detail has been provided for legal fees.

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

Variances were reviewed and addressed by the accountant.

e. Reconciliation of MCERA administrative accounts

The reconciliation of administrative accounts continues with expectations for completion in the first quarter of 2014.

f. Vendor services provided to MCERA

Mr. Wickman reported that MCERA engaged Gallina LLP to conduct a procedural review of transactions engaged by Woodmont Real Estate Services. No significant findings were identified in the report to staff.

g. MCERA staffing status

No items to report.

- h. Internal controls, compliance activities and capital calls

Capital calls were reviewed that are in accord with reallocation of assets.

- i. Audits, examinations, investigations or inquiries from governmental agencies

No items to report.

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

See discussion under f. above.

4. Electronic Board Packets Project Update

Review status of project

Mr. Wickman reviewed the challenges faced by staff in developing electronic board packets. The goal is to initiate user acceptance testing once security issues have been resolved. Since the committee expressed a preference to use the iPad for email in addition to the packet, staff are examining the implications of adding County email accounts for Trustees. Staff are also determining the level of technical support that will be required. Trustee Gladstern indicated that the objective of keeping data internal to MCERA rather than using external providers remains a priority for security reasons.

3. Trustee Comments

Chair Bolger recessed Open Session for a 10-minute break and directed deliberations to **Agenda Items D and E** in Closed Session at 9:59 A.M.

Trustee Piombo was excused from the meeting at 10:45 A.M.

Chair Bolger recessed Closed Session and reconvened in Open Session at 11:32 P.M.

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>Applicants</u>	<u>Service/Non-Service Connected</u>	<u>Date of Application</u>	<u>Employer</u>
1. Mark Wong	Non-service	6/4/13	Marin County Information Services & Technology Dept

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

Chair Bolger reported that the Board granted Mark Wong's application for non-service-connected disability retirement. Trustee Cooper voted for Trustee Gladstern who recused herself from the discussion and vote because the applicant is in the same County Department. Motion was by Trustee Webb, seconded by Trustee Piombo, and approved by a vote of 8-0. Voting for the motion were Trustees Bartfeld, Bolger, Brenk, Cooper, McFarland, Piombo, Shaw, and Webb. Trustees Given, Shore, and Smith were absent.

E. LEGAL MATTERS

1. Conference with Legal Counsel – Pending Litigation (Gov. Code sec. 54956.9(a))

(CLOSED SESSION)

MAPE et al. v. MCERA, et al., First Dist. Court of Appeal Case No. A139610 (Div. 2)
MAPE et al. v. Superior Court, First Dist. Court of Appeal Case No. A139621 (Div. 2)
Contra Costa County Deputy Sheriffs Assoc., et al. v. CCCERA, et al. Contra Costa County Superior Court Case No. MSN12-1870

Trustee Gladstern recused herself from this item and did not attend the closed session meeting, as she is an executive officer of 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.

2. Conference with Legal Counsel – Pending Litigation (Gov. Code sec. 54956.9(a))

(CLOSED SESSION)

Santore v. Ixia, No. CV13-08440 (C.D. Cal. filed Nov. 14, 2013)

Consider whether to seek appointment as lead plaintiff in class action.

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

3. Conference with Legal Counsel – Pending Litigation (Gov. Code sec. 54956.9(a))

(CLOSED SESSION)

Miami Police Relief & Pension Fund v. Fusion-io, Inc., No. 5:13-cv-05368 (N.D. Cal. filed Nov. 19, 2013)

Consider whether to seek appointment as lead plaintiff in class action.

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

F. NEW BUSINESS

1. Tax Compliance Resolution re Service Credit Purchases (Action)

Consider and take possible action on tax counsel recommendation to no longer permit service credit purchases with pre-tax payroll deductions.

Mr. Wickman presented the Tax Compliance Resolution re Service Credit Purchases. He noted this issue was identified during the Determination Letter Application with the Internal Revenue Service (IRS) and was in fact the only operational change that tax counsel advised MCERA the current IRS rules require prospective change. The change eliminates the ability for members prospectively to purchase service credit using pre-tax payroll deduction. Members can still purchase eligible service with dollars rolled over from another qualified plan, or set up a payroll deduction to pay in post-tax dollars. The elimination of pre-tax deductions will apply to all future service credit purchase contracts with MCERA, but will allow existing contracts to be completed under their current terms.

