

MINUTES

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

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

October 23, 2014 – 9 a.m.

CALL TO ORDER Chair McFarland called the meeting to order at 9:01 a.m.

ROLL CALL PRESENT: Bartfeld, Bolger, Gladstern, McFarland, Webb

ABSENT: Cooper

MINUTES

It was M/S Webb/Gladstern to approve the February 26, 2014 Governance Committee Meeting Minutes as submitted.

AYES: Bartfeld, Bolger, Gladstern, McFarland, Webb

NOES: None

ABSTAIN: None

ABSENT: Cooper

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. NEW BUSINESS

1. Disability Retirement and Survivor Benefits Applications Policy and Guidelines (Action)
Consider and take possible action to recommend adoption of Disability Retirement and Survivor Benefit Application Policy, and proposed edits to Guidelines for Discussion of same, based on discussions at Fall Strategic Workshop.

Retirement Administrator Jeff Wickman presented the Disability Retirement and Survivor Benefits Applications Policy (Policy) that incorporates provisions of the existing Guidelines for these matters. As discussed at the Strategic Workshop the Policy establishes a Disability Retirement Consent Agenda at monthly Board meetings to streamline the disability retirement process for those applications for which the Disability Review Committee (comprised of the Retirement Administrator, Assistant Retirement Administrator and Disability Coordinator) and medical advisor agree that an applicant has met their burden of proof regarding permanent incapacity and connection of the incapacity to their work if applicable. Conversely the policy also allows applications to be placed on the Disability Consent Calendar if the Disability Review Committee and medical advisor agree that the applicant has not sustained his or her burden of proof and the application

should be denied, in whole or in part. Any voting Board member could request that the application be pulled from Consent and considered in Closed Session. Board members will continue to receive all material for all disability retirement applications.

The Policy was reviewed in detail and points of clarification were considered. Mr. Wickman assured Trustee Gladstern in response to her question that applicants receive the information they need regarding the process.

Trustee Bolger indicated a preference for more explicit conditions under which recusal by a Board member would be expected when applications are considered. Mr. Wickman stated that staff will discuss potential recusal questions with trustee(s) prior to meetings.

It was M/S Bolger/Webb to recommend that the Board adopt the Disability Retirement and Survivor Benefits Applications Policy as amended per discussions and adopt amendments to the Guidelines for Discussion of Disability Retirement and Survivor Benefit Applications at Board Meetings as amended per discussions.

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

2. Standing Committee Charter Review (Action)

Consider and take possible action to recommend edits to Standing Committee Charters based on discussions at Fall Strategic Workshop, including, without limitation, adding review periods and refining composition provisions.

Mr. Wickman presented updated Standing Committee Charters (Charters) as a follow-up to discussions at the Strategic Workshop. In particular, the Governance and Finance and Risk Management Committee Charters were given a framework for the number of members. Upon discussion and consensus, modified phrasing establishes that the Governance and Finance and Risk Management Committees will normally be composed of 3 to 5 members. Along with the Investment Committee, the Charters were placed on a standard review schedule, as for MCERA policies. The Committee discussed the proposal in light of the presentation from Cortex focusing on how to establish and maintain policy-focused Board and Committee operations.

It was M/S Webb/Gladstern to recommend that the Board approve amendments to Standing Committee Charters (Finance and Risk Management, Governance, and Investment Committees) as amended per discussions.

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

3. Governance Education Workshop Follow-Up

Discuss potential follow-up items from Cortex presentation at Fall Strategic Workshop

Mr. Wickman discussed the key concepts from the Cortex Solutions presentation on governance practices at the Strategic Workshop to explore areas that the Committee may want to consider for future discussion. The areas discussed were focus, delegation, oversight, and education. In general the Committee had a favorable reaction to the information presented by Cortex. Chair McFarland said the presentation met the goal the Ad Hoc Education Committee had sought. Trustee Gladstern observed that the periodic reminder of the separation of duties of the Board and staff is appropriate.

The Administrator stressed the importance of understanding that MCERA's current governance structure evolved over time as a means of addressing prior management and oversight issues. In addition to putting policies in place there were perception issues that needed to be solved through visibility and transparency. Trustee Bolger agreed it is appropriate to let the past go and consider where we are now. Ms. Bolger pointed to education as her highest priority. Ms. Gladstern spoke to the effectiveness of the Governance Committee as a good example of delegation. On delegating Trustee Bartfeld noted that there is an evolutionary process that can be situational in nature.

In response to Ms. Bolger's inquiry as to proof-of-concept for the Cortex policy-making Board model, Mr. Wickman stated that this is Mr. Iannucci's best thinking in our public pension system framework based on his experience with many boards. Ms. Dunning was supportive of the Cortex concepts as an effective model for good governance that could be perpetuated through the Trustee Handbook.

Moving forward, according to Mr. Wickman, the challenge is to identify what is important but not urgent so that crisis situations are avoided. In addition longer term planning may be of value as planning on a year-by-year basis is very tactical. At the November Board meeting this matter will be addressed further to lend the perspective of other Ad Hoc Education Committee members.

4. Fiduciary Liability Insurance and Claims Reporting Policy (Action)

Conduct standard policy review

It was M/S Bolger/Gladstern to recommend that the Board accept the review of the Fiduciary Liability Insurance and Claims Reporting Policy.

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

5. Next Committee meeting

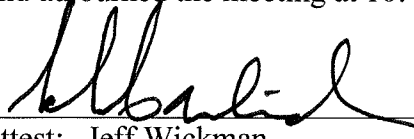
Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

Mr. Wickman stated that a Funding Policy will be developed that consolidates our funding methods and approaches to address GASB requirements. At the November Board meeting the actuary will present the concept of direct rate smoothing for consideration.

There being no further business, Chair McFarland adjourned the meeting at 10:45 a.m.



Jeffrey Bartfeld, Chair
(for Howard McFarland)



Attest: Jeff Wickman
Retirement Administrator