

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

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

April 14, 2021 – 9:00 a.m.

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), Silberstein, Thomas, Werby

ABSENT: Shaw (ex officio alternate)

MINUTES

It was M/S Given/Gladstern to approve the March 3, 2021 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 Gladstern/Murphy to approve the March 17, 2021 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. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman reported letters were mailed to all retirees with information on the April 1, 2021 Cost of Living Adjustment (COLA) and additional details on which retirement tier the member was in.

Staff also sent employer and employee contribution rates effective July 1, 2021 to MCERA's nine employer sponsors. The next step is to send MCERA's newsletter to communicate changes in employee contribution rates to active members.

Over half of MCERA staff served as volunteers at Marin County's Point of Distribution vaccination site in March. Mr. Wickman recognized Lori Detwiler, David Sousa, Deanna O'Brian, Syd Fowler, Kiana Hawkins, Linda Martinez, Vladimir Matyurin and La Valda Marshall for volunteering. He gave special thanks to Linda Martinez for her extra time supporting this effort on the weekends and providing Spanish translation. All told staff provided over 168 hours of support to the vaccination effort in March. The next Board meeting will be held early on May 5 to accommodate the SACRS Spring Conference held the following week.

b. Staffing Update

Mr. Wickman reported that as a result of a recent staff departure the Custodial Services Request for Proposal (RFP) has been put on hold. Mr. Wickman said that another member of the benefits team was assigned to take over the responsibilities of the departing employee. The person reassigned to the benefits work was expected to take on the Employer Audit program. With the reassignment of duties, it was no longer viable to have the employee also conduct the audit program. As a result, Mr. Wickman has reassigned Lisa Jackson to take over the employer audit function on a permanent basis. A recruitment has been started to fill Ms. Jackson's Senior Accountant position. While the recruitment is underway and until a new employee has been hired work on the RFP will be on hold. The Administrator hopes to restart the custodial services RFP before end of this calendar year.

c. Facility Use Report

No facility use to report in the period.

d. Future Meetings

- April 21, 2021 Governance Committee
- April 27-28, 2021 Strategic Workshop
- May 5, 2021 Board

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget Fiscal Year 2020/21 Quarterly Review

Consider and review expenses for quarter ending December 31, 2020

Finance and Risk Management Committee Chair Werby reported the Committee reviewed the Administrative Budget for the quarter ending December 31, 2020 presented by Accounting Unit Manager La Valda Marshall. Expenditures for the fiscal year were 45.5% of the budgeted amount. Chair Werby reported that large items were close to budgeted amounts and major variations to the budget were for smaller dollar amount items in the budget.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

Non-budgeted expenses were discussed by Ms. Marshall.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

A number of trustees and staff attended different conferences during the quarter on schedule and as expected.

b. Continuing Trustee Education Log

The Continuing Trustee Education Log shows that all trustees have either already achieved training goals for the two-year period or are on track to meet deadlines in 2021.

c. Other expenses per Checklist Guidelines

Credit card expenses were presented.

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 report on staffing above in Agenda Item B.1.b and below in Agenda Item B.2.a.4.

- g. Internal controls, compliance activities and capital calls

In the private equity program from July 1 through December 2020 total distributions were \$36.4 million and total capital calls were \$14.9 million. During the quarter MCERA also made capital calls to the new opportunistic managers: \$3.35 million to the CarVal Credit Value V fund, \$1.65 to the Fortress Credit Opportunities Value V fund, and \$5.025 to the Varde Dislocation fund.

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

Nothing to report.

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

The Committee reviewed the cash management process which will be discussed again at the next Committee meeting.

4. Custodial Services Request for Proposal Update

Update on candidates for custodial service provider

The Custodial Service Request for Proposal was put on hold.

5. Budget Priorities for Fiscal Year 2021/22 (Action)

Consider and take possible action on recommendation to adopt budget priorities for fiscal year 2021/22

The Committee voted to adopt the recommended Budget Priorities for the next fiscal year.

