

MINUTES

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

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

June 10, 2009, 9:00 A.M.

<u>EVENT CALENDAR</u>	9:00 A.M. Retirement Board Meeting
<u>CALL TO ORDER</u>	Chairperson Phillips called the meeting to order at 9:07 A.M.
<u>ROLL CALL</u>	Present: Arrigoni, Bolger, Given (non-voting), Gladstern, Haim, Hufford, Phillips, Richardson, Smith, Sweet, Webb (non-voting, late arrival) Absent: Wofford (non-voting)
<u>MINUTES</u>	May 6, 2009 Special Meeting

It was M/S Haim/Bolger to approve the May 6, 2009 minutes of the special meeting as amended.

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

A. BOARD OF RETIREMENT MATTERS

1. Administrator's Report (Oral)

a. Update on IRS Determination Letter Process

Administrator Benner reported that progress continues toward the anticipated January 2011 filing for an IRS determination letter. The customized and annotated version of the 1937 Act is progressing nicely and the staff has furthered that effort by locating a number of "lost" resolutions that were improperly filed in off site storage.

SACRS is evaluating whether to engage Hanson Bridgett at a cost of \$75,000 to review the 1937 Act in its entirety and propose legislative changes prior to Labor Day. MCERA will be assessed approximately 2% of the total cost. This review was necessitated by the IRS' refusal to enter into a two-phase review process with the Act being Phase I.

b. Upcoming Retiree Member Election Notice

Notices have been distributed to retired members stating that nomination ballots are being solicited for both the retired member and the retiree alternate member positions.

Trustee Smith inquired as to whether an individual who is anticipating retirement prior to the date of the election is eligible to run for the position. Ms. Dunning will research and respond to the question through the Administrator.

c. Update on Key Business Objectives 2, 3, 4, and 5

The Administrator provided a written update on the status of each objective.

Trustee Smith suggested that a review of staffing needs be agendaized for the next strategic workshop to bring newer trustees fully up to date on the topic.

Trustee Webb joined the meeting in session at 9:23AM

Trustee Bolger requested clarification on the roles and responsibilities of a chief investment officer. Ms. Benner suggested that a review of proposed position descriptions would serve as an excellent basis for further discussion, noting that in general investment officers communicated with managers, performed risk assessment, prepared performance reports, and assisted in evaluating new portfolio strategies and evaluating potential managers. The CIO would make recommendations to the board, whereas the Consultant only provides guidance.

Trustee Arrigoni suggested that Objective #4 – discussion of future investment support staff – be discussed by the newly formed Finance and Risk Management Committee. Ms. Benner commented that the most likely hiring strategy would be to hire as an Analyst or Investment Officer and ‘grow’ a CIO internally. Ms. Gladstern concurred with the logic of taking such an approach.

The Administrator recounted the history of failed attempts to develop an investment series in cooperation with the HR department, and informed the board that she was meeting with the Acting HR Director on the day following the meeting to discuss the County’s expressed interest in creating a series of separate job classifications for MCERA staff.

Trustee Smith opined that the investment officer might be required to make decisions on short term cash investments. The Administrator reminded Mr. Smith that short term cash investments in the current environment were likely to continue to be handled by State Street, especially since Clifton provided equity and fixed income exposure on all cash balances through their overlay program.

Trustee Hufford concurred with the need to discuss staffing needs in more detail at the committee level.

Ms. Benner concluded her report by directing the Trustees to the updated staff training summary and calendar that reflected current information about County HR courses completed and outstanding.

d. Other

Administrator Benner informed the board that counsel for Mr. Powers requested that his application for disability benefit be continued until the July meeting.

2. Trustee Comments

The Board briefly discussed the possible implications of the McCauley Public Pension Reform Act and requested that Counsel provide updates on the progress of the initiative.

Trustee Gladstern and Trustee Richardson reported on their attendance at the CalAPRS trustee round table and the ING Clarion real estate conference, respectively.

Trustee Smith requested that the Board consider alternatives to reduce the volume of agenda backup distributed shortly before the regular meetings. Trustee Gladstern noted that halting distribution of late agenda backup could delay discussion of those topics until the next regular monthly meeting. The Administrator echoed Trustee Gladstern’s concerns and offered to present a proposed meeting calendar at the July meeting to include all regular and committee meetings for the Board’s review before further discussion of how to manage late agenda backup.

