

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 there are two candidates for the election of the Seventh Safety Member and Alternate Safety Member: Chris Cooper, Fire Captain with the San Rafael Fire Department; and Michael Poirier, Deputy Sheriff with the Marin County Sheriff's Office. Both candidates will serve on the Board since one candidate is police and one fire. The Administrator will notify the Board of the election results once votes are validated after the 26th of July.

Mr. Wickman reported MCERA has signed a lease for a 5,000 square foot space on the second floor of One McInnis Parkway with local accounting firm Perotti and Carrade. He commended Ad Hoc One McInnis Committee members for their work on the leasing process. Construction on the corridor divider and the leased space on the second floor will begin simultaneously this month and will be completed by the projected move-in date of November 1, 2019.

MCERA received a letter from CalPERS seeking public comment on whether a recent legal decision (Wheeler) should become precedential. Wheeler involved how CalPERS determines the pensionable pay for benefit calculations for reciprocal members who may have different pay items included or not included by their reciprocal retirement system. Mr. Wheeler and others challenged how CalPERS made these determinations, and CalPERS adopted the decision of an Administrative Law Judge on the matter. Mr. Wickman pointed out that the decision adopted by CalPERS aligns exactly to MCERA's Reciprocal Members Final Compensation Determinations Policy. Therefore, Mr. Wickman and counsel drafted a short memo to the CalPERS Board saying yes, the Wheeler case should be considered precedential so it could be referenced in other situations. Given no further comment, the Administrator said he will send the memo to CalPERS.

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

Mr. Wickman noted that the annual financial audit is under way and members of Brown Armstrong's audit team are on site doing initial interim fieldwork.

At the June Investment Committee meeting, Callan gave a presentation on custodial risk management. After the meeting, Mr. Wickman had a conversation with Callan and asked for a proposal from Callan for the cost of having them lead a custodial search. Callan's proposal for conducting the full search, including developing and issuing the Request for Proposal (RFP), is \$40,000. In addition to preparing for the development of the RFP, Callan would review MCERA's existing accounting and finance processes for \$40,000, bringing the total cost to \$80,000. The Administrator said he is inclined to accept the Callan proposal because of their experience working with custodians and understanding of MCERA's business processes. The Board would still make the selection of the custodian. Trustee Block said this is a good idea since the Callan team has concentration in that area. He indicated it would be good to have Callan brief the Finance and Risk Management Committee before the RFP goes out, and Mr. Wickman agreed the matter can be placed on the Committee's agenda before the RFP goes out. Trustee Given asked to see a ranking of what the most important things are to clarify how Callan is designing the search. Mr. Wickman said the prework with staff will identify the most important things from MCERA's viewpoint. He supported Trustee Given's additional comment regarding the inclusion of measurable service standards and including penalties for not achieving standards in the agreement.

The Administrator reported that Monday was our deadline for responses to the auditor RFP. As of the deadline, MCERA received one response out of the nine potential respondents. Mr. Wickman recommended extending the deadline for responses to July 17th. Trustee Werby asked if we had information about why there were not more bidders. Mr. Wickman indicated that of the nine companies that received the RFP, two notified MCERA they were not going to bid, and one did not meet the minimum qualifications. The other five were unknown but staff would be following up to ensure they received the RFP.

Mr. Wickman noted that the location of the 2019 Nossaman Fiduciaries' Forum had been moved to Berkeley and there is room for a few more trustees to attend.

b. Staffing update

The second interviews for the vacant Retirement Benefits Technician position are complete. The next steps are background checks and then making an offer.

Accounting Unit Manager La Valda Marshall has conducted multiple interviews for an Accounting Assistant position and there are two finalists who will be interviewed this Friday.

