

MINUTES

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

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

April 22, 2015 – 9:00 a.m.

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

ROLL CALL PRESENT: Bartfeld, Bolger, Haim
ABSENT: Brenk, Thomas

MINUTES

It was M/S Bolger/Haim to approve the October 23, 2014 Governance Committee Meeting Minutes as submitted.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

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. Governance Committee Charter Review
Consider and discuss responsibilities of the Committee

Chair Bartfeld stated that the purpose of the review of the Governance Committee (Committee) Charter and its role is to make sure the Committee is meeting its responsibilities in accordance with the rules and Bylaws of MCERA. Further he stated that it was necessary to demonstrate how responsibilities are being met utilizing tracking methodologies that can be physically reviewed and shared with the Board or any other oversight entity.

Retirement Administrator Jeff Wickman reviewed the Committee's responsibilities according to the Charter and identified the method by which they are being tracked by staff.

1. Responsibility: To oversee the Board's development and compliance with Bylaws, Charters, and policies and recommend changes as appropriate. Staff maintains a Review Schedule to track the Committee's regular review of policies and standing committee charters. The Administrator noted that the Board has full control over policies but Bylaw changes have the additional step of approval by the Board of Supervisors.
2. Responsibility: Oversee the orientation process for new Trustees, including review of the Trustee Handbook. Orientation for all new trustees includes education on fiduciary, actuarial and investment topics by the Administrator, Board counsel, actuary and investment consultant. Mr. Wickman reports on trustee training to the Board and that information is captured in the Board meetings minutes.
3. Responsibility: Review overall effectiveness of the Board and recommend improvements where warranted. The Committee reviews the overall effectiveness of the Board by conducting regular meetings and developing and recommending policies and process improvements for the full Board to consider. These activities are documented in the minutes.
4. Responsibility: Receive input from the members, plan sponsors and other interested parties, including among others the Retirement Administrator and non-Committee Board members, as to suggestions for improving Board organization and functions. The Committee receives suggestions from members, retirees, plan sponsors and other interested parties for ways to improve Board organization and functions. Staff may bring policy recommendations reflecting these interests or these may arise from the Committee itself. Mr. Wickman noted that this Committee is, in a sense, a standing working group and as such is the avenue to vet new ideas and bring recommendations to the full Board.
5. Responsibility: Recommend the roles and responsibilities of the various committees of the Board. The Committee is charged with recommending the roles and responsibilities of the various committees of the Board. Mr. Wickman noted that the committee charters were reviewed last year and are on the regular review schedule.
6. Responsibility: Recommend changes in the structure of the Board meetings and the preparation of materials and records of Board actions. Changes in the structure of Board meetings and the preparation of materials and records of Board actions are the Committee's responsibility. On an annual basis the Committee will agendize a formal review of these processes and recommended necessary changes to the staff.
7. Responsibility: Oversee the process for the periodic election of the MCERA Board trustees who are elected by members. The Committee oversees the process for the periodic election of the MCERA Board trustees who are elected by members. The Administrator noted there is a well-defined process for how elections are conducted through the Marin County Registrar of Voters. Elections and results are reported to the Board by the Administrator and documented in the Board meeting minutes.

8. Responsibility: Work with staff and MCERA's engaged professional advisors, including counsel, to assist the Board in its governance activities. All communications with MCERA's professional advisors regarding this Committee's activities shall occur through the Retirement Administrator or this Committee's Chair. The Committee works with staff and professional advisors, including counsel, to assist the Board in its governance activities. This is reflected in the Committee's actions and reports to the full Board, reflected subsequently in the minutes.

In addition to the eight items listed above, the Clerk of the Board maintains a detailed record of all oversight and compliance obligations, such as annual Statements of Economic Interest (Form 700) submissions, placement agent disclosures by professional advisors, and trustee attendance at educational sessions. Trustee Bolger observed the governance processes are evidence of prudence, showing the Board is accomplishing what it set out to do. Chair Bartfeld concluded the footprints needed to document that processes are being followed are in place.

2. Tracking Compliance with MCERA Bylaws

Consider and discuss tracking of date-specific items in Bylaws

Mr. Wickman listed procedures set forth in the Bylaws regarding the Retirement Board's meetings, records and processes which require confirmation by the Board. Steps taken to fulfill these obligations were reviewed.

