

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 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 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.

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

RETURN OF CONTRIBUTIONS			
Kaaron Carver	Full Refund - Termination	\$	35,373.95
Dmitriy Lashkevich	Full Refund - Termination	\$	15,566.53
Shontae Stephens	Full Refund - Termination	\$	3,743.31
Craig Tackabery	Partial Refund - Age Change	\$	6,417.08
Theresa Twells	Full Refund - Termination	\$	1,830.08

BUYBACKS			
Brian Crawford		\$	3,841.19
Julieta Dell'Osso		\$	13,094.34
Virginia Faria		\$	484.60
Robert De Lambert		\$	13,958.10

NEW RETIREES

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


DECEASED RETIREES

Pamela Cawley	County of Marin - Health & Human Services
Carolyn Idler	County of Marin - Beneficiary
Juhan Liikane	County of Marin - Health & Human Services
Eileen Staub	City of San Rafael
Donald Woods	County of Marin - Beneficiary

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

JEFF WICKMAN
FOR STEVE SILBERSTEIN



Laurie Murphy, Secretary

Michelle Hardesty
FOR LAURIE MURPHY