

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

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

May 4, 2016 – 9:00 a.m.

EVENT CALENDAR 9 a.m. Regular Board Meeting

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

ROLL CALL

PRESENT: Bolger, Brenk, Cooper (alternate safety) Given, Gladstern, Haim (alternate retired),
Murphy, Piombo, Shaw (ex officio alternate), Shore, Stevens, Thomas

ABSENT: None

MINUTES

It was M/S Gladstern/Thomas to approve the April 13, 2016 Board Meeting Minutes as submitted.

AYES: Bolger, Brenk, Given, Gladstern, Murphy, Piombo, Shore, Stevens, Thomas

NOES: None

ABSTAIN: None

ABSENT: None

It was M/S Brenk/Thomas to approve the March 15-16, 2016 Strategic Workshop Minutes as submitted.

AYES: Bolger, Brenk, Given, Gladstern, Murphy, Piombo, Shore, Stevens, Thomas

NOES: None

ABSTAIN: None

ABSENT: None

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 reminded the trustees that the spring SACRS conference is next week from May 10 to the 13th. Before attending the conference Mr. Wickman, accompanied by Investment Committee Chair Brenk and Callan Associates, will conduct due diligence meetings with Pathway Capital Management and Western Asset Management Company. Reports on the meetings will be presented to the Investment Committee.

Mr. Wickman announced that Trustee Haim notified him that he plans to resign from the Board effective September 1, 2016. An election for the alternate retired member will be held this summer at the same time as the election for the safety and alternate safety member and second general member positions.

A Public Records Act request was received from Transparent California for 2015 retiree payroll data. The information requested includes the medical subsidy provided by Marin County. The Administrator noted that they would ask the requestor to make a distinction between the benefit provided by the pension system as opposed to the medical benefits which are not paid out of the MCERA trust fund.

Chair Shore directed deliberations to the Staffing Update, **Agenda Item B.1.c.**

c. Staffing Update

Mr. Wickman reported that they had just completed two days of interviews with candidates for the Chief Financial Officer (CFO). Mr. Wickman, Trustee Given, and Senior Accountant Lisa Jackson conducted the initial interviews. Assistant Retirement Administrator Hardesty joined Mr. Wickman for the second day of interviews. The Administrator reported that he was hoping to make an offer to a candidate.

d. Facility Use Report

No facility use this period.

e. Future Meetings

- May 25, 2016 Finance and Risk Management Committee
- June 8, 2016 Board
- June 9, 2016 Investment Committee

Chair Shore directed deliberations to **Agenda Item B.1.b**, Business Objectives Quarterly Review.

b. Business Objectives Quarterly Review

Mr. Wickman reviewed the status of his current year Business Objectives, noting that several are contingent on having the CFO in place and as a result will likely carry over into the next evaluation year.

Under Benefit Administration Mr. Wickman stated that Ms. Hardesty was looking at the workflow tracking system that is contained within the new version of CPAS. There will be an evaluation of whether the functionality will be useful from a cost-benefit standpoint. Mr. Wickman presented a recent organizational change that will provide permanent coverage to the front desk with greater capacity for more complex tasks. A new customer

service team will be headed up by David Sousa, Retirement Benefits Supervisor. The team will include Mr. Sousa, Ms. Varao, Mr. Bowden and a new benefits position that was previously vacant. Mr. Wickman will present the new organization structure to the Finance and Risk Management Committee as part of the fiscal year budget. In response to Chair Shore's inquiry, Mr. Wickman explained the goal is to get staff in the right place based on their skill sets so they can be successful at their work.

Performance Management statistical goals outlined in the business objectives are on target. In April there were fewer retirements than expected based on prior year experience.

The Human Resource Management objective of completing the interview and hiring of a Chief Financial Officer was discussed earlier under the Staffing Update. The multi-year business plan will get started in the coming months. The Administrator and Assistant Administrator continue to look for training opportunities for staff to help with growth and development.

Under Business Management the Governance Committee at its April meeting discussed using the Corporate Governance Policy with our managers. The topic will be agendaized for the October Strategic Workshop and include incorporating proxy voting procedures. The Information Technology (IT) Security Assessment has been reviewed by the Finance and Risk Management Committee and the Board. Ms. Hardesty and her team are working on creating an Employer Audit Plan as required by PEPRA. Ms. Dunning discussed the importance of the audit process as a preventative measure against potential unidentified issues that arise down the road. In response to Trustee Bolger's inquiry, Mr. Wickman stated that the audit requirement was included in PEPRA likely as a result of reported abuses by officials in the City of Bell in the summer of 2012 when PEPRA was being developed. A request for proposal for a company to conduct annual financial audits will be part of Business Objectives for the next fiscal year.

