

**MINUTES**

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

**One McInnis Parkway, 1<sup>st</sup> Floor  
Retirement Board Chambers  
San Rafael, CA**

**February 11, 2015 - 9 a.m.**

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**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: Bolger, Brenk, Cooper (alternate safety), Given, Gladstern, Shaw (ex officio alternate), Shore, Thomas, Webb

ABSENT: Bartfeld, Haim (alternate retiree), Piombo

**MINUTES**

It was M/S Webb/Given to approve the January 14, 2015 Regular Board Meeting Minutes as submitted.

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

It was M/S Gladstern/Webb to approve the January 15, 2015 Investment Committee Meeting Minutes as submitted.

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

**A. OPEN TIME FOR PUBLIC EXPRESSION**

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

Jody Timms of 350Marin stated that she believes corporate governance standards addressed in MCERA's Statement of Investment Policy Regarding Divestment are not met by certain firms in the fossil fuel industry. Ms. Timms believes the economy needs to move away from fossil

fuel which she states can be accomplished through divestment as opposed to constructive engagement.

Chair Bolger reported that she and Retirement Administrator Jeff Wickman met with Ms. Timms to exchange views and to explain how the Board deploys capital through its investment managers and why the Board's policies support constructive engagement over divestment.

**B. MATTERS OF GENERAL INTEREST**

1. Annual Cost of Living Adjustment as of April 1, 2015 – Graham Schmidt, Cheiron (Action)

Consider and take possible action to affirm actuarial calculation of annual cost of living increase for retirees.

Actuary Graham Schmidt of Cheiron presented the annual Cost of Living Adjustment (COLA) calculation. Retiree pension benefits can include an annual COLA if one is included in the retirement tier negotiated between an employer and its employees under the County Employees Retirement Law of 1937 (CERL). In accordance with the CERL, the annual COLA calculation is based on the average of the past two years of the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Bay Area. For 2015 this calculation produces a result of 2.86%, rounded to the nearest 0.5%, which is 3%.

The annual COLA is capped at 2%, 3%, or 4% for different employee groups. Marin County retirees eligible for a 4% COLA are limited to specific tiers and, as a result of historical CPIs as shown in the Cheiron materials, only if they retired prior to January 1, 1979. Mr. Schmidt listed employers and tiers for each COLA cap level and explained how the COLA bank worked as defined in the CERL.

Mr. Wickman explained that the role of the Retirement Board is to affirm the actuary's calculation of the Basic COLA as applied to each of the retiree groups. He stated that 97% of retirees will receive either a 2% or 3% COLA.

Trustee Cooper requested and received clarification that the CERL provides for rounding the CPI to the nearest half-percent and applying the CPI from the Bay area (as opposed to the place where retirees currently reside). In response to Trustee Brenk's inquiry, Mr. Schmidt confirmed that there is no relationship between the Bay Area CPI and the inflation assumption for the investment portfolio.

It was M/S Gladstern/Shore to affirm the actuarial calculation of the annual cost of living adjustment (COLA) for retirees.

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

**C. BOARD OF RETIREMENT MATTERS**

1. Administrator's Report (Oral)

a. Administrator's update

Mr. Wickman attended the CalAPRS Administrator's Roundtable in San Jose. Items discussed by the group included how systems charge administrative expenses, investment return and inflation assumptions and PEPRA implementation questions.

Beginning stages of expanding customer service are underway to provide members with direct phone or email access to business experts on the benefits and retiree payroll teams. Assistant Retirement Administrator Michelle Hardesty reported that the new decentralized delivery method will result in a more efficient and consistent means of communicating with members.

A Public Records Act request was received from Transparent California for 2014 retiree payroll data similar to what was provided in 2013.

b. Staffing update

The Administrator reported that that he expects the announcement for the Financial Officer position to be published before the end of February. The recruitment will be conducted solely by the County of Marin Human Resources Department based on an assessment of the effectiveness of the hiring process and cost.

