

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

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

September 9, 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. The public was able to listen to and observe the meeting on YouTube.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER

Vice Chair Thomas 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), Thomas, Werby

ABSENT: Silberstein

MINUTES

It was M/S Given/Gladstern to approve the July 8, 2020 Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

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

It was M/S Gladstern/Murphy to approve the August 12, 2020 Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

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

It was M/S Given/Murphy to approve the June 17, 2020 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

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

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 BOARD OFFICERS

1. Election and Duties of Board of Retirement Officers Policy

Review and discuss existing policy for election of Board of Retirement Officers

Retirement Administrator Jeff Wickman stated last year the Board changed the annual process for election of Board Officers. The first step of the process is to present the Election and Duties of Board of Retirement Officers Policy to the Board for discussion. The Policy lays out the roles of each officer and steps in the election process and will be amended to incorporate the changes. The Administrator welcomed input into policy amendments from the trustees.

2. Candidates for Board Officers

Solicit interest for Board of Retirement officer positions, with nominations requested by October Board meeting

The next step in the election process is to invite trustees to express their interest in serving in an officer position at the October Board meeting. Then the election of officers will be held at the November Board meeting.

C. BOARD OF RETIREMENT MATTERS

1. Administrator’s Report

a. Administrator’s Update

Mr. Wickman reported construction has begun on the Suite 100 space reduction project. The existing kitchen, training room and extra space on the south side of the building are being added to Suite 150 and Suite 175 for leasing. The file room will be converted to a new kitchen area. The work is expected to be completed by the end of September.

MCERA's preliminary investment return has been adjusted from 1.88% to 1.81% for the fiscal year ending June 30, 2020. The final return will be available when the June 30, 2020 private equity valuations are complete.

Transparent California made its annual California Public Records Act request for retiree and beneficiary payroll for calendar year 2019. MCERA's response will be sent later this week.

b. Staffing Update

The Administrator previously reported that Accounting Unit Manager La Valda Marshall made an offer to a candidate for the Senior Accounting Assistant position which has been accepted.

Lorna Shamrock, Senior Benefits Technician, submitted her notice that she plans to retire at the end of 2020. Mr. Wickman commended Ms. Shamrock as a valuable member of our team since August 2007 and said we are happy she can fulfill her personal goals to be closer to her grandkids.

c. Facility Use Report

No facility use in the period.

d. Future Meetings

- September 17, 2020 Investment Committee
- October 7, Governance Committee
- October 14, 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 June 30, 2020

Finance and Risk Management Committee Chair Todd Werby reported total administrative expenditures for the fiscal year ending June 30, 2020 were 82% of the budgeted amount. For the quarter ending June 30, 2020, Salaries and Benefits were slightly under budget due to vacant positions. Electronic Supplies were higher as result of purchases to support staff remote working.

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

Non-budgeted expenses were in line with previous quarters.

3. Quarterly Checklist
Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Educational and event-related expenses include a balance of Board member and staff conferences and educational events.

b. Continuing Trustee Education Log

The Trustee Continuing Education Log shows trustees are making progress toward 24 hours required every two years.

c. Other expenses per Checklist Guidelines

A credit card has been added for the Retirement Administrator.

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

See discussion above.

e. Vendor services provided to MCERA

No new vendor services to report.

f. MCERA staffing status

See Administrator's report above.

g. Internal controls, compliance activities and capital calls

For the fiscal year in the private equity program, MCERA received \$19 million in distributions from Abbott and paid \$15.5 million in capital calls. Pathway distributed \$39.9 million and was paid \$27 million in capital calls.

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

Nothing to report.

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

Mr. Wickman had advised the Committee of a \$9 million cash need for the upcoming fourth quarter. Today he reported the cash need was resolved when margin cash from the overlay program was transferred back into MCERA's bank account as a result of the recent market runup.

The Administrator will be going through the exercise of reviewing administrative expenditures to see where areas of efficiency may allow for reductions to the 2021-22 fiscal year administrative budget.

4. Threat to Services Provided by MCERA (Discussed in Closed Session pursuant to Gov. Code sec. 54957(a))

Consultation with: Cyber security consultant Peter Dewar, Linea Secure

This agenda item was heard in Closed Session by the Committee and nothing was reported out.

5. Information Technology Security Assessment Report
Staff report on risk planning and processes for MCERA

The one finding in the MCERA Information Technology Security Assessment Report was a terminated employee who still had access to the CPAS employer portal. The individual had not accessed, nor attempted to access, the portal and access for the individual was removed.

6. Annual Audit of Financial Statements Update
Update on audit process

See Audit Committee report below.

b. Audit Committee

1. Financial Audit Review – Interim Fieldwork Phase – Rosalva Flores, Brown Armstrong
Review and discuss preliminary fieldwork phase results

Audit Committee Chair Gladstern reported that Brown Armstrong recently completed the interim fieldwork phase of the annual audit. Auditor Rosalva Flores stated working remotely creates more risk but has been working well. The auditors held their Interim Exit conference and have been discussing follow-up items with management.

