

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

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

October 14, 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

Chair Silberstein called the meeting to order at 9:01 a.m.

ROLL CALL

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

ABSENT: Thomas

MINUTES

It was M/S Gladstern/Given to approve the September 9, 2020 Board Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby

NOES: None

ABSTAIN: None

ABSENT: Thomas

It was M/S Given/Block to approve the September 17, 2020 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby

NOES: None

ABSTAIN: None

ABSENT: Thomas

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

Consider and discuss nominations for Board of Retirement officer positions

Chair Silberstein invited trustees to express their interest in serving in an officer position on the Board of Retirement. In addition to Chair Silberstein, current officers are Vice Chairperson Phillip Thomas and Secretary Laurie Murphy. The election of officers will be at the November Board meeting.

C. BOARD OF RETIREMENT MATTERS

1. Administrator’s Report

a. Administrator’s Update

Retirement Administrator Jeff Wickman reported the final June 30, 2020 fiscal year return of the Fund increased to 3.26%. Callan’s updated fiscal year returns for the Fund over time are listed below:

5 Year	6.61%
10 Year	9.52%
15 Year	6.72%
20 Year	5.82%
24 Year	7.18%
25 Year	7.54% (Gross Return)
30 Year	8.46% (Gross Return)

Staff is making good progress on subscription agreements with new investment managers CarVal, Fortress and Varde. Once side letters are completed, everything should be in place by the end of October, Mr. Wickman said. Fortress has indicated the total commitment with them will be \$33 million.

Interviews with custodial services respondents were tabled due to the COVID19 shelter-in-place order. After talking with the Callan team Mr. Wickman reported that MCERA will restart the custodial services search and schedule interviews with the companies.

Upon discussion he will be consulting with Counsel Dunning on the trustees who participate in the interview process.

The Audit Committee is scheduled to meet on October 28, 2020 but this date may be delayed since draft statements are not yet complete and MCERA has not received the GASB 67/68 reports.

Annual member benefit statements will be sent by the end of October and will include additional information on service purchases for certain members.

The Suite 100 Space Reduction Project should be complete by the end of October. The new corridors have been constructed to add new leasable space into Suite 150.

b. Staffing Update

MCERA has hired Deanna O'Brien as Senior Accounting Assistant in the Accounting/Finance team.

c. Facility Use Report

No facility use to report in the period.

d. Future Meetings

- October 27-28, 2020 Strategic Workshop
- October 28, 2020 Audit Committee
- November 4, 2020 Board

2. Standing Committee Reports – Governance Committee

a. Proxy Voting

1. Proxy Voting Reports

Proxy voting records of public equity managers for June 30, 2020

Governance Committee Chair Cooper reported the Committee reviewed proxy voting reports for the last half of 2019. None of the areas of concern have changed, he said, so there is a constant need to follow up with Dimensional Fund Advisors on its votes to review pay packages every three years instead of every year and with State Street Global Advisors' on its numerous abstentions and votes that do not align with Institutional Shareholder Services (ISS). Due to their extensive size, proxy votes are available to the Board on request.

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

Review and discuss the ISS quarterly Risk Assessment Report and consider appropriate action, if any.

Jack Ferdon, Senior Associate, Client Service & Consultants with Institutional Shareholder Services (ISS), reviewed the ISS quarterly Governance Risk Report as of June 30, 2020. The report compares voting patterns of companies in MCERA's

portfolio and assigns a quality score to identify areas of high governance risk. Manager proxy voting is compared with ISS policy recommendations and includes a breakdown of various categories of management and shareholder proposals.

After discussing what to do about companies with poor ratings, such as engaging or voting for shareholder resolutions on governance, the Committee made the following motion:

The Governance Committee recommends that the Investment Committee consider engaging Institutional Shareholder Services to vote MCERA's proxies in the State Street Global Advisors S&P 500 and Dimensional Fund Advisors small cap core portfolios using the ISS Public Fund Policy.

As a member of the Governance Committee Chair Silberstein commented that because Dimensional Fund Advisors and State Street Global Advisors portfolios are passive there are quite a few companies with poor governance policies. Managing proxy votes for these portfolios is a way of encouraging such companies to improve their governance. After having communicated with DFA and SSGA on this, the best way is to vote our own proxies to align with ISS guidelines MCERA adopted some time ago.

