

MINUTES

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

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

November 3, 2021 – 9:00 a.m.

This meeting was held via videoconference pursuant to California Government Code section 54953(e). The public was able to listen to and observe the meeting and provide comment through Zoom.

Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the [Watch & Attend Meetings](https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings) page of MCERA's website. Please visit <https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings> for more information.

The Board of Retirement encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings.

CALL TO ORDER

Chair Silberstein called the meeting to order at 9:03 a.m.

ROLL CALL

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

ABSENT: None

TOPIC OF GENERAL INTEREST

1. **Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (Action)**

Reconsider and take possible action to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 3, because at least one of the following circumstances exists:

1. The State of Emergency proclaimed remains in effect and continues to directly impact the ability of the members to meet safely in person; or

2. State or local officials continue to impose or recommend measures to promote social distancing.

Retirement Administrator Jeff Wickman stated at its October 13, 2021 meeting the Board invoked Government Code section 54953(e) and adopted Resolution 2021/22-01 allowing the Board and its standing committees to hold remote meetings through November 12, 2021. In order to continue with remote meetings, at least every 30 days the Board needs to reconsider whether one or both conditions listed above exist. He further stated that since today's action would not cover the December 8 Board meeting, a Special Meeting will be needed before that date to reinvoke the remote meeting provisions for another 30 days.

As further background and context for the Board's deliberation, the Administrator discussed transitioning back to in-person meetings. As an example the Marin County Board of Supervisors held its first hybrid meeting, with the Supervisors and executive staff attending in person. Members of the public were required to wear face coverings and socially distance themselves, and the number of in-person attendees was limited to 50% of capacity. Mr. Wickman pointed out one of the challenges is the County Public Health Officer has announced the County is in a lower tier such that masks are no longer required for vaccinated staff. Since improving conditions may call into question whether either of the two prescribed conditions still exist, he suggested the Board have a dialogue about when to return to in-person meetings.

Counsel Dunning referenced the two criteria that, in the alternative, are the bases for continuing to teleconference Board and standing committee meetings for the next 30 days. She stated the Board may find either the State of Emergency based on health continues to impact the ability to meet safely in person, or that state or local officials continue to recommend measures to promote social distancing.

Mr. Wickman invited discussion on the matter. Chair Silberstein noted the staff recommendation is to continue remote meetings for the next 30 days, which Trustee Poirier supported along with convening a Special Meeting for that purpose.

It was M/S Werby/Gladstern to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 of the Marin County Employees' Retirement Association Board of Retirement Authorizing Teleconferencing for Board and Standing Committee Meetings through December 3, because both of the circumstances listed above exist. The motion was approved by a vote of 8-0 as follows:

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

MINUTES

It was M/S Gladstern/Given to approve the October 13, 2021, Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

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

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.

Chair Silberstein directed deliberations to **Agenda Item E.1, Election and Duties of Board of Retirement Officers Policy.**

E. NEW BUSINESS

1. **Election and Duties of Board of Retirement Officers Policy (Action)**

Consider and discuss potential updates to policy

Mr. Wickman stated at its October 25, 2021, meeting the Governance Committee reviewed the Election and Duties of Board of Retirement Officers Policy. In its discussions the Committee considered alternative election processes of County Employees Retirement Law of 1937 Act (CERL) systems, as set forth in the summary included for this meeting. At the end of its discussion the Governance Committee took no action, the Administrator said.

Governance Committee Chair Cooper affirmed that after comparing MCERA’s Policy on electing Board officers with peer systems, the Committee chose not to suggest any changes to the Policy. Chair Silberstein observed the Policy provides a 3-year maximum on officer terms, and any Board member may express an interest in serving as an officer.

Trustee Given said that he prefers that the position of Board Chair should rotate to another person at least every two years in order to ensure that the Board Chair does not have too much influence over Board matters. He asked for information on the context of the Committee making no changes to the Policy. Chair Silberstein responded that the topic was whether should there be more frequent forced rotation of officers, and the Committee felt the present policy allows for that. Trustee Gladstern added the Committee felt the full Board should have the opportunity to discuss the matter. Trustee Given indicated more time is needed to vet election provisions.

With the current nominating process Trustee Block suggested Board members would be reluctant to put themselves forward as an officer. To remedy this and open up the process to more members serving as officers, he suggested: 1) Board members provide notice to the Board opting out if they are not willing to serve as an officer; 2) requiring a second for officer nominations so candidates are viable.

Chair Silberstein invited further comment on the matter. Indicating her reluctance to serve as an officer at this time, Trustee Tomlin said more frequent mandated rotation of officers would distribute the workload. Chair Silberstein noted there is a difference between rotation of officer positions and having every member of the Board serve as officers over time. Trustee Block observed that having a strict officer rotation does not make sense since some members would not be suitable Chairs.

