

MINUTES

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

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

May 4, 2011 - 9 A.M.

<u>EVENT CALENDER</u>	9 A.M.	Regular Board Meeting
<u>CALL TO ORDER</u>	Chair Gladstern called the meeting to order at 9:09 A.M.	
<u>ROLL CALL</u>	PRESENT:	Bolger, Brenk, Burroughs, Given (non-voting), Gladstern, Haim, McFarland, Phillips, Webb (non-voting) (early departure), Wofford (late arrival)
	ABSENT:	Richardson

MINUTES

It was M/S Haim/Brenk to approve the April 13, 2011, Regular Board Meeting Minutes as submitted. The motion was approved by unanimous vote.

Chair Gladstern deferred consideration of the March 30-31, 2011, Strategic Planning Workshop Meeting Minutes until the June Board meeting.

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 will participate on a panel for the Public Pension Forum sponsored by Marin County. The forum will be held May 16 at 6:30 pm in the Board of Supervisors chambers.

The annual financial audit by CPA Brown Armstrong is underway.

Mr. Wickman met with the City of San Rafael to discuss the model 401(h) agreement. During the meeting they also discussed alternative providers that may be available. Mr. Wickman will be setting up a meeting with Marin County officials to gauge their interest in participating on the 401(h) medical account.

The contract for investment risk analysis is completed, and access to data for the studies has been provided to SF Sentry.

The transition of assets out of the market neutral program was completed April 18, 2011.

Mr. Wickman continues to attend the Marin County Council of Mayors and Councilmembers Local Government Reform of Pensions and Other Post Employment Benefits committee meetings. The committee has produced a draft report that included edits that were suggested by Administrator Wickman.

The Ad Hoc Senate Bill 867 committee met to review the new reporting requirements established in the bill for CalPERS. The Committee focused on those items in the bill that would add value if included in MCERA's financial reports. The committee will be considering the creating of a summary report that would explain the different assumptions and methods used to calculate the plans assets and liabilities. The proposed document would also include new information meant to help the reader understand the impact if different methods and assumptions were used.

b. Staffing update

There are no changes to the staffing plan.

c. Facility Use Report

No facility use.

d. Future meetings

- May 5 Investment Committee
- May 24 Finance and Risk Management Committee
- June 8 Regular Board

2. Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget FY 2011-12 (Action)

Consider and take possible action to approve proposed administrative budget

Finance and Risk Management Committee Chair Bolger said that the Administrative Budget for Fiscal Year 2011-11 is ready for approval, based on the Finance Committee's detailed review. Mr. Wickman reviewed modifications

to the previous draft budget, including the addition of the costs for recruitment of the Assistant Retirement Administrator, and other minor non-material items.

It was M/S Brenk/McFarland to approve the MCERA Administrative Budget for Fiscal Year 2011-12 as submitted. The motion was approved by unanimous vote.

b. Governance Committee

1. Communications and Member Services Committee Charter (Action)

Consider and take possible action to adopt Governance Committee recommendation to amend Charter

Governance Committee Chair Brenk said that the proposed revisions to the Charter and, likewise, to the charters of other standing committees, clarify the current practice whereby the Chairperson may appoint him/herself to standing committees rather than acting in an *ex officio* capacity on all standing committees.

Based on the action of the Governance Committee, Committee Chair Brenk recommended that the Board adopt amendments to the Communications and Member Services Committee Charter as submitted. The motion was approved by unanimous vote.

2. Governance Committee Charter (Action)

Consider and take possible action to adopt Governance Committee recommendation to amend Charter

Based on the action of the Governance Committee, Committee Chair Brenk recommended that the Board adopt amendments to the Governance Committee Charter as submitted. The motion was approved by unanimous vote.

3. Finance and Risk Management Committee Charter (Action)

Consider and take possible action to adopt Governance Committee recommendation to amend Charter

Based on the action of the Governance Committee, Committee Chair Brenk recommended that the Board adopt amendments to the Finance and Risk Management Committee Charter as submitted. The motion was approved by unanimous vote.

4. Board Members' Terms of Office (Action)

Consider and take possible action on Governance Committee recommendation to adopt Resolution re Board Members' Terms of Office

The purpose of the Resolution is to realign terms of office for appointed members of the Board so that the terms are staggered in accordance with the requirements stated in the '37 Act. A reconstruction of Board members' terms of office revealed that appointed members' terms were out of alignment due to Board members leaving office prior to the end of their term. The proposed

Resolution had been discussed with County counsel to ensure that the newly stated terms could be reconciled with the County's appointment process. Counsel Dunning advised that the proposed Resolution does not change the law, but merely clarifies the beginning and end dates of each Board member's terms, in accordance with the '37 Act. The appointing authority retains the ability to hold appointees in their positions on the Retirement Board until the Board of Supervisors chooses to make another appointment.