Areas covered in the annual audit included controls, policies and procedures, and participant data. The auditors confirm pensionable compensation with employers and confirm the accuracy of pensionable compensation computations. A recent news article on MCERA's funding status was discussed and pointed out to the auditor. The Committee also discussed real estate valuations with the Auditors and what process they would use to test the valuations.

3. Ad Hoc Committee Reports

a. Ad Hoc Education Committee

1. Strategic Workshop Agenda (Action)
Consider and take possible action to approve agenda

Ad Hoc Education Committee Chair Block presented and reviewed the proposed agenda for the October 27-28, 2020 Strategic Workshop. Chair Block pointed out that time has been given to address investment items that were previously scheduled for the September Investment Committee meeting.

Mr. Wickman explained time was needed at next week's Investment Committee meeting to conduct interviews with distressed debt managers. Therefore, private equity items were moved to the first day of the Workshop.

It was M/S Gladstern/Given to approve the Strategic Workshop Agenda as submitted. The motion was approved by a vote of 8-0 as follows:

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

b. Ad Hoc One McInnis Committee

Mr. Wickman reported the Ad Hoc One McInnis Committee held several meetings in the past month. The Committee revisited the topic of moving MCERA to Suite 150. Ultimately the Committee agreed to continue with the current plan to reduce the space MCERA currently occupies in Suite 100 and split Suite 150 into two Suites (150 and 175) for leasing purposes.

The Administrator expressed his appreciation for the patience of Committee members Roy Given, Maya Gladstern, and Todd Werby for their time and effort on the building analysis. Vice Chair Thomas asked if there is any interest from renters and Mr. Wickman replied there has been one walk-through. The focus now, he said, is to complete the Suite 100 reduction plan and then begin building the Suite 150 and 175 spec suites.

4. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman noted there had been no training reported for the period and this is an opportunity for trustees to report on an event they may have attended.

b. Other Comments

No other comments.

D. NEW BUSINESS

1. Final Public Employee Performance Evaluation. Title: Retirement Administrator
Board Chair report on Consensus Evaluation

Counsel Ashley Dunning reported on the Board's annual Consensus Evaluation. Ms. Dunning stated that Board members expressed their satisfaction and appreciation for Retirement Administrator Jeff Wickman's service.

2. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion.

E. OTHER INFORMATION

1. Training Calendar (Action)

The Administrator highlighted new events on the Training Calendar which continue to be virtual events. For the Nossaman Fiduciaries' Forum, up to four trustees may attend. Ms. Dunning noted registration for the Forum is free and can be parsed into events on different days.

It was M/S Murphy/Gladstern to approve the Training Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

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

F. CONSENT CALENDAR (Action)

It was M/S Gladstern/Given to approve the Consent Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, September 9, 2020

AUGUST 2020

RETURN OF CONTRIBUTIONS			
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Gina Chincarini	Full Refund - Termination	\$	41,236.13
Zohar Zimmerman	Full Refund - Termination	\$	1,505.63

BUYBACKS			
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John Karr		\$	9,568.65
Melissa Marie Merz		\$	5,431.20
Frederick Peng		\$	2,273.78

NEW RETIREES	
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Charles Barboni	County of Marin - Cultural Services
Elizabeth Berg	County of Marin - Department of Finance
Carol Buchholz	Tamalpais Community Services District
Michael Daly	County of Marin - Probation
Steven De La O	County of Marin - Sheriff/Coroner
Edmond Dea	County of Marin - Department of Finance

Anne Derrick	City of San Rafael
Lori Giffoni	County of Marin - Assessor-Recorder-County Clerk
Dina Griffith	County of Marin - DRO
Selina Johnson	County of Marin - Probation
Rebecca Leacock	County of Marin - Probation
Robin Merrill Payne	County of Marin - Health & Human Services
Larry Salvisberg	City of San Rafael
Vincent Sanfilippo	Tamalpais Community Services District
Anna Rose Sibeto	County of Marin - Assessor-Recorder-County Clerk
Michael Thompkins	City of San Rafael
Carol Tran	County of Marin - Department of Finance


DECEASED RETIREES

Elaine Bachelder	County of Marin - Human Resources
Marion Boyd	County of Marin - Cultural Services
Dorothea Collins	City of San Rafael
Robert Conklin	County of Marin - Sheriff/Coroner
Margaret Peterson	County of Marin - Office of Education
Betty Posey	County of Marin - Assessor-Recorder-County Clerk
Martha Sorensen	County of Marin - Sheriff/Coroner
Norman Walters	County of Marin - Public Works

There being no further business, Vice Chair Thomas adjourned the meeting at 9:34 a.m.



 Jeff Wickman
 Retirement Administrator



 Michelle Hardesty
 Assistant Retirement Administrator

On behalf of:
 Phillip Thomas, Board Vice Chair

On behalf of:
 Laurie Murphy, Secretary