The next recruitment process will be for the Business Systems Analyst position.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) held its board meeting in the executive conference room a week ago.

d. Future Meetings

- August 14, 2019 Board

2. Ad Hoc Committee Reports

a. Ad Hoc One McInnis Committee

Mr. Wickman reported that the Ad Hoc One McInnis Committee met to discuss two items: the demising plan for second floor, which is to build a corridor, and whether and where to build a “spec” suite. The direction provided to Woodmont is that a “spec” suite should be in the best location on the second floor. The development of a “spec” suite is on hold for the time being.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman said that Counsel Dunning attends CalAPRS Attorneys’ Roundtables on MCERA’s behalf and provides him a full writeup on the meeting. Ms. Dunning reported the discussion of Self-Audits and IRS Reporting was helpful. One discussion item was making sure the withholdings for members are correct, so there are follow-up items that can be discussed with MCERA’s tax counsel Ice Miller. Ms. Dunning’s partner at Nossaman, Yuliya Oryol, and co-presenter Susan Weiss, Investment Counsel with Alameda County Employees’ Retirement Association, gave a good talk about investment management agreements. There was an interesting and informative discussion about securities monitoring and litigation, including decision points for being lead plaintiff and handling litigation.

Mr. Wickman thanked Syd Fowler for stepping in to lead the CalAPRS Communications Roundtable. Ms. Fowler reported the topics included website design and a presentation on using Google analytics to assist in analyzing how to drive users to your website. The group also discussed how to create effective communications for staff and customers.

Trustee Cooper reported the NCPERS Annual Conference had great content, including one session on the use of artificial intelligence and its effects across many industries. Also discussed were ideas from other states including those with financial challenges on what they have done to renegotiate retiree benefits. One takeaway was that as length of tenure with investment managers grows, look back at the fees, consider how much work they represent, and don’t hesitate to renegotiate the fees.

Mr. Wickman reported on the CalAPRS Administrators’ Roundtable. A number of the agenda topics were quickly discussed including how involved different Boards were in the investment decisions and the role each system takes in the administration of health

benefits. The different systems all shared examples of the agendas they've put together for their Board annual offsite workshops. Mr. Wickman found some of the agenda topics might be of interest to MCERA's Ad Hoc Education Committee. The group also discussed disaster preparedness and business continuity plans they had developed. Mr. Wickman felt the Crisis Management Plan developed by Orange County Employees' Retirement System was a good model for MCERA to consider.

Trustee Silberstein asked about the retiree payroll process and Mr. Wickman explained that payroll is run through the CPAS benefit system which generates a file of direct deposit data that is sent electronically to the Bank of America. A separate file is sent to Innovest which produces the retiree checks and all the payment confirmations of deposits. Less than 1% of retirees are receiving paper checks. Direct Deposit is the only option provided for new retirees, the Administrator said. Trustee Shaw said she will forward to the Administrator related information gathered from local banks for Marin County's new continuity of operations program.

The evening before the CalAPRS Administrators' Roundtable, Mr. Wickman attended the CalAPRS Board meeting. As a Board member his assignment is the Administrators' Institute to be held September 25 - 27. His committee has developed a draft agenda for the Institute. Board members serve two-year terms and Mr. Wickman's term of office is up this year. He indicated that he is considering whether to rerun for a new 2-year term.

b. Other Comments

No other comments were made.

Chair Gladstern directed deliberations to **Agenda Item D, NEW BUSINESS.**

D. NEW BUSINESS

1. Cyber Risk Assessment (Action)

Review and take possible action on an agreement with Linea Secure to conduct an initial cyber security risk assessment of MCERA's operations

Mr. Wickman presented background on recent discussions on assessing cyber security. These included discussions with the Finance and Risk Management Committee and Linea Secure's presentation to the Board at its April 2019 Strategic Workshop. The Finance and Risk Management Committee brought a recommendation to the Board which directed the Retirement Administrator to develop an agreement to engage Linea Secure to conduct an initial cyber security risk assessment and bring the draft agreement back for the Board's approval. Mr. Wickman presented the proposal from Linea Secure for the initial cyber risk assessment valued at \$76,000. He explained that after the initial cyber security risk assessment, the Finance and Risk Management Committee would consider whether to conduct follow-on steps and if a different firm should be engaged for that process. Trustee Block said he liked the broad definition of unauthorized access in the contract and the language about the requirement to notify MCERA if an unauthorized access incident occurs. He said those items are something we may want to adopt in contracts going

forward, and Ms. Dunning assured him that her partner at Nossaman is working on these items for MCERA's agreements.

