

smoothing, which the Board adopted following the recent Experience Study. The impacts from the changes are reflected in the new employer and employee contribution rates included in the final valuation report.

Mr. Schmidt discussed the contribution rates, noting that for the Plan overall, contribution rates increased by 1.28% of pay to 32.66%. For Marin County the employer contribution rate increases from 25.78% to 26.88% of payroll. The contribution rate for Novato Fire Protection District increases slightly from 50.37% to 50.90%. For the City of San Rafael, rates increase to 60.67% from 57.70% of payroll. The rate increases are due to cost increases resulting from the use of new actuarial assumptions and methods which offset the Plan's actuarial gains on assets and liabilities during the year. Mr. Schmidt noted that employee contributions increased by an average of 0.9% as a result of the assumption changes.

Continuing his review of the summary results he noted that the Plan's funding ratio increased to 84.3% from 75.1%. Mr. Schmidt reminded the Board that the June 30, 2014 valuation measures the funded ratio using the market value of assets, not asset smoothing. As discussed previously with the Board this approach is consistent with new Government Accounting Standards Board (GASB) guidelines for measuring the liability and reporting that information in financial statements.

In response to Trustee Shore's inquiry, Mr. Schmidt discussed the allocation of assets among employers groups and how that allocation is reflected in the funded ratios for active member liability shown in the report. He explained that employer assets are first allocated to the retiree liability with any remaining assets then applied to the active member liability. Mr. Schmidt reviewed the impact of including administrative expenses into contribution rates noting that this was the final year of the phase-in.

Historical trends were reviewed by Mr. Schmidt. Funding ratios have improved notably as assets have increased, and contributions are trending higher to absorb market losses in 2008 and reflect more conservative assumptions. A projection of member and employer contribution rates into the future shows a lower trend if assumptions are met. Asset and liability projections under current assumptions were also reviewed showing 100% funding status in 2030.

In summary Mr. Wickman stated that the annual actuarial valuation is the snapshot calculation of the cost of the Plan and how it should be funded in terms of contribution rates for the next fiscal year. Trustee Haim expressed appreciation for the comprehensive actuarial valuation.

It was M/S Brenk/Gladstern to adopt the Actuarial Valuation Report for Fiscal Year 2013/14.

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

Mr. Wickman stated all employers have received a copy of the valuation report.

Chair Bolger recessed the meeting for a break at 9:50 a.m., reconvening at 10:00 a.m. and directing deliberations to time-certain **Agenda Item D**.

D. DISABILITY CONSENT CALENDAR ITEM 1 (TIME CERTAIN: 10:00 a.m.)
(Action)

1. Kimberly Seymour Service-connected Marin County Sheriff
 Adopt Administrative Recommendation to grant service-connected disability retirement application with an effective date of March 25, 2014.

It was M/S Given/Gladstern to approve the Disability Consent Calendar as submitted. Trustee Piombo voted in place of Trustee Cooper who was absent.

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

E. CONSIDERATION OF AND ACTION ON ITEMS PULLED FROM DISABILITY CONSENT CALENDAR AND OTHER NON-CONSENT CALENDAR DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 10:00 a.m.) (Closed Session)
(Action)

[Any non-Consent Calendar disability retirement application, whether pulled from the Disability Consent Calendar or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session.]

There were no items for this Agenda item.

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

C. BOARD OF RETIREMENT MATTERS

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

Mr. Wickman attended the CalAPRS General Assembly in Monterey noting that the conference was very well attended. He singled out the John Bellows of Western Asset Management session on global growth and U.S. monetary policy outlook, the Saumil Parikh of PIMCO session on long-term economic outlook and the James Pu, Chief Investment Officer of the Los Angeles County Employees Retirement Association, session on cyber security as being particularly valuable.

Mr. Wickman moderated two sessions at the Conference: one on recent bankruptcy cases and another on the implications of the growing number of retirees.

