

MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA
October 9, 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 Gladstern called the meeting to order at 9:01 a.m.

ROLL CALL

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

ABSENT: Cooper

MINUTES

Trustee Block requested clarification of his statement on page 7 of the September 11, 2019 Board meeting minutes that the Investment Policy Statement is fairly detailed and incorporated into our agreements.

It was M/S Thomas/Silberstein to approve the September 11, 2019 Board Meeting Minutes as amended per the discussion above.

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

NOES: None

ABSTAIN: None

ABSENT: Cooper

It was M/S Given/Murphy to approve the September 18, 2019 Investment Committee Meeting Minutes as submitted.

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

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 OFFICERS

1. Candidates for Board Officers (Action)

Consider and discuss nominations for Board of Retirement officer positions

Chair Gladstern stated as discussed in September this agenda item is the opportunity for trustees to voice their interest in serving as an officer of the Retirement Board. The election of officers will occur at the November Board meeting. Trustee Thomas said he was interested in the Vice Chair position. Trustees Silberstein and Given expressed an interest in serving as Chair. Trustee Murphy offered to serve as Secretary.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Mr. Wickman reported the cyber security assessment project began on September 1 with Linea Secure representatives. Over the course of three days, the Linea Secure team received documentation on MCERA's information technology setup and met with our team to ask questions. They also met with the Marin County Information Services & Technology security team. In the coming week they will be meeting with CPAS representatives. Linea Secure completed penetration testing and will be conducting site visits to hosting facilities in Arizona, Virginia and Toronto. The cyber security assessment report will be ready to be presented to the Board by the end of the year.

The Administrator entered into an agreement with Institutional Shareholder Services (ISS) to provide its quarterly risk assessment report to MCERA. This ISS service will be presented to the Governance Committee as part of its work reviewing proxy voting by MCERA's investment managers. The cost of the quarterly risk assessment report is \$7,500 per year. Staff will be working with MCERA's investment managers to get

agreement to provide the information needed by ISS for the reporting. For this reason, the Governance Committee meeting that was scheduled for October will be rescheduled for later this year.

Mr. Wickman reported he executed the agreement with Callan for the custodial search project as agreed by the Board. The agreement includes the post-implementation review requested by the Board at the September meeting. Mr. Wickman indicated this review would likely be conducted six months after the search process is completed. The initial steps involve collecting information to provide to Callan so they can define requirements for the RFP and conduct a review of existing processes with MCERA accounting and finance staff.

The renewal for fiduciary liability insurance has been submitted to the broker, McCorkle Insurance Agency, who will offer service providers the opportunity to bid on providing the fiduciary liability insurance to MCERA. The Board will consider the bids at its November meeting.

A potential tenant has signed a Letter of Intent for the remaining space available on the second floor at One McInnis Parkway. Mr. Wickman is working with Nossaman and Woodmont on the agreement.

The Suite 200 tenant will move in on November 1, 2019. Trustee Silberstein asked about parking, and Mr. Wickman replied we will continue with unassigned spots that will include an allocation for Suite 200 in the front parking area.

b. Staffing update

The two vacant positions for a Business Systems Analyst and Retirement Benefit Technician have both been approved by the Marin County Human Resources Department. MCERA will start the recruitments this month and conduct interviews at the end of the month.

c. Facility Use Report

Nothing to report on facility use in the period.

d. Future Meetings

- October 16, 2019 Governance Committee (rescheduled to December 17)
- October 29-30, 2019 Strategic Workshop
- October 30, 2019 Audit Committee
- November 6, 2019 Board

2. Ad Hoc Committee Reports

a. Ad Hoc Education Committee

1. Strategic Workshop Agenda (Action)

Consider and take possible action to approve agenda

Mr. Wickman presented a revised draft agenda for the October 29-30 Strategic Workshop. Updates address the interest by Board members in bringing in UBS representatives to talk about how they are dealing with the redemptions in the Trumbull Property Fund. On Day 2 a presenter was not available for the presentation on the fiduciary rule proposed by the Business Roundtable. In its place, Communications Coordinator Syd Fowler will talk about MCERA's communication program for members and Mr. Wickman will share his communication activities.

It was M/S Werby/Murphy to approve the revised Strategic Workshop Agenda as submitted.

