

MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

June 14, 2017 – 9:00 a.m.

The Board of Retirement for the Marin County Employees' Retirement Association encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings. If members of the public wish to speak on any agenda items, please alert the Retirement Administrator to that request prior to the matter being called.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER

Chair Bolger called the meeting to order at 9:00 a.m.

ROLL CALL

PRESENT: Bolger, Given, Gladstern, Jones (alternate retired), Murphy, Piombo (alternate safety), Shaw (ex officio alternate), Silberstein, Stevens, Thomas

ABSENT: Cooper, Shore

MINUTES

It was M/S Gladstern/Stevens to approve the May 10, 2017 Board Meeting Minutes as submitted.

AYES: Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Shore

It was M/S Gladstern/Murphy to approve the April 17-18, 2017 Strategic Workshop Minutes as submitted.

AYES: Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Shore

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No public comment.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman reported the 2016-17 Marin County Civil Grand Jury ("Grand Jury") issued a report titled "The Budget Squeeze: How Will Marin Fund its Public Employees Pensions?" The Grand Jury asked for MCERA's responses to three recommendations. Staff will prepare draft responses for review by the Board at either its July or August meeting.

Trustee Jones joined the meeting at 9:03 a.m.

Mr. Wickman had previously reported to the Board that the first private equity fee disclosure as required under AB 2833 would occur in July. He recommended that the fee disclosure be moved to occur at an Investment Committee meeting before the end of the calendar year. This action is consistent with what other 1937 Act systems are doing to comply with the new law.

Mr. Wickman stated that MCERA has been asked by Marin County if its actuary can determine the impact on the Plan's liability if the County negotiates pay increases in excess of 3% for their nurse bargaining group. Mr. Wickman noted that MCERA's actuary had previously completed a similar calculation for Marin County based on proposed pay increases in excess of 3% for deputy sheriffs.

b. Staffing update

Zoe Zuroske is leaving MCERA to return to school at the end of this week. Mr. Wickman expressed appreciation for her work at MCERA as an extra hire. Planning is underway for her replacement. MCERA is also looking at the possibility of bringing on a summer intern from the County's program.

c. Facility Use Report

MCERA held a planning meeting recently in the executive conference room.

d. Future Meetings

- July 12, 2017 Board
- July 19, 2017 Investment Committee

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Cyber Risk Management (Action)

Consider and recommend to Board of Retirement the purchase of additional cyber insurance.

At their previous meeting the Committee asked staff to go back and investigate options for purchasing additional cyber insurance. Staff contacted CPAS to investigate what legal protections are in place at CPAS in the event that there were a cyber-breach. CPAS responded, but staff will be following up to clarify and confirm MCERA's requested protections before renewal of the next hosting agreement.

There is a cyber-liability insurance program sponsored by the National Conference on Public Employee Retirement Systems (NCPERS) that staff believes has the most favorable pricing and terms available. Mr. Wickman recommended that the Board purchase additional cyber insurance.

It was M/S Piombo/Gladstern to direct the Retirement Administrator to purchase cyber risk insurance through NCPERS on the condition it is found to be the best value when compared with alternatives.

AYES: Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Shore

2. Administrative Budget for Fiscal Year 2017-18 (Action)

Consider and recommend adoption of Administrative Budget for the next fiscal year

Mr. Wickman presented the proposed administrative budget for fiscal year 2017-18. He stated the goal was to present a relatively flat budget. The Administrator stated the biggest driver of the administrative budget is salaries and benefits. The budgeted salaries include a previously negotiated county-wide 3% cost of living adjustment effective July 1, 2017. As with prior years all salaries are budgeted at the top step of the salary scale. To offset the cost of salary increases the benefit multiplier has been reduced in line with county estimates. Mr. Wickman stated that the all positions were budgeted at their current classification except for the vacant Chief Financial Officer, which was budgeted as an Accounting Unit Manager even though he and

Assistant Administrator Hardesty are still working with the County to finalize the classification. The position was also budgeted for six months because the recruitment would likely not start until this fall. Trustee Given believes the proposed budget is realistic, with a few minor changes from year to year.

From total projected expenditures, certain costs are removed from the final administrative budget and charged back to the trust. These include investment-related and certain other expenses that the CERL allows to be paid by the trust. The administration of health care benefits is taking more of staff's time and those costs are charged to the County, which is sponsoring the retiree health plan. The resulting final administrative budget is \$3.9 million, which is 15 basis points of the total actuarial accrued unfunded liability of the Plan as compared with the 21 basis point legislative cap.