A large number of retirements are expected in March based on 56 requests received for March retirement estimates. Ms. Hardesty expects a seamless transition from active to retiree payroll for those retirements.

c. Facility Use Report

No new facility use to report.

d. Future meetings

- February 25, 2015 Finance and Risk Management Committee
- March 11, 2015 Board

2. Ad Hoc Committee Reports

a. Ad Hoc Education Committee

1. Strategic Workshop Agenda

Consider and review agenda topics

Mr. Wickman reported that Ad Hoc Education Committee members Trustees Haim, Bartfeld, Gladstern and Shore met to discuss topics for the Strategic Workshop. The date is tentative as there is some concern about whether there would be full participation of the Board at the originally scheduled March date.

Mr. Wickman stated that the educational sessions proposed for the workshop are designed around the concept that the Board is a policy-making entity. On Day 1 topics begin with a Communications/Learning Style Assessment followed by a session on Evidence-based Decision Making. Remaining workshop sessions focus on investments, beginning with an Overview of the Board's Legal Responsibilities in Investing the Portfolio, followed by Utilizing Environmental, Social and Governance Factors in Your Investment Process, led by CERES on Day 1. On Day 2 investment consultants Jay Kloepfer and Jim Callahan of Callan Associates present the Economic and Capital Market Review and Education on Absolute Return and Hedge Strategies, respectively.

The Administrator requested direction with respect to topics selected for the workshop. The Board was satisfied with the proposed agenda and the workshop dates will be confirmed shortly by Mr. Wickman.

3. Trustee Comments

Trustee Gladstern reported on the Trustee Roundtable where topics of discussion included actuary Paul Angelo's views on direct rate smoothing, CalAPRS hedge fund returns, and green bonds.

**D. NEW BUSINESS**

1. FPPC Rules re the Form 700 – Ashley Dunning, Nossaman

Presentation on Fair Political Practices Commission (FPPC) rules regarding Form 700

Counsel Ashley Dunning of Nossaman LLP presented updated information on rules applicable to the annual filing of the Statement of Economic Interests (Form 700). Ms. Dunning explained that the rules arise from the Political Reform Act and are administered by the Fair Political Practices Commission (FPPC). Individuals filing Form 700 include members of the Board as public officials, key staff and consultants.

Generally gifts valued at \$50 or more from a single source are to be reported on Form 700 and would include items such as tickets, hotels, meals and beverages. The FPPC-established annual limit for gifts (as defined) is \$440 for 2014 (\$460 for 2015) and applies to both the "ethics" gift limit for the calendar year and the "conflicts of interest" gift limit for the 12 months prior to the filer's potential participation in a Board matter.

Ms. Dunning provided examples of situations to explain what would or would not be a reportable gift. For example, gifts received from family members are generally not required to be reported. In 2013 some gift reporting rules were changed so that gifts that have no connection to one's role as a public official need not be reported. In conclusion Ms. Dunning recommended that trustees exercise prudence, maintain a gift log, and manage gifts by the timely return of gifts unused, buying down gifts to within the limit, or refusing gifts.

In response to trustee inquiries, Ms. Dunning discussed reporting real estate located in and close to the jurisdiction of the retirement system, rules around donating gifts received to charity, and meals provided by outside entities at business meetings held by those entities. Trustee Given inquired about the monitoring process which the Finance and Risk Management Committee oversees by reviewing a summary of Form 700 reporting every year. In addition, the Administrator and Ms. Dunning are proactive in attempting to track potential issues before board or committee meetings when a recusal may be warranted.

2. Winter MCERA Newsletter (Action)

Consider and take possible action to approve newsletter copy

The trustees discussed the newsletter copy presented by Mr. Wickman. Responding to Chair Bolger's inquiry, Mr. Wickman explained that the responsibility for establishing reciprocity rests with the individual which MCERA then validates. Language to clarify this process was discussed.

It was M/S Webb/Gladstern to approve the newsletter copy as amended per discussions.

AYES: Bolger, Brenk, Cooper, Given, Gladstern, Shore, Thomas, Webb

NOES: None

ABSTAIN: None

ABSENT: Bartfeld, Piombo

The newsletter is mailed to members and published on MCERA's website at mcera.org.

