

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

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

**May 10, 2017 – 9:00 a.m.**

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The Board of Retirement for the Marin County Employees' Retirement Association encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings. If members of the public wish to speak on any agenda items, please alert the Retirement Administrator to that request prior to the matter being called.

**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, Given, Gladstern, Jones (alternate retired), Piombo (alternate safety),  
                 Shore, Silberstein, Stevens, Thomas

ABSENT:    Cooper, Murphy, Shaw (ex officio alternate)

**MINUTES**

It was M/S Gladstern/Thomas to approve the April 12, 2017 Board Meeting Minutes as submitted.

AYES:            Bolger, Given, Gladstern, Jones, Piombo, Shore, Silberstein, Stevens, Thomas

NOES:            None

ABSTAIN:        None

ABSENT:        Cooper, Murphy

**A. OPEN TIME FOR PUBLIC EXPRESSION**

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

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph

M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No public comment.

## **B. BOARD OF RETIREMENT MATTERS**

### **1. Administrator's Report**

#### **a. Administrator's Update**

Retirement Administrator Jeff Wickman reported the Third General Member position is up for election this year. Nominating petitions will be available from the County of Marin Registrar of Voters on May 31 and are due back June 14; if the incumbent does not apply, there is a one week extension. Ballots will be mailed to all general members June 30 for submission to the Registrar by July 28.

The new MCERA website is available online. The Administrator commended Syd Fowler and Marin County Information Services Technology for their work getting the new site published.

Mr. Wickman also reported that SACRS has a new website. He reminded Board members attending the SACRS conference that required training on sexual harassment prevention will be provided at the conference.

#### **b. Business Objectives Quarterly Review**

##### **Benefit Administration**

A draft of the service credit audit is complete. The retirement estimate and retirement application completion processes is targeted for completion this July. The workflow system project is currently in the requirements gathering stage. This includes analyzing the length of time our current processes take and using these statistics to design a more efficient workflow.

##### **Performance management**

The majority of employees choose to retire at the end of March. The workload associated with the March retirements (estimates and benefit calculations) will impact the ability to meet the performance management goals. As a result the statistics show that estimates and service credit purchases fell below the target. Now that MCERA is through with the March retirement push the performance numbers will go back up. Chair Bolger indicated there may be a need for less staff time spent on estimates for members not planning to retire soon. Mr. Wickman stated that estimates for future periods are prioritized behind more current estimates.

### **Human Resource Management**

The classification study is completed and implemented. Planning for the business plan is underway.

### **Business Management**

The Asset/Liability Study was completed and presented to the Board. In December 2016 the Board adopted the revised Investment Policy Statement and Proxy Voting and Corporate Governance Policy as developed by the Governance Committee.

A team including Front Desk and benefit staff analyzed the service of vendors and selected PBI Research Services as MCERA's new location services provider. The Employer Audit plan is in the testing phase with implementation planned for later this summer. The Medical Advisor Request for Proposal is not started.

### **Communication and Education**

The new MCERA website is live. The Domestic Relations Order Handbook (DRO) has been drafted and is under final review. A dedicated employer resources section is in the planning stages and slated for completion by the end of this year.

### **Finance and Accounting**

Assistant Retirement Administrator Michelle Hardesty and the financial team are examining business processes for areas of improvement. Work has started to define business requirements for a new financial system. Completing a Comprehensive Annual Financial Report and issuing a request for proposal for financial auditing services are not started.

#### c. Staffing update

Mr. Wickman is reviewing potential classifications changes provided by County Human Resources for the Chief Financial Officer position.

The Administrator announced that Rachel Varao, Retirement Benefits Technician, is leaving MCERA for employment elsewhere. He commended Rachel for her commitment to serving MCERA's members and retirees.

#### d. Facility Use Report

Retiree organization MCARE held its Board meeting in the executive conference room last week.