Based on the action of the Governance Committee, Committee Chair Brenk recommended that the Board adopt the Resolution 2010/11-04 re Board Members' Terms of Office as submitted. The motion was approved by unanimous vote.

**BOARD OF RETIREMENT OF THE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("MCERA")
RESOLUTION NO. 2010/11-04 RE: BOARD MEMBERS' TERMS OF OFFICE**

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"); and

WHEREAS, Government Code section 31520.1 ("Section 31520.1") establishes three year terms of office for Board members and staggers them as described below; and

WHEREAS, Section 31520.1 provides the terms of office of the following Board members, which are to commence and end on the same date: (1) second (miscellaneous elected) and fourth (appointed); (2) third (miscellaneous elected) and fifth (appointed); (3) sixth (appointed) and seventh (safety elected) (4) eighth (retired elected) and ninth (appointed); and

WHEREAS, Section 31520.1 further provides that the beginning and ending date of those three year terms are to be staggered such that less than one-half of the positions on the Board are to be elected or appointed during any single year; and

WHEREAS, MCERA has tracked the history of the Board members' terms of office and has determined that that Board members' terms are as set forth in the Resolution below; and

WHEREAS, MCERA considers it desirable to memorialize the start and end dates of the respective Board members' terms of office for future reference.

NOW, THEREFORE BE IT RESOLVED that the MCERA Board of Retirement declares the following:

1. The foregoing Recitals are incorporated herein by this reference.
2. The Board members' three year terms of office provided by Section 31520.1 begin and end on October 31, of the following years:
 - (1) third and fifth: 2011, 2014, 2017, etc.
 - (2) eighth and ninth: 2012, 2015, 2018, etc.; and

(3) second, fourth, sixth and seventh: 2013, 2016, 2019, etc.

3. This Resolution shall be effective on the date of its adoption by MCERA's Board.

ADOPTED AND APPROVED by the Board of Retirement of the Marin County Employees' Retirement Association on the ____th day of _____, 2011.

Maya Gladstern, Chair of the Board

Attest:

Jeff Wickman, Retirement Administrator

5. Board Budget Policy Revisions (Action)

Consider and take possible action to adopt Governance Committee recommendation to amend Policy

Governance Committee Chair Brenk reviewed proposed amendments to the Budget Policy which provide for iterative and detailed review of the administrative budget at the committee level, with the final budget presented once to the full Board. The intent of this change is to streamline the budget process and to invite public and Board member participation in the budget process during the more detailed review of the budget at the Finance and Risk Management Committee meetings.

Trustee Burroughs expressed a preference to retain the provision for addressing the budget at two Board meetings. Administrator Wickman and Trustee Phillips said that there is opportunity for the public to review and provide input on the budget at the committee level. Trustee Brenk observed that the Finance and Risk Management Committee may give the public a better opportunity to understand and participate in the budget process. It was also noted that the revised policy requires that the budget be considered by the full Board at two meetings if any material changes are made to the budget during the first meeting.

Based on the action of the Governance Committee, Committee Chair Brenk recommended that the Board adopt amendments to the Budget Policy as submitted.

AYES: Bolger, Brenk, Gladstern, Haim, McFarland, Phillips

NOES: Burroughs

ABSTAIN: None

ABSENT: Richardson, Wofford

c. Ad Hoc CPAS Committee Report

1. Project Status Update

Trustee Phillips, Chair of the Ad Hoc CPAS Committee, stated that the full CPAS system functionality is present and user acceptance testing is expected to begin within one month. Recent builds have successfully addressed remaining general ledger functions and priority defect repairs. For quality assurance purposes, Mr. Phillips said that the Committee recommends a soft launch which would allow for the successful completion of two or three business cycles conducted on a parallel basis from July 1 to October 1, at which time the system will become the official system of record. Mr. Phillips stated that there will be one final build on June 6.

Board Chair Gladstern observed that the extended process will allow MCERA staff to maintain the proper level of member services while the change in systems is being implemented.

