

MINUTES

REGULAR BOARD MEETING

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

October 14, 2015 – 9:00 a.m.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER Chair Bolger called the meeting to order at 9:00 a.m.

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

ABSENT: Cooper (alternate safety)

MINUTES

It was M/S Piombo/Brenk to approve the September 9, 2015 Board Meeting Minutes as submitted.

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

It was M/S Webb/Shore to approve the September 10, 2015 Investment Committee Meeting Minutes as submitted.

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

Chair Bolger and the Board expressed gratitude to Sean Webb for his twelve years of service on the Retirement Board. Trustee Webb expressed appreciation to his colleagues for their congeniality.

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

Mr. Wickman reported that with the sale of industrial properties all directly held properties in the Woodmont portfolio, with the exception of One McInnis, have been sold. The majority of proceeds from the sale were used to fund the 7% allocation to the real assets portfolio. Of the remaining funds, a portion was set aside to cover retirement payroll (which in the interim will be overlaid by Parametric) and the rest invested in the S&P 500 fund. The Ad Hoc One McInnis Committee will meet in the near future to discuss One McInnis and bring any recommendations to the full Board.

Mr. Wickman and Chair Bolger provided an orientation on MCERA for the 2015-16 Marin County Civil Grand Jury. Chair Bolger stated that she felt the presentation had been well received.

Yesterday the Administrator attended the MCARE luncheon with Trustee Webb, Haim and retiree Maya Gladstern. During the meeting Speaker Skip Murphy, Chairman of the San Diego County Employees Retirement Board and head of the California Retired County Employees Association (CRCEA), and Mike Sloan, Contra Costa retiree, discussed pension reform initiatives across the state and the value of membership in CRCEA. Trustee Haim observed that Mr. Wickman did an outstanding job responding to inquiries on the pension system.

Chair Bolger directed deliberations to Time Certain **Agenda Item E.1** at 9:15 a.m.

E. NEW BUSINESS

1. Member Request for Waiver of Interest (Action) (TIME CERTAIN – 9:15 A.M.)

Consider and take possible action on active member Linda Mariscal's request for waiver of June 30, 2015 interest on her extra hire service credit purchase.

Mr. Wickman stated that when members make a redeposit or purchase prior service interest is calculated on the purchase costs as provided under the County Employees Retirement Law (CERL). An MCERA member requested a waiver of June 30, 2015 interest that was calculated on her purchase and redeposit. The Retirement Administrator denied the request and the member has asked the Board to review the decision and waive interest.

Linda Mariscal stated that she made a request on May 6, 2015 for a buyback and was told the calculation would be completed by June 30. Ms. Mariscal, a nurse with Marin County, waited until now when she could afford it. Subsequently Ms. Mariscal stated that she was told the calculation had not been started and would take until the end of August. Noting that interest after June 30 amounts to over \$400, Ms. Mariscal reasoned that calculation took an unreasonable amount of time and she should not be penalized for an apparent staffing issue. She also commented that the CERL states that interest shall be paid on service credit purchases, but not who is to pay it.

Retiree Maya Gladstern observed that based on her prior experience with payroll system records researching member files can be a challenge and delays stretching for many months is not uncommon.

In response to Trustee Shore's inquiry, Mr. Wickman explained that staff said they would make every effort to meet the time estimate but that is no guarantee it would be completed within the anticipated time frame. Given the complexity of the individual situation, he stated, he did not believe 60 days was an unreasonable time to complete the calculation. Assistant Retirement Administrator Michelle Hardesty noted there were other requests before Ms. Mariscal's and the fact that preliminary work had been done on Ms. Mariscal's calculation was apparently not communicated to Ms. Mariscal when she called for an update.

Board Counsel Ashley Dunning advised that purchasing service credit is an additional benefit under the CERL and there is no question in the statute that it is the member's obligation to pay interest, not the trust or someone else. Trustee Piombo observed that since overpayments are reimbursed with interest it makes sense that the member pays the interest and MCERA should not be held to a rapid turnaround.

Ms. Mariscal responded by questioning the staffing level and how it compares with other '37 Act systems.

It was M/S Brenk/Bolger to deny Linda Mariscal's request for waiver of June 30, 2015 interest on her extra hire service credit purchase.

Discussion followed with Mr. Wickman stating he has no data to compare the time required to provide service purchase calculations with other '37 Act systems, in response to Trustee Thomas' inquiry. Mr. Wickman further stated that there has been considerable improvement in benefit calculation turnaround since going live with the new system in 2012.

Trustee Piombo asked if there is anything in the statute allowing us to prorate interest and Counsel Dunning advised the statute provides for interest to be compounded semiannually.

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

Chair Bolger expressed confidence in the benefits team and there was discussion around assuring that MCERA's communications regarding member service expectations would be made clear.