Based on the recommendation of the Finance and Risk Management Committee, Finance and Risk Management Committee Chair Stevens moved to adopt the Administrative Budget for the 2017-2018 Fiscal Year as presented.

Trustee Given expressed appreciation to staff for the timing, effort and thought that has gone into the proposed budget.

AYES: Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Shore

Chair Bolger recessed Open Session for a break at 9:38 a.m., reconvening in Closed Session at 9:45 a.m. and directing deliberations to Agenda Items C and D.

Chair Bolger recessed Closed Session and reconvened the meeting in Open Session at 11:37 a.m.

C. LEGAL MATTERS

1. Conference with Legal Counsel – Pending Litigation (Gov. Code sec. 54956.9(d)(1)

(CLOSED SESSION)

Greene v. Office of Administrative Hearings, MCERA, Marin County Superior Court Case No. 1701907

Chair Bolger reported there was no reportable action on this agenda item.

D. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 9:30 a.m.) (CLOSED SESSION) **(Action)**

[Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session.]

1. Viviana Greene Service-connected Marin County Community
Development Agency

- a. Consider and take possible action on Presiding Administrative Law Judge David Benjamin's proposed Order Denying Motion to Disqualify ALJ Miller and to Declare Proposed Decision Void.

Chair Bolger reported that the Board originally voted on a motion to adopt Presiding Administrative Law Judge (ALJ) David Benjamin's [proposed] Order Denying the Motion to Disqualify Administrative Law Judge Kirk E. Miller and to declare the Proposed Decision void. Motion was by Trustee Piombo and seconded by Trustee Stevens. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. The motion passed 8-0 with Trustees Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, and Thomas voting for the motion.

As the request of Phillip Snell, Esq. (counsel for Ms. Greene) for time for argument on the motion, however, Trustee Piombo then rescinded his motion and Trustee Stevens rescinded her second, so as to provide counsel an opportunity to argue against the Presiding ALJ's proposed Order, as originally he had argued solely for a continuance of the matter. Following counsel's argument, Trustee Piombo moved to deny the request for continuance of the Board's consideration of Presiding ALJ Benjamin's [proposed] Order and the motion was seconded by Trustee Stevens. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. The motion passed 8-0 with Trustees Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, and Thomas voting in favor.

The Board then adopted, by a vote of 8-0, Presiding ALJ's [proposed] Order denying the Motion to Disqualify and denying the Motion to Declare the Proposed Decision void. Motion was by Trustee Piombo and seconded by Trustee Stevens. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. Voting for the motion were Trustees Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, and Thomas.

- b. Consider and take possible action on Administrative Law Judge Kirk E. Miller's proposed findings of fact and recommended decision to deny service-connected disability.

Counsel Snell, on behalf of Ms. Greene, requested a continuance of the matter. The Board denied the request for continuance by a vote of 8-0. Motion was by Trustee Piombo and seconded by Trustee Murphy. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. Voting for the motion were Trustees Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, and Thomas.

The Board then adopted Administrative Law Judge Kirk E. Miller's proposed Findings of Fact and Recommended Decision to deny Viviana Greene's application for service-connected disability by a vote of 8-0. Motion was by Trustee Gladstern and seconded by Trustee Murphy. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. Voting for the motion were Trustees Bolger, Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, and Thomas.

2. Supranee Mai Service-connected Marin County Department of Finance

Initial consideration of an application for service-connected disability retirement

Chair Bolger reported that the Board denied Supranee Mai's application for service-connected disability retirement by a vote of 7-0, providing the applicant with the opportunity to request an administrative hearing in accordance with MCERA policy. Motion was by Trustee Piombo and seconded by Trustee Jones. Trustees Cooper and Shore were absent. Trustee Piombo voted in place of Trustee Cooper. Trustee Gladstern recused herself and left the room due to a personal relationship with the applicant. Trustee Jones voted in place of Trustee Gladstern. Trustees Given and Shaw recused themselves and left the room because they are in the same Department as the applicant and Ms. Shaw was the applicant's supervisor. Voting for the motion were Trustees Bolger, Jones, Murphy, Piombo, Silberstein, Stevens, Thomas.

Chair Bolger recessed the meeting for a lunch break at 11:52 a.m. and was excused from the meeting.

Vice Chairperson Maya Gladstern reconvened the meeting at 12:15 p.m.

