MINUTES

REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (MCERA)

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

March 14, 2018 – 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 agendized 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 Gladstern called the meeting to order at 9:00 a.m.

ROLL CALL

PRESENT: Block, Jones (alternate retired), Given, Gladstern, Klein, Piombo (alternate safety), Shaw (ex officio alternate), Thomas

ABSENT: Cooper, Murphy, Silberstein, Werby

MINUTES

It was M/S Given/Thomas to approve the February 14, 2018 Board Meeting Minutes as submitted.

AYES: Block, Given, Gladstern, Klein, Piombo, Thomas
NOES: None
ABSTAIN: None
ABSENT: Jones, Cooper, Murphy, Silberstein, Werby

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 members of the public provided comment.

B. BOARD OF RETIREMENT MATTERS

1. Administrator’s Report
   a. Administrator’s Update

   Retirement Administrator reported that the mailing to notify retirees about the Cost of Living Adjustment effective April 1, 2018 contained an error on the envelope. The last name and address were correct but the first name was wrong because the mail sort was one name off. MCARE was notified on the mistake and an article was placed on MCERA’s web site.

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

   Mr. Wickman reminded trustees the spring SACRS conference would be held in May at Anaheim. He encouraged board members to notify staff if they wished to attend.

   Mr. Wickman also reminded board members that their Form 700’s were due on April 2nd.

   On March 14th the Retirement Administrator will be presenting information on the financial condition of the plan including the latest annual actuarial valuation to the Board of the Marin/Sonoma Mosquito and Vector Control District.

   Staff is working with MCARE on a process to let participants in MCERA’s seminar programs know about MCARE.

   b. Staffing update

   The last vacant position for a Retirement Benefits Assistant has been filled with the hiring of Boryana Georgieva-Manolova.

   c. Facility Use Report

   MCARE held their monthly Board meeting in the executive conference room.

   d. Future Meetings

   • March 21, 2018 Investment Committee
   • April 11, 2018 Board
2. Standing Committees

a. Finance and Risk Management Committee

1. Administrative Budget Fiscal Year 2017/18 Quarterly Review
Consider and review budget for quarter ending December 31, 2017

Mr. Wickman highlighted administrative budget expenditures for the quarter ending December 31, 2017. The biggest single expenditure in the administrative budget is for Salaries and Benefits. As a result of position vacancies, expenditures are running below the budgeted amount; this will change as vacant positions are filled. The total administrative budget is at 44% of budgeted expenditures through the 2nd quarter of the fiscal year. Some of the Services and Supplies expenses are annual amounts, such as the fiduciary liability insurance renewal. Conferences and training expenses were slightly over 50%. Disability-related expenses slowed down in the second quarter. Cost related to disability reviews are highly dependent on the type of application and timing of disability case hearings.

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

Non-budgeted expenses include investment, legal and actuarial functions. The biggest item is retiree payroll. The monthly payroll will remain consistent throughout the year with the biggest single change occurring in April as a result of the annual cost of living adjustment, if any, and new retirees being added to payroll. CPAS-related expenses are annual amounts for support services, the hosting agreement, and a software license. Litigation expenses are for the MAPE and Greene cases. Mr. Wickman noted that recent changes in the Artisan and Parametric portfolios will reduce investment fees going forward.

3. Quarterly Checklist
Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Trustee educational events included the CII and SACRS conferences last fall and a Callan investment course. Staff attended Disability Training and a Benefits Roundtable.

b. Continuing Trustee Education Log

Trustees are achieving the 24 hours of education required every two years.

c. Other expenses per Checklist Guidelines

The Committee found credit card expenses to be reasonable.

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

e. Vendor services provided to MCERA
   No new vendor services.

f. MCERA staffing status
   See Staffing Update above.

g. Internal controls, compliance activities and capital calls
   MCERA is receiving more distributions than calls for capital from both early private equity funds. The expectation is that new capital calls from recent commitments will begin to increase as the older funds produce distributions.

h. Audits, examinations, investigations or inquiries from governmental agencies
   Nothing to report.

i. Other items from the Administrator related to risk and finance
   No other items.

