

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

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

March 13, 2019 – 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 Given called the meeting to order at 9:04 a.m.

ROLL CALL

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

ABSENT: Gladstern

MINUTES

It was M/S Block/Werby to approve the February 13, 2019 Board Meeting Minutes as submitted.

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

NOES: None

ABSTAIN: None

ABSENT: Gladstern

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 staff has begun working with TimesSquare on the Investment Management Agreement and Side Letter for the international small cap portfolio. The projected funded date is April 1, 2019.

MCERA has received several California Public Records Act requests for investment information. Bloomberg LP, Pitchbook Data Inc., and Private Equity International (PEI) have requested information on private equity and real estate. MCERA has also received its annual request from Transparent California for MCERA's retirement payroll data for 2018. MCERA will respond by the end of April.

Mr. Wickman is working on an agreement with Cortex for Tom Iannucci's session at the Strategic Workshop in April.

b. Staffing update

The recruitment for the Senior Accountant position has been posted.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) held a Board meeting in the executive conference room.

d. Future Meetings

- March 20, 2019 Investment Committee
- April 10, 2019 Board

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget Fiscal Year 2018/19 Quarterly Review

Consider and review budget for quarter ending December 31, 2018

Finance and Risk Management Committee Chair Todd Werby reported at mid-year, administrative expenditures are at 42.4% of the budgeted amount for the fiscal year. Salaries and Benefits are under budget at 39.1% of the budgeted amount for the fiscal year due to position vacancies. There was an extra pay period in November

causing an increase in workers' compensation costs for the quarter. Services and Supplies include fiduciary liability insurance for the year and costs for leasing and construction at One McInnis Parkway. Medical records review expenditures will be monitored through the 3rd quarter to determine if any adjustment to the budgeted amount is necessary. Following up on a question that came up during the Committee meeting, Mr. Wickman reported that the fee for the Wharton investment course was paid in the prior fiscal year.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

The single biggest expense is retiree payroll. The IBM – Cognos cost is for an annual license supporting CPAS. Cheiron was paid for the annual Actuarial Valuation and GASB 67/68 Reports, and Milliman was paid for the actuarial audit. Nossaman General Counsel expenses include the cost of the Brown v. San Rafael case. They will be broken out separately on future reports. Otherwise legal costs are in alignment with the expected annual range.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Trustee and Event-related expenses have been updated to include all event expenses for the first half of the fiscal year.

b. Continuing Trustee Education Log

The Continuing Trustee Education Log shows that trustees are meeting their educational requirement of 24 hours every two years.

c. Other expenses per Checklist Guidelines

Credit card expenditures include catering for the Strategic Workshop and the offsite lunch for the Board and staff.

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

See discussion above.

e. Vendor services provided to MCERA

No discussion.

f. MCERA staffing status

A recruitment for the vacant senior accounting position is in process.

- g. Internal controls, compliance activities and capital calls

In the private equity program, MCERA received over \$19 million in distributions and paid just over \$13 million in capital calls during the quarter.

- h. Audits, examinations, investigations or inquiries from governmental agencies

The Department of Labor notified MCERA that they will be coming in to audit the ADP Payroll system used to pay trustees for Board meeting attendance.

- i. Other items from the Administrator related to risk and finance

No discussion.

4. Information Technology Security Assessment Report

Staff Report on risk planning and processes for MCERA

The Information Technology Security Assessment Report identifying internal and external business tools and areas of risk was presented to the Committee. The County is completing an internal risk assessment and will be doing an external audit this year. Due to increasing complexity, outsourcing some processes will be considered. Sensitivity controls were initiated in response to an incident when Innovest Fulfillment Services (Innovest) overwrote MCERA data files. No MCERA records were disclosed. Staff are reviewing protocols on data breaches. Mr. Wickman indicated staff has reviewed the related agreement and is looking into updating the agreement.

5. Budget Priorities for Fiscal Year 2019/20

Consider and discuss budget priorities for fiscal year 2019/20

Mr. Wickman said budget priorities for the next fiscal year include potential for live streaming Board meetings. The budget priorities are:

- Set benefit multiplier to align with County expected costs.
- Include a 3.0% cost of living adjustment for County employees.
- Review existing vacant positions to determine if reallocation is appropriate based on needs.
- Revise medical expenses for disability benefit processing based on FY 2017/18 data.
- Purchase scanner/indexing bar code hardware and software.

3. Ad Hoc Committee Reports

a. Ad Hoc One McInnis Committee

Mr. Wickman reported the Ad Hoc One McInnis Committee met, and MCERA has received a Letter of Intent (LOI) for space on the second floor of One McInnis. MCERA has responded to the LOI and expects to hear back from the potential tenant this week. Additionally, MCERA has entered into a leasing agreement with Cushman Wakefield and hired TECTA Associates as its architect.

4. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Silberstein attended the CII Spring Conference and reported there was discussion on multiple classes of shares with different voting rights. IPOs continue to come out that way and should have a sunset provision, he said. In emerging markets, multiple share classes are very common and are typically family controlled or state owned. Mr. Silberstein highlighted Barrick Gold's decision to pay executives in cash and make them buy stock to align their interests with the firm's interest. Mr. Silberstein learned that some pension funds are casting more votes against CEO pay; for example, the State Board of Administration in Florida is voting against CEO pay proposals 70% of the time. CII is about ready to revise its own policies on how companies should set executive pay, and there is a draft going around that MCERA can comment on.