It was M/S Brenk/McFarland to adopt the Tax Compliance Resolution Regarding Service Credit Purchases as submitted.

AYES: Bartfeld, Bolger, Brenk, Cooper, Gladstern, McFarland, Shaw, Webb
 NOES: None
 ABSTAIN: None
 ABSENT: Given, Piombo, Shore, Smith

2. Winter MCERA Newsletter (Action)

Consider and take possible action to approve newsletter copy

Mr. Wickman reviewed information for members in the newsletter that includes when to expect 1099-R statements and the variety of topics offered in the new seminar program. The trustees reacted favorably to the newsletter copy.

It was M/S Gladstern/McFarland to approve the newsletter copy as submitted.

AYES: Bartfeld, Bolger, Brenk, Cooper, Gladstern, McFarland, Shaw, Webb
 NOES: None
 ABSTAIN: None
 ABSENT: Given, Piombo, Shore, Smith

3. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

G. INVESTMENT INFORMATION

“X” indicates report distributed; * indicates report distributed electronically

PERIODIC REPORTS

1. Equities and Fixed Income

*	X	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
 - X 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
- Woodmont Realty Advisors -Direct ownership – Monthly report
 - * X AEW Capital Management -Value Added Portfolio Quarter
 - * X AEW Capital Management -Core Real Estate Quarter
 - * X RREEF -Value Added Portfolio Quarter
 - * X Woodmont Realty Advisors -Direct Ownership Quarter
 - * X UBS -Core Real Estate
3. Other

H. OTHER INFORMATION

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

I. CONSENT CALENDAR (Action)

It was M/S Gladstern/Brenk to approve the Consent Calendar as submitted.

AYES: Bartfeld, Bolger, Brenk, Cooper, Gladstern, McFarland, Shaw, Webb
 NOES: None
 ABSTAIN: None
 ABSENT: Given, Piombo, Shore, Smith

There being no further business, Chair Bolger adjourned the meeting, in acknowledgement of MCARE member Ann Gregory’s contributions to retirees, at 11:45 A.M.

Bernadette Bolger, Chair

Howard McFarland, Secretary

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, DECEMBER 11, 2013

CONSENT CALENDAR
November 2013

RETURN OF CONTRIBUTIONS

Ruth Bacani (Term Refund)	10,903.91	Courts
LaShondra Brannon (Term. Refund)	1,369.19	County of Marin
Sarah Brubaker (Term. Refund)	32,109.14	County of Marin
Judith Laskowski (Term. Refund)	237.70	County of Marin
Eric Szakal (Death Refund)	7,611.12	County of Marin
Vanessa Szakal (Death Refund)	7,611.13	County of Marin
Teresa Yamanoha (Marr. Payout)	114,697.98	County of Marin
TOTAL	\$ 174,540.17	

BUYBACK

Katlin Brooks		County of Marin
Robert Crowley		County of Marin
Jessica Cunningham		County of Marin
Alana Kapust		County of Marin
Carolyn McGrath		County of Marin
Robert Rappa		County of Marin
Laurie Weiland		County of Marin
Wesley Whalon		County of Marin
Raffaello Pata		City of San Rafael
Richard Pearce		City of San Rafael

NEW RETIREES

Dolores Reta	H&HS	County of Marin
Robert Delong		Southern Marin Fire

RESCINDED RETIREMENTS

DECEASED RETIREES

Barbara Blum	Parks & Open Space	County of Marin
Thomas Brown	Assessor-Recorder	County of Marin

CONFERENCES/SEMINARS

SACRS Fall Conference
Trustees Bartfeld, Bolger, Cooper, McFarland, Shore, Smith, Webb
Administrator Wickman, Counsel Dunning, Consultant Callahan

CalAPRS Advanced Staff Training
Staff Barre, Highfill