

MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA
October 10, 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 9:02 a.m.

ROLL CALL

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

ABSENT: Piombo (alternate safety), Silberstein, Thomas

MINUTES

It was M/S Given/Murphy to approve the September 12, 2018 Board Meeting Minutes as submitted.

AYES: Block, Cooper, Given, Gladstern, Jones, Klein, Murphy, Werby

NOES: None

ABSTAIN: None

ABSENT: Piombo, Silberstein, 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 said he will be attending the CRCEA conference next Monday, noting that the Marin County Association of Retired Employees (MCARE) has put a lot of time and effort into the conference. He encouraged members of the Board to attend, if possible.

Mr. Wickman reported on the implementation of the Investment Committee's decision to transition the small cap assets held by Columbus Circle and the current Dimensional Fund Advisor (DFA) small cap value assets to the DFA small cap core fund. An agreement with Dimensional Fund Advisors (DFA) for the DFA core small cap separate account fund has been signed by MCERA. The target date for completing the transition of the DFA assets into the new separate account is November 7th. The target date for completing the transition of the Columbus Circle assets is November 9th. Mr. Wickman reported that once the small cap transition is complete, staff will focus on the transition from the State Street Global Advisors (SSGA) S&P 500 Index fund to the SSGA S&P 500 separate account. Mr. Wickman reported good progress has been made with SSGA on the separate account Investment Management Agreement. The final transition will be moving the current international small cap portfolio to TimesSquare Capital Management. Mr. Wickman expressed appreciation to Nossaman counsel for their work on the DFA agreement.

Last week Mr. Wickman and Assistant Retirement Administrator Michelle Hardesty participated in a phone call with CPAS representatives to discuss a potential change in the CPAS hosting environment. Currently CPAS backs up data and hosts MCERA database in a high-quality offsite facility. CPAS has recently gone through a process of analyzing other hosting options. The focus of the call was to determine whether MCERA would be open to moving to a cloud-based hosting environment. The Administrator said what he and Ms. Hardesty heard was positive, so he let CPAS know MCERA would be open to the change subject to CPAS providing all relevant security and cost details. Mr. Wickman said staff would provide the proposal to Counsel Dunning to evaluate along with staff.

MCERA received two significant California Public Record Act (CPRA) requests over the past month. The first request asked for copies of MCERA's contract with investment managers and the most recent invoice. Staff are collecting electronic copies of the material and notifying the investment managers that the documents will be

provided to the requestor at the end of October. Counsel Dunning explained that even though managers may have confidentiality provisions in their agreements, for most managers MCERA has a prevailing side letter regarding being subject to the California Public Records Act. She further stated that MCERA does not consider real estate to fall under privacy provisions related to private equity portfolios.

The second CPRA requested the pensionable wages for all active members reported to MCERA in calendar year 2017 by name and by employer. Staff have responded to this request. In the response Mr. Wickman communicated that pension benefits are calculated on multiple factors in addition to pensionable salary that ultimately produce a benefit that would be less than the pensionable compensation for one calendar year. Trustee Block inquired about entities being able to charge for information that MCERA provides at no charge. Ms. Dunning replied that MCERA cannot inquire how the data will be used nor control companies offering the data to clients at a cost.

The 9th Member position held by Trustee Werby expires at the end of October. To date there are two applications for this position received by the Board of Supervisors. The application deadline is October 19.

Mr. Wickman serves on the CalAPRS Board and is a member of its Nominating Committee. Other the past two weeks he has been working with the other Committee members to develop the slate of potential officers for election later this year.

b. Staffing update

Staff will interview four applicants for the Benefits Assistant position.

c. Facility Use Report

MCARE held a few meetings in the executive conference room to prepare for the CRCEA conference in October. In addition, representatives from Marin County Human Resources met with retirees to present the new medical benefit plans that will replace the current Anthem Blue Cross plan in 2019.

d. Future Meetings

- October 30-31, 2018 Strategic Workshop
- November 7, 2018 Board

2. Ad Hoc Committee Meetings

a. Ad Hoc One McInnis Committee

The Ad Hoc One McInnis Committee (Committee), Trustees Given, Gladstern and Piombo, met with Mr. Wickman and Scott Pritchett from Woodmont to talk about leasing activities. Mr. Wickman reported that the company that had discussed leasing the 2nd floor of One McInnis dropped out. Shortly after that, a new firm submitted an initial proposal to Woodmont to lease the full building. A proposed response is being developed to indicate MCERA's interest in maintaining a space within the building.

