

**MINUTES**

**SPECIAL BOARD MEETING  
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**One McInnis Parkway, 1<sup>st</sup> Floor  
Retirement Board Chambers  
San Rafael, CA**

**June 3, 2009, 9:00 A.M.**

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**CALL TO ORDER** Chairperson Phillips called the meeting to order at 9:13 A.M.

**ROLL CALL** Present: Arrigoni, Bolger, Gladstern, Haim, Hufford, Phillips,  
Richardson, Sweet, Webb (non-voting)  
Absent: Given (non-voting), Smith, Wofford (non-voting)

**A. BOARD OF RETIREMENT MATTERS**

1. Resolution Authorizing MCERA Signatories – Amendment (Action)  
The Administrator requested that consideration of Resolution 2008/09-07 authorizing MCERA signatories be deferred until after the scheduled presentations. There being no objection, the Chair deferred the discussion until later in the meeting.

**B. OPEN TIME FOR PUBLIC EXPRESSION**

None.

**C. OLD BUSINESS**

1. Fiduciary Fundamentals  
Attorney Ashley Dunning of Manatt, Phelps & Phillips gave a presentation on fiduciary considerations for the board when adopting actuarial funding methodologies, including the duties of care and loyalty and prudent processes.
2. Pension Trust Valuation Assumptions  
Graham Schmidt of EFI Actuaries gave a presentation on the assumptions used in preparing the annual valuation report.

Following Mr. Schmidt's presentation, Novato Fire Chief Marc Revere addressed the board. The Chief noted the mission of the department was to provide customer service and noted the need to remain solvent when doing so. He requested the board consider increasing the smoothing period. He expressed concern over the possible need for layoffs. Trustee Arrigoni pointed out that the District had taxing authority. The Administrator clarified that although districts could have different amortization periods, smoothing would be applicable to all, and that increasing the smoothing period would have little if any impact in the next few years.

Dan Eilerman from the County commented that the County would be very interested in providing a sense of what they are facing financially over the next five years and continue a two way dialogue to facilitate informed decision making. Trustee Arrigoni inquired about the possibility of the County floating pension obligation bonds. Mr. Eilerman noted that the market may not be right for bond issuance at this time.

Jim Schutz, San Rafael Assistant City Manager expressed his appreciation for the meeting and briefed the group on the recession action plan the City recently implemented, which includes layoffs, furloughs, early retirement incentives, hiring freezes, etc.

Attorney Dunning noted that the purpose of the meeting was to engage the entire board and interested parties in a discussion about the retirement system's funding during a public meeting. She cautioned that while education is being provided on the manner in which assumptions are established, the MCERA Board ultimately makes the decision regarding the appropriate assumptions and methodologies for funding the retirement system, in consultation with MCERA's independent actuary. She also commented that setting of plan sponsor contribution rates was not a subject for negotiation, and that although staff and plan sponsors are able to engage in open discussion on approaches and impact, the ultimate decision is reserved for the Board and will be made in public session.

Administrator Benner commented on the 'hidden' impact of layoffs and early retirement programs on the retirement system and contributions, since they serve to reduce the number of active members and increase the number of retired members and hence drive contributions, when expressed as a percentage of payroll up, and not down. Additionally, Administrator Benner noted that, for the same reason, plan sponsors that are reducing their workforces should also expect to see a decrease in their funded status as a result.

Discussion continued with several attendees suggesting that MCERA should look to PERS' approach to amortizing gains and losses. Attorney Dunning cautioned against adopting PERS as a model for funding, as they are fundamentally different in size, governing law, philosophical approach and in vulnerability to market swings. Administrator Benner added that at the present time PERS is less than 60% funded.

The Chair thanked Mr. Schmidt for an excellent presentation, and reiterated that the best guidance regarding contributions for the coming year is to assume no change vs. the current rates.

**D. NEW BUSINESS**

None.

Hearing no objection, the Chair opened discussion of agenda item A. Board of Retirement Matters, which was postponed from earlier in the meeting.

**A. BOARD OF RETIREMENT MATTERS**

**1. Resolution Authorizing MCERA Signatories – Amendment (Action)**

The Administrator explained that due to the vacant Retirement Manager position, the proposed resolution was necessary to authorize Accountant Lisa Jackson as a signatory on accounts in the absence of the Administrator.

**RESOLUTION NO. 2008/09-07**

**A RESOLUTION OF  
THE MARIN COUNTY EMPLOYEES' BOARD OF RETIREMENT (MCERA)  
AUTHORIZING THE RETIREMENT ADMINISTRATOR AND  
ACCOUNTANT TO ACT ON BEHALF OF MCERA  
RELATING TO ACCOUNTS WITH FINANCIAL INSTITUTIONS  
FOR THE CUSTODY OF SECURITIES**

**The Board of the Marin County Employees' Retirement Association (MCERA) resolves that the individuals listed below are fully authorized and empowered to execute documents and instructions related to the management of real estate, and to jointly establish accounts in any bank or financial or depository institution in the name of and on behalf of MCERA; to make deposits in, charge, transfer funds to, or withdraw funds from such accounts by checks, drafts, wire transfers, or other instruments or orders customarily used for the payment of accounts or the transfer of funds, including the proceeds of mortgages; to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments, documents, or paper of any type; and to make, execute, and deliver, on behalf of MCERA, any and all written instruments necessary or proper to effectuate the authority hereby conferred, and that any such actions heretofore taken jointly by the following persons on behalf of MCERA are hereby ratified, approved, and confirmed. All actions taken under the authority of this resolution shall be reported to the Finance Committee either before or at the next regularly scheduled committee meeting thereafter.**

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**Charnel K. Benner**  
**Retirement Administrator**

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**Lisa Jackson**  
**Accountant**

It was M/S Gladstern/Richardson to adopt the above resolution relating to accounts with financial institutions for the custody of securities as submitted.

AYES: Arrigoni, Bolger, Gladstern, Haim, Hufford, Phillips,  
Richardson, Sweet  
NOES: none  
ABSTAIN: none  
ABSENT: Smith

There being no further business, the meeting was adjourned at 11:40 A.M.

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James Phillips, Chairperson

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Michael Smith, Secretary