Chair Bolger redirected deliberations to the Administrator's Report.

Administrator's Report continued.

The Administrator attended the CalAPRS Administrator's Institute at the end of September. The sessions were valuable and well received, he said. Tom Iannucci of Cortex Applied Research discussed methods for administrators to help retirement boards

be policy focused. Another session led by Dan Golde of Dan Golde Consulting involved practical exercises on utilizing effective methods of communicating. In another session MCERA actuary Graham Schmidt discussed funding administrative expenses and direct rate smoothing. In the investment area MCERA investment consultant Jim Callahan discussed the history of risk drift over the last 20 years. MCERA Board Counsel Ashley Dunning also provided a detailed presentation on the current pension legal landscape in California.

One public records act request regarding MCERA's contractual relationship with Brown Armstrong was received since the last Board meeting, Mr. Wickman said.

Mr. Wickman and Assistant Retirement Administrator Michelle Hardesty are meeting with the Board of the Marin Sonoma Mosquito and Vector Control District to review changes in the funding assumptions adopted by the Board of Retirement last year.

Ms. Hardesty reported that annual benefits statements are 90% complete and the plan is to distribute them to members by the end of October. Members are receiving annual statements earlier each year, Mr. Wickman noted, adding that data cleanup is part of the process and is improving each year.

b. Staffing Update

See Agenda Item E.3 below.

c. Facility Use Report

No facility use this period.

d. Future Meetings

- October 29, 2015 Strategic Workshop
- November 4, 2015 Board

2. Ad Hoc Committee Reports

a. Ad Hoc Education Committee

1. Strategic Workshop Agenda (Action)

Consider and take possible action to approve agenda

Mr. Wickman presented the proposed Agenda for the October 29, 2015 Strategic Workshop which focuses on providing an educational session on environmental, social, governance (ESG) topics.

It was M/S Shore/Brenk to approve the Strategic Workshop Agenda as presented.

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

3. Trustee Comments

The Chair announced that officers will be elected at the November 4, 2015 Board meeting and she invited the trustees to let her know if they are interested in serving as an officer.

Mr. Wickman reviewed trustees recusing from the Closed Session Agenda Item D.1: Trustee Webb who receives a pension from SEIU and Trustee Thomas who is an officer of MAPE. Trustee Murphy need not recuse as she is not an officer of MAPE.

Chair Bolger recessed Open Session for a break at 10:00 a.m., reconvening in Closed Session at 10:10 a.m. for deliberations on **Agenda Items C and D.**

Chair Bolger recessed Closed Session for a lunch break at 12:15 p.m., reconvening in Closed Session at 12:30 p.m.

Trustees Thomas and Webb recused themselves from Closed Session Agenda Item D.1 at 1:15 p.m.

Chair Bolger recessed Closed Session at 1:22 p.m., reconvening in Open Session at 1:24 p.m.

C. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 10:00 a.m.) (CLOSED SESSION) (Action)

[Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda 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.]

1. Lisa Lue Service-connected Marin County District Attorney

Initial consideration of an application for service-connected disability retirement with an effective date of March 30, 2012 filed by a Miscellaneous member

2. Diana Smith Service-connected Marin County Probation Dept.

Initial consideration of an application for service-connected disability retirement with an effective date of May 1, 2014 filed by a Safety/Miscellaneous member

3. Stephen DeBrunner Service-connected Marin County Sheriff

Consider and take possible action on Administrative Law Judge's proposed findings of fact and recommended decision to deny service-connected disability retirement application with an effective date of October 28, 2011.

Chair Bolger reported that the Board denied Lisa Lue's application for service-connected disability retirement and provided the applicant with the opportunity to request an administrative hearing in accordance with MCERA policy by a vote of 8-0. Trustee Piombo voted for Trustee Cooper who was absent. Motion was by Trustee Given and seconded by Trustee Webb. Voting for the motion were Trustees Bolger, Brenk, Given, Murphy, Piombo, Shore, Thomas and Webb.

Chair Bolger reported that the Board denied Diana Smith's application for service-connected disability retirement and provided the applicant with the opportunity to request an administrative hearing in accordance with MCERA policy by a vote of 8-0. Trustee Piombo voted for Trustee Cooper who was absent. Motion was by Trustee Piombo and seconded by Trustee Shore. Voting for the motion were Trustees Bolger, Brenk, Given, Murphy, Piombo, Shore, Thomas and Webb.

Chair Bolger reported that the Board approved and adopted the Administrative Law Judge's Findings of Facts and Recommended Decision to deny service-connected disability retirement for Stephen DeBrunner by a vote of 7-1. Trustee Piombo voted for Trustee Cooper who was absent. Motion was by Trustee Brenk and seconded by Trustee Shore. Voting for the motion were Trustees Bolger, Brenk, Given, Murphy, Shore, Thomas and Webb. Voting against the motion was Trustee Piombo.

