

Mr. Wickman presented Trustee Gladstern with a Ten-Year Service pin from SACRS. Trustee Smith also received a Ten-Year Service pin that will be presented at a future meeting.

The Administrator reported that all nine companies responded to the investment consultant RFP. The Ad Hoc Committee is scheduled to complete its initial scoring of responses on June 6, 2014.

Preparations are underway for the election of the Third Miscellaneous Member, whose term expires October 31, 2014. Nomination petitions will be available on May 28 and are due June 11 (or June 18 if the incumbent fails to file by June 11). Ballots will be mailed to miscellaneous members by June 27.

One Public Records Act request was received from California Common Sense for electronic copies of Actuarial Valuations and Financial Statements from 1996 to 2001 and summary financial statements from 1996 to 2007. The summary financial reports have been provided. The Valuations for 2001 and earlier are not in electronic form so MCERA has offered to make copies of the reports upon receipt of payment for the copies.

b. Business Objectives for FY 2013/14 Quarterly Review

Mr. Wickman reviewed the status of Business Objectives for the current evaluation year. In benefits administration processing retirements has been expedited with the use of the new retirement packet that consolidates information. Ms. Hardesty added that of 39 retirement applications in March, 35 were on the new form, thus saving members an extra trip to the retirement offices.

In human resources the focus is only aligning resources with key priorities. Staff are undertaking the critical business analysis function and resources have been adjusted to address backlogs in benefit estimates and service purchases. Mr. Wickman stated that providing staff with opportunities for leadership roles will be an ongoing activity.

An initial cash flow projection was completed and presented to the Finance and Risk Management Committee. The Committee has referred the report to the Investment Committee for further discussion.

The new retirement workshops have been extremely well received and future plans are to bring other outside presenters into the mix. Staff completed new Classic and PEPRA member handbooks that are available on MCERA's website. A proposed disability handbook will be postponed to the next fiscal year.

An enhanced summary financial report is being developed based on the Popular Annual Financial Report.

Chair Bolger recommended that the Ad Hoc Retirement Administrator Evaluation Committee meet in the near future to initiate the process of developing business objectives for the next year as part of the Retirement Administrator's annual evaluation. Trustees were invited to submit their suggestions for the objectives.

c. Staffing update

No new items to report.

d. Facility Use Report

No new items to report.

e. Future meetings

- June 11, 2014 Board
- June 12, 2014 Investment Committee

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Electronic Board Packets Project Update

Review status of project

Chair Gladstern reported that staff provided an update on the Electronic Board Packet Project. Following successful user acceptance testing, the phased-in rollout initiated at the March 2014 Board meeting was expedited, with 11 of 12 trustees using iPads at the April Board meeting. The electronic board packets are delivered to the iPads by secure internal email.

2. Administrative Budget FY 2013/14 Quarterly Review

Consider and review budget for quarter ending March 31, 2014

Through the third quarter of the fiscal year, administrative expenditures are 70% of the budgeted amount and Mr. Wickman expects to be within the budget for the fiscal year ending June 30, 2014. The Administrator reviewed notable items such as an increase in the cost of workers compensation insurance based on Marin County's experience study, a one-time cost for issuing 1099s, and higher property insurance due to an increase in MCERA's owner allocation for One McInnis Parkway. The Committee reviewed non-budgeted expenses including monthly retiree benefits and monthly investment fees with a five-year history.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Education and event-related expenses were reviewed by the Committee and staff participation in CalAPRS training events was noted.

b. Continuing Trustee Education Log

The Continuing Trustee Education Log shows that trustees are on track toward meeting the 24 hour education requirement every two years.

c. Other expenses per Checklist guidelines

Credit card statements were reviewed by the Committee.

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

See above.

e. Reconciliation of MCERA administrative accounts

No discussion.

f. Vendor services provided to MCERA

See Agenda Item B.2.a.7.

g. MCERA staffing status

No new items to report.

h. Internal controls, compliance activities and capital calls

The Committee reviewed a report detailing capital calls for private equity portfolios and reallocations to fund the AEW core real estate and Colchester global fixed income portfolios as planned.

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

No new items to report.

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

No new items to report.

k. Form 700 summary submittal

The Form 700 summary was reviewed that highlights items related to staff, consultants or trustees for potential recusal.

4. Administrative Budget FY 2014/15 (Action)

Consider and possibly recommend adoption of administrative budget for the next fiscal year

Mr. Wickman presented the proposed Administrative Budget for Fiscal Year 2014/15. Salaries are budgeted at the top range for staff, with a projected 2.5% cost of living increase. The proposal includes reclassifying the vacant Principal Systems Analyst position to a proposed Financial Officer position. There would be two reclassifications from Retirement Member Service “Technician” to “Specialist” status, and provision for extra hires would be eliminated. The total administrative budget proposed is \$3.6 million, which is 17 basis points (of 21 basis points allowed) of the actuarial accrued liability and a 5.8% increase over the prior year.

Based on the action of the Finance and Risk Management Committee, Committee Chair Gladstern moved that the Board adopt the Administrative Budget for Fiscal Year 2014/15.

Mr. Wickman explained that based on final values for the actuarial accrued liability, the proposed budget and last year’s budget are both at 17 basis points of the actuarial accrued liability.

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

5. Initial Future Cash Flow Analysis

Consider and discuss cash flow analysis

The future cash flow analysis is a new report with one, three, five, and ten-year projections. Upon consideration and review there was general agreement that the report should be presented to the Investment Committee after being reviewed by the investment consultant.