In Communication and Education, Communications Specialist Syd Fowler has been working with the Information Services Technology Department on the new MCERA website that is expected to be available in July. Mr. Wickman said that Disability Coordinator Jackie Bamford and Ms. Fowler did a good job developing the new Disability Handbook.

Revising the Retiree Handbook and developing a Domestic Relations Order (DRO) Handbook will get started at the end of this fiscal year. Retirement Member Services Technician Anne Highfill is now assisting with DROs to give Ms. Hardesty more time for strategic matters.

The Finance and Accounting objectives of completing the Comprehensive Annual Financial Report and developing the business case for the acquisition of a new financial accounting system will move to the end of the fiscal year due to the ongoing CFO recruitment.

2. Standing Committee Reports

a. Governance Committee

1. Investment Beliefs (Action)

Consider and take possible action on Governance Committee's recommendation to adopt Investment Beliefs

Governance Committee Chair Gladstern reported that the Committee provided comments on the draft Investment Beliefs developed by staff based on the discussions at the October 2015 Strategic Workshop. The Governance Committee recommends the Investment Committee review and potentially approve the proposed Investment Beliefs at its June meeting.

2. Existing Policies – Review and Consider Proposed Updates

a. Conflict of Interest Code (Action)

Consider and take possible action on Governance Committee's recommended updates to Attachment B, Designated Filers and change place of filing to MCERA

Updates to the Conflict of Interest Code add the Chief Financial Officer position as a designated filer and change the place of filing Form 700 to MCERA.

Based on the recommendation of the Governance Committee, Governance Committee Chair Gladstern moved to adopt updates to the Conflict of Interest Code as presented.

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

b. Trustee and Staff Travel Expense Policy (Action)

Consider and take possible action on Governance Committee's recommended updates to align with FPPC gift limit and regarding alternative travel modes

Updates to the Trustee and Staff Travel Expense Policy align with the FPPC gift limit. They also require consultation with the Retirement Administrator for alternative modes of travel that would exceed reasonable and necessary expenses. In response to Chair Shore's inquiry, Mr. Wickman discussed circumstances in which the expense of an alternative mode of travel would be in question.

Based on the recommendation of the Governance Committee, Governance Committee Chair Gladstern moved to adopt updates to the Trustee and Staff Travel Expense Policy as presented.

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

c. Portable Electronic Device Policy (Action)

Consider and take possible action on Governance Committee's recommended updates to policy

Updates to the Portable Electronic Device Policy address access to restricted, non-work related websites.

Based on the recommendation of the Governance Committee, Governance Committee Chair Gladstern moved to adopt updates to the Portable Electronic Device Policy as presented.

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

- d. Policy Regarding Adoption of Actuarial Economic Assumptions (Action)
Consider and take possible action on Governance Committee's recommended updates to policy

Updates to the Policy Regarding Adoption of Actuarial Economic Assumptions reflect the salary growth assumption in the Valuation Report and lend flexibility to the date for presenting preliminary valuation results to the Board. Mr. Wickman emphasized that the updated economic assumptions were adopted previously by the Board as part of the 2013 Experience Study.

Based on the recommendation of the Governance Committee, Governance Committee Chair Gladstern moved to adopt updates to the Policy Regarding Adoption of Actuarial Economic Assumptions as presented.

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

3. Existing Policies – Standard Review without Proposed Updates
Standard policy reviews for the policies listed below include the technical change of removing the redundant policy history section from the policies that still have that section.

Based on the recommendation of the Governance Committee, Governance Committee Chair Gladstern moved to accept the review including technical changes of the policies listed in Agenda Items B.2.a.3.a-d below.

AYES: Bolger, Brenk, Given, Gladstern, Murphy, Piombo, Shore, Stevens, 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

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

In his capacity as a member of the CalAPRS Board of Directors, Mr. Wickman attended the first module of the CalAPRS Management Academy on April 18-19. Responding to Chair Shore's inquiry, the Administrator said takeaways are the importance of being in the moment by engaging with people and making sure you are communicating and seeking feedback.

b. Other Comments

Chair Shore recessed Open Session for a break at 9:55 a.m., reconvening in Closed Session at 10:05 a.m.

Trustee Bolger will be absent for the July Board meeting. Chair Shore will name a replacement for Investment Committee Chair Brenk who will be absent for that Committee's June meeting.

Chair Shore recessed Closed Session and reconvened the meeting in Open Session at 11:56 a.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. Eric Cogbill Service-connected San Rafael Police Department

Initial consideration of an application for service-connected disability retirement with an effective date of April 16, 2015 filed by a Safety member

- 2. Karen Ott Service-connected Marin County Sheriff

Initial consideration of an application for service-connected disability retirement with an effective date of July 5, 2015 filed by a Safety member

Chair Shore reported that the Board granted, by a vote of 9-0, service-connected disability retirement to Eric Cogbill with a follow-up review in 2017 as provided by the Government Code. Motion was by Trustee Cooper and seconded by Trustee Gladstern. Trustee Piombo recused himself and left the room as he is in the same department as the applicant. Trustee Cooper voted in the place of Trustee Piombo. Voting for the motion were Trustees Bolger, Brenk, Cooper, Given, Gladstern, Murphy, Shore, Stevens and Thomas.

