

Timms offered to provide articles on the topic to the Retirement Administrator for distribution to the Board.

Peter Anderson requested that the Board divest from fossil fuels. Mr. Anderson expressed concern for rivers he has worked to restore that he said are at risk from drought and over-drafting of ground water. Mr. Anderson invited trustees to upcoming meetings on the topic this fall.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)

a. Administrator's update

Retirement Administrator Jeff Wickman welcomed Sean Webb as the new elected retiree representative to the Board. There is now a vacancy in the alternate retired member position as a result of Mr. Webb's election. As provided by statute, the vacancy will be filled through appointment by the Board of a candidate nominated by any qualified retiree organizations. Mr. Wickman has notified these organizations and hopes to receive nominations prior to the October 8 Board meeting. Trustee Webb was sworn in at MCERA offices earlier this morning.

The Administrator reported that the SACRS Ad Hoc Committee met again on September 2nd. He reported the committee continues to focus on SACRS creating better education tools and products for its member organizations. He discussed the need for SACRS to form a standing Education Committee that would focus on improving information available to member systems. As a next step a communications plan will be developed for consideration by the SACRS Board.

On September 17 MCERA will hold the second meeting for employer groups on the new GASB 67/68 financial statements. At the meeting Actuary Graham Schmidt will present draft MCERA pro forma financial statements for discussion. Mr. Schmidt will review the new GASB statements at either the October or November Board meeting. Mr. Wickman noted that the first meeting was well received and alleviated some concerns that employers had.

b. Staffing update

The Administrator reported that salary banding for the new financial officer position is complete. Following approval by the Board of Supervisors on September 23, the recruitment process will be initiated.

Last week staff was provided with professional Excel training.

c. Facility Use Report

No new items to report.

- d. Future meetings
 - September 11, 2014 Investment Committee
 - October 8, 2014 Regular Board

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

E. OLD BUSINESS

1. Update on Disposition of Private Real Estate – Century Plaza Office Building, 1065 E. Hillsdale Boulevard, Foster City, CA.
Ron Granville and Scott Pritchett, Woodmont Real Estate Services

Ron Granville, CEO of Woodmont Real Estate Services, stated that the Century Plaza property has been well received by an active market place. There were 52 people who requested confidentiality agreements, many of whom signed and joined the ensuing 14 property tours. At the end of September a call for offers will be issued, followed by a best and final round depending on the nature of the offers. The final step is negotiation of a purchase and sale agreement. In response to Chair Bolger’s inquiry Mr. Granville stated that investors vary from significant local owners to large pension fund advisors.

F. NEW BUSINESS

1. Disposition of Private Real Estate – 1190 Borregas Avenue, Sunnyvale CA (Action)
Selection of real estate broker for disposition of 1190 Borregas Avenue.

Mr. Granville outlined the broker selection process for the sale of MCERA’s property at 1190 Borregas Avenue in Sunnyvale. Three leading firms were chosen to receive Requests for Proposal. The key factors considered during interviews were experience, knowledge of the submarket, and property analysis. Based on this process Woodmont recommended Cassidy Turley be hired as the broker. In addition to its experience, Cassidy Turley has successfully represented MCERA in the past.

It was M/S Gladstern/Shore to direct the Retirement Administrator to engage Cassidy Turley as Listing Sales Broker for 1190 Borregas Avenue.

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

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

B. MATTERS OF GENERAL INTEREST

1. Investment Consultant Request for Proposal (RFP) (Action)
Consider and take possible action on recommendation of Ad Hoc committee regarding investment consultant

Mr. Wickman reported that in March of 2014 MCERA issued Request for Proposal (RFP) 2014-001 seeking bids from qualified companies for general investment consulting services. The RFP was sent directly to nine companies. Nine responses were received including eight from the companies who were contacted directly.

The Board Chair formed an Ad Hoc Committee made up of Trustees Bartfeld, Bolger, Brenk, Given and Retirement Administrator Wickman to evaluate responses and recommend a company(s) to the full Retirement Board for consideration. Based on the Ad Hoc Committee's evaluation of the written responses, the top six companies were selected for interviews: Callan Associates, Hewitt EnnisKnupp, NEPC, Wurts & Associates, Strategic Investment Solutions and Meketa Investment Group.

Based on the interviews and responses to written questions the Ad Hoc Committee met with Callan Associates executive management to discuss further the questions identified during the interview process. As a result the Ad Hoc Committee is recommending Callan Associates for selection by the Board. Mr. Wickman stated that Callan Associates presented the strongest lead consultant and possessed a combination of experience in public sector retirement plans along with a significant organizational structure that includes subject-matter experts that can support specific investment-related topics. In addition, Callan Associates is familiar with MCERA's approach to managing and investing trust fund assets and its fee proposal was comparable to the other responding companies.