6. Annual Audit of Financial Statements Update

Update on annual audit process

The annual audit of financial statements by Brown Armstrong will begin in July.

7. Key Service Providers Review

Administrative annual review of key service providers

Mr. Wickman reported on key service providers that include the actuary, auditor, custodian, investment consultant and legal counsel. Plans for RFPs, the next

being for medical advisor, were outlined by Mr. Wickman in accordance with the related policy.

3. Trustee Comments

Chair Bolger noted that in the *Independent Journal* a view was expressed on the language in the Actuarial Valuation, which the Board approved as presented by the actuary at its April 9 meeting. In addressing the language in question, Trustee Given explained that if the actuary is comfortable with the language in the report the Board would not expect to change it. Mr. Wickman, too, commented that the actuary was comfortable with the language in the report.

Trustee Given recommended that CPAS be added to key service providers and the matter will be considered by the Governance Committee.

Chair Bolger directed deliberations to **Agenda Item D.1.**

D. NEW BUSINESS

1. Agreement with Woodmont Real Estate Services (Action)

Consider and possibly approve agreement

Mr. Wickman presented a proposed agreement with Woodmont for property management and new services around disposing of the private real estate portfolio. The agreement has been reviewed by counsel and contains provisions important to MCERA. Further consideration will be needed for the property at One McInnis, according to Mr. Wickman. Once options are developed they will be brought to the Investment Committee for discussion.

It was M/S Piombo/Gladstern to approve the Investment Advisory and Property Management Agreement with Woodmont Realty Advisors, Inc. as submitted.

AYES: Bolger, Brenk, Given Gladstern, McFarland, Piombo, Shore, Webb

NOES: None

ABSTAIN: None

ABSENT: Bartfeld, Smith

Mr. Wickman thanked Woodmont Chairman Ron Granville and President Scott Pritchett for helping the Board come to an agreement for the proposed real estate services.

2. Spring MCERA Newsletter (Action)

Consider and take possible action to approve Spring newsletter copy

Mr. Wickman presented proposed newsletter copy for consideration by the Board. Chair Bolger discussed phrasing around the determination letter for possible modification. Mr. Wickman stated staff would edit the text to reflect the Chair's comments. Trustee Gladstern requested modifying text on contribution rates that the Retirement

Administrator will consider. Counsel Dunning will provide a few technical corrections to staff as well.

It was M/S Gladstern/McFarland to approve the Spring newsletter copy subject to edits per discussions.

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

3. Future Meetings
 Consider and discuss agenda items for future meetings

E. INVESTMENT INFORMATION

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

PERIODIC REPORTS

1. Equities and Fixed Income

* X	Abbott Capital	-Private Equities Fund	
* X	Artisan Funds, Inc.	-International Equities Fund	
* X	The Clifton Group	-Futures Overlay Program	
* X	Colchester Global Investors	-Global Fixed Income	
* X	Columbus Circle Investors	-Small Cap Growth Equities	
* 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	
* 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	-Intermediate Credit Fixed Income Portfolio	

2. Real Estate

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

3. Other

F. OTHER INFORMATION

1. Trustee Training Calendar (**Action**)

It was M/S Given/Gladstern to approve the Trustee Training Calendar as submitted.

CONSENT CALENDAR
 April 2014

RETURN OF CONTRIBUTIONS

Terry Johnson	Refund of Contributions Term	\$ 100,329.55
Michael Dolan Beaird	Refund of Contributions Term	\$ 4,360.03
Joseph Ottolini	Refund of Contributions Excess	\$ 437.69
David Hattem	Refund of Contributions Excess	\$ 1,855.09

BUYBACK

NEW RETIREES

Richard Clary		City of San Rafael
Victoria Loufakis	HR	County of Marin
Charles Banks	DPW	County of Marin
Darren Lovecchio		City of San Rafael
Heidi Allgaier	HHS	County of Marin
Ronald Paolini	Parks	County of Marin
Nancy Hemmingway	Library	County of Marin
Robert Beaumont	DPW	County of Marin
Michelina Gautieri	HHS	County of Marin
Joseph Ottolini	Fire	County of Marin
Matthew Naclerio		City of San Rafael
Terry Zimmerman	Public Defender	County of Marin
David Hattem	DPW	County of Marin
David Kosmala	DOF	County of Marin
Lyn Scholz	Board of Supervisors	County of Marin
Georgia Clima	Assessor-Recorder	County of Marin
Paquito Balderama	DPW	County of Marin
Kathy Tobin	Assessor-Recorder	County of Marin
Annabelle Travis	HHS	County of Marin
Edward Hulme	Parks	County of Marin
Kimberly Seymour	Sheriffs	County of Marin
Eric Huot		City of San Rafael
Michael Crain	Sheriffs	County of Marin
David Bartholomew	Sheriffs	County of Marin
Larry Sisseck		City of San Rafael
Mark Wong	IST	County of Marin
Elizabeth Paris	Library	County of Marin
Joyce Whitney	Assessor_Recorder	County of Marin
Marsha Toll	HHS	County of Marin
Nancy Joe French	Assessor_Recorder	County of Marin
Christopher Wikeen		Novato Fire
Gregorio Adriano	Sheriff	County of Marin
Katherine Haley	DOF	County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

Walter Grabowski	Sheriff	County of Marin
Jacqueline Perry	Sheriff	County of Marin
Virginia Morgan	Auditor - Controller	County of Marin
Marie Mery	Beneficiary	County of Marin

CONFERENCES/SEMINARS

CalAPRS Management Academy
 Staff Sousa

Callan College Introduction to Investments
 Counsel Brewer