On March 4, 2015 Mr. Wickman and Assistant Retirement Administrator Michelle Hardesty met with CPAS executives to review issues that have come up since going live with the system in 2012. The discussion went well and CPAS immediately began investigating some of the connectivity and response time issues that MCERA staff have observed. Other functional issues were reviewed and will be addressed as a result of the meeting.

b. Business Objectives for FY 2014/15 Quarterly Review

Mr. Wickman stated the Business Objectives were reviewed by the Board during the mid-year Retirement Administrator performance evaluation. Updates to the Objectives will be discussed under Agenda Item G.1 below.

c. Staffing update

The Financial Officer position has been posted by the Marin County Department of Human Resources. The recruitment was also posted on the Government Financial Officers Association (GFOA) and CalAPRS websites.

d. Facility Use Report

MCARE held a Board meeting in the Retirement Board conference room.

e. Future meetings

- March 12, 2015 Investment Committee
- March 25-26, 2015 Strategic Workshop
- April 8, 2015 Board

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget FY 2014/15 Review

Consider and review budget for quarter ending December 31, 2014

Finance and Risk Management Committee Chair Piombo reported that overall expenditures through the second quarter of the fiscal year were 44% of the budgeted amount. The committee reviewed educational and training expenses for trustees and found everything in order. Continuing Education has been met for all trustees for the December 2014 deadline (24 hours every 2 years).

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

For non-budgeted items Retiree Payroll is the largest single expenditure at \$28 million at mid-year, and is expected to increase with more retirements expected in March and the annual Cost of Living Adjustment (COLA) in April. CPAS expenses include the renewal of annual agreements and change requests.

Investment manager fees are the second largest category. The potential for lowering manager fees by moving Artisan and Morgan Stanley to separate accounts was discussed.

3. Quarterly Checklist

Consider, review and updates on the following:

- a. MCERA educational and event-related expenses

See above.

- b. Continuing Trustee Education Log

See above.

- c. Other expenses per Checklist guidelines

Please refer to the Minutes of the Committee.

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

Please refer to the Minutes of the Committee.

- e. Reconciliation of MCERA administrative accounts

Please refer to the Minutes of the Committee.

- f. Vendor services provided to MCERA

Please refer to the Minutes of the Committee.

- g. MCERA staffing status

The Financial Officer position recruitment will be published this week by the County. It will also be published on the CalAPRS and Government Financial Officers Association (GFOA) websites.

- h. Internal controls, compliance activities and capital calls

Please refer to the Minutes of the Committee.

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

Please refer to the Minutes of the Committee.

j. Other items from the Retirement Administrator related to risk and finance
Please refer to the Minutes of the Committee.

4. Budget Priorities for FY 2015/16 (Action)

Consider and discuss budget priorities for the new fiscal year

The final proposed budget for the next fiscal year will be presented in May so that costs such as the employee benefit multiplier for Marin County are fully defined. The Administrator anticipates a relatively flat budget subject to other county-wide changes. There will be some new workstations to replace selected aging equipment. Mr. Wickman proposes some salary flexibility that might be necessary as a result of the new customer service initiative.

Upon discussion there was agreement that exploring the expense of video streaming Board meetings was not a current priority for the Board. Research indicated that only one '37 Act system is using video for Board meetings. Chair Bolger referred to the potential cost involved that would include staff time. In response to Trustee Brenk's inquiry, Mr. Wickman noted that the Minutes of all MCERA Board and committee meetings are highly detailed and there are audio recordings that are retained for a limited period of time. Trustee Given agreed that the open meetings and detailed minutes provide excellent information on the activities of the Board and its Standing Committees.

3. Trustee Comments

Trustee Gladstern attended the CalAPRS General Assembly which she recommended due to the high quality of educational sessions. Trustee Haim also attended and supported her viewpoint.

Chair Bolger recognized retiring Trustee Gladstern for her 12 years on the Retirement Board. Ms. Gladstern's final Board meeting will be the Strategic Workshop on March 25-26 when the Board will say their farewells.

F. OLD BUSINESS

1. Strategic Workshop Agenda Update (Action)

Consider and take possible action to amend agenda

Mr. Wickman presented the final agenda for the Strategic Workshop, proposing changes to the first day. Two new presentations are areas of interest. The first explores private equity due diligence and important matters from a regulatory standpoint. Secondly, education on essential matters to address for alternative investments will be presented.

It was M/S Brenk/Thomas to amend the Strategic Workshop Agenda as presented.

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

NOES: None

ABSTAIN: None

ABSENT: Bartfeld

G. NEW BUSINESS

1. Business Objectives for FY 2014/15 (Action)

Consider and take possible action to amend business objectives

Mr. Wickman stated that progress on the current fiscal year Business Objectives was discussed during the mid-year Retirement Administrator performance evaluation process resulting in the proposed updates.

