

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

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

November 7, 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 9:03 a.m.

ROLL CALL

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

ABSENT: None

MINUTES

It was M/S Given/Thomas to approve the October 10, 2018 Board Meeting Minutes as submitted.

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

NOES: None

ABSTAIN: None

ABSENT: None

Trustee Block requested rephrasing in the minutes of the discussion on Abbott's investment in private equity vehicles.

It was M/S Given/Murphy to approve the September 26, 2018 Investment Committee Meeting Minutes as amended per discussion.

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

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

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. ELECTION OF BOARD OFFICERS (Action)

Election of Board Chairperson, Vice Chairperson, and Secretary

Retirement Administrator Jeff Wickman stated MCERA's Election and Duties of Board of Retirement Officers Policy specifies that every year a slate of officers is put forward by the Board Chair. Based on past practice of officers serving for two years, Chair Gladstern recommended the following slate of officers: Chair, Maya Gladstern; Vice Chair, Roy Given; Secretary, Laurie Murphy.

It was M/S Werby/Thomas to elect the slate of officers as recommended above.

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

Mr. Wickman said committee membership and committee chairs will be considered at the December Board meeting. Chair Gladstern invited trustees to share their preferences regarding committees with her.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Mr. Wickman reported staff has been busy preparing annual benefit statements that will be sent to the majority of members on Friday. Some statements have been flagged for further review.

Retirees enrolled in the Anthem medical plan have received packets explaining whether they will have a choice of medical plans offered by Marin County or will be automatically enrolled based on their current situation. Staff has been answering phone calls and meeting with retirees in person to address their questions. Chair Gladstern said she spoke with a retiree who said in his state the United Health Care (UHC) plan is a very poor plan. Mr. Wickman indicated that the only concerns MCERA staff have heard from retirees about UHC was the availability of doctors within a specific region. Mr. Wickman reminded the Board that MCERA's role is to administer the medical plans on the County's behalf. Any concerns about the providers or services would be passed on to the County.

The domestic small cap portfolio transition from Columbus Circle to the Dimensional Fund Advisors small cap core strategy will be complete by November 8, 2018. Next will be moving the State Street Global Advisors (SSGA) S&P 500 portfolio to a separate account once a final agreement has been reached with SSGA.

One of the items queued up as part of leasing activities is to refresh the front lobby of One McInnis. New features include removing tile on the floor and adding a seating area, an accent feature to the ceiling, and better railings on the stairwell. This work will take about a month to complete. Trustee Werby asked why the lobby was being improved. In response, the Administrator said Woodmont and our broker believe the lobby upgrade will improve potential tenants' interest in leasing space at One McInnis.

At the next Board meeting the leasing of One McInnis will be discussed based on a letter of intent being negotiated with an interested tenant. Mr. Wickman said staff will work with Woodmont to present materials which will include the financial aspect of the deal.

Staff is working on completing a California Public Records Act request for contracts with investment managers. MCERA has provided a substantial response and will issue further records by the next due date this Monday.

b. Staffing update

MCERA is now fully staffed with the hiring of Lori Detwiler as a Retirement Benefits Assistant.

c. Facility Use Report

Today the MCARE retiree group held a meeting in the Board conference room.

d. Future Meetings

- November 19, 2018 Governance Committee
- November 28, 2018 Finance and Risk Management Committee
- December 5, 2018 Investment Committee
- December 12, 2018 Board

Chair Gladstern directed deliberations to **Agenda Item E.1, Disability Consent Agenda.**

E. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:30 a.m.) (Action)

1. Jonathan Harrison Service-connected Marin County Sheriff

Initial consideration of an application for service-connected disability retirement

It was M/S Given/Block to grant Jonathan Harrison's application for service-connected disability retirement with an effective date of April 8, 2018.

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

Chair Gladstern recessed Open Session for a break and reconvened the meeting in Closed Session for deliberations on **Agenda Item F.1** followed by **Agenda Item D.1** at 9:33 a.m.

Chair Gladstern recessed Closed Session and reconvened the meeting in Open Session at 9:53 a.m.

F. 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. Kiel Gillis Service-connected Marin County Dept. of Public Works

Initial consideration of an application for service-connected disability retirement

Chair Gladstern reported that the Board granted non-service-connected disability retirement to Kiel Gillis effective September 12, 2017, denied his application for service-connected disability retirement, and provided the applicant with the opportunity to request an administrative hearing on the question of service connection by a vote of 9-0. Motion was by Trustee Thomas and seconded by Trustee Murphy. Voting for the motion were Trustees Block, Cooper, Given, Gladstern, Klein, Murphy, Silberstein, Thomas, and Werby.

D. 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))

Trustees Cooper and Piombo recused themselves and left Closed Session at 9:48 a.m. before this agenda item was called, because they are employees of defendant City of San Rafael and in departments directly impacted by the litigation and were granted benefits that are the subject of the litigation. Chair Gladstern reported there was no reportable action on this agenda item.

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Klein attended the CalAPRS Trustees' Roundtable. She noted the informal setting was conducive to discussing issues with peers. One presentation was on how cryptocurrency and blockchain technologies are being applied to the real estate industry. According to the presenter, blockchain is a decentralized way to affirm transactions securely.