Based on the action of the Finance and Risk Management Committee, Committee Chair Werby recommended that the Board adopt Budget Priorities for Fiscal Year 2021-2022 as presented. 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

6. Annual Audit of Financial Statements Update

Update on audit process

The Audit Committee met on April 7 to kick off the annual financial audit.

b. Audit Committee

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

Consider and discuss annual financial audit processes

Audit Committee Chair Gladstern reported that Brown Armstrong CPA Rosalva Flores is this year's audit Engagement Partner and Colin Lo is the Engagement Manager. Technical Review Partners will conduct the peer review work at Brown Armstrong. Audit objectives include reporting on financial statements and providing an opinion on their accuracy and conformance to applicable standards. Observations and advice on best practices for financial reporting, accounting, and internal controls are directed to management.

Audit areas of focus include revenue recognition, journal entry control, and investments and related earnings. The audit will also focus on employer contributions, benefit payments, and actuarial data. This year's audit will include a review of differential payments by employers, testing of the credit card usage, a review of the new County payroll system, and the cyber security risk assessment conducted by MCERA.

The planning phase begins May 10, 2021 with auditors reviewing the prior year's financial statements and assessing areas of risk to focus on. Interim fieldwork will be conducted from July 5 through August 4, 2021. Final fieldwork will be completed by August 20, 2021. Final reports will be presented to the Committee in November with the auditors scheduled to present to the Board at the December 8, 2021 Board meeting.

2. Audit Committee 2021 Audit Schedule - Rosalva Flores, Partner, Brown Armstrong
Review and discuss schedule of audit activities for 2021

The schedule for the annual financial audit was presented during the discussion above.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustees and staff reported on the CalAPRS General Assembly. Trustee Gladstern said in the Technology breakout session she learned artificial intelligence should be a part of our next pension benefit system implementation. The last session on the Australian Model related more to a defined compensation program product than defined benefit, she said.

Trustee Poirier said the Cybersecurity session opened his eyes on how many different threats could wipe out an entire system. Quizzes made the Ethics training session valuable and challenging. Dr. Spaulding presented his views on China. Dr. Spaulding expressed his opinions on how the Chinese Communist Party manipulates markets. This was a negative view on investing in China, he said. Breakout sessions included speculation but little hard evidence on what will happen in the future economy.

Trustee Murphy said the General Assembly was informative, including the China presentation which she said was good whether you agree with the presenter or not. She highlighted the amount of data being collected from the application Tiktok. According to the Cybersecurity session presenter, 80% of consultants can get to an entity's crown jewels. The Unconscious Bias session is a good reminder to think about these things that may be innate, she said.

Chair Silberstein highlighted Tyrone Holmes' Unconscious Bias presentation as excellent. He said the idea is that biases are natural but can be overcome by becoming aware of them. An example is more women selected to play in symphony orchestras when their gender was concealed during auditions. The China talk was interesting, but he was disappointed there was no alternative point view presented. In addition, returns have not been good for the emerging markets portfolio that underweights China. The Chair concluded a balanced point of view would be good to have going forward.

Mr. Wickman thought Dr. Holmes' Unconscious Bias session was good because the speaker linked unconscious bias to how it can affect an organization's performance. Expanding on the example of symphony orchestras, the Administrator explained that originally auditioning musicians played behind a screen, but men still prevailed during the selection process. Then musicians entered the audition without wearing their shoes. Immediately more women began being selected from the auditions. During the presentation on China Dr. Spaulding pointed out the lack of transparency around accounting and tax practices. His opinion was not to invest in China, the Administrator said, so an alternative viewpoint would be informative.

Chair Silberstein directed deliberations to **Agenda Item D.1, SACRS Voting Delegate.**

D. NEW BUSINESS

1. SACRS Voting Delegate (Action)

Select delegate and alternate delegate to vote on MCERA's behalf at the 2021 SACRS business meeting May 14, 2021

Mr. Wickman stated the 2021 Spring SACRS Conference will be conducted in a virtual format similar to the Fall 2020 Conference. SACRS will hold their semi-annual business meeting at the end of the Conference on May 14, 2021. At the Business Meeting voting delegates from the member systems (including MCERA) will be asked to provide direction on the following items:

- Secretary's Report – Minutes from Fall 2020
- Treasurer's Report – Financials and Annual Budget

- Legislative Report – Legislative Update and Proposals
- SACRS Nominating Committee – Board of Directors Election
- SACRS Audit Committee – Annual 2019-2020 Financial Audit

Staff recommends the Board delegate authority to vote on MCERA’s behalf at the SACRS Business meeting to a Board Member or the Retirement Administrator. The materials for the Business Packet are included for review and discussion with this agenda item. Mr. Wickman and Trustee Gladstern announced they will be attending the Business Meeting.