Trustee Given asked what this will mean with our accounts with DFA and SSGA. Mr. Wickman replied we are in separate accounts with DFA and SSGA so there is no need for any contract change. Trustee Gladstern supported the motion due to the frustration for the Governance Committee to try to get these managers to change their proxy voting practices. Trustee Klein, who chairs the Investment Committee, also voiced her support for the motion contingent on understanding any impacts to staff workload.

The motion was approved by a vote of 9-0 as follows:

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

c. Existing Policies – Standard Review with Proposed Updates

1. Investment Policy Statement (Action)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Updates to the Investment Policy Statement align proxy voting with changes to the Proxy Voting and Corporate Governance Policy.

The Governance Committee recommends that the Board adopt updates to the Investment Policy Statement. The motion was approved by a vote of 9-0 as follows:

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

2. Credit Card Policy (Action)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Updates to the Credit Card Policy add a credit card for the Retirement Administrator and clarify card issuance and approvals.

The Governance Committee recommends that the Board adopt updates to the Credit Card Policy. The motion was approved by a vote of 9-0 as follows:

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

3. Election and Duties of Board Officers Policy (Action)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Updates to the Election and Duties of Board of Retirement Officers Policy provide for review of the policy at September Board meetings and solicitation of interest in serving in an officer position in October.

The Governance Committee recommends that the Board adopt updates to the Election and Duties of Board of Retirement Officers Policy.

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

4. Fiduciary Liability Insurance and Claims Reporting Policy (Action)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Updates to the Fiduciary Liability Insurance and Claims Reporting Policy reflect the annual process of renewing insurance after review by counsel and a recommendation to the Board. Trustee Block asked why renewing fiduciary liability insurance does not come through the Finance and Risk Management Committee. Mr. Wickman replied the reason is timing because the solicitations from the broker are received in October or early November and therefore doesn't make the timing for the fall Finance and Risk Management Committee. As a result he recommended the renewal of fiduciary liability insurance is presented directly to the Board.

The Governance Committee recommends that the Board adopt updates to the Fiduciary Liability Insurance and Claims Reporting Policy.

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

5. Portable Electronic Device Policy (Action)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Updates to the Portable Electronic Device Policy require consulting with the Retirement Administrator before downloading software onto electronic devices.

The Governance Committee recommends that the Board adopt updates to the Portable Electronic Device Policy.

Trustee Block stated his preference to leave the policy as it is because there are already more stringent download guidelines in the policy. Mr. Wickman replied that downloading was opened when new devices were purchased at the request of trustees. Although software can be downloaded trustees must come to staff to get the password. Once provided the password would be changed so it could not be used again. As a result, Mr. Wickman said he does not see additional security risk since trustees need to contact staff to download software. Trustee Block said the word "should" in the update is the operative word and he prefers a more restrictive word such as "must." The Administrator said the Board can make a substitute motion to make a change to the proposed updates.

Trustee Block made a substitute motion to revise updates to the Portable Electronic Device Policy, Section IV, Policy, Item 5, to change the word "should" to "shall". The motion failed for lack of a second.

Chair Silberstein asked for more discussion and there was none. The original motion by the Governance Committee was approved by a vote of 8-1 as follows:

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

d. Existing Policies – Standard Review without Proposed Updates

1. Governance Committee Charter (Action)

Conduct standard charter review

2. Investment Committee Charter (Action)

Conduct standard charter review

The Charters for the Governance and Investment Committees are presented for standard review with no changes.

The Governance Committee recommends that the Board accept the review of the Governance Committee Charter and the Investment Committee Charter. The motion was approved by a vote of 9-0 as follows:

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

On behalf of the Chair, Mr. Wickman directed deliberations to **Agenda Item D, Disability Consent Agenda.**

D. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:30 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 their application be considered in Open Session.

1. Daniel Marrett Service-connected County of Marin

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

It was M/S Cooper/Werby to adopt the Administrative Recommendation to adopt the Administrative Law Judge's proposed findings of fact and recommended decision to grant Daniel Marrett's service-connected disability retirement application with an effective date of April 22, 2017.

