MINUTES
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA
March 4, 2020 – 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 agendized 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 Silberstein called the meeting to order at 9:00 a.m.

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

ABSENT: Cooper

MINUTES
It was M/S Given/Gladstern to approve the February 12, 2020 Board Meeting Minutes as amended to make a typographical correction at Trustee Werby’s request. The motion was approved by unanimous vote as follows:

AYES: Block, Given, Gladstern, Klein, Murphy, Poirier, 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. BOARD OF RETIREMENT MATTERS**

1. Administrator’s Report
   a. Administrator’s Update

   Retirement Administrator Jeff Wickman reminded the Board of the CalAPRS General Assembly starting this weekend which he and Laurie Murphy will be attending.

   On Monday Mr. Wickman and Assistant Retirement Administrator Michelle Hardesty participated in a meeting of County Department and Assistant Department Heads where the County public health office presented information on the Coronavirus. Mr. Wickman shared the information with staff that was also included in a subsequent memo from the County Administrator. The preventative measure is to wash hands frequently, stay home if having any associated symptoms, and contact your primary care physician. There are no Marin-specific cases, but sporadic transmissions of the new virus are expected. The concern is the potential impact on MCERA’s workforce and the markets. Callan provided two articles on the matter which members of the Board have received by email. Trustee Werby asked about having further discussion on the matter. In response, Mr. Wickman said the best mechanism to have that dialogue will be at the March 18 Investment Committee meeting when Callan will discuss the long-term impact on the markets.

   The Administrator, Accounting Unit Manager La Valda Marshall, and Senior Accountant Lisa Jackson will be meeting with representatives from Callan to discuss the responses to the custodial services request for proposal. Mr. Wickman said interviews with the companies was likely and inquired whether Board members would like to participate in the interview. Upon inquiring about Board member interest, Chair Silberstein informed the Board that he will appoint Sara Klein, Steve Block and himself to an ad hoc committee to participate in the custodial services RFP interviews.

   MCERA provided proxy voting records in response to a California Public Records Act request.

   b. Staffing update

   Business Systems Analyst Vladimir Matyurin starts on the 9th of March. Today the recruitment closes for the last vacant position, Retirement Benefits Technician. Once the interviewing and hiring process is completed for this position, MCERA will be fully staffed.
c. Facility Use Report

No facility usage in the period.

d. Future Meetings
   • March 18, 2020 Investment Committee
   • April 8, 2020 Board

2. Standing Committee Reports
   a. Finance and Risk Management Committee
      1. Administrative Budget Fiscal Year 2019/20 Quarterly Review
         Consider and review expenses for quarter ending December 31, 2019

         Finance and Risk Management Committee Chair Todd Werby reported the Committee met yesterday and Accounting Unit Manager La Valda Marshall provided the quarterly update on expenditures as of December 31, 2019. In the administrative budget expenditures are 22.1% of the budgeted amount for the quarter and 40% at mid-fiscal year. Salaries and benefits were slightly lower than expected due to two vacant positions. There are no major issues to report.

   2. Non-budgeted Expenses
      Consider and review non-budgeted expenses for the quarter

      Non-budgeted expense categories include retiree payroll, computer-related, legal, actuarial and investment fees. Mr. Wickman noted that the Committee talked about the Callan expense to put together the private equity fee report. Nossaman legal fees were higher for the quarter due to leasing contract activities.

   3. Quarterly Checklist
      a. Educational and event-related expenses

         Educational events attended in the quarter included the CII and SACRS fall conferences, Nossaman Fiduciaries’ Forum, and CalAPRS accounting and benefits training for staff.

      b. Continuing Trustee Education Log

         The Continuing Trustee Education Log summary is updated quarterly and posted to MCERA’s website. Trustees are on schedule for their required training.

      c. Other expenses per Checklist Guidelines

         Other expenses is a summary of credit card expenditures.

