MCERA RETIREMENT BOARD INVESTMENT MEETING MINUTES

Thursday: July 25, 2013

ROLL CALL: 8:15

Board Members Present:

David Ness, Michael Rhodes, Scott Johnston, Karen Adams, Mary McWatters, Darlene Ingersoll, Mark Bodley, Ron Kinchloe, Jim Pacheco and Al Peterson *Counsel*: Michael Calabrese *Staff*: Maria L. Arevalo, David Liu, and Gale Garcia.

Deidre Kelsey arrived: 8:20

APPROVAL OF MINUTES – Motion to approve July 11, 2013 Board meeting minutes Peterson/Ingersoll U/A

PUBLIC COMMENT: None

<u>CLOSED SESSION</u> — CONFERENCE WITH LEGAL COUNSEL -- SIGNIFICANT EXPOSURE TO LITIGATION: No closed session.

BOARD ACTION/DISCUSSION

1.) Review of the Monthly Preliminary Flash Report for June 30, 2013.

SIS reviewed the preliminary investment results for the month of June 2013. For the month ending June 30, 2013, the total fund returned -2.1% underperforming the index of -1.6%, for the fiscal year ending June 30, 2013, the total fund returned 12.4% also underperforming the index of 12.9%. The fiscal YTD return did surpass the assumed earnings rate of 7.75%, final returns from the second quarter and fiscal year end results will be presented in August.

2.) Non - U.S. Small Cap Equity Finalists Interviews:

- a. Mr. Raymond F. Mui, Senior Vice President, Portfolio manager and Jack W. Gastler, Senior Vice President of Acadian Asset Management presented on the non us small cap equity strategy for Acadian. They discussed the firm's organization, investment philosophy, strategy and performance.
- b. Peter Hadelman, Principal, Head of Relationship Management and Steve Dexter Global CIO and Head Portfolio Manager of Copper Rock Capital Partners presented on the firm's organization, investment strategy and performance. The Board discussed the presentations and reviewed the materials provided by Acadian, Copper Rock and SIS. After comments from trustees and input from SIS, the Board decided to hire Copper Rock Capital Partners to manage the 20 million dollar portfolio presently managed by UBS.

Motion to hire Copper Rock Capital Partners for non U.S. small cap equity manager.

Peterson/Adams

Ayes: Kelsey, Peterson, Adams, Ness, Pacheco, Bodley, Rhodes, Ingersoll.

Noes: Kinchloe Abstentions: None

CORRESPONDENCE: None

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

August 22, 2013: Finalist Interview for Domestic Small Cap Manager.

INFORMATION ONLY: None

ADJOURNMENT: 11:25

Respectfully Submitted

David Ness, Chairman

Al Peterson, Secretary

Date