Mr. Wickman acknowledged the amount of work accomplished by members of the Ad Hoc Committee and noted Jim Callahan was present to respond to any inquiries the trustees may have. Chair Bolger stated that the Board is pleased with Mr. Callahan's work over the years as MCERA's investment consultant and invited his comments. Mr. Callahan expressed appreciation to the Ad Hoc Committee, acknowledging the thorough qualitative process of selecting the investment consultant. It has been rewarding professionally and personally to work with MCERA for the past fifteen years, he said.

It was M/S Given/Brenk to authorize the Retirement Administrator to enter into contract negotiations with Callan Associates to finalize terms and cost for this new engagement and to present a final agreement to the Board for approval at the October 8, 2014 monthly meeting.

Trustee Gladstern will report on the diligence of the Ad Hoc Committee at the next CalAPRS Trustees' Roundtable.

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

Chair Bolger recessed Open Session for a break at 9:46 a.m. and reconvened the meeting in Closed Session for deliberations on **Agenda Items F.2 and D** at 9:55 a.m.

Trustee Cooper joined the meeting at 10:00 a.m.

Chair Bolger recessed Closed Session and reconvened in Open Session at 11:00 a.m.

NEW BUSINESS, continued

2. Conference with Real Property Negotiators (Gov. Code sec. 54956.8) (CLOSED SESSION)

Property: 1190 Borregas Avenue, Sunnyvale, CA

Agency negotiators: Ron Granville and Scott Pritchett, Woodmont Real Estate Services

Under negotiation: Price and terms of payment for sale of property

Chair Bolger reported that the Board voted 8-0 to accept Woodmont's recommendation to list 1190 Borregas Avenue for sale and authorize the Retirement Administrator to negotiate and execute all necessary documents to effect the sale at a minimum acceptable price and terms. Trustees McFarland and Piombo were absent. Voting in favor of the motion were Trustees Bartfeld, Bolger, Brenk, Cooper, Given, Gladstern, Shore, and Webb.

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)

1. Kenneth Martin Service 4/16/13 San Rafael Fire Dept.

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

Chair Bolger reported that the Board denied Kenneth Martin's initial application for service-connected disability retirement by a vote of 5-2 and advised the applicant of his right to request a hearing before the Administrative Law Judge in accordance with MCERA policy. Trustee Cooper recused himself and left the room because the applicant was in the same department as he. Voting for the motion were Trustees Bartfeld, Bolger, Brenk, Given, and Gladstern. Voting against the motion were Trustees Shore and Webb. Trustees McFarland and Piombo were absent.

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget FY 2013/14 Year-End Review

Consider and review budget for quarter ending June 30, 2014

Trustee Gladstern, Chair of the Finance and Risk Management Committee, reported that overall the expenditures for the fiscal year ending June 30, 2014 were 7% lower than the budget adopted by the Board. Salaries and benefits were the largest single area of expenditures and reflected the biggest cost savings as a result of a position vacancy. Insurance costs were higher as a result of the increase in fiduciary liability insurance.

Items of note for the budgeted items during the quarter ending June 30, 2014 include professional fees for annual financial audit and 1099R processing, costs for the annual financial audit, staff training at the CalAPRS Academy, and the cost for trustees and staff of attending the Spring SACRS Conference. There were increased costs due to sidewalk improvements and tree removal, document reproduction costs for the General Member election, transcription expenses for two complex disability retirement cases, and higher than expected workers' compensation expenses.

Non-budgeted items during the quarter included increased retiree payroll as a result of the April COLA and March retirements. CPAS costs were related to change requests and the purchase of additional support hours that are expected to decrease in future years. There were costs for the annual actuarial reports (full and summaries). Legal expenses included county counsel costs for representing MCERA in hearings before the Administrative Law Judge (ALJ) for disability cases. The Committee asked staff to conduct an analysis of cases that have been referred to or appealed to the ALJ and report back to the Board at the October workshop. General legal expenses were offset by insurance reimbursements for pending litigation.

Staff will look into the timing of billings from county counsel based on Chair Bolger's inquiry. Trustee Given indicated that there can be many reasons for billing delays.

2. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Upon review of educational and training expenses for trustees and staff, the Committee was pleased to see the continued commitment to staff education through CalAPRS-sponsored training.

b. Continuing Trustee Education Log

Continuing education requirements of 24 hours every 2 years have been met for all trustees for the December 2014 deadline.

c. Other expenses per Checklist guidelines

The committee found credit card expenses to be reasonable.

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

See discussion above.

e. Reconciliation of MCERA administrative accounts

Staff is meeting regularly with the Finance Department on the reconciliation of administrative accounts.

f. Vendor services provided to MCERA

No new items to report.

g. MCERA staffing status

The Financial Officer position approved in the Board's fiscal year 2014/2015 budget is a reclassification of a current vacant position in MCERA. Working with the County's Human Resources team the position description has been finalized. The next step is to finalize the salary banding. The Administrator is targeting the fall/winter to be able to begin the recruitment.

h. Internal controls, compliance activities and capital calls

The committee reviewed capital calls for the fiscal year that include the rebalancing of assets.

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.

