

MINUTES

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

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

June 10, 2020 – 9:00 a.m.

This meeting was held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. This meeting was accessible to the public via livestream on MCERA's YouTube channel.

EVENT CALENDAR 9:00 a.m. Regular Board Meeting

CALL TO ORDER

Vice Chair Phillip Thomas called the meeting to order at 9:00 am.

ROLL CALL

PRESENT: Block, Cooper, Given, Gladstern, Jones (alternate retired), Klein, Murphy, Poirier (alternate safety), Shaw (ex officio alternate), Silberstein (arrived at 9:15 am), Werby

ABSENT: None

A. OPEN TIME FOR PUBLIC EXPRESSION

No members of the public provided comment.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

The term for the Third General Member position expires October 31, 2020 and the election process has begun. Nominations are due June 24. If an election is held, ballots will be mailed June 10 and the election date would be August 14.

On June 1, 2020, the MCERA office reopened to members under social distancing guidelines mandated by State and County officials. Staff continues to manage document processing and customer service electronically, and members with services that require an in-office visit are strongly encouraged to make an appointment prior to arriving. All visitors must abide by all public health protocols, including wearing a mask, utilizing the on-site sanitation station, and maintaining social distancing as indicated by posted signs. The majority of staff continue to work remotely.

Staff sent letters to all retirees receiving paper checks recommending they sign up for direct deposit, which is more secure and ensures payments are received timely. As of today, approximately 20% of those retirees have changed their payment method.

The construction of Suite 250 is complete and Computershare will move in to the space in July.

MCERA received two California Public Records Act requests. One was for information on Board trustees since 2001, and the other was for the compensation earnable and pensionable compensation reported for active members in 2019, and retiree benefit payments received in 2019.

b. Staffing update

Accounting Assistant Elizabeth Zhuang has accepted a promotion to a position in the County's Information Services and Technology department and Senior Accounting Assistant Kiana Hawkins was promoted to Retirement Benefits Technician, leaving two vacant positions in the accounting unit. A recruitment will be conducted to fill the Senior Accounting Assistant position and the Accounting Assistant position will remain vacant.

c. Facility Use Report

There was no facility use during the period.

d. Future Meetings

- June 17, 2020 Investment Committee
- July 8, 2020 Board

2. Ad Hoc Committee Reports

a. Ad Hoc One McInnis Committee

The Committee met on May 20 and affirmed the decision to move forward with plans to build two suites in back of the building. In addition, the space reduction project for Suite 100 will move forward. The current kitchen, training room, several offices and a meeting room will be reconfigured as part of the back suites to increase their

footprint. In addition, there are plans to construct a new secure corridor to the restroom and a smaller kitchen where the file room was previously located.

3. Standing Committee Reports

a. Audit Committee

1. Annual Financial Audit Scope of Services & Process – Rosalva Flores, Brown Armstrong

Review and discuss audit process

Audit Committee Chair Gladstern reported that Brown Armstrong provided an overview of the audit process for the at the May 6 meeting. The engagement partner for the 2019/2020 fiscal year is Rosalva Flores and the co-engagement partner is Ashley Casey. The engagement manager is Colin Lo and the technical review partner is Lindsey Maguire.

2. 2020 Audit Schedule - Rosalva Flores, Partner, Brown Armstrong

Review and discuss schedule of audit activities for 2020

The Committee reviewed the proposed schedule and timeline for the financial audit. Most of the work will be done remotely to accommodate concerns related to COVID-19. Final statements will be prepared for the Committee and Board before the end of the year.

b. Governance Committee

1. Proxy Voting

a. Proxy Voting Reports

On May 13 the Committee reviewed the proxy voting reports through December of 2019 and discussed votes cast by Dimensional Fund Advisors (DFA) and State Street (SSGA).

b. Manager Responses on Proxy Voting Policy Alignment

The Committee reviewed the responses provided by DFA and SSGA in response to questions asked in November regarding specific voting items. DFA noted they are able to vote more in an alignment with MCERA's proxy voting policy but there would be an associated cost. SSGA stated the Board would need to take over voting in cases where there is not alignment. Discussion will continue at the next Governance Committee meeting.

2. Governance Risk Report – Institutional Shareholder Services (ISS) – Nathan Worthington and Jack Ferdon

Review and discuss the ISS quarterly Risk Assessment Report

Mr. Wickman noted that where charts showed share values, if it was a commingled vehicle the value is not specific to MCERA's investment in the vehicle. For separate accounts, the values represent MCERA's specific investment in the fund.

3. Existing Policies – Standard Review with Proposed Updates

a. Conflict of Interest Code (Action)

Consider possible recommendation to Board on update to Code

Based on the action of the Governance Committee, Governance Committee Chair Cooper recommended that the Board change the gift amount to \$500.

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

4. Existing Policies – Standard Review without Proposed Updates

a. Proxy Voting and Corporate Governance Policy (Action)

Conduct standard policy review

Based on the discussion of the Governance Committee, Chair Cooper recommended that the Board adopt the following changes to the policy:

- Remove item 1.1 because it is redundant.
- Amend item 1.2 by adding more specific language.
- Amend item 1.3 to create more clarity by stating “all” shareholders and “corporate” actions.
- Amend item 2.1 by removing references to “mutual funds” because it is redundant.
- Amend item 2.1 by removing the reference to “International proxy voting,” and adding additional clarifying language about voting expectations on other comingled accounts.