- Bylaw Section 102: The following items are on the Annual Meeting Calendar and placed on the agenda by the Clerk of the Board.
 - Each November the Board elects officers for a term of one year.
 - In December the Chairperson appoints all standing committee chairpersons and members.
- Bylaw Section 201: Regular meetings of the Retirement Board are to be held on the second Wednesday of each month (generally with some exceptions) commencing at 9:00 a.m. This schedule is confirmed annually through an annual Board Meeting Calendar presented by staff for consideration by the Board at its November meeting. The annual Board Meeting Calendar is posted on MCERA's website and the Marin County website.
- Bylaw Section 205: The Agendas for meetings of the Retirement Board (including its standing committees) shall be posted outside the meeting place. To confirm this has taken place, the Administrator checks to see that agendas have been posted by the Clerk of the Board outside the building. Agendas are also posted on MCERA's website and sent by email to a list of people who request them and to the local press. Counsel Dunning noted posting the agenda online is required but is not in the Bylaws. She stated that the agenda meeting notice 72 hours prior to meetings is a requirement of the Brown Act. Special meetings may be agendized within 24 hours if needed, and emergency items may be added to the agenda on a two-thirds majority vote.
- Bylaw Section 206: Minutes of each meeting include the time, place, members present and absent, all official acts of the Retirement Board, the votes by members of the Board, except where the action is unanimous, and when requested, a member's dissent or approval with his/her reasons. The minutes are to be written up forthwith and presented for approval at the next regular meeting. Mr. Wickman stated that meetings are recorded for the purpose of creating highly detailed draft minutes. Following a multi-

step editing process, the minutes go to the Board for approval and posting for the public.

- Bylaw Section 801: Elections are conducted by the Marin County Clerk/Registrar of Voters. Staff develops and mails the nomination and election process to eligible voters. The election notice and voting instructions will be posted to MCERA's website. The Administrator reports all election activity to the Board which is subsequently captured in the Board meeting minutes.
- Bylaws Part IX: This section sets forth the process for amending the Bylaws which MCERA follows. The Administrator stated there have been no significant changes to the Bylaws in the past few years. Mr. Wickman indicated that in many cases policies can be used for MCERA processes. When needed to clarify aspects of the Plan and its administration, resolutions will be used, according to Ms. Dunning.

Chair Bartfeld expressed satisfaction with the procedures presented and the annual meeting calendar was discussed. Mr. Wickman indicated this was a useful exercise to show the Committee how staff accomplishes these processes.

3. Existing Policies – Review and Consider Proposed Updates

a. Trustee and Staff Travel Expense Policy (Action)

Consider and possibly recommend to Board updates to policy to clarify travel reimbursement parameters

Mr. Wickman presented updates to the Trustee and Staff Travel Expense Policy that revise provisions for overnight stays within 50 miles of MCERA offices. He noted that exceptions that were in the Policy have been administratively difficult to manage. As a result, the proposed updates allow exceptions to the 50 mile limitation only with the approval of the Administrator upon consultation with the Board Chair.

Trustees shared their views on whether or not there is a need to stay overnight in San Francisco, for example, when attending conferences. According to Trustee Bolger, the 50 mile restriction was put in place to avoid the expense to MCERA of overnight accommodations for nearby conferences. Trustee Haim spoke to the difficulty of daily coming and going and not being able to talk with conference attendees.

Upon discussion there was agreement that exceptions to the 50 mile limitation for overnight stays be at the discretion of the Board Chair upon consultation with the Retirement Administrator. A request for an exception by the Board Chair would be upon approval of the Vice Chairperson upon consultation with the Retirement Administrator. Similar language was added to exceptions for fees charged for cancelled hotel reservations. This followed discussion of a recent situation in which a hotel accommodation was booked by the Clerk of the Board and charged to MCERA where timely cancellation did not occur. Chair Bartfeld indicated the proposed revisions will result in improved processes.

It was M/S Bolger/Haim to recommend that the Board adopt updates to the Trustee and Staff Travel Expense Policy as amended per discussions.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

b. Conflict of Interest Code (Action)

Consider and possibly recommend to Board clarifying updates to policy and conduct standard policy review

Mr. Wickman presented proposed updates to the Conflict of Interest Code that reflect changes in county processes. In addition, disclosure categories have been clarified for consultants and staff. As with all policies under consideration, the policy history section will be removed at the request of the Chair, since all MCERA policies list their history on the title page.

It was M/S Haim/Bolger to recommend that the Board adopt updates to the Conflict of Interest Code as amended per discussions.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

c. Budget Policy and Adoption Process (Action)

Consider and possibly recommend to Board updates to policy regarding timing of committee review

Mr. Wickman stated that proposed updates to the Budget Policy and Adoption Process clarify the timing of the budget presentation, since Board meetings do not always line up with the quarterly Finance and Risk Management Committee meetings. Mr. Wickman addressed the general need for MCERA policies to adapt to the Board meeting schedule. Chair Bartfeld supported this view, noting that specific dates may be unnecessary for policies.