Mr. Wickman attended the CalAPRS General Assembly and highlighted the panel on implementing pension administration systems. The panel members reported on the importance of early staff buy-in to the new system and the need to review existing processes for potential business changes. In the discussion of Reimagining the Future presented by futurist Frank Diana, the projection is that by the year 2030 technologies will be helping human bodies overcome serious health issues which will lead to an extension of life expectancy. There is a belief that the first person who will live to 150 years old has already been born. Mr. Wickman commented on, if these mortality projections were to come to pass, what the impact would be on how retirement plans fund the future benefits. On the last day Jonathan Clark from RPMI, which administers and provides asset management for one of the largest defined benefit pensions systems in the UK, the industry-wide Railways Pension Scheme (RPS), spoke about Generation CX. Mr. Clark spoke about how RPMI changed its communication focus over the last ten years. He shared examples and video clips showcasing where they got things right, and also the lessons they've learned along the way. The presentation followed RPMI's evolution to a customer-centered organization and how they shifted its operating model, strategy and service design to align to the customer need and to focus on delivering a consistent customer experience. A key lesson was how to develop and present communications that drive customer outcomes.

Mr. Wickman reported that CalAPRS held its standard Board meeting during the conference to review budgets and plan for upcoming education events.

b. Other Comments

No discussion.

C. DISABILITY CONSENT AGENDA (TIME CERTAIN: 10:00 a.m.) (Action)

1. Dana Melnichek Nonservice-connected City of San Rafael

Adopt Administrative Recommendation to grant nonservice-connected disability retirement.

2. Angelo Trisciuzzi Service-connected Marin/Sonoma Mosquito & Vector Control District

Adopt Administrative Recommendation to grant service-connected disability retirement.

It was M/S Block/Werby to adopt the Administrative Recommendation to grant nonservice-connected disability retirement to Dana Melnichek with the effective date recommended by staff.

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

It was M/S Jones/Silberstein to adopt the Administrative Recommendation to grant service-connected disability retirement to Angelo Trisciuzzi.

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

D. NEW BUSINESS

1. Notification of SACRS Board of Directors Election 2019-2020

Consider and discuss election process and deadlines

Mr. Wickman presented the timeline for the SACRS Board of Directors election process. Next month the Board will elect its voting delegate for the SACRS business meeting. Trustee Cooper stated he will run for another term and said nominees can be submitted.

2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

E. OTHER INFORMATION

1. Training Calendar (Action)

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

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

2. Keeping in Touch

March Issue, Association of Retired Employees newsletter

Chair Given directed discussion to **B.1.b Staffing Update** continued.

Administrator Wickman announced that Department of Technology and Support Specialist Lori Nann let him know she will be retiring at the end of March after 20 years of service at MCERA. Mr. Wickman said he prizes her reliability and dedication to MCERA, noting she has been a valuable part of this team who will be missed. Ms. Nann received a round of applause from the Board.

F. CONSENT CALENDAR (Action)

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

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, March 13, 2019

February 2019

RETURN OF CONTRIBUTIONS			
Patrice Palmer-Langford	Refund of Contributions (termination)	\$	31,250.27
Angela Struckmann	Refund of Contributions (age change)	\$	577.71
Leticia Jones	Refund of Contributions (termination)	\$	3,337.18
Jason Satterfield	Refund of Contributions (termination)	\$	18,228.88
Sara Hathaway	Refund of Contributions (termination)	\$	25,362.58
Johnnie Terry	Refund of Contributions (termination)	\$	10,521.85
Thomas Overzet	Refund of Contributions (termination)	\$	14,571.13
Gianira Torres	Refund of Contributions (termination)	\$	11,604.07
Kimberly Wheaton	Refund of Contributions (termination)	\$	3,848.81
Rebecca Leonard	Refund of Contributions (termination)	\$	295,287.35

BUYBACKS

NEW RETIREES

Richard Benson	County of Marin-Assessor-Recorder
Marion Boyd	County of Marin-Cultural Svs
Edward Berberian	County of Marin-District Attorney
Nancy Carpenter	County of Marin-Assessor-Recorder
Shawn Kreps	Novato
Sharon Jones	County of Marin-Health and Human Services
Getahun Ejigou	City of San Rafael
Emily Tucker	County of Marin-Health and Human Services
Christopher Lyons Sr.	City of San Rafael (active death-Tarice Lyons)
Michael Ridgway	County of Marin-Sheriff/Coroner
Stephen Parsons	County of Marin-Health and Human Services
Jeffrey Young	County of Marin-Health and Human Services
Paul Tiffany	Novato


DECEASED RETIREES

Carolyn Garvin	County of Marin-Public Defender
Beryl Simon	County of Marin-Courts
Gina Bostian	Tamalpais CSD (Beneficiary-Leatrice Mikkelsen)
David Irving	City of San Rafael
Susan Landon	County of Marin-County Counsel
Terese Wood	County of Marin-Assessor-Recorder

CONFERENCES/SEMINARS

CalAPRS Attorneys' Roundtable - Counsel Dunning
CalAPRS Benefits Roundtable - Staff Barre, Miller, and Sanders

There being no further business, Chair Given adjourned the meeting at 9:40 a.m.



Roy Given, Chair



Laurie Murphy, Secretary