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

b. Trustee and Staff Travel Expense Policy (Action)

Conduct standard policy review

c. Policy Regarding Implementation of Felony Forfeiture Laws (Action)

Conduct standard policy review

Governance Committee Chair Cooper recommended that the Board accept the review of the policies listed above in Agenda Items B.3.b.4.b and B.3.b.4.c.

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

c. Finance and Risk Management Committee

1. Administrative Budget for Fiscal Year 2020/21 (Action)

Consider and possibly recommend adoption of Administrative Budget for the next fiscal year

Finance and Risk Management Committee Chair Werby reviewed the proposed budget, noting that shared salary and benefits are the largest expenses and remain flat due to vacancies. Other budget items are based on the prior year including a decrease in independent medical examiner expenses. Overall the proposed budget is slightly lower than the current 2019/20 fiscal year budget.

It was M/S Thomas/Gladstern to adopt the Administrative Budget for Fiscal Year 2020/21 as presented.

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

2. Administrative Budget Fiscal Year 2019/20 Quarterly Review

Consider and review expenses for quarter ending March 31, 2020

Committee Chair Werby noted that salary and benefits in the third quarter were 7% lower due to position vacancies. Insurance premiums were paid in January and are not prorated.

3. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

Committee Chair Werby reported that investment manager fees are as expected. There have been \$21 million in capital calls for private equity and \$33 million in distributions year-to-date. Portfolio rebalancing took place in February and March. The reporting through March 31 only reflects a portion of the rebalance and will be fully reflected in the fourth quarter reports.

4. Quarterly Checklist

Consider, review and updates on the following:

- a. MCERA educational and event-related expenses

This report lists attendance by trustees and staff and educational events.

- b. Continuing Trustee Education Log

Trustees are on schedule with their required education hours.

- c. Other expenses per Checklist Guidelines

Credit card expenditures were reviewed by the Committee.

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

Variances were discussed by the Committee.

- e. Vendor services provided to MCERA

No report.

- f. MCERA staffing status

No report.

- g. Internal controls, compliance activities and capital calls

No report.

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

No report.

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

Mr. Wickman reported that State Street notified MCERA of a fraudulent attempt to cash a check on MCERA's custodial account. The transaction was denied as there are not check writing capabilities on the account. An investigation is being conducted by the Marin County Sheriff's department.

j. Form 700 Summary

Counsel Dunning noted that National Disability Evaluations (NDE) has not yet filed a Form 700. Mr. Wickman communicated to NDE the need to file by June 1 in order to comply with MCERA policy and their contract. NDE indicated their intention to file and Mr. Wickman will follow up.

5. MCERA Insurance Review

Review, discuss and consider MCERA's insurance coverage

The Committee received a report from James Vorhis of Nossaman on MCERA's various insurance coverages. Committee Chair Werby reported that current coverage looked complete. A question arose at the Committee meeting about whether any trademark or copyright claims could potentially be made against MCERA and if they would fall under the general liability policy. Counsel Dunning said these are covered under the cyber insurance policy. Based on trustee comments, Mr. Wickman said an increase in cyber coverage levels would be addressed during the next renewal period.

6. Annual Audit of Financial Statements Update

See discussion under Item B.3.a, above.

4. Trustee Comments

Trustee Block expressed appreciation for the ISS reports.

Trustee Given requested that committee materials be provided separately from the regular monthly meeting packet, and Trustee Werby requested that a mechanism be implemented to highlight significant packet items. Mr. Wickman will work with Counsel to identify options to address this.

C. NEW BUSINESS

1. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

D. OTHER INFORMATION

1. Training Calendar

No discussion.

E. CONSENT CALENDAR (Action)

May 2020

RETURN OF CONTRIBUTIONS

Nicholas Bryant	Full Refund - Termination	\$	37,251.92
Ernesto Fernandez	Full Refund - Termination	\$	23,769.83

BUYBACKS

Rosemarie Colorado-Lara		\$	1,692.28
Peter Falk		\$	9,360.68
Shane Kunst		\$	5,008.39

NEW RETIREES

John George	County of Marin - District Attorney
William Sheridan	City of San Rafael
David Uribe	County of Marin - Health & Human Services

DECEASED RETIREES

Steven Aslesen	County of Marin - Community Development Agency
Margaret Brown	County of Marin - Beneficiary
Catherine Davis	County of Marin - Health & Human Services
John Farrell	City of San Rafael
Louise Granton	County of Marin - Human Resources
Faye Griffin	County of Marin - Beneficiary
Mary Miles	County of Marin - Probation
Erling Nelson	County of Marin - Agricultural Weights & Measures
Barbara Reising	County of Marin - Information Services & Technology
Erma Weaver	County of Marin - Sheriff/Coroner

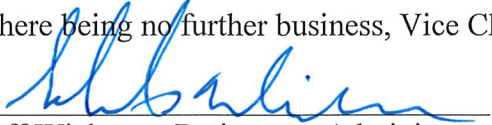
CONFERENCES/SEMINARS

SACRS - Trustee Jones

It was M/S Gladstern/Given to adopt the Consent Calendar as submitted.

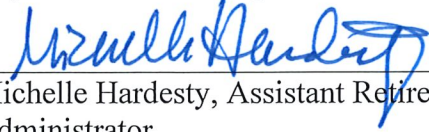
AYES: Cooper, Werby, Block, Silberstein, Thomas, Klein, Gladstern, Murphy, Given
NOES: None
ABSTAIN: None
ABSENT: None

There being no further business, Vice Chair Thomas adjourned the meeting at 10:15 am.



Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty, Assistant Retirement Administrator

On behalf of:
Laurie Murphy, Secretary