#### e. Future Meetings

- May 24, 2017 Investment Committee
- June 7, 2017 Finance and Risk Management Committee
- June 14, 2017 Board

## 2. Standing Committee Reports

a. Governance Committee

1. Authorization for Retirement Administrator regarding Governance Initiatives  
Consider delegating certain authority to the Retirement Administrator to respond to governance initiatives that are consistent with MCERA policies.

The Board considered this matter under Agenda Item C.1 below.

2. Proxy Voting Reports

Proxy voting records of public equity managers for 2016

Mr. Wickman said this was the first opportunity since the Board revised its proxy voting policy last year for the Governance Committee to look at proxy voting materials. These included proxy voting reports and policies for three managers and a summary of votes against management proposals and CEO pay. The Committee directed staff to share MCERA's Proxy Voting and Corporate Governance Policy with managers and ask them to confirm whether there was alignment with their own policies, and, if not, how would the differences be reconciled.

Trustee Gladstern said these are initial steps to analyze and decide what to do with the information. Chair Bolger said a proxy vote is a fiduciary decision that should be addressed by the Investment Committee. Trustee Silberstein said he recommended changes in Watchlist criteria so the Investment Committee will be involved and now we are just looking for some information from the managers. He noted one policy difference is that some managers vote against shareholder resolutions, whereas our policy generally is to vote for shareholder resolutions.

Counsel Dunning advised that under California law-based fiduciary principles, the Board does not fully delegate the fiduciary responsibility to vote proxies, in that it retains oversight responsibilities. As such, it is appropriate to ask the managers how they vote proxies; then, within the Board's judgment, it may determine a further course of action, if any, in response to that information. Chair Bolger supported Trustee Shore's view that containing the scope within the Board's fiduciary responsibility should be considered. Trustee Given added he does not understand the scope of this matter and asked for clarity. The Administrator requested direction from the Board on whether to move forward with the direction discussed by the Committee. Chair Bolger stated she would like to meet with Mr. Wickman, Board counsel and the Chris Cooper, Governance Committee Chair, to gain a better understanding of the discussion and direction provided by the Committee to the Administrator.

3. Investment Policy Statement (Action)

Consider and take possible action on Governance Committee's recommended changes to the Watchlist provisions

Mr. Wickman said the Investment Committee will consider the recommended changes to the Watchlist provisions in two weeks.

4. Existing Policies – Proposed Updates

a. Conflict of Interest Code (Action)

Consider and take possible action on Governance Committee's recommendation to align with FPPC gift limit.

The Governance Committee recommends that the Board adopt updates to the Conflict of Interest Code that include the new \$470 FPPC gift limit.

It was MS Shore/Stevens to adopt updates to the Conflict of Interest Code as submitted.

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

b. Trustee and Staff Travel and Expense Policy (Action)

Consider and take possible action on Governance Committee's recommendation to align with FPPC gift limit.

The Governance Committee recommends that the Board adopt updates to the Trustee and Staff Travel and Expense Policy that include the new \$470 FPPC gift limit.

It was MS Gladstern/Shore to adopt updates to the Trustee and Staff Travel and Expense Policy as submitted.

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

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

Consider and take possible action on Governance Committee's recommendation to update valuation date.

The Governance Committee recommends that the Board adopt updates to the Policy Regarding Adoption of Actuarial Economic Assumptions to align the valuation date with the current valuation.

It was MS Given/Gladstern to adopt updates to the Policy Regarding Adoption of Actuarial Economic Assumptions as submitted.

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

d. Portable Electronic Device Policy (Action)

Consider and take possible action on Governance Committee's recommendation to clarify communications including the use of personal devices as to the Public Records Act.

The Governance Committee recommends that the Board adopt updates to the Portable Electronic Device Policy based on a recent court case regarding public records and personal electronic devices.

It was M/S Gladstern/Thomas to adopt clarifications to the Portable Electronic Device Policy as submitted.

