

MINUTES

**GOVERNANCE COMMITTEE MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
Retirement Board Conference Room
One McInnis Parkway, 1st Floor
San Rafael, CA
April 21, 2016 – 9:00 a.m.**

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

ROLL CALL

PRESENT: Brenk, Gladstern, Haim Murphy, Thomas
ABSENT: None

MINUTES

It was M/S Brenk/Haim to approve the November 12, 2015 Governance Committee Meeting Minutes as submitted.

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

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. Investment Beliefs (Action)

Consider and possibly recommend to Board adoption of Investment Beliefs

Retirement Administrator Jeff Wickman presented proposed Investment Beliefs for the Committee's consideration as a follow-up to discussions on environment, social and governance (ESG) presentations at the October 2015 Strategic Workshop. The decision at the Workshop was to develop Investment Beliefs based on CalPERS' model as a first step to incorporating ESG factors into the investment management process. The Investment Beliefs are customized for MCERA and capture key concepts that align with how the Board manages the portfolio, Mr. Wickman said. Board Counsel Ashley Dunning indicated that language is included on the limits of considering ESG factors in terms of maintaining diversification as provided by the California Constitution, and continuing to seek to maximize return and minimize risk.

The Committee reviewed the Investment Beliefs and suggested changes that include language on processes already used by MCERA.

Responding to Chair Gladstern's inquiry, Mr. Wickman discussed options for incorporating the Investment Beliefs into the investment management process. The Investment Beliefs are intended as a guide for investment managers, the Administrator stated in response to Trustee Brenk's inquiry. In addition to the Investment Beliefs, the Corporate Governance Policy could be used as an additional way of engaging managers. Based on discussions, Chair Gladstern directed that the Corporate Governance Policy be reviewed by Counsel Dunning as a potential topic for the October Strategic Workshop.

The Administrator recommended that the Committee refer the proposed Investment Beliefs to the Investment Committee for consideration and potential adoption.

It was M/S Haim/Thomas to recommend that the Investment Committee adopt Investment Beliefs as amended per the above discussion.

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

2. Existing Policies – Review and Consider Proposed Updates

a. Conflict of Interest Code (Action)

Consider and possibly recommend to Board update to Attachment B, Designated Filers and change place of filing to MCERA

Mr. Wickman explained that updates to the Conflict of Interest Code (Code) align with Marin County's plan to remove MCERA from its own Conflict of Interest Code since MCERA has its own Code. Proposed amendments list MCERA as the place of filing and, in addition, add the new Chief Financial Officer position to the list of designated filers. Chair Gladstern recommended the detailed link for FPPC electronic filing be removed from the policy because it may change over time and that a Form 700 electronic filing link be added to MCERA's website.

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

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

b. Trustee and Staff Travel Expense Policy (Action)

Consider and possibly recommend to Board update to align with FPPC gift limit

Mr. Wickman stated the only material change to the Trustee and Staff Travel Expense

Policy is to update the not-to-exceed dollar amount for gifts from \$440 to \$460 in accordance with FPPC regulations.

It was M/S Brenk/Haim to adopt updates to the Trustee and Staff Travel Expense Policy as presented.

Trustee Thomas asked if the policy clearly address the situation where a trustee chose to drive a vehicle to training when it would have been more cost effective to fly.

Upon discussion the Committee settled on amending the policy to add consultation with the Administrator when alternative modes of travel would exceed reasonable and necessary expenses.

Trustee Brenk amended his motion to adopt the Trustee and Staff Travel Expense Policy as amended per the discussion above and Trustee Haim voiced support for the amended motion.

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

c. Portable Electronic Device Policy (Action)

Consider and possibly recommend to Board update to policy

Mr. Wickman presented updates to the Portable Electronic Device Policy that address access to restricted, non-work-related websites. In response to Trustee Murphy's inquiry, he explained that information on the iPads is only confidential where provided by law, such as communications between Counsel and the Board that are privileged attorney-client communications. Otherwise information on the iPad would be public records as with all other MCERA communications.

It was M/S Thomas/Murphy to recommend that the Board adopt updates to the Portable Electronic Device Policy as submitted.

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

d. Policy Regarding Adoption of Actuarial Economic Assumptions (Action)

Consider and possibly recommend to Board update to policy

Mr. Wickman presented updates to the Policy Regarding Adoption of Actuarial Economic Assumptions that reflect the salary growth assumption in the Valuation Report and lend flexibility to the date for presenting preliminary valuation results to the Board.

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

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

3. Existing Policies – Standard Review without Proposed Updates

Mr. Wickman presented policies for standard review in accordance with the Policy Review Schedule that include technical changes to remove the redundant adoption history section.

It was M/S Brenk/Murphy to accept the review with technical amendments of the policies listed in Items B.3.a-d below.

AYES: Brenk, Gladstern, Haim, Murphy, Thomas
NOES: None
ABSTAIN: None
ABSENT: None


- a. Policy Regarding Annual Affirmation as to Key Polices (Action)
Conduct standard policy review
- b. Key Service Provider Performance Evaluation Policy (Action)
Conduct standard policy review
- c. Whistleblower Policy (Action)
Conduct standard policy review
- d. Statement of Investment Policy Regarding Divestment (Action)
Conduct standard policy review

4. Next Committee Meeting

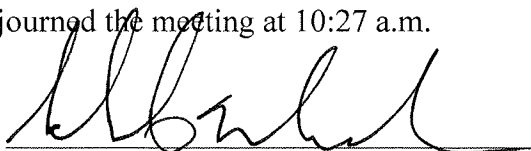
Consider possible agenda topics, including without limitation, proxy voting policies, and set date for next meeting

Upon the Chair's inquiry, the Administrator stated that a policy on proxy voting would be encompassed in a broad discussion of governance at the October Strategic Workshop.

There being no further business, Chair Gladstern adjourned the meeting at 10:27 a.m.



Maya Gladstern
Chairperson



Jeff Wickman
Retirement Administrator