

MCERA RETIREMENT BOARD MINUTES

Thursday January 14, 2010

Roll Call: 8:15 AM

Board Members Present:

Sandy Teague, Mark Bodley, Karen Rodriguez, Tom Mackenzie, Al Peterson, Michael Rhodes, Karen Adams, and David Ness. **Counsel:** Michael Calabrese **Staff:** Maria L. Arevalo and Gale Garcia. **Also present:** Bill Cottle, John Carlisle, Mike Tanner and Dr. Charles Fracchia.

Absent: Deidre Kelsey-excused
Dwayne McCoy-excused

Approval of Minutes: Motion to approve the minutes of December 10, 2009 amended to include Michael Calabrese as present.

Rodriguez/Peterson. U/A

PUBLIC COMMENT:

Mr. Carlisle and Mr. Tanner noted their concerns regarding the absence of an alternate retiree board member and requested that the Board add an alternate retired trustee to the Board.

CLOSED SESSION—CONFERENCE WITH LEGAL COUNSEL—SIGNIFICANT EXPOSURE TO LITIGATION: Government Code section 54956.9

It is the intention of the Retirement Board to meet in Closed Session pursuant to Government Code Section 31532 regarding the confidentiality of member records.

Five (5) Disability Retirement Cases – Anna Partida, Frances Miller, Leroy Alford, Paul Wuthrich and Teresa Chavez.

Informal Hearing: Teresa Chavez
Formal Hearing: None

RETURN TO OPEN SESSION

REPORT OUT OF CLOSED SESSION

Motion to deny a SCD but grant a NSCD to Teresa Chavez. **Rodriguez/Bodley U/A.**

BOARD ACTION/DISCUSSION

1. AXA Management Review:

Ms. Arevalo reported that after the Board decided to hire AXA Management as MCERA's high yield bond manager and while completing the due diligence and finalizing fund documents, it was determined that certain information about the proposed comingled fund had not been disclosed to the Board during the manager presentation. This information related to the characteristics of the proposed fund and Ms. Arevalo concluded that funding the mandate should not occur until the Board had the opportunity to review and discuss the new information. Ms. Arevalo reported that AXA had agreed to provide MCERA with a side letter addressing concerns about fees, size and make up of the fund. Mr. Cottle reported that after his review of the new information and the provisions included in the side letter, he recommended the Board proceed

with AXA. The Board agreed to go forward with the mandate to fund AXA in view of the side letter provisions. The Board requested that Mr. Cottle prepare specific questions to use in future Manager presentations to provide the Board with all necessary information.

2. Auditor Contract/RFP

Ms. Arevalo noted that Macias, Gini and O’Connell’s contract expired June 2009. Ms. Arevalo requested direction from the Board to renew the contract or prepare an RFP for a new service provider.

Motion to extend the current contract for two (2) years. Rodriguez/Adams. U/A

3. Treatment of Negative COLA

Ms. Arevalo discussed the memo that was provided to the Board regarding the issue of a negative CPI dated January 14, 2010. In preparation for developing a policy on the treatment of a possible negative CPI and COLA, Mr. Calabrese discussed the statute that governs the appropriate treatment of positive and negative CPIs/COLAs and reviewed the impact it would have on a retiree’s pension and COLA bank. After considerable discussion it was the consensus of the Board to proceed with the presentation of a policy to address the treatment of the annual COLA and the Board requested staff to prepare examples of how a COLA applies in able to better understand the process.

4. SACRS Election Notice

Ms. Arevalo noted that the memo regarding the SACRS Board of Director Elections dated December 10, 2009 was included in the Board packets for trustee’s review.

5. Addition of Alternate Retired Board Trustee

Trustee Sandy Teague asked the Board to approve the addition of an alternate retired trustee. After much discussion and after listening to the concerns of members from the REMCO Association, it was the decision of the Board to approve the addition of an alternate retiree member to the Board of Retirement.

Motion to approve the addition of alternate retiree member to the Board of Retirement. Rodriguez/Adams

**Yes-Rodriguez, Adams, Bodley, Rhodes, Teague, Peterson, Mackenzie.
No-Ness
Absent: Kelsey**

INFORMATION ONLY

1. Annual Calendar

Ms. Arevalo reviewed the Semi-annual calendar and asked the Board for any additions or corrections to the calendar.

CORRESPONDENCE:

1. Robert Palmer: CEM Benchmarking

Ms. Arevalo noted that some of the 1937 Act Systems, through an arrangement with SACRS have engaged CEM for bench marking services. Those services include, but are not limited to, benchmarking a system’s tasks, procedures and processes to other systems. Ms. Arevalo noted that there was value in participation but since MCERA is in the process of implementing a new PAS system, the timing for such a survey is not appropriate and recommended the Board consider this at a future time.

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

Possible changes to the March meeting dates due to the Trustee course will be discussed at the February meeting.

ADJOURNMENT 10:45 AM

Respectfully Submitted,

David Ness, Chairman

Al Peterson, Secretary

Date