AYES: Bolger, Given, Gladstern, Jones, Piombo, Shore, Silberstein, Stevens, Thomas

NOES: None

ABSTAIN: None

ABSENT: Cooper, Murphy

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Gladstern asked about the CalAPRS Reciprocity Roundtable. Mr. Wickman stated that it was a new roundtable put together by CalAPRS at the request of member systems that were having challenges getting information from CalPERS and other systems.

b. Other Comments

**C. NEW BUSINESS**

1. Resolution 2016/17-01 Specifying Delegation to Retirement Administrator Regarding Certain MCERA Endorsements of Third Party Activities (Action)

Consider and take possible action on proposed Resolution delegating authority to Retirement Administrator to provide MCERA's endorsement of governance initiatives that are consistent with MCERA policies.

Mr. Wickman presented a proposed resolution allowing the Administrator, after consulting with Board and Investment Committee Chairpersons, to respond on behalf of MCERA if requested and when the issue positively aligns with existing MCERA policies. There was general agreement with Trustee Given's proposal that such endorsements would be reported to the Board at its next meeting.

It was M/S Given/Gladstern to adopt Resolution 2016/17-01 Specifying Delegation to Retirement Administrator Regarding Certain MCERA Endorsements of Third Party Activities as amended to provide for reporting to the Board.

AYES: Bolger, Given, Gladstern, Jones, Piombo, Shore, Silberstein, Stevens, Thomas

NOES: None

ABSTAIN: None

ABSENT: Cooper, Murphy

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**BOARD OF RETIREMENT OF THE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("MCERA") RESOLUTION NO. 2016/17-01 SPECIFYING DELEGATION TO RETIREMENT ADMINISTRATOR REGARDING CERTAIN MCERA ENDORSEMENTS OF THIRD PARTY ACTIVITIES**

WHEREAS, MCERA and its Board of Retirement ("Board") are governed by the County Employees Retirement Law of 1937 (Cal. Gov. Code Sections 31450, et seq.) ("CERL"), the California Constitution, article XVI, section 17(b), and other applicable law; and

WHEREAS, under the CERL and the California Constitution, the Board has the exclusive control of, and fiduciary responsibility for, the administration and investments of the MCERA retirement system; and

WHEREAS, the Board may delegate, and most recently through its Resolutions 2010/11-01, 2010/11-02 and 2011/12-02 has delegated, authority to MCERA's Retirement Administrator to sign certain financial documents and enter into certain transactions on behalf of the Board; and

WHEREAS, the Board is asked, from time to time, to endorse activities of public sector institutions and associations that act on behalf of public retirement systems such as the Council of Institutional Investors ("CII"), and those activities align with MCERA's existing policies and address issues of importance to MCERA; however, the MCERA Retirement Administrator to date has not had delegated authority that permits such endorsements absent Board action; and

WHEREAS, the Board considers it in the overall best interest of its members and beneficiaries, and desirable with respect to its administration of the retirement system, to specify by Resolution the authority that it is delegating to the Retirement Administrator and others in this regard so as to permit MCERA to provide such endorsements as appropriate.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

The MCERA Retirement Administrator is hereby authorized to act on behalf of the Board under the following conditions:

1. MCERA has been asked by other public sector institutions or associations, such as CII, to support an issue that aligns with MCERA's policies, in particular its Code of Fiduciary Conduct, Ethics and Governance and/or Proxy Voting and Corporate Governance Policy.
2. Before acting on the Board's behalf, the Retirement Administrator will seek the input of the Chair of the Board and/or Investment Committee, depending on the topic of the request. The purpose of the discussion will be to ensure that the requested action aligns with the Board's policies.
3. Any actions taken under this Resolution will be reported to the Board at its next regularly scheduled meeting.