3. Administrative Budget Fiscal Year 2016/17 Quarterly Review
Consider and review budget for quarter ending March 31, 2017

Mr. Wickman reported that current fiscal year administrative expenditures as of March 31, 2017, three-quarters of the way through the year, salaries and benefits are about 67% of the budgeted amount. Salaries were under budget primarily due to the vacant Chief Financial Officer (CFO) position. The services and supplies budget is slightly high due to high disability-related expenditures.

4. Non-budgeted Expenses
Consider and review non-budgeted expenses for the quarter

Non-budgeted expenses are items charged directly to the trust. Retiree payroll is the largest non-budgeted item and will be impacted by the April COLA and new March retirements. CPAS expenses are for the annual hosting agreement. Legal expenses are running lower than the previous year. During the third quarter Cheiron fees were related to development and production of the annual actuarial valuation.

5. Quarterly Checklist
Consider, review and updates on the following:
a. MCERA educational and event-related expenses

Educational and event-related expenses show staff is attending CalAPRS education courses to improve knowledge, skills and abilities.

b. Continuing Trustee Education Log

The Continuing Education report shows trustees have either met their 24 hour requirement or are on track to meet the requirement every two years.

c. Other expenses per Checklist Guidelines

Credit card items are in line with documented events.

d. Variances in the MCERA administrative budget in excess of 10%

See discussion above.

e. Vendor services provided to MCERA

Vendor services are satisfactory.

f. MCERA staffing status

Recruitments are underway to fill the two vacant Benefit Technician positions. One position was recently vacated and the other has been filled by an extra hire.

g. Internal controls, compliance activities and capital calls

The Administrator pointed out that the capital call report includes distributions from initial commitments to private equity fund-of-fund vehicles, improving deal flow for new vehicles, and fund rebalancing.

h. Audits, examinations, investigations or inquiries from governmental agencies

No discussion.

i. Other items from the Administrator related to risk and finance

Mr. Wickman reported that the Marin County Civil Grand Jury has issued a report comparing net pension liabilities with revenues for the municipalities and districts in Marin County.

j. Form 700 Summary submittal

A summary of economic interests reported on Form 700 annually by staff, trustees and consultants was presented for review. Mr. Wickman said this report flags for the Board where potential conflicts may exist and recusals may be necessary.

6. Policy Regarding Implementation of California Felony Forfeiture Laws (Action)

Consider and take possible action on Finance & Risk Committee's recommendation to adopt new policy regarding implementation steps by MCERA of PEPRAs felony forfeiture laws.

Mr. Wickman explained that the California Public Employees' Pension Reform Act of 2013 ("PEPRA") expanded provisions in the County Employees Retirement Law ("CERL" or "37 Act") on felony forfeiture. The purpose of the proposed Policy Regarding Implementation of California Felony Forfeiture Laws is to create a framework for the process MCERA will follow in the event of a felony conviction related to a member's work while a member of MCERA.

Based on the recommendation of the Finance and Risk Management Committee, Finance and Risk Management Committee Chair Stevens moved to adopt the Policy Regarding Implementation of California Felony Forfeiture Laws as presented.

AYES: Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Bolger, Cooper, Shore

7. Annual Audit of Financial Statements Update

Update on audit process

Brown Armstrong has notified MCERA that the onsite financial auditing process will begin the second week of July.

8. Key Service Providers Review

Annual administrative review of service providers

There are no issues with key service providers affecting their ability to provide services. The policy regarding service providers will be reviewed for potential streamlining.

3. Ad Hoc Committee Reports

a. Ad Hoc One McInnis Committee

Mr. Wickman reported that Ad Hoc One McInnis Committee members Trustees Bolger, Given and Piombo met with him and Scott Pritchard of Woodmont to discuss options for improving revenues at One McInnis. Upon discussion, the Committee decided that the first step is to determine the status of the current tenant, Autodesk, whose lease is up at the end of this year. Woodmont will be in discussions with the tenant and will hire a broker on behalf of MCERA.

4. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Attendees reported on the May SACRS conference. Trustee Piombo found the disability seminar moderated by retirement board staff captured some of the challenges in administering disabilities and broadened his perspective. Trustee Jones was appreciative of Counsel Dunning's ethics training presentation. Trustees Silberstein

noted the importance of required course material on sexual harassment training which several trustees attended.

