

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

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

**August 8, 2018 – 9:00 a.m.**

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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 9:03 a.m.

**ROLL CALL**

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

ABSENT:    Thomas

**MINUTES**

It was M/S Silberstein/Given to approve the July 11, 2018 Board Meeting Minutes as submitted.

AYES:        Block, Cooper, Given, Gladstern, Klein, Murphy, Piombo, Silberstein, Werby

NOES:        None

ABSTAIN:    None

ABSENT:    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 the preliminary fiscal year return for the Fund is 9.1% net of fees as of June 30, 2018. He explained that the final fiscal year return will change once the June 30<sup>th</sup> private equity values become available.

The actuary has begun to gather information for the June 30, 2018 actuarial valuation and GASB 67 and 68 reports. The goal is to present the actuarial valuation or at least the preliminary results before the end of the year.

In July MCERA received three responses to the medical advisor Request for Proposal (RFP). The RFP evaluation team is made up of Disability Coordinator Jackie Bamford, Assistant Retirement Administrator Michelle Hardesty, Department Analyst Syd Fowler and Administrator Wickman. Based on the initial scoring the team is ready to schedule interviews. The Administrator offered Board members the opportunity to comment on the process.

Trustees Jones and Werby joined the meeting at 9:09 a.m.

Trustee Given asked who will be attending the interviews from the three companies. Mr. Wickman replied that MCERA requested that the person whom we will interact with on a daily basis should attend the interview. Chair Gladstern inquired if the Administrator would like to have members of the Board involved in the interview process. Mr. Wickman said it would be best to identify any trustees who want to participate before interviews are scheduled. Trustee Piombo volunteered to participate on behalf of the Board. Counsel Dunning advised the Chair can take this under advisement for consideration after the meeting. Mr. Wickman will follow up with the Chair.

Mr. Wickman thanked Board members for responding to the electronic device survey and asked those who had not yet responded to do so. The purpose of the survey is to determine requirements for the Board's electronic devices. Staff has been looking at different types of solutions and a discussion of potential options is agendaized for consideration at the next Finance and Risk Management Committee meeting.

Mr. Wickman reported that CPAS notified staff that their company has been acquired by Avenu Insights & Analytics. Avenu provides local governments with financial support tools. Avenu is a portfolio company of Mill Point Capital. Mill Point Capital



is a middle-market private equity firm focused on control-oriented investments in the business services and industrial sectors. Mr. Wickman noted that CPAS has been acquired by multiple firms since MCERA entered into an agreement with them in 2007. In response to Trustee Silberstein's inquiry, he explained that in his experience benefit management systems require significant customization in order to manage the requirements of public defined benefit plans. Trustee Block expressed a concern about potential financial stability issues, but Mr. Wickman said at this point he does not see that as a concern.

Mr. Wickman reminded the trustees that the fall SACRS conference is coming up November 13-16, 2018. He encouraged Board members to attend the California Retired County Employees Association (CRCEA) fall conference being held in Marin County at the Four Points by Sheraton. The Marin County Association of Retired Employees (MCARE) is charged with putting this conference together. The Administrator commended MCARE President Gene Pennington with doing a tremendous job helping MCARE reorganize over the past year.

Chair Gladstern requested an update on the implementation of Marin County's (the County) new payroll system. Mr. Wickman said the deadline to go live is now the end of the calendar year. The County is running and reconciling test payrolls and MCERA is a part of that process, he said. Trustee Given added that three parallel tests, which represent a full system test, remain to be completed.

In response to Chair Gladstern's inquiry on the status of annual benefit statements, Ms. Hardesty reported staff needs to run interest and complete known data cleanup. The Administrator added that the data cleanup effort gets smaller every year as staff makes sure last year's issues have been corrected. He expects the statements will be sent before November.