It was M/S Werby/Thomas to approve the agreement with Linea Secure to conduct an initial cyber security risk assessment of MCERA's operations.

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

2. Business Objectives for 2019-20 (Action)

Consider and take possible action on Retirement Administrator Business Objectives for August 1, 2019 – July 31, 2020

Mr. Wickman presented proposed Retirement Administrator Business Objectives for August 1, 2019 through July of 2020 for the Board's consideration. The proposal includes information from the accounting and benefits teams as well as administration.

Under benefit administration the proposal is increase engagement with plan sponsors. This will include providing employers with requirements on how to report member data to MCERA. There will be employer audits and also a central area where the employer community can get information on MCERA's website. Since all the payroll data MCERA receives comes through the provider, there is a need to focus on quality control and the information we provide to them, the Administrator said. Trustee Werby asked how success will be measured. Mr. Wickman indicated a measure could be built into monitoring whether MCERA sees a reduction in the number of benefit calculations that require full audits of the payroll data. Assistant Retirement Administrator Michelle Hardesty added staff has asked CPAS to add filters regarding the reporting we receive from employers. The filters would catch questionable data before it gets into CPAS. Trustee Silberstein asked if the employers all have different payroll systems, and Ms. Hardesty indicated some employers have the same system. Performance management objectives are the same, but include completing 100% of staff evaluations by October 31st or their due date.

The first business management objective is a new item to create a five-year business plan. Mr. Wickman noted the plan will give the Board a set of key priorities for the business areas which should provide continuity over time as turnover occurs naturally. He discussed some changes he expects having to do with a potential new benefit administration system and adding member self-service, in response to Trustee Werby's inquiry. Trustee Block asked for clarification on the business plan. Mr. Wickman replied the plan would outline where the business is headed, and the Board can overlay their priorities. Trustee Block indicated the plan would inform the Board, and he suggested that the results of the Board's prioritizing process with Cortex can feed into how we do business.

Mr. Wickman indicated another goal would be to develop a crisis management plan as mentioned earlier. Another objective is to analyze results of the 2019 Employee Voice Survey when received to determine what needs to be followed up with staff.

Chair Gladstern directed deliberations to time-certain **Agenda Item C, Disability Consent Agenda.**

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

1. Douglas Pittman Service-connected Marin County Sheriff

Adopt Administrative Recommendation to grant service-connected disability retirement.

2. Robert Shubin Service-connected Novato Fire District

Adopt Administrative Recommendation to grant service-connected disability retirement.

It was M/S Cooper/Murphy to adopt the Administrative Recommendation to grant Douglas Pittman's application for service-connected disability retirement. Counsel Dunning advised that when staff references a presumption in their Board memo, it is referencing one of the four Government Code sections that address presumptive medical conditions. In Mr. Pittman's case the reference is to Government Code Section 31720.5 as the legal basis for its recommendation. Mr. Wickman stated that from a procedural standpoint, in the future staff will change the description of the applicable legal standard in the staff memo to make sure it matches the presumption standard when a presumption applies.

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

It was M/S Given/Thomas to adopt the Administrative Recommendation to grant Robert Shubin's application for service-connected disability retirement.

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

Chair Gladstern redirected deliberations to the continuation of **Agenda Item D.2, Business Objectives for 2019-20.**

Mr. Wickman discussed business objectives in the investment area, beginning with proxy voting. He said the volume of proxy votes being reviewed by the Governance Committee is significant and he believes there needs to be a more efficient mechanism to analyze it. He has been working with Institutional Shareholder Services (ISS) to get a proposal that would assist MCERA with the proxy voting process. The other investment objective is to conduct a comparison of different CERL systems' internal investment staffing. The Administrator is interested to find out what triggered systems to add investment analyst

positions. Mr. Wickman said it would be worthwhile to know whether we at a point to do more internally in the investment area.