In response to a question regarding process, Counsel Dunning advised a substantive change could be made to the Policy today so long as the election itself is held today, as required by MCERA's Bylaws. If the Board chooses not to change the Policy today, the Governance Committee could review the Policy at its April 2022 meeting. In response to her request to clarify his ideas on the nomination process, Trustee Block said his only recommendation is to have an opt-out provision for being an officer and to require a second for officer nominations.

Governance Committee Chair Cooper noted the nominating process happened months ago and after the Governance Committee considered alternative election processes, there was no voice in the room strong enough to suggest a change to the Board. He said the Committee wanted all voices on the Board to be heard on this matter and since Trustee Block's idea of opting out was not fully discussed, it can be considered at the Committee's next meeting. Trustee Poirier supported this process.

Mr. Wickman said he hears there are still issues with the Policy and will provide a draft of the Election and Duties of Board of Retirement Officers Policy that captures today's discussions for consideration at the Governance Committee's April 2022 meeting. The Chair so directed.

Chair Silberstein directed deliberations to **Agenda Item B, Election of Board Officers.**

B. ELECTION OF BOARD OFFICERS

1. Election of Board Chairperson, Vice Chairperson and Secretary (Action)

Having completed its discussions on the Election and Duties of Board of Retirement Officers Policy, the Board elected officers.

It was M/S Gladstern/Werby to nominate Steve Silberstein as Chairperson.

Chair Silberstein asked if there were alternate motions.

It was M/S Cooper/ to nominate Roy Given as Chairperson. There being no second, the motion fails.

Chair Silberstein invited discussion on Trustee Given's motion.

It was M/S Given/Cooper to nominate Todd Werby as Chairperson. The motion failed on a vote of 3-4-1 as follows:

AYES: Cooper, Given, Silberstein
NOES: Block, Gladstern, Murphy, Tomlin
ABSTAIN: Werby
ABSENT: Klein

The original motion to nominate Steve Silberstein as Chairperson was approved by a vote of 6-2 as follows:

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

Chair Silberstein noted this will be his last year serving as the Board Chair, and Trustee Given commended him for a job well done.

It was M/S Gladstern/Murphy to nominate Todd Werby as Vice Chairperson. The motion was approved by a vote of 7-0 as follows:

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

Trustee Klein joined the meeting at 10:06 a.m.

It was M/S Given/Gladstern to nominate Laurie Murphy as Secretary. The motion was approved by a vote of 9-0 as follows:

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

Elected Board of Retirement Officers are:

Chairperson: Steve Silberstein
Vice Chairperson: Todd Werby
Secretary: Laurie Murphy

Chair Silberstein directed deliberations to **Agenda Item D, Disability Consent Agenda.**

d. Future Meetings

- November 17, 2021 Finance and Risk Management Committee
- November 23, 2021 Audit Committee
- December 8, 2021 Board

2. Standing Committee Report – Governance Committee

a. Proxy Voting

1. Proxy Voting Reports

Proxy voting records of public equity managers for June 30, 2021

Governance Committee Chair Chris Cooper reported on the Committee's October 25, 2021 meeting. The Committee reviewed proxy voting reports for the first half of 2021. Institutional Shareholder Services (ISS) voted proxies for Dimensional Fund Advisors (DFA) and State Street Global Advisors (SSGA) portfolios in accordance with Public Fund Policy recommendations. The ISS reports include the reason for each of the individual shareholder proxy votes in each of these two portfolios.

Executive Compensation Proxy Voting Reports

Review and discuss the ISS executive compensation proxy voting reports for the Dimensional Fund Advisors and State Street Global Advisors portfolios

Proxy voting reports include an ISS analysis of votes on Executive Compensation for DFA and SSGA, which the Committee Chair invited comment on. Chair Silberstein noted ISS is voting DFA (small cap core portfolio) and SSGA (Russell 1000 Index) proxies according to the Public Fund Policy; for example, MCERA now votes to review CEO pay packages every year and against about 21% of CEO pay packages. These votes bring State Street more in alignment with MCERA's policy and more consistent with DFA. Trustee Werby asked how often our votes against management proposals succeed. In response Chair Silberstein said it is up to management how to proceed, adding it is rare for Directors to be dropped based on less than 100% approval.

