

**MINUTES**

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

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

**December 15, 2021 – 11:00 a.m.**

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This meeting was held via videoconference pursuant to MCERA Board of Retirement Resolution 2021/22-01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through January 1, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

**CALL TO ORDER**

Chair Silberstein called the meeting to order at 11:11 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

**A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may 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. 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 January 14, 2022, 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 adopted Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings Pursuant to Government Code section 54953(e) of the Brown Act through November 12, 2021. At subsequent meetings on November 3, 2021, and December 2, 2021, the Board made findings to reinvoke provisions allowing for remote meetings for another 30 days, respectively. Today's reconsideration is to determine whether the two conditions listed above continue to exist, so that the Board may reinvoke §54953(e) and conduct Board and committee meetings remotely through January 14, 2022, which encompasses the January 2022 Board meeting. Staff's recommendation is to continue meeting remotely as conditions still exist to reinvoke the relevant provisions for another 30 days. Mr. Wickman pointed out that the state has put a new indoor mask mandate in place because of the rise of the new variant. Counsel Dunning said she supports the staff recommendation, particularly with the state's new masking mandate.

It was M/S Werby/Gladstern to reinvoke Government Code §54953(e) and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through January 14, 2022, because both of the circumstances listed above exist. The motion was approved by a vote of 9-0 as follows:

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

### **C. MATTERS OF GENERAL INTEREST**

1. **GASB 67/68 Report (Action) – Cheiron, Graham Schmidt**

Consider and take possible action to adopt June 30, 2021 GASB 67/68 Report

Graham Schmidt, Actuary with Cheiron, presented the Governmental Accounting Standards Board (GASB) 67/68 Report as of June 30, 2021 that provides accounting and financial reporting information that MCERA and its employers use for their annual financial statements. GASB 67 provided the required information for MCERA's financial statements while GASB 68 provides financial data for participating employers. Mr. Schmidt noted that because of MCERA's fiscal year investment return, instead of reporting a Net Pension Liability (NPL) as in all prior years, the new report reflects a Net Pension Asset of about \$162 million. MCERA's actual market value of assets as of June 30, 2021 was \$3.39 billion, which exceeded the Total Pension Liability (TPL), thus resulting in the Net Pension Asset.

The Actuary explained that liabilities are rolled forward from the June 30, 2020 Actuarial Valuation. Liabilities increased from \$3.1 billion in the prior year to \$3.2 billion, in part due to the reduction of the discount rate last year to 6.75%.

Mr. Schmidt discussed the Pension Expense, which is a balancing item of the net impact from one year to the next, not the contributions paid. For the Plan collectively the Pension Expense is negative \$36.5 million, or income, which does not reflect the actual cash flow.

The Net Pension Asset of \$162 million is allocated to each employer according to the percentage of the NPL from the previous year's report. Mr. Schmidt pointed out that for the GASB 68 report, this year there is an asset, rather than a liability, to allocate to employers. He stated that all employers will receive a proportionate share of the Net Pension Asset regardless of the funded status in the Actuarial Valuation. Mr. Wickman noted that, because of this unusual circumstance, staff sought advice from GASB on how the Net Pension Asset should be allocated. Trustee Gladstern asked if peers have this challenge. In response Mr. Schmidt said he has not had this occur with any of his other CERL plans.

Trustee Werby asked if the asset allocation affects contribution rates and Mr. Schmidt said it does not. Mr. Wickman emphasized that standards used for financial reporting are different from funding methodologies used to calculate contribution rates.

Trustee Block asked if the allocation of the Net Pension Asset will cause there to be a change in the allocation of assets in the annual actuarial valuation. Mr. Schmidt said it would not because the amounts reflected in the GASB report are only for recording transactions in the employer financial statements. The method for allocating assets in the actuarial valuation report will remain the same.

It was M/S Gladstern/Murphy to adopt the June 30, 2021 GASB 67/68 Report as submitted. The motion was approved by a vote of 9-0 as follows:

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

2. Audited Financial Statements for Fiscal Year Ending June 30, 2021 (Action) – Brown Armstrong, Rosalva Flores, CPA, Audit Manager

Discuss and consider Audit Committee recommendation to adopt the Audited Financial Statements for June 30, 2021

Audit Committee Chair Maya Gladstern reported the Committee met with the auditors on December 8, 2021 to review final draft financial statements and reports. Chair Gladstern reported that Brown Armstrong has issued an unmodified clean opinion of MCERA's Audited Financial Statements for the fiscal year ending June 30, 2021. The financial statements are in accordance with Generally Accepted Accounting Principles and there were no noncompliance items noted and no material weaknesses. Auditors focused on key risk areas of revenue recognition, management override of controls, and participant

data. The auditors reported they recommended a \$53 million adjustment to the financial statements to recognize the increase in value of the private equity program as of June 30, 2021. The adjustment was a result of the normal lag in reporting of private equity valuations. Auditors identified two areas where MCERA can make improvements with respect to reviewing investment manager Service Organization Control (SOC) reports and participant data.


Committee Chair Gladstern stated the Audit Committee recommends that the Board adopt the Audited Financial Statements for June 30, 2021 as submitted.

Lead Auditor Rosalva Flores of Brown Armstrong noted that after discussion of draft financials and reports with the Audit Committee, Brown Armstrong finalized its reports. She noted there was a tight timeframe due to some delays, including the aforementioned value of the private equity portfolio. In summary, Ms. Flores said the audit team worked well with staff to complete the audit and thanked management for their help in performing this year's audit.

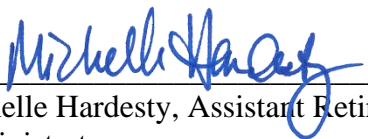
The motion was approved by a vote of 9-0 as follows:

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

There being no further business, Chair Silberstein adjourned the meeting at 11:43 a.m.

  
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Jeff Wickman, Retirement Administrator

On behalf of:  
Steve Silberstein, Board Chair

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