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

         See discussion above.
e. Vendor services provided to MCERA

   No report.

f. MCERA staffing status

   See Administrator’s Report on staffing, Agenda Item B.1.b above.

g. Internal controls, compliance activities and capital calls

   Total private equity program capital calls for the first half of the fiscal year were $15.17 million and total distributions were $26.39 million.

   In the first quarter of 2020, the Fund was rebalanced subsequent to equities piercing the upper target. Committee Chair Werby reported there was market volatility in the period until the rebalancing was completed. Mr. Wickman said the rebalancing was discussed extensively and he asked Callan to assess the impact the timing of the rebalance may have made on the transactions.

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

   No report.

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

   No report.

4. Custodial Services Request for Proposal

   Provide update on the evaluation of responses to the custodial services Request for Proposal

   See discussion in Agenda Item B.1.a above.

5. Budget Priorities for Fiscal Year 2020/21 (Action)

   Consider and take possible action on recommendation to adopt budget priorities for fiscal year 2020/21

   Budget priorities for the next fiscal year will include salaries budgeted at the top step with a multiplier of 53% to 56%, a 2.5% cost of living adjustment effective July 1, 2020, potential contracted internal audit services, more efficient processing of paper documents using a bar code scanner, and enhancing video and audio recording capabilities to stream Board meetings. The Administrator will present and go through the full proposed budget at the May Board meeting.
6. Annual Audit of Financial Statements Update
Update on audit process

There will be a new principal leading the audit this year, Rosalva Flores. Ashley Casey of Brown Armstrong will continue in the role of engagement team leader. Andy Paulden will not be involved in the engagement since he has done that for four years.

3. Trustee Comments
a. Educational Training: Reports by Trustees and Staff

Board Counsel Ashley Dunning reported on the CalAPRS Attorneys’ Roundtable she attended on behalf of MCERA. She provided the Administrator with a memo and backup materials. The discussion on Robert’s Rules of Order was informative and the process is similar to how the MCERA Board operates. One suggestion is to have the Chair alternate between Board members who are for or against a proposed course of action when contentious matters are discussed. Changes regarding required minimum distributions by public retirement systems resulting from the SECURE Act were discussed. The age when public retirement system benefit distributions must begin under federal law is being changed to 72 years. Ms. Dunning stated this change has not yet been incorporated into state law that binds MCERA on this subject but that the subject is being added to pending state legislation to reconcile the federal and state law on this topic. Ms. Dunning noted the discussion of coverage litigation in San Joaquin County Employees’ Retirement v. Travelers Casualty and Surety Company of America. It is important litigation but does not directly impact MCERA because it involves the extent to which a class action settlement can prevent retirement plans from getting coverage for litigation related to allegations of breach of that agreement, and MCERA does not have any such agreements. There was a good discussion on cybersecurity risk that impacted the pension system of a county that had a ransomware attack. The SACRS Legislative Committee work on the CERL Omnibus Bill was discussed. Ms. Dunning and her partner, Peter Mixon of Nossaman, discussed the Luke v. Sonoma County, SCERA et al. case that is similar to the Brown v. City of San Rafael litigation of which MCERA is a party.

Ms. Dunning sent a report to the Retirement Administrator on the National Association of Public Pension Plan Attorneys (NAPPA) winter seminar she attended in February. There were multiple informative sessions on investment, fiduciary, tax, insurance and benefit topics. We all benefit from the shared information from this national organization, Ms. Dunning said. Mr. Wickman offered all of the presentations from CalAPRS and from NAPPA to those interested.

b. Other Comments

No other comments.

Upon discussion, there was agreement that it would be acceptable to consider Agenda Item, C.1 at 9:24 a.m.
Trustee Thomas disclosed that disability retirement applicant Robert Mathis was his realtor in the past and he knows other family members. Ms. Dunning advised the decision to recuse would rest on whether Mr. Thomas can be impartial when considering Mr. Mathis' application for disability retirement. Mr. Thomas replied affirmatively and decided not to recuse himself from considering and voting on the matter.

Trustee Michael Poirier recused himself and left the room for Agenda Item C.1 for the reasons stated below.