D. LEGAL MATTERS

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

MAPE et al. v. MCERA, et al., First Dist. Court of Appeal Case No. A139610 (Div. 2)

Chair Bolger reported there was no reportable action on this agenda item. Trustee Webb recused himself from this item and did not attend the closed session meeting, as he receives a pension from one of the petitioners in the case (SEIU). Trustee Thomas recused himself from this item and did not attend the closed session meeting, as he is a steward of one of the petitioners in the case (MAPE).

NEW BUSINESS continued.

2. Contract with Office of Administrative Hearings (Action)

Consider and take possible action regarding services of Administrative Law Judge for disability hearings.

Mr. Wickman proposed extending the current one-year agreement for the services of the Administrative Law Judge for disability hearings for another year.

It was M/S Piombo/Brenk to extend the existing agreement regarding the services of the Administrative Law Judge for disability hearings for one more year.

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

3. Retirement Services Contract (Action)

Consider and possibly approve contract for WBCT for the recruitment of the Chief Financial Officer position.

Mr. Wickman reported that MCERA has conducted two separate recruitments for the Chief Financial Officer position neither of which have produced a pool of qualified candidates that would fit MCERA's needs. Mr. Wickman recommends that the Board provide him with the authority to hire Wendy Brown of W. Brown Creative Partners (WBCT) to assist with the

recruitment. Ms. Brown's background includes assisting with successful placements at the County and experience in governmental human resources. Based on her experience, the Administrator presented a proposed contract with WBCT for the recruitment, advising it is a good opportunity and the only way to find an acceptable pool of applicants.

It was M/S Given/Webb to approve the contract with WBCT for the recruitment of the Chief Financial Officer position as presented.

Trustee Piombo indicated the job description clearly does not match the pay and he suggested making the position a consultant. Trustee Given commented on the difficulty of finding financial professionals as it is expensive to live in Marin County and there are better offers in surrounding communities. The Administrator indicated that if the next recruitment does not yield a strong pool then all potential other options will be considered.

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

4. Future Meetings

Consider and discuss agenda items for future meetings.

Trustees were invited to propose topics for future Retirement Board meeting agendas. Mr. Wickman noted that the Chair has the authority to approve agendas but suggestions are welcome.

F. OTHER INFORMATION

1. Trustee Training Calendar (Action)

It was M/S Piombo/Thomas to approve new items on the Training Calendar as submitted.

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

2. Keeping in Touch

October Issue, Association of Retired Employees newsletter

G. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, OCTOBER 14, 2015

CONSENT CALENDAR
September 2015

RETURN OF CONTRIBUTIONS

Timothy Walsh	Partial Refund of Contributions (30 year)	\$	889.90
Carl Chapman	Partial Refund of Contributions (30 year)	\$	779.68
David Ball	Partial Refund of Contributions (30 year)	\$	725.27
Michael Coleman	Partial Refund of Contributions (30 year)	\$	1,128.29

BUYBACKS

Jennifer Zuniga		\$	13,892.82
Lillian Jang		\$	5,715.11
Ignacio Vasquez		\$	3,198.15
Debra Mullaney		\$	8,982.54
Jessica Anisman		\$	9,582.24

NEW RETIREES

Kim Turner	Courts	County of Marin
Wilcox Corbett	Fire	County of Marin
Mark Young	H&HS	County of Marin
Mir Saaid Fakharzadeh	DPW	County of Marin
Lisa Holliday	H&HS	County of Marin
Hollie Stanaland		City of San Rafael
Stephanie Lent	Civil Documentary Services	County of Marin
Janet Mullin	CDA	County of Marin
Marissa Wertheimer	Probation	County of Marin
Farshid Rahmanian	DPW	County of Marin
David Ball	DA	County of Marin
James Forsythe		City of San Rafael
Michael Brogan	DPW	County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

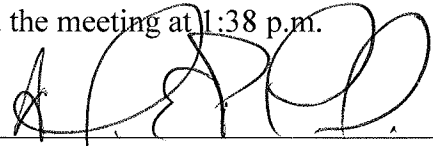
Delrose Thoreson	Probation	County of Marin
Lorraine Wrenn	Courts	County of Marin

CONFERENCES/SEMINARS

CalAPRS Administrators' Institute - Administrator Wickman
CalAPRS Benefits Roundtable - Assistant Administrator Hardesty and staff
CalAPRS Attorneys' Roundtable - Counsel Dunning

There being no further business, Chair Bolger adjourned the meeting at 1:38 p.m.


Bernadette Bolger, Chair


Alan Piombo, Secretary