4. Budget Priorities for Fiscal Year 2018/19 (Action)
   Consider and take possible action on Finance and Risk Management Committee’s recommendation to adopt budget priorities for fiscal year 2018/19

   Mr. Wickman presented an outline of potential budget priorities for the next fiscal year. As in the past, staff will bring a proposed administrative budget for the 2018/19 fiscal year to the Board for approval in June. Mr. Wickman discussed some adjustments the Board should expect to see in the draft budget. These include a cost of living adjustment for staff based on negotiations currently underway between the County and its labor organizations, a reduction in the benefit multiplier from 61% to 60% of salaries, and the potential recommendation of new positions based on customer service and administrative needs. It is likely that the budget for disability-related expenses will be revised; process improvement that may lend efficiencies will be discussed during the April Strategic Workshop. It was determined that only guidance was needed at this time.

5. Credit Card Procedure (Action)
   Staff report on procedure for use of MCERA credit card

   At their December 2017 Committee meeting, the question came up of whether credit card statements should continue to be included in the Finance and Risk Management Committee meeting packets. The Committee requested that staff look at the current credit card process and propose any recommended changes. As a result, staff presented a new proposed Credit Card Policy (Policy) for the Committee’s
consideration. The draft Policy was developed based on the current credit card policy used by the County of Marin. The Policy establishes specific steps and internal controls and review points for credit card expenditures. If the Policy is adopted, Mr. Wickman recommended to the Committee that the physical credit card statements be removed from the Committee meeting packet and the summary of charges document currently included in the packet be retained. The Administrator will follow up on Trustee Block's recommendation to arrange for notice by the bank if the overall account limit is reached.

It was M/S Block/Given to adopt the Credit Card Policy as presented.

AYES: Block, Given, Gladstern, Jones, Klein, Piombo, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Murphy, Silberstein, Werby

3. Ad Hoc Committee Reports

a. Ad Hoc One McInnis Committee

At its February 26 meeting, Mr. Wickman updated the Ad Hoc One McInnis Committee on leasing activities for the building. Two separate businesses have toured the building that are interested in available space. The Administrator is working with Woodmont to look at options for MCERA to be more efficient in its current space or in separate space within the building that may be available after leasing activities have been completed.

4. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman discussed sessions he attended during the CalAPRS General Assembly, stating that the Felony Forfeitures, Behavioral Level of Financial Decision-Making, and Why I'm Your Most Essential Advisor provided valuable information. The Administrator offered copies of the presentations to those interested. Chair Gladstern recommended a podcast titled Choiceology that focused on a similar topic raised by Trustee Block. Trustee Silberstein also attended the General Assembly and suggested having a session for the Board that is similar to Setting Retirees Up for Success.

b. Other Comments

No other comments.

Chair Gladstern recessed Open Session and reconvened in Closed Session at 9:41 a.m.

Trustee Piombo recused himself from Agenda Item C.1 for the reasons stated below. Trustee Piombo rejoined Closed Session for consideration of Agenda Item C.2.

Chair Gladstern and Trustee Thomas recused themselves from Agenda Item C.2 for the reasons stated below.
Chair Gladstern recessed Closed Session and reconvened in Open Session at 10:00 a.m.

**C. LEGAL MATTERS**

1. Conference with Legal Counsel – Anticipated Litigation (Gov. Code sec. 54956.9(d)(2))

   **(CLOSED SESSION)**

   Significant exposure to litigation regarding *David C. Brown v. City of San Rafael*, et al. (Marin County Superior Court Case No. CIV 1702258) and *David C Brown v. City of San Rafael*, et al. (Marin County Superior Court Case No. 1800310)

   Trustee Piombo recused himself from this item and left Closed Session because he is an employee of defendant City of San Rafael and in a department directly impacted by the litigation and was granted benefits that are the subject of the litigation. Chair Gladstern reported there was no reportable action on this agenda item.

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

   **(CLOSED SESSION)**

   *MAPE et al. v. MCERA, et al.*, Cal. Supreme Court Case No. S237460

   Chair Gladstern recused herself from this item and did not attend the Closed Session meeting, as she is an officer with one of the petitioners in the case (MAPE). Trustee Thomas recused himself from this item and did not attend the Closed Session meeting, as he is a steward of MAPE. Vice-Chair Given Chaired the Closed Session. He advised Chair Gladstern that there were no reportable action on this agenda item.

**D. DISABILITY CONSENT AGENDA (TIME CERTAIN: 10:00 a.m.)**

1. Dale Patterson Service-connected Marin County Dept. of Public Works

   Adopt Administrative Recommendation to grant service-connected disability retirement

   It was M/S Given/Thomas to adopt the Administrative Recommendation to grant Dale Patterson’s application for service-connected disability retirement.