It was M/S Werby/Murphy to select Maya Gladstern as delegate and Jeff Wickman as alternate delegate to vote on MCERA’s behalf at the SACRS Business Meeting on May 14, 2021. 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. SACRS Business Meeting Agenda and Action Items (Action)

Consider and discuss items on the business meeting agenda that will be voted on by SACRS member systems and provide direction to the MCERA Voting Delegate

Mr. Wickman reviewed the following action items in the SACRS Business Meeting packet. Staff have reviewed each item and recommend their adoption.

Agenda Item #2 – Secretary’s Report: November 2020 SACRS Business Meeting Minutes

Kathryn Cavness, SACRS Secretary from Mendocino County Employees’ Retirement Association will present the minutes from the November 2020 Business Meeting for approval.

Staff have reviewed the minutes and recommends the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the November 2020 SACRS Business Meeting Minutes.

Agenda Item #3 – Treasurer’s Report: July 2020 – January 2021 Financials

Harry Hagen, SACRS Treasurer from Santa Barbara County Employees’ Retirement System will present the financial statement for the period of July 2020 through January 2021 and the budget for July 2020 through February 2021 for approval.

Staff have reviewed the financial statements and budget and recommend the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the financial statements as presented by the Treasurer.

Agenda Item #5 – SACRS Legislative Committee: Legislative Report and Proposal

The SACRS Legislative Committee will provide a general report on legislative activity as of April 2021. The Legislative Committee has also developed proposed clean up legislation to be included in Senate Bill 634 for potential passage in the 2021 State Legislative Session.

The specific changes being proposed by the Legislative Committee are:

- Clarifying that the Board of Retirement may contract with a private physician to provide medical advice as part of the Board’s duties related to processing disability claims.
- Removing an obsolete reference to procedures for purchasing additional service credit.
- Adding missing phrases and words to post retirement employment and survivor benefits statutes to clarify them and create consistency with other statutory references.

The SACRS Legislative Committee is recommending that SACRS sponsor SB 634 for the 2021 legislative session. Staff reviewed proposed changes and agrees that language provides additional clarity for the consistent administration of the system and conforms statutory language to current business practices. Staff recommends the Board direct the voting delegate to vote in favor of a motion that the legislation be sponsored by SACRS.

Agenda Item #6 – SACRS Nominating Committee: 2021-2022 Board Elections

The SACRS Nominating Committee has recommended the following slate of officers be elected to serve for 2021 - 2022:

Position	Nominee	County
President	Vivian Gray	Los Angeles CERA
Vice President	Kathryn Cavness	Mendocino CERA
Treasurer	Harry E. Hagen	Santa Barbara CERS
Secretary	Thomas Garcia	Imperial CERS
Regular Member	David MacDonald, MD	Contra Costa CERA
Regular Member	Vere Williams	San Bernardino CERA

In addition, the following individuals were submitted for candidates:

Position	Nominee	County
Regular Member	John Kelly	Sacramento CERS
Regular Member	Chris Prevatt	Orange CERS

The memo from the SACRS Nominating Committee and nominee materials from the candidates for Board of Directors are included in MCERA’s Board meeting packet.

Based on the memo from the Nominating Committee and the MCERA Board’s past practices, staff recommends that the MCERA Board support the candidates put forward by the SACRS Nominating Committee and direct the voting delegate to submit their names on the official SACRS Voting Ballot for the 2021-22 SACRS Board of Directors.

Agenda Item #7 - SACRS Audit Report

The SACRS Audit Committee is presenting the Audit Financial Statements for June 30, 2019 and 2018 to the Board and member systems for adoption. The statements have been audited by James Marta & Company LLP. In the auditor’s opinion, “the financial statements referred to above present fairly, in all material respects, the cash receipts and distributions of the State Association of County Retirement for the years ended June 30, 2020 and 2019...”

The SACRS Audit Committee will recommend a motion to adopt the Audited Financial Statements for June 30, 2020 and 2019 and request the member systems to vote in favor of that motion. Staff recommends the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the Audited June 30, 2020 and 2019 Financial Statements.

It was M/S Werby/Klein to adopt the five SACRS action items as presented above, with the proviso that the delegate may reevaluate the vote based on new information after consulting with the Retirement Administrator. 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

3. Future Meetings

Consider and discuss agenda items for future meetings.