C. 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. Robert Mathis

   Service-Connected

   Marin County Sheriff

   Adopt Administrative Recommendation to grant service-connected disability retirement application.

   Trustee Michael Poirier recused himself and left the room for Agenda Item C.1 as he is in the same department with the applicant, with the same service, and has a relationship with the applicant that he stated would not permit him to be impartial on the matter.

   It was M/S Block/Werby to adopt the administrative recommendation to grant Robert Mathis' service-connected disability retirement application. The motion was approved by a vote of 8-0-1-1 as follows:

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

   Mr. Poirier rejoined the meeting for consideration of the next agenda item.

D. NEW BUSINESS

1. Future Meetings

   Consider and discuss agenda items for future meetings

   Mr. Wickman said topics for future Board meetings will include reviews of presentations to the Finance and Risk Management Committee on Linea Secure’s cybersecurity risk assessment and Nossaman’s analysis of MCERA’s insurance coverage.

   Trustee Gladstern asked about the effect of the Coronavirus on seniors and mortality rates for the Plan. The Administrator replied that in its Experience Study, Cheiron will analyze mortality experience. Trustee Block asked about the timing of the asset/liability study which Mr. Wickman said is scheduled for 2021. In the interim, Callan will provide its capital markets update at the April Strategic Workshop.
E. OTHER INFORMATION

1. Training Calendar (Action)

It was M/S Gladstern/Thomas to approve the Training Calendar as submitted. The motion was approved by unanimous vote as follows:

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

2. Keeping in Touch

March Issue, Association of Retired Employees newsletter

F. CONSENT CALENDAR (Action)

It was M/S Gladstern/Given to approve the Consent Calendar as submitted. The motion was approved by unanimous vote as follows:

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

CONSENT CALENDAR
MCERA BOARD MEETING, WEDNESDAY, March 4, 2020

February 2020

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<tr>
<th>RETURN OF CONTRIBUTIONS</th>
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<td>Kaaron Carver</td>
<td>Full Refund - Termination</td>
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<td>Dmitriy Lashkevich</td>
<td>Full Refund - Termination</td>
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<td>Theresa Twells</td>
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<td>Brian Crawford</td>
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<td>Julieta Dell'Ossio</td>
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<td>Virginia Faria</td>
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<td>Robert De Lambert</td>
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NEW RETIREES

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<tr>
<td>Elsa Alcala</td>
<td>County of Marin - Health &amp; Human Services</td>
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<tr>
<td>Nannette Brown</td>
<td>County of Marin - Public Works</td>
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<tr>
<td>Lynn Fabian</td>
<td>County of Marin - Library</td>
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<tr>
<td>Sandra Fong</td>
<td>County of Marin - Library</td>
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<tr>
<td>Sarah Hernandez</td>
<td>Marin County Superior Court</td>
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<tr>
<td>Caron Parker</td>
<td>City of San Rafael</td>
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<tr>
<td>Michael Sintef</td>
<td>County of Marin - Health &amp; Human Services</td>
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<tr>
<td>Jerry Taylor</td>
<td>Tamalpais Community Services District</td>
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<td>Carmen Vance</td>
<td>County of Marin - Probation</td>
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DECEASED RETIREES

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<td>Pamela Cawley</td>
<td>County of Marin - Health &amp; Human Services</td>
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<tr>
<td>Carolyn Idler</td>
<td>County of Marin - Beneficiary</td>
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<tr>
<td>Juhan Liikane</td>
<td>County of Marin - Health &amp; Human Services</td>
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<td>Eileen Staub</td>
<td>City of San Rafael</td>
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<tr>
<td>Donald Woods</td>
<td>County of Marin - Beneficiary</td>
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CONFERENCES/SEMINARS

CalAPRS Attorneys’ Roundtable - Counsel Dunning

There being no further business, Chair Silberstein adjourned the meeting at 9:29 a.m.

Steve Silberstein, Board Chair

Laurie Murphy, Secretary

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