At the request of the Administrator, the effective date of disability retirement was added to the above motion after the vote shown below was taken. The maker of the motion agreed to revise the motion accordingly, as did Trustee Cooper who had seconded the motion. Counsel Dunning advised confirming that no voting member of the Board objects to amending the motion and no one objected.

The motion was approved by a vote of 9-0 as follows:

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

The Chair recessed Open Session at 9:53 a.m. and directed deliberations to **Agenda Item E, Non-Consent Agenda Disability Retirement Applications**, and **Agenda Item F, Legal Matters**, in Closed Session.

Trustee Gladstern recused herself from and did not attend Agenda Item F.1, Conference with Legal Counsel, because she is an officer with the Marin Association of Public Employees (MAPE).

Trustee Poirier recused himself from and did not attend Agenda Item E.1, the Marziano disability retirement application, because he had been approached about the application from someone outside the Board. Chair Silberstein recessed Closed Session and reconvened in Open Session at 11:18 a.m.

E. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 9:30 a.m.) (CLOSED SESSION) (Action)

Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session. The Board will move into Closed Session via virtual breakout room. The live stream will indicate the Board is in Closed Session.

1. Lori Marziano Service-connected County of Marin

Initial consideration of an application for service-connected disability retirement

Mr. Wickman reported that Trustee Gladstern made a motion to deny Ms. Marziano's application for service-connected disability retirement and provide the applicant with the opportunity to request an administrative hearing on the denial. Trustee Jones seconded the motion.

A substitute motion was made by Trustee Block to table Ms. Marziano's application for disability retirement and request an affidavit from the applicant regarding the required use of handcuffs for her position. The motion failed for lack of a second.

A second substitute motion was made by Trustee Cooper and seconded by Trustee Werby to grant Ms. Marziano's service-connected disability retirement application. This substitute motion was voted on first and failed on a 3-6 vote. Voting for the substitute motion were Trustees Block, Cooper and Werby. Voting against the substitute motion were Trustees Given, Gladstern, Jones, Klein, Murphy, and Silberstein. Trustee Jones voted for Trustee Thomas who was absent. Trustee Poirier recused as noted above.

The original motion to deny the application was approved by a vote of 6-3. Voting for the motion were Trustees Given, Gladstern, Jones, Klein, Murphy and Silberstein. Voting against the motion were Trustees Block, Cooper and Werby.

F. LEGAL MATTERS

1. Conference with Legal Counsel – Existing Litigation (Paragraph (1) of subdivision (d) of Gov. Code Sec. 54956.9). (CLOSED SESSION)

Marin Association of Public Employees, et al. v. Marin County Employees' Retirement Association, Marin County Superior Court Case No. CIV1300318

Mr. Wickman reported the Board voted 8-0 not to seek to recover legal costs related to the *Marin Association of Public Employees, et al. v. Marin County Employees' Retirement Association* litigation, provided that the case is resolved for all other purposes. Motion was by Trustee Werby and seconded by Trustee Jones. Trustee Jones voted for Trustee Thomas who was absent. Trustee Poirier was absent. Voting for the motion were Trustees Block, Cooper, Given, Jones, Klein, Murphy, Silberstein, and Werby.

Trustee Gladstern recused herself from the discussion and vote because she is an officer of MAPE.

Chair Silberstein directed deliberations to **Agenda Item C.3, Trustee Comments.**

3. Trustee Comments

- a. Educational Training: Reports by Trustees and Staff

Chair Silberstein invited comments on educational events. Trustee Murphy attended the Nossaman Fiduciaries' Forum and found all the sessions to be valuable. Topics included the complexity of writing side letters, selection of service providers, and administrative issues facing fiduciaries. The open meeting law compliance discussion was good to hear again, she said.

Trustee Jones attended the Nossaman Fiduciaries' Forum and spoke to the competency of presenters making the sessions worthwhile. Trustee Block was not able to attend and asked if the meeting was recorded and Ms. Dunning said it is not, but backup materials are available.

- b. Other Comments

No other comments.