3. Notification of SACRS Board of Director Elections 2015-2016

Consider and discuss election process and deadlines

The Board reviewed the timeline for the 2015-2016 SACRS Board of Elections. Trustee Gladstern noted that she was on the nominating committee this year and the recommended ballot would be sent to all the SACRS systems in a couple of weeks.

4. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

Chair Bolger recessed Open Session at 10:26 a.m. for a break and reconvened in Closed Session. At 11:49 a.m. the Chair recessed Closed Session and reconvened the meeting in Open Session.

5. Public Employee Performance Evaluation (CLOSED SESSION)

Title: Retirement Administrator

In accordance with MCERA's Retirement Administrator Annual Performance Evaluation Policy Section 3(b), conduct mid-year informal performance review

Chair Bolger reported that staff was directed to revise certain Retirement Administrator annual Business Objectives, which will be presented for approval at next month's Board meeting.

**E. 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	Morgan Stanley	-International Equities Fund	
* X	Parametric	-Emerging Markets	
* X	Parametric	-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	Quarter
* X	RREEF	-Value Added Portfolio	
* X	Woodmont Realty Advisors	-Direct Ownership	Quarter
* X	UBS	-Core Real Estate	Quarter

3. Other

**F. OTHER INFORMATION**

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

**G. CONSENT CALENDAR (Action)**

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

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

**G**

January 2015

RETURN OF CONTRIBUTIONS

BUYBACKS

Marna Kramer		County of Marin
Christina Young Asleson		Courts
Tara Clark		County of Marin
Elizabeth Lotz		County of Marin
Larry Trafford		County of Marin
Nancy Neary-Davis		County of Marin
Sondra Lewis		County of Marin
Vicki Llaverias		County of Marin
Jamal Cook		County of Marin
Alexander Dang		County of Marin
Jennifer Brady		County of Marin
Kevin Lynch		County of Marin
Jackie Foster		County of Marin
Raquel Pasion		County of Marin
Suporn Lin		City of San Rafael
Wilcox Corbett		County of Marin
Sarah Sevi		County of Marin
Nancy Hillman		County of Marin
Karl Tinsley		County of Marin
Gregory Reza		County of Marin
Maria Donnell Abaci		County of Marin
Shelley Norris Alvarez		County of Marin
Michael Langlois		County of Marin
Joseette Molloy		County of Marin
Pejmahn Choupani		County of Marin
Allison Sanchez		County of Marin

NEW RETIREES

Garland Murphy	HHS	County of Marin
Thomas Forray	HHS	County of Marin
Mary Cranston	Library	County of Marin
Jeffrey Buscher		City of San Rafael
John Gilson		City of San Rafael
James Lynch	Fire	County of Marin
Leanna Del Grande		Courts
Rosezetta Johnson	DA	County of Marin
Mark Farmer		MSMA
Thomas Rath	HHS	County of Marin
Sherrie Chernow	HHS	County of Marin
Ford Porter		City of San Rafael
Charlene Reid	HHS	County of Marin
Margaret Guglielmo	IST	County of Marin
Louise Patterson		City of San Rafael
Vivian Mazeski	HHS	County of Marin
Robert Adler	Controller	County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

Arthur Llebraz	IST	County of Marin
David Miller	Sheriff	County of Marin
George Smith	DPW	County of Marin
Jean Torres-Walters	District Attorney	County of Marin
Diane Wishnak	Assessor-Recorder	County of Marin
Gloria Jones	Beneficiary	County of Marin
Helen Wiedmann	Beneficiary	County of Marin
Joanne Hasler	Beneficiary	City of San Rafael

CONFERENCES/SEMINARS

Callan National Conference  
Trustees Brenk, Haim and Webb

CalAPRS Administrator's Roundtable  
Retirement Administrator Wickman

CalAPRS Attorney's Roundtable  
Counsel Dunning

There being no further business, Chair Bolger adjourned the meeting at 11:49 a.m.

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Bernadette Bolger, Chair

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Alan Piombo, Secretary