Responding to Trustee Werby's inquiry on the viability of the potential tenant, Mr. Wickman said we know that the firm is growing and well-backed financially. Trustee Block asked where MCERA would go if the potential tenant wanted only the full building. The Administrator indicated that decision would need to come back to the full Board for action. Some preliminary review of potential properties has been done, but the current focus is on retaining space at One McInnis.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman reported on the CalAPRS Administrators' Institute. The group is made up of the 20 County retirement systems covered under the County Employees' Retirement Law and the independent systems across the state. The first presentation on board member relations was focused on how administrators interact with their policy makers, with a particular focus on managing board turnover. The next presentation focused on how to engage in challenging but necessary conversations. Counsel Ashley Dunning provided the group with a highly valuable update on current litigation in California. Each year the Institute invites a member of the CalPERS investment staff to come in and present what CalPERS is focusing on in its portfolio. This is an opportunity for administrators to gain insights into investment issues that may impact their retirement system. The first day closed with a session covering disaster recovery and business resumption planning. On Day 2 there was discussion on the status of the Internal Revenue Services' Plan Determination Letters process. Mr. Wickman noted that MCERA has received two favorable Determination Letters in the past five years. In the final session, Administrators received an update on proposed revisions to Actuarial Standards of Practice (ASOP). The Administrator will bring the topic forward to the Board for discussion once the Actuarial Standards Board finalizes the proposals.

Ms. Hardesty reported on discussions at the CalAPRS Benefits Roundtable. She learned that the reason MCERA receives documents from CalAPRS regarding Social Security is because CalAPRS is the administrator for Social Security for the State of California and requires forms to be completed by every employer. As a result of the data security presentation, Ms. Hardesty will be looking into the extent to which MCERA is subject to requirements for sending information out of the country. She said another takeaway is that CERL systems operate differently; for example, at MCERA service credit is based on hours worked and other systems use hours scheduled. Trustee Given and Mr. Wickman explained there are valid reasons for different interpretations of the CERL because systems may be subject to or may have adopted different statutory provisions. Counsel Dunning indicated this is the case for the provision on calculating service credit.

Counsel Dunning said she will be preparing a written report on the CalAPRS Attorneys' Roundtable she attended. She noted there was a good discussion on the different approaches pension system boards take for error corrections and the MCERA Board addresses matters as they arise successfully.

b. Other Comments

Trustee Block attended Fire Ops 101 training and reported the firefighters were an impressive group of extremely fit and well-trained professionals. He said he learned a lot and encouraged others to attend.

Chair recessed Open Session at 10:14 a.m. for a break and reconvened the meeting in Closed Session at 10:20 a.m.

Trustee Cooper recused himself and left the room for discussion on Agenda Item C.1 as noted below.

Chair Gladstern recessed Closed Session and reconvened the meeting in Open Session at 10:45 a.m.

C. LEGAL MATTERS

1. Conference with Legal Counsel – Existing Litigation (Gov. Code sec. 54956.9(d)(1))
(CLOSED SESSION)

David C. Brown v. City of San Rafael, et al. (Marin County Superior Court Case No. CIV 1702258 (consolidated with CIV 1800310))

Trustee Cooper 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. Trustee Piombo was absent. Chair Gladstern reported there was no reportable action on this agenda item.

D. OLD BUSINESS

1. Electronic Device Upgrade (Action)

Consider and take possible action regarding replacement of iPads

Mr. Wickman said staff's proposal is to continue using Apple products to deliver meeting materials. Each trustee can choose whether to retain the current iPad or replace it with a new iPad Pro. The plan is to update the iPads to Office 365 to address some of the items that have come up. Trustee Block supported this path.