Chair Shore reported that a substitute motion by Trustee Stevens and seconded by Trustee Cooper to grant service-connected disability retirement to Karen Ott failed on a vote of 4-5. Trustee Cooper voted for Trustee Piombo, as Trustee Piombo is in the same service as the applicant. Voting for the motion were Trustees Cooper, Shore, Stevens and Thomas. Voting against the motion were Trustees Bolger, Brenk, Given, Gladstern, and Murphy.

Chair Shore reported that the Board granted, by a vote of 6-3, non-service-connected disability retirement to Karen Ott and denied service-connected disability retirement subject to the applicant's right to request an administrative hearing in accordance with MCERA procedures. Motion was by Trustee Gladstern and seconded by Trustee Given. Voting for the motion were Trustees Bolger, Brenk, Given, Gladstern, Murphy, and Thomas. Voting against the motion were Trustees Cooper, Shore, and Stevens.

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)

Trustee Gladstern recused herself from this item and did not attend the closed session meeting, as she is an officer with MAPE. 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). Chair Shore reported that there was no reportable action on this agenda item.

E. NEW BUSINESS

1. Application for Service-Connected Disability Benefits by Safety Member's Surviving Spouse, Teresa Heying (Action)

Initial consideration of surviving spouse's application to convert service retirement provided to deceased member Barry Heying to service-connected disability retirement allowance

Mr. Wickman explained that this matter is consideration for a service-connected disability retirement which cannot be held in closed session because the personnel exception relied upon in the Attorney General opinion supporting consideration of such applications in closed session because employment related issues may be discussed does not apply in this case because the applicant has passed away and the application is being submitted by the surviving spouse. In deliberating the matter the Board may follow the same process for a normal disability retirement application except it should use caution in discussing confidential medical information.

Teresa Heying stated that her deceased husband believed he would be working if not for his medical disability and strongly believed she should request the service-connected disability retirement. Ms. Heying further stated that Mr. Heying had been a dedicated employee and she thanked the Board for considering the matter.

County Counsel Pat Richardson stated that we are addressing the matter of service connection and not permanent capacity. The Board must remember, he said, that for the cancer presumption to apply the applicant needs to show they have been exposed to a listed carcinogen. Medical records and reports do not indicate any exposure to carcinogens, Mr. Richardson stated. In addition, Mr. Richardson stated, the decedent noted he did not believe

he was exposed to a carcinogen while working. Therefore, counsel advised, if there is no exposure to a listed carcinogen then the applicant has not met the burden of proof for the presumption that the cancer was caused by his service. Mr. Richardson stated that the Board should deny the application for service-connected disability retirement and grant a non-service connected disability retirement benefit to surviving spouse Teresa Heying.

It was M/S Gladstern/Murphy to grant non-service disability retirement benefits to Barry Heying's surviving spouse, Teresa Heying, and deny the application for service-connected disability retirement, subject to the Ms. Heying's right to request an administrative hearing in accordance with MCERA procedures.

Trustee Cooper expressed his belief that, similar to the fire department, law enforcement officers are exposed to carcinogens that would cause them to have cancer. It is not transparent, he said, how exposure to carcinogens happens and therefore he as a firefighter documents materials that they have been exposed to for later referral if needed. As a result Trustee Cooper does not support the motion.

AYES: Bolger, Brenk, Given, Gladstern, Murphy, Shore, Stevens, Thomas
NOES: Cooper
ABSTAIN: None
RECUSE: Piombo
ABSENT: None

Chair Shore recessed Open Session for a lunch break at 12:11 p.m., reconvening at 12:33 p.m.

2. Voting Instructions to MCERA Delegate to SACRS regarding Proposed Legislation (Action)
Discussion of SACRS legislative proposals for the purpose of providing direction to the MCERA voting delegate to the May 2016 SACRS Business Meeting

Mr. Wickman said the purpose of this matter is to give direction to MCERA's delegate to the SACRS business meeting next Friday. The question is whether to support SACRS sponsorship of Assembly Bill (AB) 1853. AB 1853 (the Bill) is being presented along with a SACRS White Paper on the Bill. Mr. Wickman reported that the Bill was heard in committee on the 3rd of May. Both the California State Association of Counties (CSAC) and labor unions oppose the current bill and have requested amendments that would provide them with approval authority over any action by a future Board of Retirement. The Administrator reported that there was recent discussion of amending the Bill to the Orange County model where only top executives, and possibly one level down, may have special district status.