G. NEW BUSINESS

1. Board Meeting Calendar for 2021 (Action)

Consider and take possible action to approve Calendar

Mr. Wickman presented a proposed Board Meeting Calendar for 2021 for the Board's consideration. Staff coordinated with consultants to make sure there were no conflicts for them. The Administrator noted Committee Chairs have some flexibility in moving dates of their meetings, so the primary concern is with Board meeting dates. Trustee Gladstern suggested moving the March Board and Finance and Risk Management Committee meetings in view of conflicts with the Council of Institutional Investors and CalAPRS General Assembly conferences. The Administrator will adjust the schedule and bring the proposed meeting calendar for 2021 to the November Board meeting for approval.

2. SACRS Voting Delegate (Action)

Select delegate to submit MCERA's vote for the SACRS Board of Directors

Mr. Wickman said the SACRS fall conference will be a virtual meeting and delegates will be voting on MCERA's behalf at the business meeting. The business meeting packet will be available at the November 4, 2020 Board meeting for discussion and instructions on voting.

It was M/S Gladstern/Murphy to select Mr. Wickman as delegate and Trustee Jones as alternate delegate to vote on behalf of MCERA at the November 13, 2020 SACRS business meeting. The motion was approved by a vote of 9-0 as follows:

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

3. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion on future meetings.

H. OTHER INFORMATION

1. Training Calendar (Action)

It was M/S Werby/Given to approve the Training Calendar as submitted. The motion was approved by a vote of 9-0 as follows:

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

I. CONSENT CALENDAR (Action)

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

Trustee Gladstern asked if a comparison of the number of deceased retirees in prior years can be done to assess if COVID19 is having an effect and the Administrator will report back to the Board at the November meeting.

The motion was approved by a vote of 9-0 as follows:

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

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, October 14, 2020****September 2020**

RETURN OF CONTRIBUTIONS			
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Zongar Johnson	Full Refund - Termination	\$	3,417.04
Joseph Jordan	Partial Refund - Correction	\$	713.47

BUYBACKS			
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Steve White		\$	7,173.17
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RESCINDED RETIREMENTS			
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Michael Gadoua	County of Marin - Child Support Services
Teresa Yamanoha	County of Marin - Sheriff/Coroner

NEW RETIREES			
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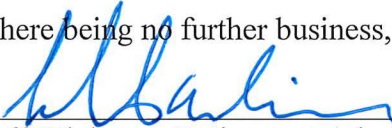
Celia Allen	County of Marin - Health & Human Services
Brian Auger	City of San Rafael
Lynne Bracken	City of San Rafael
Stacy Carlsen	County of Marin - Agricultural Weights & Measures
Brian Crawford	County of Marin - Community Development Agency
Kerrie Desbiens	County of Marin - Health & Human Services
Diane Dillon	City of San Rafael
Suporn Lin	City of San Rafael
Jennifer Lueder	County of Marin - DRO
Gregory Mobley	County of Marin - Public Works
Amy Reisch	County of Marin - Children & Families Commission
Andrew Roberts	County of Marin - Sheriff/Coroner
Yihew Sahlemariam	City of San Rafael
Teresa Snyder	County of Marin - Library
Larry Trafford	County of Marin - Health & Human Services
Mabel Turrini	County of Marin - District Attorney
Rudolph Yamanoha	County of Marin - Sheriff/Coroner
Kristine Yoder	County of Marin - Sheriff/Coroner

DECEASED RETIREES			
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Barbara Butler	City of San Rafael
Edmond Henry	County of Marin - Community Development Agency

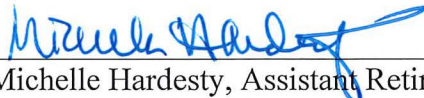
Lavina Hinerman	County of Marin - Beneficiary
Margaret Levine	County of Marin - Health & Human Services
Elizabeth Rohrs	City of San Rafael - Beneficiary
Paul Sasse	City of San Rafael
Alva Shine	County of Marin - Elections
Warren Taylor	City of San Rafael
Peter Valconesi	County of Marin - Fire

There being no further business, Administrator Wickman adjourned the meeting at 11:37 a.m.



Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty, Assistant Retirement
Administrator
On behalf of:
Laurie Murphy, Secretary