It was M/S Cooper/Block to retain Apple iPads as the Board's electronic device and for future upgrades.

In response to Trustee Block's inquiry, Mr. Wickman said the Governance Committee will be reviewing the Portable Electronic Device Policy to consider adding provisions related to the review and upgrading of the devices. Trustee Jones asked about an android option and the Administrator said only the Microsoft Surface and the Apple iPad were being considered. Trustee Murphy reported her finding that the AVG card is not providing WiFi protection.

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

E. NEW BUSINESS

1. Approval of Contract with National Disability Evaluations to provide Medical Advisor Services (Action)

Consider and take possible action to approve contract for medical advisor services

Last month the Board approved staff's recommendation to enter into negotiations with National Disability Evaluations for medical advisor services. The Administrator reported that staff has completed the negotiation process and is comfortable with key provisions in the agreement which he presented for approval.

It was M/S Given/Murphy to approve the contract with National Disability Evaluations for medical advisor services with administrative corrections.

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

2. Board Meeting Calendar for 2019 (Action)

Consider and take possible action to approve Calendar

Mr. Wickman said the proposed calendar for Board and Committee meetings in 2019 will be reconsidered at the November Board meeting to give everyone time to check their schedules for conflicts that can be worked around. The schedule for Board meetings is only modified to accommodate SACRS conferences in May and November.

3. Voting Instructions to MCERA Delegate re SACRS Business Meeting November 16, 2018 (Action)

a. SACRS Business Meeting Packet

The SACRS Business Meeting packet is not yet available and therefore will be reviewed at the November Board meeting.

4. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

F. OTHER INFORMATION

1. Training Calendar (Action)

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

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

2. Keeping in Touch

October Issue, Association of Retired Employees newsletter

G. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, October 10, 2018

SEPTEMBER 2018

RETURN OF CONTRIBUTIONS

BUYBACKS

Pellie Anderson	\$ 1,866.60
Casey Driscoll Collett	\$ 6,118.10
Jason Pace	\$ 144.10
Daniel Steckline	\$ 2,599.78
Christine Wheeler	\$ 3,960.24

NEW RETIREES

Anna Camaraota	County of Marin - Community Development
Vincent Hawkins	County of Marin - Community Development
Caleb Jones	County of Marin - Department of Public Works
Diane Kaljian-Combs	County of Marin - Health & Human Services
Kirstin Karipides	County of Marin - Sheriff
Rita Mayer	City of San Rafael
Jeanine Michaels	County of Marin - County Counsel

Jeanne Miche	County of Marin - Department of Public Works
Raffaello Pata	City of San Rafael
Cynthia Price	County of Marin - Cultural Services
Laurence Yoell	County of Marin - Fire Department

DECEASED RETIREES

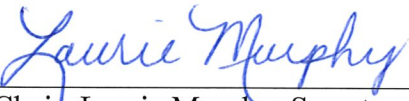
Patricia Bradley	County of Marin - Assessor-Recorder-County Clerk
Angelo Cortese	County of Marin - Probation
Mary Engen	City of San Rafael - Beneficiary
Dorothy Hall	County of Marin - Beneficiary
Brunhilde Hohmann	County of Marin - Health & Human Services
Leonard Kottenstette	County of Marin - Beneficiary
Donald Leddy	County of Marin - Administrator's Office
Billy Lord	County of Marin - Department of Public Works

CONFERENCES/SEMINARS

CWC Workers' Capital Conference	Trustee Silberstein
CalAPRS Administrators' Institute	Administrator Wickman
CalAPRS Benefits Round Table	Staff Hardesty
CalAPRS Attorneys' Round Table	Counsel Dunning

There being no further business, Chair Gladstern adjourned the meeting at 10:59 a.m.


 Maya Gladstern, Board


 Chair Laurie Murphy, Secretary