

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

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

July 11, 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 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 Gladstern called the meeting to order at 9:01a.m.

ROLL CALL

PRESENT: Block, Given, Gladstern, Jones (alternate retired), Murphy, Shaw (ex officio alternate), Silberstein, Werby

ABSENT: Cooper, Klein, Piombo (alternate safety), Thomas

MINUTES

It was M/S Given/Murphy to approve the June 13, 2018 Board Meeting Minutes as submitted.

Trustee Silberstein requested an edit regarding his reference to sessions on securities litigation at the NCPERS Conference. As the makers of the motions to adopt the minutes Trustees Given and Murphy accepted the edit.

AYES: Block, Given, Gladstern, Jones, Murphy, Silberstein, Werby

NOES: None

ABSTAIN: None

ABSENT: Cooper, Klein, Piombo, Thomas

Trustee Shaw joined the meeting at 9:07 a.m.

It was M/S Block/Given to approve the June 20, 2018 Investment Committee Meeting Minutes as submitted.

Trustee Block requested an edit to his comment regarding custodial collateral pools to reflect that the analysis of the pools would be part of any Request for Proposal issued by MCERA for custodial services. Trustee Silberstein asked that the term separately managed accounts be used regarding his statement about transitioning the S&P 500 portfolio. As the makers of the motion to adopt the minutes Trustees Block and Given accepted the edits.

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

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 Jeff Wickman reported that the due date for questions from vendors regarding MCERA's Request for Proposal for medical advisor services was last week and our due date for responding to the vendors questions was last Friday. Responses to the vendor questions are posted on MCERA's web site. The due date for vendors to submit bids is July 13th.

The annual financial audit by Brown Armstrong began this week. Tomorrow afternoon the Ad Hoc Audit Committee will meet with Brown Armstrong to go through the audit process and get input from the Committee on any areas of risk or concern.

Work on the actuarial audit of the annual Actuarial Valuation and Experience Study is underway. Staff will provide Milliman with the data files that were provided to Cheiron. The Administrator is hoping to have a fall delivery for the actuarial audit.

Mr. Wickman reported that negotiations are progressing with a potential second-floor tenant for One McInnis Parkway. The Administrator said he is hopeful that a lease will be brought to the Board for approval in August.

MCERA received a Public Records Act request from Transparent California for the 1996 actuarial valuation.

In response to Trustee Silberstein's inquiry on the status of the contract for the small cap core equity portfolio, Mr. Wickman reported MCERA is still reviewing comments and changes to the investment management agreement with Dimensional Fund Advisors.

b. Staffing update

The Administrator reported that Sharika Hemphill, who has been with MCERA for over 10 years, has accepted a position with the Marin County Department of Health and Human Services. Mr. Wickman stated Sharika has been a valuable member of the MCERA team and we are sorry to see her go. Due to the need to coordinate the inter-department transfer with pay periods, the transition will occur with one week's notice. There is a recruitment to permanently fill an Accounting Assistant position currently staffed by an extra hire. In response to Chair Gladstern's inquiry, he explained that the individual in the position is eligible to compete for the permanent position. There will also be a recruitment for a Retirement Benefits Assistant for the front desk.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) held their monthly board meeting at MCERA last Thursday

d. Future Meetings

- August 8, 2018 Board

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman reported on the CalAPRS Administrators Roundtable. A significant portion of the meeting was spent discussing recent funding policy changes with the CalPERS Chief Actuary. Other topics covered during the meeting were cybersecurity, reporting financial information to our Boards, and managing the retiree return to work rules.

b. Other Comments

No other comments.

C. NEW BUSINESS

1. Business Objectives for 2018-19 (Action)

Consider and take possible action on Retirement Administrator Business Objectives for August 1, 2018 – July 31, 2019

Mr. Wickman presented proposed Business Objectives for the next year. The proposed Business Objectives are part of the annual retirement administrator performance evaluation. As in the past, Business Objectives are grouped into the following categories: Benefit Administration, Performance Management, Human Resource Management, Business Management Including Investments, Communications and Education, and Finance and Accounting.

Highlighting key Business Objectives, Mr. Wickman stated this year several service provider Requests for Proposals (RFPs) are planned. These include potential RFPs for actuarial, custodial and auditing services. Mr. Wickman noted challenges in looking for different public-sector service providers because of the relatively small universe of service providers. Another key objective is to identify a new financial system solution that could link to MCERA's benefits system providing enhanced financial reporting capabilities.

In response to Trustee Silberstein's inquiry into challenges experienced with the current custodian Mr. Wickman explained issues include delays in posting transactions and responsiveness of customer service representatives. Accounting Unit Manager La Valda Marshall added it has been difficult building relationships because of turnover within the client technicians team.