Mr. Wickman reported the County is still finalizing its procurement of a new medical provider for active employees and retirees who formerly worked for Marin County. Retirees are concerned about what providers will be available if Anthem is no longer available. The Administrator noted this fall MCERA will communicate to retirees the change in health care providers and manage the open enrollment process on behalf of the County. He explained in response to Trustee Silberstein's inquiry that MCERA administers the retiree health plan and makes sure retirees are placed in the right plan. Trustee Cooper asked if other '37 Act plans administer health plans. In response, Mr. Wickman explained MCERA administers only Marin County's retiree health plan, not its other plan sponsors. He indicated other CERL systems provide the same service as MCERA and in some CERL systems the retirement system actually hires the medical providers, which MCERA does not do. Trustee Cooper indicated maybe we should not do the administering of retiree health care plans. Mr. Wickman explained that because we control payment of the retirement checks, the best way to make sure retiree health care premiums are properly deducted from the checks, is to manage the process ourselves.

b. Staffing update

Kiana Hawkins was hired as the permanent Accounting Assistant.

Senior Accounting Assistant Laura Ballard will be on maternity leave beginning in mid-August.

MCERA is currently recruiting for the vacant Retirement Benefits Assistant position.

c. Facility Use Report

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

d. Future Meetings

- August 29, 2018 Finance and Risk Management Committee
- September 12, 2018 Board

2. Ad Hoc Committee Reports

a. Ad Hoc Audit Committee

Mr. Wickman reported the Ad Hoc Audit Committee (Committee), consisting of Maya Gladstern as Chair, Roy Given and Steve Block, held its first meeting with Andy Paulden and Ashley Casey of Brown Armstrong. Also attending were MCERA staff Ms. Marshall, Senior Accountant Lisa Jackson, and Mr. Wickman. The meeting began with a presentation by Mr. Paulden on what Brown Armstrong does during the annual financial audit. Then there was an extensive discussion about the process and timeline for the Ad Hoc Audit Committee to review the audit and ask questions of both the auditor and staff in advance of the presentation to the Board. Mr. Wickman said it was a good dialogue about a new process that he believes will give the Board additional confidence in the audit.

Discussion followed on how the charter for the standing Audit Committee would be developed. Chair Gladstern said the Governance Committee will develop the charter including determining when the standing committee would meet. Trustee Block indicated there are a lot of questions to consider when chartering the Audit Committee. For example, he said in many cases in the private sector audit committees are responsible for hiring the auditor independent of staff. He said these are items the Governance Committee should consider when developing the charter. To inform the Governance Committee on these matters, he proposed having a presentation at the fall Strategic Workshop on best practices for audit procedures. Chair Gladstern noted that the requirements for public pension plan audits are different from private sector audits. Trustee Given supported her view, adding that the Government Finance Officers Association (GFOA) will provide advice and feedback to let us know what we should be looking at as part of developing a Comprehensive Annual Financial Report (CAFR). Counsel Dunning stated that the draft charter presented to the Governance Committee will be vetted as to legal requirements. Trustee Block said he wants the Governance Committee to be informed to the greatest degree possible and a professional outsider



may help to inform the Board. Mr. Wickman said the draft charter prepared by staff is an amalgamation of best practices from other CERL systems that will include any other legal requirements.

### 3. Trustee Comments

#### a. Educational Training: Reports by Trustees and Staff

Trustee Jones reported on the SACRS Modern Investment Theory and Practice for Retirement Systems course at the University of California at Berkeley. She offered course materials to those interested and discussed several takeaways from keynote speaker Robert Reich. These include his view that Chief Executive Officer (CEO) compensation is unjustified and public boards have a duty to vote against excessive compensation. According to Mr. Reich, institutional investors can lead the way in creating a satisfactory pension plan and educate the larger market. Finally, Mr. Reich advised that asset allocation is the most important topic for the Board to consider, along with keeping an eye on fees in order to improve returns. Trustee Jones recommended the course to Board members and Trustee Cooper, a member of the SACRS Board, noted there is an advanced version for a continuing learning process.