3. Fall Workshop Agenda and Presentation Proposal

Consider and discuss agenda and Cortex presentation proposal

The Administrator reported that the Committee reviewed the draft agenda for the Workshop which includes a discussion on governance practices presented by Tom Iannucci of Cortex Applied Research. Based on the Committee's direction the terms of the Cortex proposal have been adjusted to clarify that the total cost for all work involved in the preparation and delivery for the presentation will not exceed \$10,000.

Mr. Wickman stated that Cortex is expected to address opportunities around governance. In response to Chair Bolger's inquiry, Mr. Wickman stated there will be no need for preliminary data from the trustees.

4. Audit of Financial Statements for Fiscal Year 2013/14

Update on annual audit of financial statements by Brown Armstrong

The Administrator reported that preliminarily no potential findings have been identified by auditor Brown Armstrong. The Notes to Financial Statements are being reviewed by staff and the final report is scheduled for delivery at either the October or November Board meeting.

3. Trustee Comments

Trustee Gladstern reported on the activities of the SACRS Bylaws Committee that she chairs. There is a recommendation from the Audit Committee to revise the Bylaws to redefine 'members' as the systems and not individual trustees who can change. Two other proposals would increase the Board of Directors by two at-large members and change 'immediate past president' to 'past president.' The proposals will be considered at the SACRS business meeting in November.

NEW BUSINESS, continued

3. Final Public Employee Performance Evaluation. Title: Retirement Administrator Board Chair report on Consensus Evaluation

Chair Bolger reported that the Consensus Evaluation of the Retirement Administrator was outstanding. The Chair expressed the Board's appreciation to Mr. Wickman for his efforts and hard work on behalf of MCERA, as evidenced in the evaluation.

4. Annual Consideration of Retirement Administrator Compensation (Action)

Upon recommendation of Ad Hoc Retirement Administrator Performance Evaluation Committee and discussion, consider and take possible action on Retirement Administrator compensation

Chair Bolger stated that the Ad Hoc Retirement Administrator Performance Evaluation Committee based its compensation recommendation on Mr. Wickman's outstanding performance evaluation as a result of accomplishments during the evaluation period.

Chair Bolger stated that the Ad Hoc Retirement Administrator Performance Evaluation Committee recommends moving the Retirement Administrator's compensation from Step 3 to Step 4 on the approved salary schedule.

It was M/S Shore/Webb to approve moving the Retirement Administrator's compensation from Step 3 to Step 4.

Mr. Wickman expressed his appreciation to the Board for the positive performance evaluation. No one person, he said, gets things done and it is important to know that the excellent staff are key to MCERA's successful operations.

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

Chair Bolger expressed appreciation to the staff on behalf of the Board.

5. SACRS Voting Proxy (Action)

Board vote to select delegates for SACRS November meeting

Upon Chair Bolger's invitation, Trustees Webb and Gladstern volunteered to serve as delegates to the November SACRS conference.

It was M/S Brenk/Given to appoint Trustees Webb and Gladstern to serve as voting and alternate voting delegate, respectively, to the November SACRS conference.

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

6. 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 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

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

3. Other

H. OTHER INFORMATION

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

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

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

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

I. CONSENT CALENDAR (Action)

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

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

There being no further business, Chair Bolger adjourned the meeting at 11:29 a.m.

Bernadette Bolger, Chair

Howard McFarland, Secretary

CONSENT CALENDAR
 August 2014

RETURN OF CONTRIBUTIONS

Jennifer Owens	Refund of Contributions (rollover/term)	\$ 2,871.58
Stacey Susuico	Refund of Contributions (termination)	\$ 36,272.55
Rachelle Concepcion	Refund of Contributions (termination)	\$ 9,452.98
Ronald Ravani	Refund of Contributions (excess)	\$ 723.88

BUYBACK

Gail Drury	County of Marin
Richard Johnson	County of Marin
Alice Kinner	County of Marin
Monique Vasquez	County of Marin
Kevin Tsudama	County of Marin
Lou Ann Sweaney	County of Marin
Christine Bottomley	County of Marin
Doris Skye	County of Marin

NEW RETIREES

Margaret Copley	H&HS	County of Marin
Hiroko Yoshino	DOF	County of Marin
Elaine Ginnold	Elections	County of Marin
Louise Pagone	Sheriff	County of Marin
Laura McCurdy		City of San Rafael
Margaret Rohrbacher		City of San Rafael
Deborah Poiani	Comm Dev	County of Marin
Jay Zhitnik	HHS	County of Marin
Judith Nagy	DPW	County of Marin
Lisa Lue	DA	County of Marin
Alice Melling		City of San Rafael
Evelyn Ellis		LAFCO
Matthew Poore	Sheriff	County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

Mary Hooper	H & HS	County of Marin
Arthur Segal	H & HS	County of Marin
Audrey Simmons	H & HS	County of Marin
Carroll Stephens	IST	County of Marin
Richard Zillman	Assessor-Recorder	County of Marin
Fredric Shipley		City of San Rafael

CONFERENCES/SEMINARS

CalAPRS Principles of Pension Management
 Trustee Shore