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

Review and discuss the ISS quarterly Risk Assessment Report

Committee Chair Cooper reported that Jack Ferdon, Senior Associate, Client Service & Consultants, with Institutional Shareholder Services (ISS) reviewed the ISS Governance Risk Report for the quarter ending June 30, 2021. DFA and SSGA accounts follow the Public Fund Policy, which recommends votes against management almost 30% of the time and favors ESG-related shareholder proposals. Firms with governance risk may have excessive executive compensation and unequal voting rights, and the dollar amount of MCERA's holdings in companies whose shares are held in comingled accounts may be less than indicated in this report. Trustee Block asked what the MSOP acronym refers to and Mr. Wickman explained that it stands for the "Management Say on Pay" shareholder resolution.

c. Existing Policies – Standard Review with Proposed Updates

1. Proxy Voting and Corporate Governance Policy (Action)

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

Mr. Wickman said updates bring the Proxy Voting and Corporate Governance Policy in alignment with hiring ISS to vote proxies. Trustee Block requested clarification on proxy voting delegated to a third party provider and the Administrator will make the clarifying edit. Chair Silberstein noted another update limits non-audit fees to no more than 25% of the auditor’s services and rotates auditors every 7 years, in line with the Public Fund Policy.

Chair Cooper stated the Governance Committee recommends the Board adopt updates to the Proxy Voting and Corporate Governance Policy, including the revision discussed above. The motion was approved by a vote of 9-0 as follows:

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

2. Facility Use and Reservation Policy (Action)

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

Updates to the Facility Use and Reservation Policy align with pandemic-related practice and clarify fees.

The Governance Committee recommends the Board adopt updates to the Facility Use and Reservation Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

3. Portable Electronic Device Policy (Action)

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

Updates to the Portable Electronic Device Policy provide that portable electronic devices “may” be rotated since some devices cannot be updated.

The Governance Committee recommends the Board adopt updates to the Portable Electronic Device Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

4. Trustee Education Policy (Action)

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

Updates to the Trustee Education Policy add the initial ethics training requirement of one year.

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

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

5. Compensation Earnable and Pensionable Compensation Policy (Action)

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

Updates to the Compensation Earnable and Pensionable Compensation Policy clarify the application of *Alameda* and *Marin* decisions that had been addressed by the courts. Mr. Wickman said staff will be recommending further clarifying edits to reflect MCERA's implementation of the Policy through the Governance Committee in 2022.

The Governance Committee recommends the Board adopt updates to the Compensation Earnable and Pensionable Compensation Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

d. Existing Policies – Standard Review without Proposed Updates

The Governance Committee recommends the Board accept the review of policies listed below in Agenda Items B.2.d.1-6. The motion was approved by a vote of 9-0 as follows:

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

1. Audit Committee Charter (Action)
Conduct standard charter review
 2. Finance and Risk Management Committee Charter (Action)
Conduct standard charter review
 3. Key Service Provider Performance Evaluation Policy (Action)
Conduct standard policy review
 4. Procedures for Hearings on Matters Other Than Disability Retirement (Action)
Conduct standard policy review
 5. Records Retention Policy and Guidelines (Action)
Conduct standard policy review
 6. Timing of Employer Payment of Required Contributions to MCERA Policy (Action)
Conduct standard policy review
3. Trustee Comments
- a. Educational Training: Reports by Trustees and Staff

Vladimir Matyurin, Business Systems Analyst, reported on the CalAPRS Information Technology Roundtable. A major topic of discussion was preparations for remote work, including purchasing laptops for staff to work from home, moving files from network drives to SharePoint or other cloud storage options, and migrating benefit management services to cloud servers. Some systems migrated phone services to Voice over Internet Protocol (VoIP).

Mr. Matyurin discussed interesting ideas to consider for MCERA. One is requiring multifactor identification for every employee login, rather than once every two weeks. Some systems are investigating the use of digital signatures for processes such as changes of address; SimpliGov is a recommended provider. For work conditions the majority of systems have a hybrid model, with staff working at home and in the office on varying days of the week.

Chair Silberstein reported at the CalAPRS Trustees' Roundtable Counsel Dunning was one of two speakers for the presentation on Loyalty and Care as Applied to Environmental – Social – Governance (ESG), and another presentation was on Climate Change and Fiduciary Responsibility. Takeaways were to be aware of risks and fiduciary responsibilities when making investment decisions. Discussions included the efforts of trustees at the Los Angeles County Employees Retirement

Association (LACERA) and the Los Angeles City Employees' Retirement System (LACERS) to require investment managers to report on diversity on Boards of Directors. Counsel Dunning explained her presentation was a combination of focusing on basic principles around fiduciary responsibilities and discussing how these are considered in the context of ESG discussions, which are appropriate to the extent they have material consequences to the Boards' responsibilities. She stated the responsibility remains for trustees to timely pay promised benefits to members, so trustees should ask questions with a continuing eye as to how decisions affect risk-adjusted returns or the ability to administer the Plan prudently.

b. Other Comments

There were no other comments.

4. MCERA Funding Policy

Consider and discuss a potential standalone Funding Policy for MCERA

Mr. Wickman presented a potential standalone Funding Policy. The Policy outlines the goals of the actuarial funding, funding structure, actuarial methods, and the history of the Plan including when the Plan sponsor and participating employers joined the Plan. Based on input from the Governance Committee, the Policy references the tri-annual Experience Study as part of the funding process. The Administrator said the Policy is agendized for discussion, recommending waiting until the Actuary has presented the annual Actuarial Valuation for full consideration. Then the Policy can be adapted to the Actuarial Valuation and brought back to the Board in January of 2022.