Chair Silberstein requested presentations by two speakers on the pros and cons of investing in China. Mr. Wickman agreed, noting CalPERS has prohibited investments in China.

E. OTHER INFORMATION

1. Training Calendar (Action)

Mr. Wickman highlighted new events on the Training Calendar and more staff attending conferences.

It was M/S Werby/Gladstern 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, Silberstein, Thomas, Werby
NOES: None
ABSTAIN: None
ABSENT: None

F. CONSENT CALENDAR (Action)

Mr. Wickman noted the Consent Calendar shows that former MCERA staff member Anne Highfill withdrew all of her contributions. He reminded the Board that any members who are eligible for a monthly benefit are advised that withdrawing their contributions will forfeit the ability to draw that benefit in the future. Members are asked to acknowledge that they have been counseled on the impact of withdrawing contributions. Former staff member Jackie Bamford has applied for her regular service retirement. Trustee Werby inquired about two members with the same name retiring. In response Assistant Retirement Administrator Michelle Hardesty explained one person is an ex-spouse of the retiring member. She said it is typical for ex-spouses to retire at the same time as the member since their benefit cannot improve further.

It was M/S Gladstern/Murphy 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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, April 14, 2021

March 2021

RETURN OF CONTRIBUTIONS		
Kevin Engler	Partial Refund - 30 year overpayment	\$ 18,643.01
Betty Anne Highfill	Full Refund - Termination	\$ 108,120.43
Anessa Larson	Full Refund - Termination	\$ 130,749.57
Anndora Lee	Partial Refund - 30 year overpayment	\$ 468.49
Troy Mead	Full Refund - Termination	\$ 4,567.93

Joseph Medina	Full Refund - Termination	\$ 8,169.99
Wanda Spaletta	Partial Refund - 30 year overpayment	\$ 33,957.08
Wanda Spaletta	Partial Refund - Age change	\$ 22,162.88

BUYBACKS		
-----------------	--	--

Aaron Fong		\$ 15,753.82
Eric Newburn		\$ 6,928.36
Deanna O'Brien		\$ 8,030.39
Diana Smith		\$ 24,080.33

NEW RETIREES		
---------------------	--	--

Jodi Arnheiter	County of Marin - Beneficiary (Jeffrey Arnheiter active death)
Jackie Bamford	County of Marin - Retirement
Deborah Bartunek	Marin County Superior Court
Brian Carmazzi	County of Marin - Sheriff/Coroner
Yvonne Carmazzi	County of Marin - DRO
Brian Evans	Southern Marin Fire
Cynthia Fix	County of Marin - Probation
Matthew Freeman	County of Marin - Sheriff/Coroner
Sara Jones	County of Marin - Library
Sharyn Jupp	County of Marin - Community Development Agency
Nancy Peake	County of Marin - Parks & Open Space
Jason Schmitt	City of San Rafael
Qing Yang	Marin County Superior Court

DECEASED RETIREES		
--------------------------	--	--

Eugene Fahy	City of San Rafael
Peggy Glover	County of Marin - Sheriff/Coroner
Norma Harrison	County of Marin - Beneficiary
Barbara Kingston	County of Marin - Beneficiary
Helen Lahaye	County of Marin - Parks & Open Space
Irene Laycock	County of Marin - Health & Human Services
Phyllis Stroh	County of Marin - Department of Finance
Laila Suter	County of Marin - County Administrator
Lisa Turk	County of Marin - Probation

Chair Silberstein directed deliberations to **Agenda Item B.3.b, Other Comments.**

Wickman said there is no time limit and MCERA has little control over how the hearing process will take after the initial consideration by the Board to deny a disability application. Ms. Dunning said that there are notification deadlines. Counsel Richardson noted the applicant has sixty days to indicate if they want the administrative hearing. Then if the applicant loses at the administrative hearing, he or she has ninety days to file a Writ with a Superior Court. Trustee Block asked if the ALJ hearing is confidential. Ms. Dunning said it is not a public meeting, but the transcript is not confidential except for medical records.

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

There being no further business, Chair Silberstein adjourned the meeting at 10:12 a.m.



Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty Assistant Retirement Administrator

On behalf of:
Laurie Murphy, Secretary