

MINUTES

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

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

August 13, 2014 - 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.

ROLL CALL PRESENT: Bartfeld, Bolger, Cooper (alternate safety), Given,
 Gladstern, McFarland, Piombo, Shaw (ex officio
 alternate), Shore, Webb (alternate retiree)

 ABSENT: Brenk

MINUTES

It was M/S Gladstern/Piombo to approve the July 9, 2014 Regular Board meeting Minutes as submitted.

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

A. OPEN TIME FOR PUBLIC EXPRESSION

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

Chair Bolger invited members of the public to speak.

Several members of the group 350Marin addressed the Board and discussed their views on climate change risk and MCERA's investments with fossil fuel companies. The first of 18 speakers was Jody Timms, Co-Chair of the Invest Wisely Campaign for 350Marin. Ms. Timms explained that the group believes the burning of fossil fuels increases carbon dioxide levels in the atmosphere, resulting in various climate and health hazards. The group requests that the Board invest in alternative energy technologies and divest from fossil fuel companies. Ms. Timms and others who spoke also requested that the Board schedule an educational session on climate change risk and that the Board ask the investment consultants whom it is

Chair Bolger, mentioned there would be more thought on whether there would be any follow-up as a result of the presentations made during open public expression and referred deliberations to **Agenda Item B.**

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)
 - a. Administrator's update

Retirement Administrator Jeff Wickman reported that the Fund returned 18.07% net of fees in preliminary results for the fiscal year ending June 30, 2014. The final return will be known after the real estate and private equity numbers are available. The Administrator stated that CalPERS and CalSTRS had posted preliminary numbers slightly higher than MCERA noting that the key measure was how MCERA performed against its investment target.

The deadline to submit petitions for the retired member special election is August 15. Two weeks later ballots will be mailed to retirees to be returned by September 26. Should a vacancy in the alternate retired position occur, the Board may fill the position by appointing a candidate recommended by a recognized retiree organization.

At the Board's request, on July 24 Mr. Wickman participated in a meeting of the SACRS ad hoc committee that is considering hiring a public relations firm to assist with providing information about the '37 Act public pension systems. The Committee believes that more education could be provided internally to SACRS systems as opposed to developing new content for an external audience. The Committee will meet again on September 2 for further discussions on educational concepts that can be presented to the SACRS Board and ultimately full membership for consideration.

Mr. Wickman shared a study published by the National Institute on Retirement Security (NIRS) that quantifies the economic impact of defined benefit public pensions throughout the United States.

Last week MCERA hosted an informational session for plan sponsors on the new financial reporting statements issued by the Governmental Accounting Standards Board (GASB). Andy Paulsen, CPA with Brown Armstrong, and actuary Graham Schmidt of Cheiron explained the process MCERA will follow for implementing GASB 67. The information produced by MCERA for GASB 67 will provide the data plan sponsors will need for their financial statements to comply with GASB 68 provisions which go into effect in 2015.

UBS provided notice that it will call MCERA's \$50 million dollar commitment for the core real estate trust in October. This commitment was originally made in 2012.

A Public Records Act request was received for real estate information. As with similar prior requests, publicly distributed information from the Callan Associates Quarterly Report has been sent to the requestor. The requestor also asked for copies of the annual financial reports. MCERA notified AEW, RREEF and UBS of the request providing them with a timeline for when the information would be released.

Trustee Given joined the meeting at 11:06 A.M.

Counsel Ashley Dunning explained that legislation protects certain alternative investments like private equity from public disclosure of some of their records. The same exemptions to the Public Records Act do not appear to extend to real estate investments, based both upon the statutory language itself and one or more recent superior court cases interpreting that language. Ms. Dunning also noted the California legislature recently rejected a proposed expansion of the alternative investment exception to real estate.

b. Staffing update

Mr. Wickman is meeting with the Human Resources Department of Marin County on the recruitment of the financial officer position.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) held a meeting at One McInnis Parkway on August 6.

d. Future meetings

- August 14, 2014 Investment Committee
- August 20, 2014 Finance and Risk Management Committee
- September 4, 2014 Governance Committee
- September 10, 2014 Board
- September 11, 2014 Investment Committee

2. Trustee Comments

Trustee Shore reported that a session on decision-making at the CalAPRS Principles of Pension Management course at Stanford was a helpful reminder on the topic. For example, Mr. Shore indicated that there may be additional items that could be placed on the Consent Calendar.

