

MCERA INVESTMENT MEETING MINUTES
Date: Thursday, February 27, 2014
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

ROLL CALL: 8:20

Board Members Present: Ronald Kinchloe, Mark Bodley, David Ness, Michael Rhodes, Karen Adams, Scott Johnston, Mary McWatters, Darlene Ingersoll, and Al Peterson. **Counsel:** Richard Flores **Staff:** Maria L. Arevalo, David Liu, and Gale Garcia.
Also Present: Paul Harte, Nate Pratt, Josh Green, and Jeremy Tucker.

Deidre Kelsey: arrived 8:25

Jim Pacheco: arrived 10:05

Approval of Minutes - Motion to approve Minutes of February 13, 2014.
Ingersoll/Bodley U/A

PUBLIC COMMENT

Plan Administrator Arevalo thanked Gale Garcia for her assistance after her retirement. Gale, MCERA's former fiscal supervisor, completed several special projects and will terminate her extra help position as of today's date. The Board also thanked her for her assistance.

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION:

No closed session held.

BOARD ACTION/DISCUSSION

1) Presentation from Raven Capital Management, Josh Green.

Raven discussed a direct lending investment strategy of originating new senior and junior secured loans to small and middle market private companies. Raven Capital Management is a private equity firm based in New York founded in 2008. Strategic Investment Solutions recommends that the MCERA Board consider an investment in Raven Capital for a commitment up to \$10 million.

Motion to approve 10 million dollar investment with Raven and initiate fund documentation.

Adams/Peterson

Yes: Adams, Peterson, Kinchloe, Bodley, Rhodes, Ingersoll, Kelsey

No: Ness

Absent: Pacheco

2) Asset Allocation presentation.

SIS continued the discussion on the asset allocation plan. The Board had previously reviewed the current portfolio and asset mix and evaluated alternate portfolio mixes. The Board had also previously considered additional asset classes. The Board examined asset - liability simulations and approved an asset mix pending additional

education on hedge funds. The new asset mix adds hedge funds, direct lending, infrastructure, and natural resource to the current mix.

Motion to approve proposed Portfolio 3.

Kelsey/Kinchloe U/A

3) Performance Analysis Report: For period October 1, 2013 to December 31, 2013:

SIS reviewed the quarterly performance for the 4Q of 2013. The total fund returned 5.5% outperforming a benchmark of 4.7%. The one year return was 16.2% also outperforming the benchmark of 15.9%. The complete report will be posted to the MCERA website.

4) Review of Monthly Flash Report for January 2014:

SIS reviewed preliminary results for the month of January; the total fund had a return of -2.0 underperforming the benchmark of -1.3%.

5) Earnest Partners Meeting report: SIS.

SIS and the Plan Administrator met with Earnest partners on February 6, 2014. Recent performance and strategy was discussed. SIS recommends no changes at this time.

6) 2013 Experience Study preview: Graham Schmidt, Cheiron Actuaries.

Cheiron reviewed the results of the MCERA experience study for the period 2010 to 2013. He reviewed findings that will impact the contribution rates to be set for 2015/2016, both employer and employee rates will see an increase. The discussion and analysis of the study will continue at the March 13, 2014 Board meeting.

7) Approval of Trustee Attendance to SACRS Spring Conference.

The Board discussed approval for the attendance of trustee Jim Pacheco to attend the SACRS spring conference in Sacramento, May 13 to 16, 2014. This item will be brought back at the March 6, 2014 meeting for approval of any additional trustees to attend.

CORRESPONDENCE:

None

OTHER BUSINESS: Future Meetings, Conferences, Future Agenda Items.

Special Meeting, March 6, 2014 at 8:30 a.m.

INFORMATION ONLY

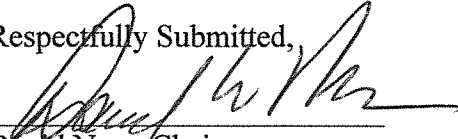
Update on CPAS system: To be discussed at next Board meeting.

McWatters left 11:45 am

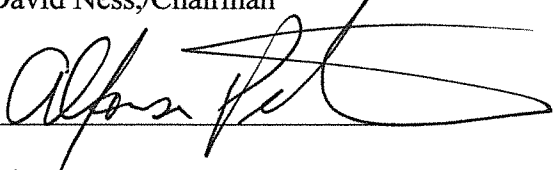
Kelsey left 12:00

ADJOURNMENT: 12:25

Respectfully Submitted,



David Ness, Chairman



Al Peterson, Secretary

3.13.2014
Date