

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

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

**January 13, 2021 – 9:00 a.m.**

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This meeting was held via videoconference 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 and provide comment through Zoom.

**EVENT CALENDAR**            9 a.m. Regular Board Meeting

**CALL TO ORDER**

Chair Silberstein called the meeting to order at 9:02 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:    None

**MINUTES**

It was M/S Gladstern/Werby to approve the December 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, Silberstein, Thomas, Werby

NOES:            None

ABSTAIN:        None

ABSENT:        None

It was M/S Given/Gladstern to approve the December 16, 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, Silberstein, Thomas, Werby

NOES:            None

ABSTAIN:        None

ABSENT:        None

## **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. MATTERS OF GENERAL INTEREST**

### **1. Final Experience Study (Action) – Cheiron, Graham Schmidt**

Consider and take possible action to adopt Experience Study and any demographic or economic assumption changes

Graham Schmidt, Actuary with Cheiron, presented the Experience Study for July 1, 2017 through June 30, 2020 for the Board's consideration. The report includes recommendations for demographic and economic assumptions. Mr. Schmidt presented preliminary results for demographic and economic assumptions during prior Board meetings. He said the only new assumption reflected in this report is terminal pay, a portion of which one employer permits to be received during employment so that it's pensionable for some members, and sick leave conversions.

Mr. Schmidt discussed demographic assumptions detailed in Tables 1-1 and 1-2. Explaining the load for sick leave, he said sick leave on the member's retirement is converted to service time for Marin County and the City of San Rafael. For Novato Fire District, the terminal pay assumption includes conversions of annual leave that is cashed out which may fall into the final benefit calculation. The terminal pay and sick leave assumption reduced costs slightly for the City of San Rafael, had a neutral cost impact to Marin County, and increased costs for Novato. The Actuary stated that the impact of all demographic assumption changes for the Plan overall is a reduction in costs driven by mortality assumptions.

Proposed economic assumptions are:

- Discount Rate: 6.75%
- Price Inflation: 2.50%
- Wage Inflation: 3.00%
- Payroll Growth: 2.75%
- COLA Growth: 1.9% for 2% COLA cap tiers  
2.4% for 3% COLA cap tiers  
2.5% for 4% COLA cap tiers

With the recommended reduction in the discount rate from 7.0% to 6.75%, the impact of recommended demographic and economic assumptions increases the total plan cost 1.29% for Marin County and Special Districts, 1.31% for Novato Fire Special District, and 0.56% for the City of San Rafael in the first year. In the third smoothing year the increase will be: 1.87% for Marin County, 1.81% for Novato Fire Special District, and 0.32% for the City of San Rafael. Mr. Schmidt noted these were total cost increases (Normal Cost and Unfunded Actuarial Liability) for each valuation group and that employees would pay a portion of the Normal Cost increase.

Trustee Block inquired about an adjustment for investment fees on page 12 of the report. In response Mr. Schmidt said this is an adjustment for investment consultant Callan's fees and anything not related to active management, like custodian fees. Trustee Block asked if fees for active management are ignored under actuarial standards and Mr. Schmidt said yes, because the assumption is we will break even on fees for active management due to expected added returns. Trustee Block asked if reducing the nominal return and inflation by 25 basis points would be reasonable and what the effect on contribution rates would be. The Actuary said Table I-2 shows a cost increase of over 5% of pay for Marin County in the third smoothing year if the discount rate and inflation were reduced by an additional 0.25%. Trustee Block asked why the lower inflation assumption would not offset the cost of reducing the discount rate. Mr. Schmidt explained this is because lowering the inflation rate to 2.5% would not change retiree COLAs for the 2% cap group.

Chair Silberstein invited further comments from the Board or the public on this agenda item.

It was M/S Gladstern/Murphy to adopt the Experience Study and the recommendations of the actuary for demographic and economic assumptions. The motion was approved by a vote of 8-1 as follows:

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

Mr. Wickman thanked Mr. Schmidt for all of his work on the Experience Study. In February Mr. Schmidt will present the June 30, 2020 Actuarial Valuation Report which will include employer and employee contribution rates as of July 1, 2021 for employers and employees, and the annual retiree cost of living adjustment (COLA).

### **C. BOARD OF RETIREMENT MATTERS**

1. Administrator's Report
  - a. Administrator's Update

Mr. Wickman reported that employees received their first paychecks from Marin County's new payroll system on January 8, 2021 with no issues. Yesterday MCERA received the CPAS file that was uploaded into the system. There were no new issues identified in this first file. Mr. Wickman thanked Vladimir Matyurin, Business Systems Analyst, and Robert Sanders, Retirement Benefits Technician, for their work

on the project over the New Year's holiday. Both Robert and Vladimir worked during the holiday to help test data for the County's project team.

MCERA has responded to a Request for Proposal from a potential tenant who is interested in Suites 150 and 175 at One McInnis Parkway. The parties are passing information back and forth in hopes of coming to an agreement. Some of the final work on the suites is on pause to wait for the potential new tenant. Mr. Wickman reported that the courtyard project is now finished.

Mr. Wickman reported that agreements for new private equity commitments to the Abbott AP 2021 Fund and the Pathway I-10 Fund are in place. Mr. Wickman thanked Counsel Dunning of Nossaman and her partner Yuliya Oryol for their work on the agreements.

The live public comment process for Board and Committee meetings has been put in place, the Administrator said. He thanked Syd Fowler for her work to get make the change between the December and January Board meetings.

