

MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

September 9, 2015 – 9:00 a.m.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER Chair Bolger called the meeting to order at 9:02 a.m.

ROLL CALL PRESENT: Bolger, Brenk, Cooper (alternate safety) Given, Haim (alternate retired), Murphy, Piombo, Shaw (ex officio alternate), Shore, Webb

ABSENT: Thomas

Chair Bolger and members of the Board joined in welcoming Second General Member Laurie Murphy to the Board. Ms. Murphy is a Senior Programmer Analyst in the Marin County Information Services Department.

MINUTES

It was M/S Shore/Piombo to approve the August 12, 2015 Regular Board Meeting Minutes as submitted.

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

A. OPEN TIME FOR PUBLIC EXPRESSION

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

No public comment.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)

a. Administrator's Update

Retirement Administrator Jeff Wickman reported that the original Purchase and Sale Agreement for private industrial properties expired. Subsequently the next highest bidder signed a Purchase and Sale Agreement and the buyer is conducting due diligence.

Mr. Wickman welcomed Trustee Murphy who began her term by attending the CalAPRS Principles of Pension Management course. Mr. Wickman and Counsel Dunning met with Trustee Murphy for an orientation session to be followed by sessions with the actuary and investment consultant.

The Administrator was asked to serve on a SACRS ad hoc committee to review the Modern Investment Theory and Practice course at the University of California at Berkeley and provide recommendations on how the course and attendance could be improved. Trustees spoke to the high caliber of the investment course when they attended. The Administrator said the committee focused a significant amount of discussion on who was the target audience and how to focus the curriculum for that audience to achieve good attendance.

Two Public Records Act requests were received, one for all information for tomorrow's Investment Committee meeting, and the other for portfolio holdings as of June 30, 2015. Both requests were fulfilled.

Assistant Retirement Administrator Michelle Hardesty and the Administrator participated in a client review process regarding the services offered to MCERA by Nossaman LLP. Board Counsel Ashley Dunning expressed appreciation for the positive feedback.

b. Staffing Update

Mr. Wickman reported that interviews were conducted with one candidate for the Chief Financial Officer position. He stated that the recruitment is still open and he is looking for additional qualified candidates to interview for the position.

c. Facility Use Report

No use of the facility in this time period.

d. Future Meetings

- September 10, 2015 Investment Committee
- October 14, 2015 Board
- October 29, 2015 Strategic Workshop

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget FY 2014/15 Year-End Review

Consider and review budget for quarter/year ending June 30, 2015

Alan Piombo, Chair of the Finance and Risk Management Committee, reported that overall expenditures for the Administrative Budget for the fiscal year ending June 30, 2015 were under budget at 92.5% of the budgeted amount. Fourth quarter expenditures include fees for the annual financial audit in process, utilities work at One McInnis Parkway, and the MCERA web address renewal for 5 years. Salaries and benefits were under budget for the year. Medical transcription expenses ran higher based on complexities of the claimed disabilities.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

Non-budgeted expenses include Retiree Payroll, the largest single expenditure, which increased in April as a result of the annual COLA and new March retirees. In response to Trustee Brenk's inquiry regarding cash flow, Mr. Wickman stated that he believed there had been two occasions over the past year where securities were liquidated in order to make payment for the monthly retirement payroll. Chair Piombo further reported that CPAS expenses include the annual hosting fee, Woodmont expenses include payments for property sales, and legal expenses have been reduced from the prior fiscal year.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Educational and training expenses for trustees and staff were found to be in order. The Committee recommended a review of the conference reporting process by the Governance Committee.

b. Continuing Trustee Education Log

The Continuing Education requirement of 24 hours every 2 years is being met by all trustees.

c. Other expenses per Checklist Guidelines

Other expenses were found to be in order by the Committee.

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

See discussion above.

e. Reconciliation of MCERA administrative accounts

No discussion.

f. Vendor services provided to MCERA

No new vendor services.

g. MCERA staffing status

The Chief Financial Officer position recruitment resulted in a qualified candidate who has been interviewed and applications continue to be received.

h. Internal controls, compliance activities and capital calls

Capital calls include initial funding for real asset portfolios.

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

j. Other items from the Administrator related to risk and finance

Cyber insurance may be considered as part of the annual fiduciary insurance renewal process this fall. Trustee Haim views cyber insurance as an important issue and a topic of discussion at recent conferences he has attended.

A Form 700 FPPC Advice Letter regarding mutual funds supports Vanguard's position as a non-filer.

Current and potential securities monitoring providers will be reviewed at the next Committee meeting.

4. Audit of Financial Statements for Fiscal Year 2014/15
Update on annual audit of financial statements by Brown Armstrong

The auditors completed their field work for the annual financial audit and are preparing the draft financial statement. Upon staff review the final financial statements will be presented at the October or November Board meeting.

3. Ad Hoc Committee Reports

a. Ad Hoc Education Committee

1. Strategic Workshop Agenda
Report on agenda topics for workshop

Mr. Wickman reported that the Ad Hoc Education Committee met and determined that Strategic Workshop topics would focus on Environmental-Social-Governance (ESG) issues. Subsequently a draft agenda was developed during a conference call with investment consultant Callan Associates. Mr. Wickman reviewed the draft agenda with the Board.

Ms. Bolger suggested the Parnassus Fund in San Francisco that manages ESG portfolios as a potential presenter. Trustee Brenk indicated that including CalSTRS' ESG activity in the workshop would be of interest.

4. Trustee Comments

No comments.

Chair Bolger directed deliberations to **New Business, Agenda Item D.1.**

D. NEW BUSINESS

1. 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 is evidence of overall outstanding performance by Mr. Wickman. Ms. Bolger commended the Retirement Administrator for his excellent leadership skills and ongoing responsibilities.