Trustee Gladstern, a member of the SACRS legislative committee, reported that at its last meeting the committee discussed proposed legislation that would align the CERL with Internal Revenue Service regulations. Ms. Gladstern further stated that cleanup legislation for the Public Employee Pension Reform Act is underway that will consider the status of individuals with less service due to unpaid medical leave.

E. OLD BUSINESS

1. Investment Consultant Request for Proposal (RFP) Update
Update on candidates selected for interviews by Ad Hoc committee

Mr. Wickman reported that the Ad Hoc Investment Consultant Committee interviewed NEPC, Callan Associates, and Hewitt EnnisKnupp. After interviews this week with Meketa Investment Group, Strategic Investment Solutions, and Wurts & Associates, the Committee will make a recommendation to the Board at its September 10 meeting.

F. NEW BUSINESS

1. Summer MCERA Newsletter (Action)
Consider and take possible action to approve Summer newsletter copy

Mr. Wickman presented the summer newsletter copy for consideration. In response to Trustee Gladstern’s request to add information on the effect of Social Security benefits under different circumstances, Mr. Wickman noted that members are provided with resources to seek information from the local Social Security Administration office. In addition, interested members are encouraged to attend seminars dedicated to Social Security. Upon discussion it was determined that there were sufficient resource references provided for members. Responding to a separate question, Mr. Wickman stated that distinguishing taxable from non-taxable pension benefits on 1099Rs for members is a goal for staff.

It was M/S Shore/Gladstern to approve the summer MCERA newsletter copy as presented.

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

Chair Bolger directed deliberations to **Agenda Item F.3.**

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

Chair Bolger invited the trustees to recommend topics for future meetings and there was no discussion on this agenda item.

G. INVESTMENT INFORMATION

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

PERIODIC REPORTS

1. Equities and Fixed Income
* X Abbott Capital -Private Equity Funds
* X Artisan Funds, Inc. -International Equities Fund
* 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 - Parametric -Emerging Markets
 - * X Morgan Stanley -International Equities Fund
 - * X Parametric Clifton -Futures Overlay Program
 - * X Pathway Capital -Private Equity Funds
 - * 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
 - * X Woodmont Realty Advisors -Direct Ownership Year
 - * X UBS -Core Real Estate
3. Other

H. OTHER INFORMATION

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

It was M/S Webb/McFarland to approve the Trustee Training Calendar as submitted.

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

2. *Keeping in Touch* – August Issue, Retired Employees Association newsletter

I. CONSENT CALENDAR (Action)

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

In response to Trustee Gladstern’s inquiry, Mr. Wickman explained that partial refunds of contributions for two members were due to age adjustments.

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

Chair Bolger recessed the meeting for a break at 11:45 A.M., reconvening in Closed Session at 11:55 A.M. for deliberations on **Agenda Item F.2**.

Trustee Cooper was excused from the meeting at 11:50 A.M.

Chair Bolger recessed Closed Session and reconvened in Open Session at 1:07 P.M.

2. Public Employee Performance Evaluation. Title: Retirement Administrator (CLOSED SESSION pursuant to Government Code section 54957)

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

There being no further business, Chair Bolger adjourned the meeting at 1:08 P.M.

Bernadette Bolger, Chair

Howard McFarland, Secretary



CONSENT CALENDAR
 July 2014

	<u>RETURN OF CONTRIBUTIONS</u>	
John Govi	Partial Refund of Contributions	\$ 196.51
Kathleen Govi	Partial Refund of Contributions	\$ 187.35
Bradley Kashack	Partial Refund of Contributions (age change)	\$ 18,720.17
Douglas Endy	Partial Refund of Contributions	\$ 1,468.44
Elizabeth Johnson	Full Refund of Contributions (Term)	\$ 70,708.96
Elizabeth Ohito	Full Refund of Contributions (Term)	\$ 3,489.20

BUYBACK

Laura McCurdy	City of San Rafael
Thomas Master	County of Marin
Michael Turrigiano	County of Marin
Marcia Stieger	County of Marin
Jonathan Richardson	County of Marin
Andres Restrepo	City of San Rafael

NEW RETIREES

Valkyrie Kimball	HHS	MSMA
Joanne Towl	HHS	MSMA
Fred Messersmith	HHS	County of Marin
Christine Stipp	Parks and Open Space	County of Marin
David Mesagno	Sheriff	County of Marin
Karen Kilian		County of Marin
Ellen Hanson-McGrath		County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

Martin Medin	Fire	County of Marin
Edward Hulme	Parks & Open Space	County of Marin
Ernest Bachelor	Probation	County of Marin

CONFERENCES/SEMINARS

CalAPRS Management Academy
 Staff Sousa