Administrator Wickman highlighted the session on CalSTRS' approach to investing and corporate governance. There were questions on how smaller systems can scale it down or potentially partner with CalSTRS to gain efficiencies in administering corporate governance. At the business meeting the nominating committee's slate of candidates and proposed bylaw changes were adopted.

Trustee Silberstein offered information on the effect of environmental-social-governance factors and stock buybacks on investment portfolios.

Assistant Retirement Administrator Michelle Hardesty attended a seminar on PEPRA best practices focusing on auditing and data administration. She reported that Benefits Technician Michael Calica took the CalAPRS Overview Course in Retirement Plan Administration covering types of pension plans, total compensation, stakeholders, benefit administration and related topics.

b. Other Comments

Vice Chairperson Gladstern reported Allen Haim will be undergoing treatment. At the MCARE lunch the head of SMART indicated parking will be expanded along McInnis Parkway to accommodate train passengers. Mr. Wickman is discussing with Woodmont potential solutions to the anticipated increased traffic from the SMART station across the street.

E. NEW BUSINESS

1. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

F. OTHER INFORMATION

1. Training Calendar (Action)

It was M/S Piombo/Thomas to approve the Training Calendar as submitted.

AYES: Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas

NOES: None

ABSTAIN: None

ABSENT: Bolger, Cooper, Shore

2. Keeping in Touch

June Issue, Association of Retired Employees newsletter

G. CONSENT CALENDAR (Action)

Trustee Given expressed condolences to the family of Christine Cameron who passed away.

It was M/S Piombo/Thomas to approve the Consent Calendar as submitted.

AYES: Given, Gladstern, Murphy, Piombo, Silberstein, Stevens, Thomas
NOES: None
ABSTAIN: None
ABSENT: Bolger, Cooper, Shore

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, JUNE 14, 2017

MAY 2017

RETURN OF CONTRIBUTIONS

Jodi Hart	Refund of Contributions (DRO)
Sara Soldavini	Refund of Contributions (DRO)
Kimberlie Milus	Refund of Contributions (DRO)
Kori Wallin	Refund of Contributions (active death - Linda LaPrevotte)
Kristopher Wallin	Refund of Contributions (active death - Linda LaPrevotte)
Spenser Leverett	Refund of Contributions (termination)
Mindy Nguyen	Refund of Contributions (termination)
Robert Goralka	Partial refund of Contributions (30 years)
Brittany England	Refund of Contributions (termination)

BUYBACKS

Anthony Lum	\$296.40
Troy Bartlett	\$3,946.96
Yadira Amador	\$931.86
Scott McMorrow	\$8,306.32
Mark Castagnoli	\$4,921.56
Bonnie Cressler	\$8,459.62
Amanda Reyes	\$2,735.31
Steve Buffenbarger	\$5,193.22

NEW RETIREES

Christine Cameron	County of Marin - IST
Carol Pollard	County of Marin - Probation

Nader Amirhosseini	County of Marin - Assessor-Recorder
Barry Fowlie	County of Marin - Sheriff
Kenneth Ingram	County of Marin - Sheriff
Linda Nicolay	County of Marin - Board of Supervisors Alan
Kruse	County of Marin - Department of Finance
Maureen Sweeney	County of Marin - Health & Human Services
Daniel Marrett	County of Marin - Sheriff

DECEASED RETIREES

Susanna McCarron	Courts
Grace Tomlinson	County of Marin - Health & Human Services
Angela Homme	County of Marin - Health & Human Services
Penelope Wentland	Courts
Dorothy Butterfield	County of Marin - Beneficiary
Richard Schulte	County of Marin - Health & Human Services
Mary Patricia Waterbury	County of Marin - Health & Human Services
Evelyn Thoeni	County of Marin - County Clerk
Christine Cameron	County of Marin - IST

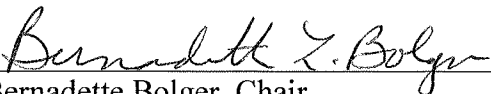
CONFERENCES/SEMINARS


SACRS Conference Administrator Wickman, Counsel Dunning, Consultant Heaphy
Trustees Cooper, Gladstern, Jones, Piombo, Shore, Silberstein, Thomas

Wharton - Investment Strategies and Portfolio Management - Trustee Cooper CalAPRS

Overview Staff Training - Staff Calica

There being no further business, Vice Chairpeson Gladstern adjourned the meeting at 12:54 p.m.


Bernadette Bolger, Chair


Roy Given, Secretary