The Administrator pointed out that the Policy does not address what happens when funding is between 100% and 120%. During the October Strategic Workshop Policy provisions when extraordinary investment returns result in funding over 120% were discussed. These funding levels and related provisions can be discussed further with the Actuary to incorporate any recommendations into the Policy. Mr. Wickman invited the trustees to comment on the proposed Policy.

Chair Silberstein emphasized the importance of the goal to minimize volatility of contributions required from participating employers through funding policies, such as phasing in abnormal investment returns over time. Trustee Klein asked about surplus funding that is less than 120% and whether the three goals are equally weighted. In response to her first inquiry, Mr. Wickman recommended getting the Actuary's input on the funding level and incorporating preferred provisions into the Policy. On Trustee Klein's second inquiry, Counsel Dunning advised that from a legal perspective the primary duty is to timely pay benefits and fund them, though current "full funding" of benefits that will be due in the future is not mandated by law; the California Constitution provides for the remaining principals to be considered.

Trustee Block requested that assumptions and methods referred to in Heading IV of the Policy be listed in the Policy. In response, Mr. Wickman and Counsel Dunning discussed the reasoning for how the Policy was written. The Administrator noted that listing the

assumptions and methods would duplicate what is in the Actuarial Valuation Report. Counsel Dunning recommending keeping all the details in the Actuarial Valuation. Trustee Block's concern is the Actuarial Valuation cites MCERA's policies, leading to circularity. Counsel Dunning noted up to now the policy exists as set forth in the Actuarial Valuations the Board has adopted annually. Trustee Gladstern said it is easy to see funding policy all in one place. Mr. Wickman said the draft Policy will be updated accordingly.

5. Future Meetings

Consider and discuss agenda items for future meetings.

The Chair invited discussion on ideas for topics for future meetings.

D. OTHER INFORMATION

1. Training Calendar (Action)

Mr. Wickman presented the monthly Training Calendar which now includes the 2022 Callan National Conference.

It was M/S Gladstern/Murphy 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, Tomlin, Werby
 NOES: None
 ABSTAIN: None
 ABSENT: None

G. CONSENT CALENDAR (Action)

It was M/S Werby/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, Tomlin, Werby
 NOES: None
 ABSTAIN: None
 ABSENT: None

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, NOVEMBER 3, 2021

October 2021

RETURN OF CONTRIBUTIONS			
Tim Battaglia	Full Refund - Termination	\$	15,644.67
Kila Carrier	Full Refund - Termination	\$	45,723.32

Mary Morris	Full Refund - Termination	\$	945.72
Harold Starr	Full Refund - Termination	\$	9,969.37
Darren Taurins	Full Refund - Termination	\$	28,484.13

BUYBACKS			
Ramona Indrebo		\$	2,558.37

NEW RETIREES			
Siavash Barmand	County of Marin - Public Works		
Joelle Bushrow	City of San Rafael - DRO		
Suzanne Crow	County of Marin - Assessor-Recorder-County Clerk		
Fernando Cuervo	Marin County Superior Court		
Patrick Cunningham	County of Marin - Public Works		
Barbara Douglas-White	Marin City Community Services District		
Patrick Echols	County of Marin - Public Works		
Khosrow Fallah	County of Marin - Community Development		
Jacqueline Fisher	Marin County Superior Court		
Cecile Focha	County of Marin - Sheriff/Coroner		
Pamela Fraass	County of Marin - Sheriff/Coroner		
Paula Machado	City of San Rafael		
Shelley Norris-Alvarez	County of Marin - Health & Human Services		
Maureen Parton	County of Marin - Board of Supervisors		
Ian Roth	County of Marin - Community Development		
Mariano Zamudio	County of Marin - Probation		

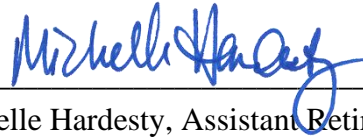
DECEASED RETIREES			
Sophia Eliopoulos	County of Marin - Department of Finance		
Maxine Hamilton	County of Marin - Beneficiary		
Milton Holloway	City of San Rafael		
Martha Johnson	County of Marin - Beneficiary		
Barbara Padgett	County of Marin - District Attorney		
Melissa Plunkett	County of Marin - Information Services & Technology		
Ronald Thunen Jr.	County of Marin - Beneficiary		
Lena Tidwell	Central Marin Sanitation Agency - Beneficiary		

There being no further business, Chair Silberstein adjourned the meeting at 11:18 a.m.



Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty, Assistant Retirement Administrator

On behalf of:
Laurie Murphy, Secretary