Trustee Klein asked if MCERA employees have been provided information about when they will be vaccinated for COVID-19. The Administrator replied that employees have not yet been provided specific timeframes for vaccinations.

b. Staffing Update

Senior Retirement Benefits Technician Cookie\_Shamrock retired, and Business Systems Analyst Vladimir Matyurin will be taking over a number of her technical responsibilities.

c. Facility Use Report

No facility use to report for the period.

d. Future Meetings

- January 20, 2021 Investment Committee
- February 10, 2021 Board

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Accounting Unit Manager La Valda Marshall reported the CalAPRS Advanced Course in Retirement Plan Administration met her expectations. She highlighted the keynote Actuarial 101 session covering valuations, actuarial assumptions, and methodology as particularly interesting. Trustee Werby asked about the future of technology session and Ms. Marshall replied the focus was on the effect of COVID-19 and strengthening computer infrastructure.

b. Other Comments

No other comments.

**D. NEW BUSINESS**

**1. Fiduciary Liability Insurance (Action)**

Consider and take possible action on selection of fiduciary liability insurance provider

Mr. Wickman presented a fiduciary liability insurance renewal proposal from current provider Euclid/Hudson Insurance Company (Hudson) through broker MacCorkle Insurance Services. The Hudson policy term was extended through January 13, 2021 to allow time for the staff to analyze the renewal proposal. He reported that initially staff received the proposal with a smaller increase to the premium, from a little over \$70 to \$75 thousand dollars, that would include a two-tiered retention schedule. The retention for *Alameda*-related cases would be \$100,000, and for non-*Alameda*-related cases would be \$50,000. Staff responded that MCERA's implementation of PEPRA legislation had been affirmed by the *Alameda* decision, and as a result MCERA was unlikely to have any *Alameda*-related claims. Hudson revised their proposal and increased the premium by \$11,000 but eliminated the *Alameda* retention proposal, keeping a single retention cost of \$50,000. The other item MCERA negotiated was higher rates for legal services reimbursement than were initially proposed. The result was there is an increase in insurance coverage for the coming year.

The Administrator said staff is recommending renewing fiduciary liability insurance through Hudson. Counsel Dunning made the point that the two-tiered retention approach also would have created another avenue for disputes on many issues, and so the result to have single retention was good. Trustee Block asked whether cyber insurance in this policy duplicates what we are paying for through Lloyd's. Mr. Wickman did not have specifics but said the Lloyd's policy is reasonable and an appropriate addition to MCERA's insurance coverage.

It was M/S Block/Murphy to select Euclid/Hudson Insurance Company as fiduciary liability insurance provider for 2021 in accordance with the proposed agreement. The motion was approved by a vote of 9-0 as follows:

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

**2. Notification of SACRS Board of Directors Election 2021-2022**

Consider and discuss election process and deadlines

The Administrator presented the annual SACRS notification of the timeline for the SACRS Board of Directors election.

3. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion.

**E. OTHER INFORMATION**

1. Training Calendar (Action)

Mr. Wickman pointed out that most meetings on the Training Calendar are virtual meetings. He highlighted the CalAPRS General Assembly in March.

It was M/S Werby/Murphy to approve the Training Calendar as submitted.

Trustee Gladstern pointed out that CalAPRS is having good participation with its virtual meetings. The Administrator agreed, noting that there has been a considerable increase in participation by both trustees and staff, so the plan is always to have some meetings in that format.

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

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

**F. CONSENT CALENDAR (Action)**

Trustee Werby asked about the significant buyback which Assistant Retirement Administrator Michelle Hardesty explained was for additional service the member was eligible for. The member redeposited previously withdrawn service and purchased additional service earned prior to membership. Mr. Wickman stated that extra hire time can be purchased for service credit once the member becomes eligible.

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

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

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**CONSENT CALENDAR**

**MCERA BOARD MEETING, WEDNESDAY, January 13, 2021**

**December 2020**

RETURN OF CONTRIBUTIONS		
Jessica Farley	Full Refund - Termination	\$ 12,561.35

Rita Hattrup	Full Refund - Termination	\$ 1,183.99
Kathryn Harrison Solana	Full Refund - Termination	\$ 39,567.94
Daphne O. Jones	Full Refund - Termination	\$ 8,934.94
Paul Marra	Full Refund - Termination	\$ 4,646.81
Edgar Mendez	Full Refund - Termination	\$ 11,052.27
Guadalupe Muniz	Full Refund - Termination	\$ 14,949.45
Laura Sciacca	Full Refund - Termination	\$ 44,557.57

<b>BUYBACKS</b>
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David Chellson		\$ 1,089.26
Kasey Anne Clarke Rio		\$ 3,636.47
Adam Craig		\$ 6,969.56
Lori Frugoli		\$ 19,389.53
Diana Giorgi		\$ 4,976.42
Ramona Indrebo		\$ 9,014.56
Gretchen Van Voorhis		\$ 718.50

<b>NEW RETIREES</b>
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Pamela Ahuncain	County of Marin - DRO
Michael Gadoua	County of Marin - Child Support Services
Robert LaCroix	Novato Fire
Rebecca Ng	County of Marin - Community Development
Beth Tabakin	County of Marin - Health & Human Services
Rudolph Yamanoha	County of Marin - DRO

<b>DECEASED RETIREES</b>
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Susan Brown	County of Marin - Human Resources
George Howenstein	County of Marin - Sheriff/Coroner
Priscilla McGee	County of Marin - Probation
Joel Mitchell	County of Marin - Probation
Nancy Siegler	County of Marin - Sheriff/Coroner
Peter Turner	County of Marin - Health & Human Services

There being no further business, Chair Silberstein adjourned the meeting at 9:51 a.m.

  
 Jeff Wickman, Retirement Administrator

  
 Michelle Hardesty, Assistant Retirement Administrator

On behalf of:  
 Steve Silberstein, Board Chair

On behalf of:  
 Laurie Murphy, Secretary