Noting the majority of business objectives were completed over the past twelve months, Ms. Bolger acknowledged Administrator Wickman and his staff for a job well done.

2. 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 reported that the Ad Hoc Retirement Administrator Performance Evaluation Committee, consisting of herself and Trustees Cooper, Given and Thomas, recommends moving the Retirement Administrator's compensation from Step 4 to Step 5 on the pre-approved salary schedule as of September 13, 2015.

It was M/S Webb/Piombo to approve moving the Retirement Administrator's compensation from Step 4 to Step 5 as of September 13, 2015.

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

Mr. Wickman thanked the Board for the continued trust placed in him. Acknowledging staff's role in accomplishing the goals, he stated that we all succeed or fail together and these successes are the result of hard work by the Board and staff.

3. SACRS Voting Proxy (Action)

Board vote to select delegates for SACRS November meetings

Mr. Wickman stated that twice each year the Board elects a delegate and alternate delegate to attend the SACRS business meetings to vote for MCERA.

It was M/S Webb/Piombo to select the Eighth and alternate Eight Member positions to serve as voting and alternate voting delegate, respectively, to the November SACRS conference.

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

4. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

E. OTHER INFORMATION

1. Trustee Training Calendar

2. Keeping in Touch

September Issue, Association of Retired Employees newsletter

F. CONSENT CALENDAR (Action)

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

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

**CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, SEPTEMBER 9, 2015**

**CONSENT CALENDAR
August 2015**

RETURN OF CONTRIBUTIONS

Michael Augustus	Full Refund of Contributions (Termination)	\$	171,370.27
Dayna Louie	Full Refund of Contributions (Termination)	\$	1,881.45
Farima Joya	Full Refund of Contributions (Termination)	\$	25,163.85
Brenna Nurmi	Full Refund of Contributions (Termination)	\$	12,338.70
Meaghan Pang	Partial Refund of Contributions (Age Adjust)	\$	361.60
Vanessa Christman	Partial Refund of Contributions (Age Adjust)	\$	629.30
Gil Kenneth Advincula	Partial Refund of Contributions (Age Adjust)	\$	54.80
Albert Powell	Partial Refund of Contributions (30 Year)	\$	520.33
Mark Wright	Partial Refund of Contributions (30 Year)	\$	207.56
Peter Coles	Partial Refund of Contributions (30 Year)	\$	367.74
Sandy Cheang	Partial Refund of Contributions (30 Year)	\$	18.56
Robert Ground	Partial Refund of Contributions (30 Year)	\$	3,450.12
Jacqueline Fisher	Partial Refund of Contributions (30 Year)	\$	195.89
Cynthia Gunselman	Partial Refund of Contributions (30 Year)	\$	526.11
David Hulbert	Partial Refund of Contributions (30 Year)	\$	847.55
Kim Turner	Partial Refund of Contributions (30 Year)	\$	1,656.89

BUYBACKS

NEW RETIREES

Mark Farmer		MSMVC
Patricia Seyler	Sheriff	County of Marin
Craig Lindquist	H&HS	County of Marin
Nancy Mackle		City of San Rafael
Mary Ann Mauldin		City of San Rafael
Ann Albertoni	Cultural and Visitor Svcs.	County of Marin
Tim Miller	Sheriff	County of Marin
Sparkie Spaeth	H&HS	County of Marin
Marina Stanford	Building and Safety	County of Marin
Lori Holaday	H&HS	County of Marin
Christina Warren	H&HS	County of Marin
Donna Mills	H&HS	County of Marin
Patricia Boos		Courts
Hank Jen	CAO	County of Marin
Paul Filippi		MSMVC
Charnel Benner	MCERA	County of Marin

RESCINDED RETIREMENTS

Farima Joya

DECEASED RETIREES

Gene Burris
Raymond Dougherty

Probation

County of Marin
Novato Fire

CONFERENCES/SEMINARS

CalAPRS Principles of Pension Management for Trustees
Trustee Murphy

Chair Bolger recessed Open Session for break at 10:05 a.m. and reconvened in Closed Session at 10:15 a.m. for deliberations on **Agenda Item C.1.**

Chair Bolger recessed Closed Session at 10:50 a.m., reconvening in Open Session at 10:51 a.m.


C. LEGAL MATTERS

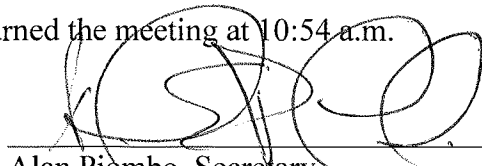
1. Conference with Legal Counsel – Pending Litigation (Gov. Code sec. 54956.9(c)) (CLOSED SESSION)

Consider and take possible action regarding filing of *amicus curiae* brief in support of retirement system respondent in *Flethez v. San Bernardino County Employees' Retirement Association* (California Supreme Court Case No. S227679)

Chair Bolger reported that upon consideration and deliberation the Board approved the filing of an *amicus curiae* brief, provided that at least two other systems join the filing, in support of the retirement system respondent in *Flethez v. San Bernardino County Employees' Retirement Association* (California Supreme Court Case No. S227679) by a vote of 7-1. Trustee Cooper voted for Trustee Thomas who was absent. Voting for the motion were Trustees Bolger, Brenk, Cooper, Murphy, Piombo, Shore and Webb. Voting against the motion was Trustee Given.

There being no further business, Chair Bolger adjourned the meeting at 10:54 a.m.


Bernadette Bolger, Chair


Alan Piombo, Secretary