ADOPTED AND APPROVED at a regular meeting of the Marin County Employees' Retirement Association's Board of Retirement, held this \_\_\_th day of \_\_\_\_\_, 2017, by the following vote:

AYES: Bolger, Given, Gladstern, Jones, Piombo, Shore, Silberstein, Stevens, Thomas  
NOES: None  
ABSENT: Cooper, Murphy

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Bernadette Bolger, Chair of the Board

Attest:

\_\_\_\_\_  
Jeff Wickman, Retirement Administrator

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2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

**D. OTHER INFORMATION**

1. Training Calendar (Action)

It was M/S Piombo/Gladstern to approve the Training Calendar as amended.

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

2. Keeping in Touch

May Issue, Association of Retired Employees newsletter

**E. CONSENT CALENDAR (Action)**

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

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



**CONSENT CALENDAR  
MCERA BOARD MEETING, WEDNESDAY, MAY 10, 2017**

**APRIL 2017**

<b>RETURN OF CONTRIBUTIONS</b>		
Sarah Larroque	Refund of Contributions (DRO)	\$21,604.60
Matthew Pesenti	Refund of Contributions (termination)	\$6,975.06
Molly Sturtevant	Refund of Contributions (termination)	\$4,760.97
Bill Kuhn	Refund of Contributions (termination)	\$19,741.60
Oscar Morales	Refund of Contributions (termination)	\$3,661.70
Josefina Godoy-Demattos	Refund of Contributions (termination)	\$7,044.34
Elizabeth Gonzalez	Refund of Contributions (termination)	\$12,722.92

<b>BUYBACKS</b>	
Judith Archila	\$3,174.02

<b>NEW RETIREES</b>	
Tho Do	County of Marin - Public Works
Peggy Greenland	County of Marin - Assessor-Recorder-County Clerk
Karol Hosking	County of Marin - County Administrator
Christine Miller	County of Marin - Health & Human Services
Barbara Reagan	County of Marin - Health & Human Services
Patrice Stancato	County of Marin - Board of Supervisors
Xiaohong Zeng	City of San Rafael - Public Works
Adam Brolan	Novato Fire
James Kerrigan	County of Marin - Sheriff
Ronna Buccelli	County of Marin - Health & Human Services
Liza Crosse	County of Marin - Board of Supervisors
Alan Kristal	County of Marin - Health & Human Services
Priscilla Gonzales	County of Marin - Sheriff
Debra Yates	City of San Rafael - Parking Enforcement
Robert Schmidt	County of Marin - Community Development
Bonita Marmor	County of Marin - Public Defender
Michael Blasi	County of Marin - Sheriff
Christine Blasi	County of Marin - Sheriff
Armando Alegria	County of Marin - Community Development
Jock Smith	County of Marin - Community Development
Kathy Chestnut	County of Marin - Health & Human Services
Mark Kreighbaum	County of Marin - Health & Human Services
Douglas Hagler	County of Marin - Sheriff
Kathleen Roach	County of Marin - Health & Human Services
Carlene McCart	City of San Rafael - Community Services
Steven Shawler	County of Marin - Sheriff
Scott Anderson	County of Marin - Sheriff
Ronald Fode	County of Marin - Sheriff
Kathleen Paulsen	County of Marin - Probation
Douglas Fernandez	Novato Fire
Patricia Szerlip	County of Marin - Health & Human Services
Martha Kassin	County of Marin - Library
David Zaltsman	County of Marin - County Counsel

<b>DECEASED RETIREES</b>	
Jocelyn Bell	County of Marin - Health & Human Services

Gary Thomas                      County of Marin - District Attorney  
James Wright                    City of San Rafael - Beneficiary  
Joseph Leach                    County of Marin - Data Processing

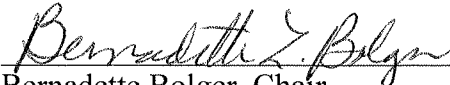
**CONFERENCES/SEMINARS**


CalAPRS Reciprocity Roundtable - Staff Sousa and Calica

CalAPRS Accountants' Roundtable - Staff Jackson

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There being no further business, Chair Bolger adjourned the meeting at 10:16 a.m.

  
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Bernadette Bolger, Chair

  
\_\_\_\_\_  
Roy Given, Secretary