# INVESTMENT MCERA RETIREMENT
# BOARD MEETING MINUTES
# Thursday February 28, 2013

**Roll Call: 8:17 AM**

***Board Members Present:***

Mark Bodley, Jim Pacheco, David Ness, Michael Rhodes, Mary McWatters, Scott Johnson, Ron Kinchloe, Al Peterson, Karen Adams. ***Counsel***: Michael Calabrese ***Staff:*** Maria L. Arevalo, Gale Garcia. **Also present**: Bill Cottle

**Absent:** Deidre Kelsey – excused

**Approval of Minutes: Motion to approve the minutes of February 14, 2013 with spelling correction to item 3 and to note Trustee McWatters' absence on 2/14/13 is excused Peterson/Bodley. U/A**

**PUBLIC COMMENT**: **None**

**Trustee McWatters was excluded from closed session related to the AFSCME Local 2703 et al v. MCERA case**.

**CLOSED SESSION—CONFERENCE WITH LEGAL COUNSEL—SIGNIFICANT EXPOSURE TO LITIGATION**: Government Code section 54956.9(C) one case
Existing Litigation Government Code Section 54956.9(a): AFSCME Local 2703 et al v. MCERA, Merced Sup. Ct. Case No. CV003073

**RETURN TO OPEN SESSION**
No Report

**REPORT ON CLOSED SESSION: NONE**

**BOARD ACTION/DISCUSSION**

1. **Performance Analysis Report: For period October 1, 2012 to December 31, 2012: Bill Cottle**
   Mr. Cottle discussed the Fourth Quarter performance report and noted that in the Fourth quarter, the U.S. equity market was mixed on concerns of the election and fiscal cliff. The MCERA portfolio returned a 2.7% during the quarter, outperforming the benchmark return of 2.2% and ranked in the 4th percentile of the total fund universe. Market value increased $16 million from September 30, 2012 and since inception, the fund has returned 8.1% versus 5.2% for the benchmark. Mr. Cottle also reviewed the watch list noting that WHV is still on the watch list, and Milliman will continue to monitor its performance closely.

2. **Report on Due Diligence visit to WHV.**
   Mr. Cottle discussed his on-site due-diligence meetings with WHV. There have been several meetings with WHV and Mr. Cottle and MCERA staff. Mr. Cottle reported on discussions with the new CEO, Andy Turner, and other members of the firm related to new strategies and personnel changes at WHV. Milliman continues to monitor WHV and report to the Board.

3. **Review of Pantheon Private Equity Portfolio: Sprague Von Stroh, Brian Buenneke.**

   Ms. Von Stroh and Mr. Buenneke presented an update and overview of the firm's organization and investments. Mr. Buenneke also reviewed the performance of MCERA's Pantheon portfolio.

4. **Review of Cost of Living Adjustment rate of 2% as recommended by EFI Actuary**
   In accordance with Section 31870.1 of the County Employees Retirement Law of 1937, MCERA shall determine whether there has been an increase or decrease in the cost of living as provided in this section. EFI recommended a 2% increase in COLA to non-Tier 2 members on April 1, 2013. After discussion, the Board approved the 2% increase.
   **Motion to approve and adopt a COLA of 2% for April 1, 2013.**
   **Adams/Peterson. U/A**

5. **Actuarial Valuation Report: Discussion and direction to EFI if any related to calculation of contribution rates.**
   The Board reviewed and discussed the preliminary actuarial results and the proposed employer contribution rate effective July 2013 and directs staff and EFI to proceed with the final Actuarial report which will be presented on March 14, 2013.

6. **Approval of Due Diligence visit schedule for Investment Consultant Finalists**
   **Motion to approve Due Diligence visit to 3 finalists.**
   **Peterson/Bodley. U/A**

7. **Approval for attendance to SACRS conference: May 14 to 17, Napa. Election of voting delegates for SACRS business meeting, Friday May 17, 2013.**
   **Motion to approve SACRS conference attendance and nominate Ms. Arevalo as voting delegate and Mr. Ness the Alternate.**
   **Peterson/Kelsey. U/A**

8. **Approval of purchase of color copy machine**
   Ms. Arevalo noted MCERA has only one printer/ copier. Ms. Arevalo recommends the purchase of a second copy machine with capability for color printing and requests Board approval for the purchase. After discussion the Board approves the purchase.
   **Motion to approve purchase of color copy machine**
   **Kinchloe/Peterson. U/A**

**CORRESPONDENCE; NONE**

**OTHER BUSINESS:**
Future Meetings, Conferences, Direction for Future Agenda Items

**INFORMATION ONLY:**
Mr. Ness presented a brief summary of the CALAPRS Advance Trustee Training he attended at UCLA. Mr. Ness noted this is the first time this course was offered, there are a number of changes he would recommend before the next session, feedback will be provided to CALPRS.
Monthly preliminary flash report for January 2013 was presented to the Board for review.

**ADJOURNMENT 11:28 AM**

Respectfully Submitted,

_____
David Ness, Chairman

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Al Peterson, Secretary

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Date