

MINUTES

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

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

November 12, 2015 – 9:00 a.m.

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

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

MINUTES

It was M/S Brenk/Haim to approve the April 22, 2015 Governance Committee Meeting Minutes as submitted.

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

None.

B. NEW BUSINESS

1. Existing Policies – Review and Consider Proposed Updates

a. Conflict of Interest Code (Action)

Consider and possibly recommend to Board updates to policy

Mr. Wickman stated that the only change to the Conflict of Interest Code is to comply with the Government Code raising the gift limit from \$440 to \$460 per calendar year and rolling 12-month period.

It was M/S Brenk/Haim to recommend that the Board adopt updates to the Conflict of Interest Code as submitted.

AYES: Bolger, Brenk, Haim
NOES: None

ABSTAIN: None
ABSENT: Thomas

b. Investment Policy Statement (Action)

Consider and possibly recommend to Board updates to policy regarding Watchlist and Proxy voting provisions

Mr. Wickman reminded the Committee that during the September 2015 Investment Committee meeting discussion on portfolio rebalancing it was determined that one of the portfolios selected for additional funding, Parametric Emerging Markets, was on MCERA's Watchlist and thus no additional funds could be allocated to that portfolio because it was not permitted in the Board Investment Policy Statement (IPS). The Investment Committee asked that Governance review the Watchlist provisions in the IPS and recommend any changes to the Board.

The Committee reviewed the Watchlist and discussed similar provisions that could be found in policies of other '37 Act systems and considered whether to expand criteria for inclusion on and removal from the Watchlist.

After discussion and deliberation, the Committee directed staff to revise the Investment Policy Statement as follows:

- Provide that the Investment Committee could take action to allow additional funds to a manager on the Watchlist.
- Establish a one-year period to assess whether the manager should be removed from the Watchlist, have the watch period extended, or be terminated.

Mr. Wickman stated that staff will develop revisions to the IPS as directed above and review them with the investment consultant.

It was M/S Haim/Brenk to recommend that the Investment Committee adopt updates to the Investment Policy Statement to be developed by staff as noted above.

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

c. Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances (Action)

Consider and possibly recommend updates to policy regarding implementation provisions

Mr. Wickman stated that proposed revisions to the Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances lend flexibility to the timing of adopting the actuary's new mortality provisions operationally. In addition Ms. Dunning said that the updates automatically make any change in the mortality assumption a part of the policy.

It was M/S Haim/Brenk to recommend that the Board adopt updates to the Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances as submitted.

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

d. Facility Use and Reservation Policy (Action)

Consider and possibly recommend updates to policy regarding usage fees

Mr. Wickman presented updates to the Facility Use and Reservation Policy to align with actual practice in managing use of One McInnis Parkway. With the proposed updates the need for reservations is eliminated, fees and use of technical equipment are modified, and the security deposit is removed. The Administrator noted that the facility is used primarily by government entities during the daytime when staff is present. Based on discussions staff will remove the specifications for providing proof of insurance by Category B groups.

It was M/S Haim/Brenk to recommend that the Board adopt updates to the Facility Use and Reservation Policy as amended per discussions.

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

2. Existing Policies – Standard Review without Proposed Updates

a. Election and Duties of Board of Retirement Officers Policy (Action)

Conduct standard policy review

It was M/S Brenk/Haim to recommend that the Board accept the review of the Election and Duties of Board of Retirement Officers Policy.

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

b. Timing of Employer Payment of Required Contributions to MCERA Policy (Action)

Conduct standard policy review

It was M/S Brenk/Haim to recommend that the Board accept the review of the Timing of Employer Payment of Required Contributions to MCERA Policy.

AYES: Bolger, Brenk, Haim
NOES: None

ABSTAIN: None
ABSENT: Thomas

- c. Procedures for Hearings on Matters Other Than Disability Retirement (Action)
Conduct standard policy review

It was M/S Brenk/Haim to recommend that the Board accept the review of the Procedures for Hearings on Matters Other Than Disability Retirement.

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

- d. Records Retention Policy and Guidelines (Action)
Conduct standard policy review

The Administrator stated that MCERA follows county guidelines for records retention in response to Trustee Brenk's inquiry.

It was M/S Brenk/Haim to recommend that the Board accept the review of the Records Retention Policy and Guidelines.

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

- e. Policy Regarding Compensation Earnable and Pensionable Compensation Determinations (Action)
Conduct standard policy review

Mr. Wickman stated that defined categories in the Policy Regarding Compensation Earnable and Pensionable Compensation Determinations for compensation earnable for classic members and pensionable compensation for PEPRA members are working well and therefore no changes are proposed.

It was M/S Haim/Brenk to recommend that the Board accept the review of the Policy Regarding Compensation Earnable and Pensionable Compensation Determinations.

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

f. Trustee Education Policy (Action)
Conduct standard policy review

Mr. Wickman stated that the Trustee Education Policy makes clear that trustees are to report out after going to conferences. Upon discussion there was general agreement to formalize the conference reporting process through the Board meeting agenda.

It was M/S Haim/Brenk to recommend that the Board accept the review of the Trustee Education Policy and direct staff to add a reporting item under Trustee Comments to the Board agenda.

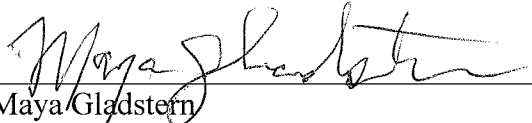
AYES: Bolger, Brenk, Haim
NOES: None
ABSTAIN: None
ABSENT: Thomas

3. Next Committee Meeting

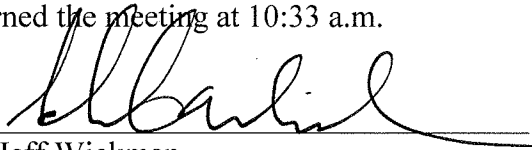
Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

Chair Bolger reminded members of the Committee that committee appointments for next year will be made at the December Board meeting. For future meetings Chair Bolger recommended considering a proxy voting policy and developing a list of questions on ESG matters to discuss with investment managers.

There being no further business, Chair Bolger adjourned the meeting at 10:33 a.m.



Maya Gladstern
Chairperson



Jeff Wickman
Retirement Administrator