#### b. Other Comments

Trustee Silberstein asked how negotiations were going with Dimensional Fund Advisors regarding the small cap core portfolio. Mr. Wickman replied staff and counsel are still working on the investment management agreement. Trustee Silberstein suggested having a discussion on high private equity fees that some pension plans are trying to do something about.

### **C. OLD 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 2018-19 with two updates: 1) include replacing electronic devices under Business Management Including Investments; and 2) include development of a Comprehensive Annual Financial Report (CAFR) under Finance and Accounting.

It was M/S Given/Murphy to approve the Business Objectives for August 1, 2018 through July 31, 2019.

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

Chair Gladstern directed deliberations to **Agenda Item D.2, Future Meetings.**

## **D. NEW BUSINESS**

### **2. Future Meetings**

Consider and discuss agenda items for future meetings

The Administrator encouraged trustees to share their ideas on topics for the fall Strategic Workshop with the Chair of the Ad Hoc Education Committee.

## **E. OTHER INFORMATION**

### **1. Training Calendar (Action)**

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

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

### **2. Keeping in Touch**

August Issue, Association of Retired Employees newsletter

## **F. CONSENT CALENDAR (Action)**

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

Mr. Wickman explained that Deputy Sheriff Zirkle's contributions were refunded to his mother because he did not have enough years of service for a monthly retirement benefit. Mr. Wickman explained the buyback process in response to Trustee Silberstein's inquiry.

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

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## **CONSENT CALENDAR**

**MCERA BOARD MEETING, WEDNESDAY, August 8, 2018**

### **JULY 2018**

<b>RETURN OF CONTRIBUTIONS</b>		
Herman Barahona	Refund of Contributions (termination)	\$ 16,491.68
Justin Dodson	Partial Refund of Contributions (age change)	\$ 1,591.27
James Marino	Partial Refund of Contributions (30 years)	\$ 876.93
Janis Zaslav	Partial Refund of Contributions (correction)	\$ 17,202.09
Mary K. Zirkle	Refund of Contributions (active death-Ryan Zirkle	\$ 57,104.06

<b>BUYBACKS</b>
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Dean Barsocchini	\$ 7,373.85
Talia Smith	\$ 3,215.05

<b>NEW RETIREES</b>
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Daniel Barnes	County of Marin - Sheriff
Ann Brown	County of Marin - Health & Human Services
Nicholas Holl	City of San Rafael
Howard Horwitz	County of Marin - Sheriff
Barbara Johnson	County of Marin - Sheriff
Randall MacKenzie	County of Marin - Information Services & Technology
William Meeker	City of San Rafael
Tracy Miller	County of Marin - Sheriff
Guadalupe Reyna-Coffin	County of Marin - Department of Finance
Sandra Simon-Wargo	Novato Fire Protection District
Thomas Siragusa	City of San Rafael
Frederick Vogler	County of Marin - Community Development

<b>DECEASED RETIREES</b>
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Richard Douglas	City of San Rafael
Dolores Goodman	County of Marin - Beneficiary
Ward Hayter	County of Marin - Sheriff
Charlotte Olwyler	County of Marin - Library
Robert Roush	County of Marin - Probation

<b>CONFERENCES/SEMINARS</b>
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Modern Investment Theory and Practice for Retirement Systems  
Trustee Jones

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**NEW BUSINESS** continued

Chair Gladstern recessed Open Session for a break at 10:07 a.m. and reconvened the meeting in Closed Session at 10:15 a.m. for deliberations on **Agenda Item D.1, Public Employee Performance Evaluation.**

Chair Gladstern recessed Closed Session and reconvened the meeting in Open Session at 11:17 a.m.



1. Public Employee Performance Evaluation

Title: Retirement Administrator (**CLOSED SESSION** pursuant to Government Code section 54957(b)(1))

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

There being no further business, Chair Gladstern adjourned the meeting at 11:17 a.m.

  
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Maya Gladstern, Board Chair

  
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Laurie Murphy, Secretary