Trustee Block said he is supportive of looking at custodial service providers. Chair Gladstern echoed his view and indicated that in her view actuary Cheiron's work is outstanding. Trustee Given said conducting provider searches is a good business practice and is part of the Board's overall responsibility. Trustee Block indicated it would make sense for the Governance Committee to consider having a process for issuing service provider RFPs. Mr. Wickman said the Board has a Key Service Provider Performance Evaluation Policy outlining how and when to evaluate service providers that should be reviewed and revised by Governance to make the policy more efficient. He plans to bring a revision of that policy to the Governance Committee for consideration at their next meeting.

In the Business Management Including Investments category, the Administrator has included identifying potential proxy voting service providers. Conducting the pilot employer audit is part of a requirement established by the Public Employees Pension Reform Act of 2013 (PEPRA). Mr. Wickman noted that conducting the audits will be challenging because of the volume of retirement tiers MCERA manages on behalf of its sponsors. In response to Trustee Werby's inquiry, Mr. Wickman explained the complexities of tiers across employers at MCERA.

Based on Chair Gladstern's observation, Mr. Wickman will include a review and potential replacement of the existing Board Meeting iPads. The Chair also asked about an objective to develop a Comprehensive Annual Financial Report (CAFR). Mr. Wickman stated that

this was still a goal for MCERA although it was not included in the objectives for the year. Trustee Given noted producing a CAFR requires significantly increased staff time. He explained in response to Trustee Werby's inquiry that a CAFR lends transparency by providing more detail on and includes schedules of historical activity over the past ten years. Responding to Trustee Given's inquiry on when the Business Objectives are to be finalized, Mr. Wickman said the Business Objectives did not have to be adopted in July and can be modified and approved when the Board meets again in August.

2. Future Meetings

Consider and discuss agenda items for future meetings

Mr. Wickman said Mr. Schmidt is keeping him updated on potential changes in the Actuarial Standards Board (ASB) Standards of Practice (ASOP). The comment period ends July 31, 2108 for proposed changes in Actuarial Standards of Practice (ASOP) No. 4 – Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations, and No. 35 – Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations. The California Actuarial Advisory Panel (CAAP) has provided written comments on the revised standards.

D. OTHER INFORMATION

1. Training Calendar (Action)

It was M/S Murphy/Werby to approve the Training Calendar as submitted.

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

1. Keeping in Touch

July Issue, Association of Retired Employees newsletter

E. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, JULY 11, 2018

JUNE 2018

RETURN OF CONTRIBUTIONS		
Janell Hampton	Refund of Contributions (termination)	\$54,764.75
Brian Patenaude	Refund of Contributions (termination)	\$45,172.13
Mark Poppel	Refund of Contributions (termination)	\$5,920.50
Igor Weisz	Refund of Contributions (correction)	\$615.22

BUYBACKS		
Ellen Valentine Bellen		\$28,482.82
Sharon DeMartini		\$786.49
James Dunn		\$6,321.42
Ryan Dunnigan		\$18,201.46
Cicily Emerson		\$22,785.88
Patrick Hoffman		\$5,828.68
Jon Janzen		\$11,058.72
Jenny Lacy		\$2,315.25
Kerry Livingston		\$7,509.18
Merlita Martinez		\$2,100.00
Melody Mitchell		\$2,313.97
Dean Raffaini		\$5,000.00
Maritza Samartin		\$3,973.11
Deirdre Smith		\$2,004.09
Jennifer Livingston		\$605.94

NEW RETIREES		
David Clemmer	County of Marin - Department of Public Works	
Kathleen Frey	County of Marin - District Attorney	
Karen Hebert	County of Marin - Health & Human Services	
Kathleen Kimball	County of Marin - Information Services & Technology	
Linda Mariscal	County of Marin - Health & Human Services	
Michelle Moore	County of Marin - County Counsel	
Peter Moreno	County of Marin - Health & Human Services	
Igor Weisz	County of Marin - Mental Health	

DECEASED RETIREES		
Lois Barrell	County of Marin - Public Defender	
Ann Bernauer	County of Marin - Registrar of Voters	
Neil Cossman	Marin Superior Court	
Laurel Fong	Marin Superior Court	
Sandra Lamke	County of Marin - Health & Human Services	
Maude Miller	County of Marin - Health & Human Services	
Ann Rutledge	County of Marin - Health & Human Services	
Ronald Usher	County of Marin - Health & Human Services	

Bettie Wynn
Herbert Hotchner

County of Marin - Beneficiary
City of San Rafael

CONFERENCES/SEMINARS

SACRS Conference Planning	
	Trustee Cooper
CalAPRS Board Meeting	
	Administrator Wickman
CalAPRS Administrators' Roundtable	
	Administrator Wickman
Callan Governance Alpha Workshop	
	Administrator Wickman
CalAPRS Communications Roundtable	
	Staff Fowler
CalAPRS Benefits Roundtable	
	Staff Battaglia and Miller

There being no further business, Chair Gladstern adjourned the meeting at 10:26 a.m.



Maya Gladstern, Board Chair



Laurie Murphy, Secretary