The Chair will work with the Administrator to provide periodic MCERA updates at regular meetings of the Board of Supervisors beginning in August.

B. OPEN TIME FOR PUBLIC EXPRESSION

Ann Gregory, editor of the MCREA *Keeping in Touch Letter*, addressed the Board, seeking assistance with distribution of future issues of the retiree association’s newsletter. The retiree association’s newsletter is currently mailed from the County auditor’s office along with retiree paychecks, and check processing is being contracted to an offsite payroll company. The Board discussed possible solutions with Ms. Gregory, and staff will update retirement applications and address change forms to include an option for members to release their current mailing addresses to MCREA in an effort to build the retiree association’s mailing database.

The Board adjourned to closed session for discussion of agenda items C.1., D.1.a., D.1.b., and D.2. at 10:25 A.M. The Board reconvened in open session at 11:20 A.M.

C. DISABILITIES

All disability applications are heard in Closed Session unless applicant specifically waives confidentiality and requests that their application be heard in Open Session. Member records are confidential (Government Code Section 31532). (Action)

<u>Applications to be Heard</u>	<u>Service/Non-Service Connected</u>	<u>Date of Application</u>	<u>Employer</u>
MCERA	6/10/09 Regular Meeting Minutes		

1. Carol Thomas Service 8/18/05 Marin Co. H&HS
Request for extension of time in which to conduct a hearing.

The Board voted unanimously to approve Carol Thomas' request for extension of time in which to conduct a hearing.

D. LEGAL MATTERS (CLOSED SESSION)

1. Conference with Legal Counsel pursuant to Government Code §54956.9(a) – existing litigation

- a. *Shelden v. MCERA*, First District Court of Appeal Case No. A124912

The Chair announced that no reportable action was taken during closed session.

- b. *MCERA v. Wooten-Brown, et al.*; Marin County Superior Court Case No. CV085325

The Chair announced that no reportable action was taken during closed session.

2. Conference with Legal Counsel pursuant to Government Code §54956.9(b) – anticipated litigation: one case

The Chair announced that no reportable action was taken during closed session.

In deference to the presenters' schedule, the Board recessed to convene the Investment Committee Meeting at 11:25 A.M.

The Regular Board Meeting was reconvened at 4:28 P.M.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Administrative Budget FY09-10 (Action)

The Chair deferred discussion of the administrative budget for FY09-10 to the next Finance and Risk Management Committee meeting.

2. Budget Update FY08-09

The Chair deferred discussion of the updated budget for FY08-09 to the next Finance and Risk Management Committee meeting.

3. RREEF America III Recapitalization Update

Nothing to report.

G. INVESTMENT INFORMATION

Nothing to report.

H. FINANCIAL INFORMATION

1. Treasurer's Monthly Report

The Board accepted the Treasurer's report on short term investments for the period ending April 30, 2009.

I. OTHER INFORMATION

1. Approved Trustee Training Calendar
2. MCREA – *Keeping in Touch Letter*, June 2009
3. Pathway – Monthly Cash Flows and Roll-Forward Value, 6/2/09
4. ING Clarion – Bi-Weekly Market Update, 5/8/09
5. Updated MCERA Investment Manager Contact List (*confidential*)
6. Pyramis – US Equity Market Neutral Monthly Summary, April 2009
7. RCM – Core Growth Commentary, April 2009
8. Western Asset – Organizational Update
9. Investment Manager Asset Allocation and Management Fees

Trustee Bolger requested that the Chair conduct a due diligence visit to Pathway Capital on his next trip to the Los Angeles area.

J. CONSENT CALENDAR (Action)

It was M/S Gladstern/Smith to approve the consent calendar as submitted.

AYES: Arrigoni, Bolger, Gladstern, Haim, Hufford, Phillips,
Richardson, Smith, Sweet

NOES: none

ABSTAIN: none

ABSENT: none

There being no further business, the meeting was adjourned at 4:33 P.M.

James Phillips, Chairperson

Michael Smith, Secretary