It was M/S Piombo/Given to amend the Business Objectives for FY 2014/15 as presented.

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

NOES: None

ABSTAIN: None

ABSENT: Bartfeld

2. SACRS Internal Trustee Database

Notification of opportunity to participate in database

Chair Bolger introduced the SACRS proposal to establish a voluntary trustee database. Mr. Wickman stated that SACRS is proposing direct communication with trustees instead of sending information through administrators. Mr. Wickman discussed the pros and cons of this proposal and observed that there would be no relevant change in our process. Upon discussion there was agreement that individual trustees can share their contact information with SACRS or let the Administrator know if they want to participate in the database.

3. SACRS Voting Proxy (Action)

Board vote to select delegate and alternate delegate for SACRS May meeting

Upon Chair Bolger's request for volunteers to serve as delegates for the SACRS May Board meeting, Trustees Webb and Haim volunteered.

It was Piombo/Shore to select Trustees Webb and Haim as delegate and alternate delegate, respectively, for the SACRS May Board meeting.

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

NOES: None

ABSTAIN: None

ABSENT: Bartfeld

4. SACRS Board of Directors Election (Action)

Consider and take possible action to ratify Slate of Directors.

Mr. Wickman said there is a slate and two others put forward for consideration.

Chair Bolger proposed that the SACRS Nominating Committee’s Slate of Directors be ratified.

It was M/S Thomas/Gladstern to ratify the SACRS Nominating Committee’s 2014-2015 Slate of Directors.

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

5. Future Meetings

Consider and discuss agenda items for future meetings

Mr. Wickman reviewed the considerable amount of work the Board has put in with the actuary over the past six months. This started with the GASB 67/68 changes then moved to the Experience Study and concluded this month with the Annual Actuarial Valuation. Trustee Webb inquired about the pace of disability applications and Mr. Wickman reported that staff is moving cases along judiciously. Chair Bolger and Trustee Shore will be absent in July and the difficulty of scheduling Board meetings in July and August was addressed by the Administrator.

H. 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

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

3. Other

I. OTHER INFORMATION

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

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

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

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

J. CONSENT CALENDAR (Action)

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

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

**CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, MARCH 11, 2015**

**CONSENT CALENDAR
February 2015**

RETURN OF CONTRIBUTIONS

| | | | |
|-----------------------|---|----|-----------|
| Susan Brown | Partial Refund of Contribution (30 year excess) | \$ | 181.88 |
| Richard Hamilton | Partial Refund of Contribution (30 year excess) | \$ | 1,692.44 |
| Michael Morgenlaender | Partial Refund of Contribution (30 year excess) | \$ | 5,086.87 |
| Steven Kadzielawa | Partial Refund of Contribution (age adj.) | \$ | 36,319.12 |
| Jennifer Corning | Partial Refund of Contribution (age adj.) | \$ | 251.20 |
| Josias Gottschalk | Partial Refund of Contribution (age adj.) | \$ | 596.73 |
| Brian Crawford | Partial Refund of Contribution (age adj.) | \$ | 4,919.58 |
| Sharon Parks | Refund of Contributions (term) | \$ | 30,485.80 |
| Adam Curry | Refund of Contributions (term) | \$ | 689.00 |
| Fazeela Thompson | Refund of Contributions (rollover) | \$ | 1,419.54 |

BUYBACKS

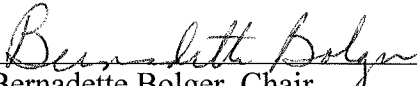
| | |
|------------------------|-----------------|
| William Tiller | County of Marin |
| Danielle Hiser | County of Marin |
| Shelley Norris-Alvarez | County of Marin |
| Kevin Kilpatrick | County of Marin |
| Martha Gonzalez | County of Marin |
| Rebecca Smith | County of Marin |
| Flory Chambers | County of Marin |

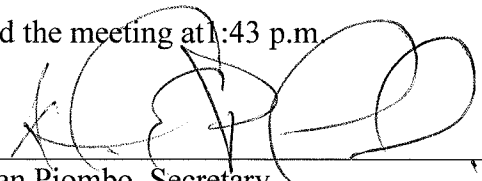
2. Trustee Comments

Consider and discuss agenda items for future meetings

No discussion on this agenda item.

There being no further business, Chair Bolger adjourned the meeting at 1:43 p.m.


Bernadette Bolger, Chair


Alan Piombo, Secretary