Trustee Silberstein reported at the fall CII conference one focus was on encouraging the Securities and Exchange Commission (SEC) and stock exchanges to reduce the number of dual class shares. He learned of an alternative stock exchange developed to circumvent exchanges selling access to order flow to high-speed traders who then get ahead of retail traders. Mr. Silberstein gained insight into the Los Angeles County Employees Retirement Association (LACERA) from peers during the trustees meeting. Mr. Wickman explained that LACERA has separate Boards of Retirement and Board of Investments which is unique among the other '37 Act systems.

Chair Gladstern said the CRCEA conference was well organized by the Marin County Association of Retired Employees. One speaker was Amy Brown, who writes the Public Retirement Journal which the Chair would like trustees to receive. Mr. Wickman offered to send copies he receives, observing the publication has legislative updates and opinion pieces about public retirement benefits. Administrator Wickman also attended the CRCEA conference and highlighted an informative presentation on aging by a representative of the Buck Institute. Also, Timothy Talbot discussed California Court Decisions Affecting Pensions. The Administrator said Mr. Talbot had a very balanced viewpoint on the MAPE and consolidated cases and he appreciated that Mr. Talbot told the retirees that he did not think any of the pending cases would change the existing retirement benefit they are currently receiving.

Trustee Klein attended the Nossaman Fiduciaries' Forum. She reported one focus was on a shared standard of care in private equity fund documentation. There is an increased attempt by general partners/managers to eliminate, significantly modify or replace in limited liability corporation operating agreements duties under law or in equity (most common in venture, energy and private equity funds.) If fiduciary duties are eliminated, then the limited partners/members may be left only with the implied covenant of good faith and fair dealing. She concluded we need to be vigilant in not lowering our standards for fiduciary duties. Counsel Dunning stated we are very diligent in our process of developing agreements for private equity vehicles.

Trustee Block reported attendees at the Wharton Investment Strategies and Portfolio Management course included investment professionals from overseas and several from private and public pension funds. He said the course material was valuable and will improve his work as a trustee. He noted the importance of considering standard deviation when calculating long-term investment returns. Another major takeaway is that, with respect to expected returns, there is a custom for economists to use the arithmetic rather than the geometric return that investment advisors present, or should present. Mr. Block noted the difference between the two is very important. Mr. Wickman explained Callan Associates provides the Board with geometric returns for the capital market update and 10-year projections.

b. Other Comments

No discussion.

G. OLD BUSINESS

1. Board Meeting Calendar for 2019 (Action)

Consider and take possible action to approve Calendar

Mr. Wickman presented the proposed schedule for Board meetings in 2019 with no further changes.

It was MS Silberstein/Murphy to approve the Board Meeting Calendar for 2019.

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

H. NEW BUSINESS

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

a. SACRS Business Meeting Packet

Mr. Wickman said the SACRS Business Meeting Packet has not been received yet. He will be sending it to the delegates and making a recommendation on any voting issues, but none are expected.

2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

I. OTHER INFORMATION

1. Training Calendar (Action)

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

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

2. Keeping in Touch

November Issue, Association of Retired Employees newsletter

J. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, November 7, 2018

OCTOBER 2018

RETURN OF CONTRIBUTIONS		
Wang Fung Chow	Refund of Contributions (termination)	\$ 1,640.92
Terra Gordon	Refund of Contributions (termination)	\$ 13,446.16
T'erra Jones	Refund of Contributions (termination)	\$ 13,044.19
Chris Master	Refund of Contributions (termination)	\$ 3,762.78
Ana Santiago	Partial Refund of Contributions (age change)	\$ 597.45

BUYBACKS	
Kiana Hawkins	\$ 2,444.08

NEW RETIREES	
Douglas Allen	County of Marin - Sheriff
Daniel Carr	County of Marin - Library
Monty Dehnert	County of Marin - DRO
David Graniss	City of San Rafael
Kevin Humphrey	County of Marin - Department of Public Works
Judy Jeong	County of Marin - Sheriff
Fara King	Marin Superior Court
Karina Levin	County of Marin - Information Services & Technology
Kevin Lynch	County of Marin - Probation
Michele McCabe	County of Marin - Health & Human Services
Elaine McMahon	County of Marin - Health & Human Services
Jonice Owen	County of Marin - DRO
Florence Pattison	County of Marin - Human Resources
Donna Pierce	County of Marin - Health & Human Services

Douglas Pittman	County of Marin - Sheriff
Edna May Rodgers	County of Marin - Health & Human Services
Brenda Ross	Marin Superior Court
Nancy Short	County of Marin - Community Development Agency

DECEASED RETIREES

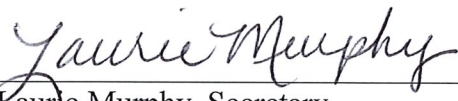
Low Chan	County of Marin - Community Development Agency
Gene Fox	Novato Fire
Michael Hamilton	County of Marin - Public Defender
Alice Lake	County of Marin - Assessor-Recorder-County Clerk
John Machado	County of Marin - Department of Public Works
Steven Pollock	County of Marin - Department of Public Works
Lindy Rosson	City of San Rafael
Ardelle Southworth	City of San Rafael
Miguel Squyer	City of San Rafael

CONFERENCES/SEMINARS

CII Conference	Trustee Silberstein
Nossaman Fiduciaries' Forum	Trustee Klein and Administrator Wickman
CRCEA Conference	Trustee Gladstern and Administrator Wickman
Wharton	Trustee Block
CalAPRS Trustees' Roundtable	Trustee Klein

There being no further business, Chair Gladstern adjourned the meeting at 10:25 a.m.


Maya Gladstern, Board Chair


Laurie Murphy, Secretary