The Administrator said it is difficult to know at this point what version of the AB 1853 will be presented at the SACRS business meeting for a vote.

Trustee Gladstern expressed her concerns about the Bill including how it has been presented to SACRS and how it might affect MCERA relationships with its plan sponsor. She also expressed a concern about the additional administrative overhead and other management issues that could arise from special district status.

Trustee Piombo supports the special district concept as allowing for more local control as long as employees would have representation and collective bargaining. Trustee Bolger distinguished the procedural issue of SACRS sponsorship from the substantive issue of

whether the Board approves of the Bill's provisions. Chair Shore spoke to the need to be thoughtful about change since there is opposition and consider the conditions under which the Board could support the Bill. Direction to the delegate needs to be clear depending on what happens at the business meeting, he said.

Trustee Bolger recalled the Board's determination a number of years ago not to move to special district status because of the need for county resources and a number of other reasons. Trustee Gladstern requested a statement on the Board's position that she can communicate at the SACRS business meeting. Trustee Bolger proposed a policy statement to let SACRS know the process by which AB 1853 has been presented to the SACRS systems created challenges; however, there are merits for other county pension systems to have a process with this Bill. Responding to Trustee Piombo's inquiry, the Administrator said SACRS presented the concept at its Fall 2015 conference. Trustee Brenk expressed his opposition to the idea of pension systems becoming special districts because he believes the systems should operate in the most efficient manner.

It was M/S Shore/Piombo for the Board to take no position on SACRS's sponsorship of AB 1853 as presented to the Board and it would support AB 1853 on its merits if it were amended so that counties in the CERL systems may participate in some way in the process.

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

Mr. Wickman will provide the delegate with a statement aligning with the above motion.

3. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

F. OTHER INFORMATION

1. Trustee and Staff Training Calendar

2. Keeping in Touch

May Issue, Association of Retired Employees newsletter

Mr. Wickman said Alexis McBride contacted him about benefit-by-gender data that is not readily available in a report.

G. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR for
MCERA MEETING, WEDNESDAY, MAY 4, 2016

CONSENT CALENDAR
APRIL 2016

RETURN OF CONTRIBUTIONS

Alex Bowlds	Refund of Contributions Age Change	\$	39,844.09
Felicia Howard	Refund of Contributions Termination	\$	508.98
Therese Gorostiza	Refund of Contributions Age Change	\$	164.46
John Bhambra	Refund of Contributions 30 Year	\$	102.61
Steven Aslesen	Refund of Contributions Termination	\$	11,984.04
Matthew James	Refund of Contributions Termination	\$	1,129.13
Lauren Giblin	Refund of Contributions Termination	\$	4,844.95
Bonnie Cressler	Refund of Contributions 30 Year	\$	469.52
Patrick Murphy	Refund of Contributions Termination	\$	52,801.37

NEW RETIREES

Cynthia S. Dauenhauer	Cultural Services	County of Marin
Patricia Dunlap	Courts	County of Marin
Kenneth Schmaus		City of San Rafael
Kathleen Ostrom	Jail	County of Marin
Heather Carrigg	DA	County of Marin
Scott Beseda		Courts
Donald Keylon	Fire	County of Marin
Michael C. Norton	DPW	County of Marin
Nancy C. Merritt	Retirement	County of Marin
Gloria Johnson		City of San Rafael
Susann Amborn Woods	DA	County of Marin
Robert Brunner	Parks and Open Space	County of Marin
Janice Hughes	DA	County of Marin
Jean Hughes	Child Support Services	County of Marin
Seven Shaw	H&HS	County of Marin
Julie Griffith		City of San Rafael
Khelri Jhovahn		City of San Rafael
Judith Kendall		County of Marin
Teresa Torrence-Tillman	Probation	County of Marin
James Lane	Sheriff	County of Marin
Susan Bodo	H&HS	County of Marin
Christian Gutt	Cultural Services	County of Marin
Cheryl Fisher	Sheriff	County of Marin
Stephanie Lovette		City of San Rafael
Paul R. Higgs	Sheriff	County of Marin
George Hart		Southern Marin Fire
Annette Segura	DRO	County of Marin

RESCINDED RETIREMENTS

DECEASED RETIREES

Toni Swafford	Sheriff	County of Marin
Robert Acker		Marin Sonoma Mosquito
James Crittenden	Beneficiary	County of Marin
Jane Berg	Beneficiary	County of Marin

CONFERENCES/SEMINARS
CalAPRS Management Academy - Administrator Wickman

There being no further business, Chair Shore adjourned the meeting at 1:24 p.m.



Dave Shore, Chair



Maya Gladstern, Secretary