Objectives in the Communication and Education area include modifying CPAS to provide additional information on benefit statements, including service purchases and various retirement estimates, to help people with their retirement planning. In addition, plans are to create and publish an overview booklet on MCERA plan structure, governance and financing, and a brochure specific to actuarial valuation reports and results. Mr. Wickman said other systems have created such overviews that would be valuable to have for the public on the MCERA website.

Finance and accounting objectives include issuing a Request for Proposal (RFP) for a new financial system to integrate with our benefit management system. Also, a Request for Proposal (RFP) for custodial services will be issued that will involve staff and Board time, even if Callan manages the RFP process. The Administrator stated that the final objective of developing a Comprehensive Annual Financial Report (CAFR) is a reasonable expectation for the next fiscal year.

It was M/S Block/Silberstein to adopt the Retirement Administrator Business Objectives for August 1, 2019 – July 31, 2020 as submitted.

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

3. Future Meetings

Consider and discuss agenda items for future meetings

At next month's meeting, the Board will consider the performance evaluation of the Retirement Administrator. Counsel advised she will be sending information regarding this annual evaluation to the trustees soon.

E. OTHER INFORMATION

1. Training Calendar (Action)

It was M/S Murphy/Werby 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

July Issue, Association of Retired Employees newsletter

Mr. Wickman noted that MCERA staff are addressing questions raised from the article on the County's medical plan in this month's *Keeping in Touch*.

F. CONSENT CALENDAR (Action)

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

Ms. Hardesty explained when a return of contribution would occur, and the situation for which it is the only option for the beneficiary.

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, July 10, 2019

June 2019

RETURN OF CONTRIBUTIONS			
Marie DeMartini	Full Refund of Contributions (termination)	\$	3,472.57
Deirdre Dineen	Full Refund of Contributions (termination)	\$	8,760.86
James Hasik	Full Refund of Contributions (active death-Frances Hasik)	\$	51,813.18
David Starnes	Partial Refund of Contributions (30 year)	\$	3,168.72
Carmen Yataco-Grayson	Full Refund of Contributions (termination)	\$	4,943.11

BUYBACKS			
Beryl Bourke		\$	1,069.74
Rhonda Castellucci		\$	1,638.55
Bridgette Choate		\$	600.00
Jolie Clark		\$	2,946.29
Lauren Fernandes		\$	1,235.30
Juan Jimenez		\$	29,299.64

NEW RETIREES	
Shelley Cade	City of San Rafael
Sheila Clark	County of Marin - Sheriff/Coroner
Kara Long	County of Marin - Assessor-Recorder-County Clerk
Joanne Merjano	County of Marin - Health & Human Services
Stacey Rowan	City of San Rafael
David Rzepinski	County of Marin - Public Works
Craig Solin	County of Marin - Parks
Anthony Vitalie	Southern Marin Fire
Jeffrey White	County of Marin - Probation
Linda Wood	City of San Rafael
Donald Wylie	County of Marin - Assessor-Recorder-County Clerk

DECEASED RETIREES	
Cynthia Allan	County of Marin - Beneficiary
Eleanor Coffey	County of Marin - Beneficiary
Ernest Iaconetti	City of San Rafael
Sylvia Nash	County of Marin - Assessor-Recorder-County Clerk

Lurene Schwedhelm	County of Marin - Beneficiary
Helen Valsecchi	County of Marin - Schools
Harry Webster	County of Marin – Beneficiary

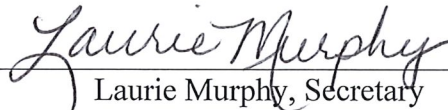
CONFERENCES/SEMINARS

Callan Workshop - Age of Illiquidity - Administrator Wickman
CalAPRS Administrators' Roundtable - Administrator Wickman
CalAPRS Board Meeting - Administrator Wickman
CalAPRS Attorney's Roundtable - Counsel Dunning
CalAPRS Communications Roundtable - Staff Fowler

There being no further business, Chair Gladstern adjourned the meeting at 10:19 am.



Maya Gladstern, Board Chair



Laurie Murphy, Secretary