It was M/S Haim/Bolger to recommend that the Board adopt updates to the Budget Policy and Adoption Process as presented.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

Chair Bartfeld recessed the meeting for a break at 10:21 a.m., reconvening at 10:31 a.m.

d. Retirement Administrator Performance Evaluation Policy (Action)

Consider and possibly recommend to Board updates to policy regarding timing of evaluations

Mr. Wickman explained the proposed revision to the Retirement Administrator Performance Evaluation Policy is to have flexibility in scheduling the Retirement Administrator annual performance review. As a result, the reference in the Policy to the July Board meeting has been removed. Further revisions were discussed, for example to remove references to “new” Board Chair and the like, in order to align phrasing with current processes.

It was M/S Bolger/Bartfeld to recommend that the Board adopt updates to the Retirement Administrator Performance Evaluation Policy as amended per discussions.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

- e. Disability Retirement and Survivor Benefits Applications Policy (Action)
Consider and possibly recommend to Board updates to policy to clarify procedural steps

The Administrator advised that proposed updates to the Disability Retirement and Survivor Benefits Applications Policy replace the term “consent calendar” with “consent agenda” to reflect its function.

It was M/S Haim/Bolger to recommend that the Board adopt updates to the Disability Retirement and Survivor Benefits Applications Policy as submitted.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

- f. Policy Regarding Adoption of Actuarial Economic Assumptions (Action)
Consider and possibly recommend to Board updates to policy to input current adopted assumptions

Mr. Wickman stated that updates to the Policy Regarding Adoption of Actuarial Economic Assumptions reflect new economic assumptions.

It was M/S Bolger/Haim to recommend that the Board adopt updates to the Policy Regarding Adoption of Actuarial Economic Assumptions as submitted.

AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

4. Existing Policies – Standard Review without Proposed Updates

Trustee Bolger made a motion to recommend that the Board accept the review of MCERA policies listed below under Agenda Items B.4.a-i.

In regards to the Class Action Securities Litigation policy, Mr. Wickman recommended that the Finance and Risk Management Committee consider having current and prospective class action monitoring service providers present an overview of their services.

In response to Trustee Bolger's inquiry on the Placement Agent Payment Disclosure Policy, Ms. Dunning stated that most managers have been responsive to MCERA's request for disclosing their status with respect to placement agents. In some cases managers questioned the need to respond, she said, but they all did provide written responses ultimately. Responding to further inquiries, Ms. Dunning noted that some managers do not agree to submit to the provision of MCERA's policy stating that they can be fined for non-compliance.

In summary, Mr. Wickman noted there is still an evolutionary process for managers to understand the placement agent disclosure provisions. As a result of progress made this year, he said, the policy is working and staff is getting in front of the people we need to in order to clarify needed disclosures. A summary of the placement agent disclosures will be presented at the May Finance and Risk Management Committee meeting.

Trustee Haim seconded the motion.

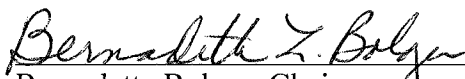
AYES: Bartfeld, Bolger, Haim
NOES: None
ABSTAIN: None
ABSENT: Brenk, Thomas

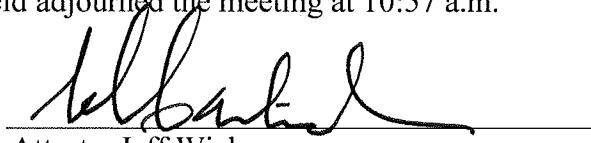
- a. Investment Policy Statement (Action)
Conduct standard policy review
- b. Class Action Securities Litigation Policy (Action)
Conduct standard policy review
- c. Placement Agent Payment Disclosure Policy (Action)
Conduct standard policy review
- d. Senior Management Contingency Plan Policy (Action)
Conduct standard policy review
- e. Corporate Governance Policy (Action)
Conduct standard policy review
- f. Reciprocal Members' Final Compensation Determinations Policy (Action)
Conduct standard policy review

- g. Accessibility of Records Policy (Action)
Conduct standard policy review
 - h. Investment Code of Conduct and Insider Trading Policy (Action)
Conduct standard policy review
 - i. Portable Electronic Device Policy (Action)
Conduct standard policy review
5. Next Committee meeting
Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

At the request of Trustee Bolger, Counsel Dunning will present a review of the Investment Code of Conduct and Insider Trading Policy at a future Board meeting.

There being no further business, Chair Bartfeld adjourned the meeting at 10:57 a.m.


Bernadette Bolger, Chair
(for Jeffrey Bartfeld)


Attest: Jeff Wickman
Retirement Administrator