   AYES: Block, Given, Gladstern, Jones, Klein, Piombo, Thomas

   NOES: None

   ABSTAIN: None

   ABSENT: Cooper, Murphy, Silberstein, Werby

Chair Gladstern directed deliberations to **Agenda Item F, Other Information.**
F. OTHER INFORMATION

1. Training Calendar (Action)

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

AYES: Block, Given, Gladstern, Jones, Klein, Piombo, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Murphy, Silberstein, Werby

2. Keeping in Touch

March Issue, Association of Retired Employees newsletter

G. CONSENT CALENDAR (Action)

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

AYES: Block, Given, Gladstern, Jones, Klein, Piombo, Thomas
NOES: None
ABSTAIN: None
ABSENT: Cooper, Murphy, Silberstein, Werby

CONSENT CALENDAR
MCERA BOARD MEETING, WEDNESDAY, MARCH 14, 2018

FEBRUARY 2018

RETURN OF CONTRIBUTIONS

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<th>Name</th>
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<tr>
<td>Kathleen Caston</td>
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<td>Nancy Amen</td>
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<td>Fred Ramos</td>
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<td>Monica Roberts</td>
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BUYBACKS

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NEW RETIREES

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<tr>
<td>Steven Soldavini</td>
<td>County of Marin - Public Works</td>
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<tr>
<td>Carl Chapman</td>
<td>County of Marin - Sheriff</td>
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<tr>
<td>Lisa Chapman</td>
<td>County of Marin - Sheriff</td>
</tr>
<tr>
<td>Paula Kluge</td>
<td>County of Marin - Health &amp; Human Services</td>
</tr>
<tr>
<td>John Dury</td>
<td>County of Marin - Probation</td>
</tr>
<tr>
<td>Barry Borden</td>
<td>County of Marin - District Attorney</td>
</tr>
</tbody>
</table>

MCERA 3/14/2018 Regular Board Meeting Minutes
Trustee Piombo was excused from the meeting at 10:03 a.m.

Chair Gladstern directed deliberations to Agenda Item E, NEW BUSINESS.

E. NEW BUSINESS

1. Form 700 Refresher – Ashley Dunning, Nossaman
   Presentation on Updated Fair Political Practices Commission (FPPC) Form 700 and related Rules

   Board Counsel Ashley Dunning presented an overview of the Form 700, the Statement of Economic Interests that public officials are required to file. The Fair Political Practices Commission (FPPC) promulgates and enforces rules regarding Form 700 filings. Form 700 is filed when assuming office, annually and then upon leaving office. The Political Reform Act requires the disclosures as a way assessing whether there is an additional disclosure and/or recusal requirement for any given topic considered by a public official. All MCERA Board members are deemed to be public officials who manage public investments; designated filers are listed in MCERA’s Conflict of Interest Code. The Form 700 once submitted is a public record.

   Trustees must report gross income from non-governmental sources, investments, business positions in business entities, real estate, and income from sources located in, or doing business in, Marin County. Investments over $2,000 in value are reportable with exceptions for mutual funds and insurance policies. Gifts as defined and over $50 are reportable, including gifts to spouses absent specified exceptions. Filers must also report...
certain other financial interests of a spouse, registered domestic partner and dependent children, and examples of who would be considered a family member were discussed. Ms. Dunning reviewed all the schedules on which specific items are reported.

Gifts may be reportable and are subject to a limit of $470 applied in two different ways: one being the ethics limit for the calendar year, and the other being the conflict of interest gift limit on a rolling 12-month basis. The gift limit changes every two years.

There are exceptions to gift limits reviewed by Ms. Dunning, such as home hospitality when the owner is present or wedding attendance in some cases. Other exceptions include neighborliness, those involving dating relationships, acts of human compassion, or best friends forever. However, these exceptions do not apply if the donor is within the “three little i’s”, such as lobbyists and others who may want to do business with MCERA.

Schedule E relates to income and gifts related to travel, such as a hotel room that may be provided when giving speeches.

In conclusion, Ms. Dunning discussed ways of keeping within gift limits, such as buying down gifts or the timely return of unused gifts. Trustees may use a gift and travel expense log provided and were given references for further information on the Form 700. The trustees engaged Mr. Wickman and Ms. Dunning in further discussion and explanation of circumstances where gifts would, or would not, be reportable.

2. Future Meetings
Consider and discuss agenda items for future meetings

No discussion.

There being no further business, Chair Gladstern adjourned the meeting at 11:16 a.m.

Maya Gladstern, Board Chair
Laurie Murphy, Secretary