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

NOES: None

ABSTAIN: None

ABSENT: Cooper

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Silberstein reported that next spring's CII conference will be in San Francisco and he urged Board members to attend. At this fall's CII conference, many attendees were from big pension funds interested in corporate governance. Trustee Silberstein found the Master Class on Chief Executive Officer (CEO) pay was illuminating. Many funds are voting against pay packets more than half the time; one reason is due to a big disparity in pay between the CEO and other officers, considered to be a risk that succession planning won't work as people will leave. There was discussion about dual class stock that used to comprise 11% and is now up to 28% of outstanding shares. SEC Commissioner Robert Jackson is opposed to this and considering sunset provisions. The avenue being pursued is to pass laws in Delaware, for example, to prevent control of corporations from passing on to grandchildren. Trustee Silberstein highlighted a talk by a Director of Best Buy who changed the board, became the CEO, and turned the company around. He also pointed out that there is a public company accounting oversight board set up as part of the Sarbanes-Oxley Act to monitor auditors. On the renewable energy front, a power company for mid-Minnesota is committing to transition to 100% renewable energy. There is a movement to get other big power companies to get off fossil fuels. Trustee Klein asked whether CII discussions include governance of private-equity-backed companies, and Trustee Silberstein said the discussions are mostly about public companies.

Mr. Wickman reported on the CalAPRS Administrators' Institute. He reminded the Board that the Institute is targeted toward people working at the top of organizations. As in prior years the meeting kicked off with a round table discussion of issues going on in each organization and sharing ideas to solve potential problems. The Institute likes to have a least one topic that is focused on improving leadership skills. This year, Dr.

Rebecca Johannsen discussed unconscious bias and the strategies to combat bias. The session also included strategies for creating inclusive environments and the value that diversity and inclusion bring to our business operations. The Administrator said the session was very well received and it may be a topic that the Board would be interested in hearing at a future workshop. Dianne Sandoval, CFA, Investment Manager, Asset Allocation and Risk Management at CalPERS, talked about what they are doing on asset allocation and risk management. She spoke about the challenges associated with setting the portfolio direction in the current investment environment when assumptions are being lowered and the funded status is in the 60's. David Lamoureux, Deputy System Actuary at CalSTRS, discussed new mortality projections that reflect improved life expectancies and how that will impact the plan. Mr. Wickman noted that the MCERA Board adopt improved mortality projections recommended by Cheiron as part of the last Experience Study. Jay Kloepper of Callan LLC talked about Callan's capital market expectation. Mr. Wickman noted that this presentation looked very much like the one Jay provides to the Board each year at the April Strategic Workshop. Trustee Werby asked if Callan spells out how its view differs from other investment consultants, and the Administrator said yes, Callan is clear about other viewpoints. The final presentation was from MCERA's Board Counsel Ashley Dunning. Mr. Wickman said Ashley did a good job presenting legal issues impacting pension systems to the group. The focus of her presentation was not on the vested rights cases pending before the California Supreme Court, but rather on other cases that are going on throughout the state of California and cases in other states that are worth keeping an eye out for how they get resolved.

The Administrator said MCERA's accounting team moderated the recent CalAPRS Accountants' Roundtable. Accounting Unit Manager La Valda Marshall commended Senior Accountant Lisa Jackson and Accounting Assistant Kiana Hawkins for their roles. She said the presentation on Custody 101 will be helpful for the custodial Request for Proposal.

MCERA's Disability Coordinator, Linda Martinez, attended the CalAPRS Course in Retirement Disability Administration.

b. Other Comments

Trustee Block reminded the Board to be aware of MCERA's Whistleblower Policy, given what is going on in Washington, D.C.

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

E. NEW BUSINESS

1. Adoption of Revised Private Equity Fee Disclosure (Action)

Consider and take possible action to approve revised Private Equity Fee Disclosure

Mr. Wickman presented a revised annual Private Equity Fee Disclosure with corrections made by Callan in line with discussions at the September Investment Committee meeting. Trustee Klein noted there is missing data on the since-inception numbers, and the

Administrator said that is correct that Abbott did not provide fees since inception. He noted that when the new law went into effect managers were only required to report fees going forward. Pathway provided the since-inception fees with the first report in 2017. Moving forward Mr. Wickman suggested using the fees beginning with the first reporting year (2017).

It was M/S Block/Silberstein to approve the amended Private Equity Fee Disclosure as presented.

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

2. Board Meeting Calendar for 2020 (Action)

Consider and take possible action to approve Calendar

Mr. Wickman said this is the first look at the calendar for next year's Board and Committee meetings. In addition to the May and November Board meetings, the March 2020 Board meeting will be on the first Wednesday of the month to work around the CII conference. In September the Investment Committee meeting is on a Thursday to accommodate the investment consultant's schedule. One other conflict is with the spring CRCEA conference. He asked the trustees to look for any conflicts they have and let staff know two weeks before the November 6 Board meeting.

3. Future Meetings

Consider and discuss agenda items for future meetings

Mr. Wickman will send the presentation on Unconscious Bias to the trustees.

F. OTHER INFORMATION

1. Training Calendar

The Training Calendar has several more events listed for 2020.

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

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

2. Keeping in Touch

October Issue, Association of Retired Employees newsletter

Mr. Wickman will speak to the Marin County Association of Retired Employees (MCARE) at their November 12 meeting.