On April 15 Mr. Wickman met with a group of other '37 Act systems who are implementing the CPAS system for the purpose of sharing information. There was some commonality with the San Diego system, and not as much with other systems. Mr. Wickman said that the MCERA implementation process is moving forward in an acceptable manner, and determined that there was no single approach that made sense to pursue as a group. He observed that each member of the group has a vested interest in the success of the vendor.

d. Ad Hoc Assistant Retirement Administrator Committee Report

Mr. Wickman said that the announcement was released on April 22. There are eleven applicants received so far. By the end of this month, review of final applicants will occur.

3. Trustee Comments

Trustee Haim observed that the MCERA committee system is working well.

Chair Gladstern appointed Trustee Burroughs to the Governance Committee.

Chair Gladstern announced that the date of the next meeting of the Governance Committee has been changed to June 28 from July 28.

Chair Gladstern recessed Open Session, directing deliberations to **Agenda Item D, Disabilities**, in Closed Session at 10:07 A.M.

Trustee Wofford joined the meeting in Closed Session at 10:30 A.M.

Trustee Webb was excused from the meeting at 12:35 P.M.

D. DISABILITIES - (TIME CERTAIN: 10 A.M.)

All disability applications are considered in Closed Session unless applicant specifically waives confidentiality and requests that his or her application be considered in Open Session.

(Action)

<u>Applications to be Heard</u>	<u>Service/Non-Service Connected</u>	<u>Date of Application</u>	<u>Employer</u>
1. Kim Shine	Service	10/02/08	Community Development Agency

Consider and take possible action re Administrative Law Judge's Findings of Facts and Proposed Decision

The Board approved and adopted the Administrative Law Judge's Findings of Facts and Proposed Decision to grant service-connected disability retirement to Kim Shine by unanimous vote.

C. LEGAL MATTERS

1. Conference with legal counsel – anticipated litigation (CLOSED SESSION)
Potential initiation of litigation pursuant to subdivision (c) of Government Code sec. 54956.9: two cases

No reportable action.

2. Conference with legal counsel – anticipated litigation (CLOSED SESSION)
Exposure to litigation pursuant to subdivision (b) of Government Code sec. 54956.9: two cases

No reportable action.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Future Meetings
Consider and discuss agenda items for future meetings

Chair Gladstern discussed Strategic Planning Workshop Fall meeting dates.

G. INVESTMENT INFORMATION

“X” indicates report distributed; * indicates report distributed electronically

PERIODIC REPORTS

1. Equities and Fixed Income
Abbott Capital -Private Equities Fund
* X Artisan Funds, Inc. -International Equities Fund

- * X The Clifton Group -Futures Overlay Program
- X Columbus Circle Investors -Small Cap Growth Portfolio
- * X Dimensional Fund Advisors -Small Cap Value Fund
- * X Dodge & Cox -Large Cap Value Portfolio
- Eaton Vance -Emerging Markets
- * X Morgan Stanley -International Equities Fund
- * X Numeric Investors -Equitized US Market Neutral Portfolio
- Pathway Capital -Private Equities Fund
- * X Pyramis Global Advisors -Equitized US Market Neutral Fund
- * X Pyramis Global Advisors -International Small Cap Equity Fund
- X RCM -Large Cap Growth Equities Portfolio
- State Street Global Advisors -S&P 500 Flagship Non-Lending
- X Wellington Management -Core Domestic Fixed Income Portfolio
- X Western Asset Management -Core Plus Domestic Fixed Income Portfolio
- 2. Real Estate
 - Woodmont Realty Advisors -Direct ownership – Monthly report
 - AEW Capital Management -Value Added Portfolio Quarter
 - * X ING Clarion -Core Portfolio Quarter
 - * X RREEF -Value Added Portfolio Quarter
 - Woodmont Realty Advisors -Direct Ownership Quarter
- 3. Market Neutral
 - Monthly Performance Report -For period ending April 30, 2011
No report. Transfer of assets out of the market neutral class is complete.
- 4. Other

H. OTHER INFORMATION

1. Approved Trustee Training Calendar

It was M/S Haim/McFarland to approve the addition of the Western Asset Management conference to the training calendar. The motion was approved by unanimous vote.

2. *Keeping in Touch* – May Issue, Retired Employees Association newsletter

I. CONSENT CALENDAR (Action)

It was M/S McFarland/Haim to approve the Consent Calendar as submitted. The motion was approved by unanimous vote.

There being no further business, Chair Gladstern adjourned the meeting at 2:05 P.M.

Maya Gladstern, Chair

Bernadette Bolger, Secretary