G. CONSENT CALENDAR (Action)

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

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

MCERA BOARD MEETING, WEDNESDAY, October 9, 2019

September 2019

RETURN OF CONTRIBUTIONS			
Donna Burns	Full Refund of Contributions (termination)	\$	5,505.24
Jeannie Chen	Partial Refund of Contributions (30 year)	\$	812.96
Margaret Gurley	Full Refund of Contributions (termination)	\$	20,879.23
Dean Ross	Partial Refund of Contributions (30 year)	\$	23,195.79
Vivienne Toupin	Full Refund of Contributions (active death-Roy Toupin)	\$	167,431.55
Erin Williams	Full Refund of Contributions (termination)	\$	19,578.02

BUYBACKS	
Lisa Bui	\$ 3,699.73

NEW RETIREES	
Michael Byers	City of San Rafael
Caran Cuneo	County of Marin - Health & Human Services
Gregorio DeLuna	County of Marin - Child Support Services
Gilbert Guadiana	County of Marin - Assessor-Recorder-County Clerk
Paulyne Jones	County of Marin - Probation
Cynthia Maddela	City of San Rafael
David Mauldin	City of San Rafael
Leslie O'Toole	City of San Rafael
Vivienne Perkins-Gaines	City of San Rafael
William Price	County of Marin - Community Development Agency
Theresa Quiett	County of Marin - Health & Human Services
Antonio Ramirez	County of Marin - Cultural Services
Dean Ross	Marin County Superior Court
David Slotterback	County of Marin - Health & Human Services
Eleanor Stanley	County of Marin - District Attorney
Becky Tuttle	County of Marin - Library
Lourdes Vargas-Bogardus	County of Marin - Health & Human Services
Bonnie Yuen	County of Marin - Cultural Services

DECEASED RETIREES	
David Davenport	City of San Rafael
Carl Hansen	County of Marin - Health & Human Services
Robert F. Thomas	County of Marin - Fire Department

CONFERENCES/SEMINARS	
Nossaman Fiduciaries' Forum	Administrator Wickman
CalAPRS Administrators' Institute	Trustees Block, Joes and Silberstein Administrator Wickman
CII Fall Conference	Trustee Silberstein
CalAPRS Accountants' Roundtable	Staff Marshall, Jackson, Hawkins and Zhuang
CalAPRS Disability Staff Training	Staff Martinez

Chair Gladstern recessed the meeting for a break at 9:55 a.m., reconvening at 10:04 a.m. and directing deliberations to **Agenda Item D, Disability Consent Agenda.**

Trustee Thomas recused himself and left the room for consideration of Disability Consent Agenda Item D.1 regarding David Clemmer because he used to work with Mr. Clemmer.

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

[Any item that a Board member requests be pulled from the Disability Consent Agenda will be considered in Closed Session under the authority of Government Code section 54957(b), unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session.]

1. David Clemmer Service-connected Marin County Department of Public Works

Adopt Administrative Recommendation to adopt Administrative Law Judge's proposed findings of fact and recommended decision to grant service-connected disability retirement application.

Trustee Thomas announced that he would recuse himself from the topic because he had prior interactions on union matters with Mr. Clemmer and thus could not be impartial; Trustee Thomas left the room. It was M/S Given/Murphy to adopt the Administrative Recommendation to adopt the Administrative Law Judge's proposed findings of fact and recommended decision to grant David Clemmer's application for service-connected disability retirement as of September 15, 2018.


Trustee Block observed that for the future it would be helpful to know how the Board voted on the original decision for disability applications returning from the Administrative Law Judge (ALJ). Mr. Wickman reported that the original vote was 8-1 to deny the application for service-connected disability retirement. Motion was by Murphy and seconded by Trustee Given. Trustee Thomas was absent, and Trustee Jones voted in his place. Trustee Cooper voted against the motion. There was an initial motion to grant the service-connected disability retirement application that failed on a 4 to 5 vote, with Trustees Block, Given, Gladstern, Jones and Murphy dissenting, and Trustees Cooper, Klein, Silberstein and Werby approving the motion.

Trustee Silberstein asked why ALJ took so long. Mr. Wickman said there are a lot of factors that are not in MCERA's control that impact the timing, including the availability

of the ALJ, the applicant and applicant's counsel schedule, and the volume of evidence being presented. County Counsel Pat Richardson stated usually in these procedures the applicant is always allowed to drive the process, meaning if an applicant wants a delay, he or she can do that. Once the actual hearing is scheduled the process moves quickly just like any regular court procedure.

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

There being no further business, Chair Gladstern adjourned the meeting at 10:12 a.m.



Maya Gladstern, Board Chair



Laurie Murphy, Secretary