

MINUTES

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

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

February 9, 2022 – 9:00 a.m.

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 February 11, 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 9:02 a.m.

ROLL CALL

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

ABSENT: None

MINUTES

It was M/S Gladstern/Murphy to approve the January 12, 2022 Board Meeting Minutes with one revision proposed by Trustee Block. The motion was approved by a vote of 9-0 as follows:

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

It was M/S Block/Gladstern to approve the January 19, 2022 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

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

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. 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 March 11, 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 the Board is to consider whether to continue to invoke Government Code section 54953(e) to extend Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings for another 30 days through March 11, 2022. Doing so will allow the March 2, 2022 Board meeting to be teleconferenced. Mr. Wickman noted the State of California is expected to drop the mandatory indoor masking requirement, and whether Marin County will do the same is not clear. Staff recommends that the Board make the finding(s) necessary to continue to conduct remote meetings under Section 54953(e), as it has to date, through March 11, 2022 on the basis that the conditions identified in items (1) and (2) above continue to exist.

It was M/S Block/Murphy to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through March 11, 2022, because both of the circumstances listed above still exist. The motion was approved by a vote of 9-0 as follows:

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

C. MATTERS OF GENERAL INTEREST

1. Annual Cost of Living Adjustment as of April 1, 2022 (ACTION) – Cheiron, Graham Schmidt

Consider and take possible action to affirm calculation of annual cost of living increase for retirees.

Mr. Wickman stated the Board’s action is to affirm the Actuary’s calculation of the annual Cost of Living Adjustment (COLA) for retirees as of April 1, 2022. Mr. Wickman stated that the ability for a retiree to receive a Cost of Living Adjustment (COLA) is part of the benefit tier agreed to between the employers and their employees under Sections 31870, 31870.1 or 31874.2 of the County Employees Retirement Law of 1937 (CERL).

Graham Schmidt, actuary with Cheiron, explained that the COLA is calculated by averaging the prior two calendar year increases in the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward Area, resulting in 3.2%, rounded to the nearest half percent, for a 3.0% increase. Mr. Schmidt stated that MCERA tiers with lower maximum COLAs will have the difference banked for future use. The COLA calculation is in accordance with the County Employees Retirement Law of 1937 (CERL). Mr. Schmidt’s presentation sets forth Consumer Price Index (CPI) data and COLAs including carryover balances for specific tiers. In response to Trustee Werby’s inquiry about the calculation method, Mr. Schmidt explained the two-year annual average lessens the impact of higher inflation in any one month.

It was M/S Gladstern/Werby to affirm the Actuary’s calculation of the annual Cost of Living Adjustment for retirees as of April 1, 2022. The motion was approved by a vote of 9-0 as follows:

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

2. Actuarial Valuation Report as of June 30, 2021 (ACTION) – Cheiron, Graham Schmidt

Consider and take possible action to adopt actuarial valuation report as of June 30, 2021, and to set contribution rates as recommended in the report.

Mr. Wickman noted Actuary Graham Schmidt presented preliminary results of the Actuarial Valuation as of June 30, 2021 at the October 26-27, 2021 Strategic Workshop and the January 12, 2022 Board meeting. The Board’s action is to adopt the Actuarial Valuation Report and the employer and employee contribution rates therein to be effective on July 1, 2022. Mr. Wickman noted that the report has been distributed to MCERA’s plan sponsors. Once the report and corresponding rates have been adopted, MCERA will send a final communication to plan sponsors communicating the contribution rates for July 1, 2022. For Classic members contribution rates will not change, but PEPRA member rates will be changing. Chair Silberstein asked if the Administrator had received inquiries on the Valuation results. In response, Mr. Wickman said he received questions about the employer contribution rates going down this year.

Mr. Schmidt presented the Actuarial Valuation Report as of June 30, 2021. The Valuation sets forth the funded status of the Plan, past and expected trends in the funded progress of the Plan, employer and employee contribution rates for Plan Year 2022-2023, and an assessment of key risks. The three MCERA valuation groups are Marin County and Special Districts, Novato Fire Protection District, and the City of San Rafael. The Actuary stated there are few changes in the final Valuation from preliminary results. The foremost change is in the method of allocating assets to employers within the valuation groups. The Actuary noted the Valuation results are based on the Boards current funding methodology rather than the Fresh Start method that was discussed during the preliminary presentation.

Mr. Schmidt reported key results from last year are moving from an Unfunded Actuarial Liability (UAL) of \$499.5 million to a surplus of \$144.6 million based on the market value of assets as of June 30, 2021. For the Plan as a whole, the funded ratio increased from 84.0% to 104.5%. Contribution rates for all employers decreased due to investment gains. He noted the City of San Rafael still has a UAL, but its funded ratio improved to 95.8%. For the Plan overall payroll growth was slightly less than the assumption. For the County Group and Novato Fire, there are more than enough assets to cover liabilities for active and inactive members due mainly to the investment return of 32% as of the fiscal year ending June 30, 2021. That return will be phased in which results in projected lower employer contribution rates for the next four years if all assumptions are met. As a percentage of payroll, County Group employer contribution rates decreased from 24.99% to 22.35%, Novato Fire employer contribution rates decreased from 48.35% to 43.01%, and City of San Rafael employer contribution rates decreased from 62.57% to 58.91%.

The Actuary stated projections show that funded ratios for each of the valuation groups are expected to increase. He noted there are still payments being made on the UAL in the existing amortization layers, but those payments are projected to drop off as this year's investment gains are phased in, if all current assumptions are met.

Trustee Cooper joined the meeting at 9:30 a.m.

For the City of San Rafael amortization payments on the UAL end in 2032, even though it is expected to be fully funded in about three years. Mr. Schmidt advised that if the City of San Rafael becomes fully funded, then it would be worth revisiting the funding policy discussion regarding UAL payments. He pointed out how much funded projections increased because of the 32% investment return, and the related dramatic reduction in employer contribution rate projections. Trustee Block asked, since the County Group is better funded, why it does not go into super-funded status sooner than other employers. Mr. Schmidt explained that due to the structure of assets relative to members, the City of San Rafael and Novato Fire funded ratios accelerate above the County Group and therefore achieve 120% funded status a little sooner.

Regarding risk assessment, Mr. Schmidt said the asset leverage ratio (assets divided by payroll) has increased, meaning contribution volatility with respect to investment returns will increase. Mr. Schmidt stated for this year's valuation assets were allocated among the County employer group based on equalizing employer funding ratios to 106.8%, which are

calculated using each employer's liability. The Actuary said this approach stabilizes contribution rates for the smaller employers, and, in addition, it simplifies significantly how the surplus is allocated on the next year's financial statements.

Trustee Block asked if the asset allocation method for the County Group would affect the termination liability of one of its employers. Mr. Schmidt replied that MCERA is a cost-sharing entity and all assets are available to pay member benefits. He stated the asset allocation method is consistent with most public pension plans' approaches, in that an employer's share of the assets is correlated with its share of the liabilities. Counsel Dunning advised that assets need to be fairly allocated among employers for funding purposes, and the Actuary's method meets that standard. In the context of a potential withdrawal of an employer from the Plan, she said the asset allocation could affect how the Retirement Board determined the termination liability of the employer. Counsel Dunning noted the Actuary is recommending a change that in his judgment is an improvement in terms of the allocation of assets among the employers in the County group. Chair Silberstein noted in the event of an employer termination the discount rate may be different. Mr. Wickman agreed, stating that if there were an employer termination the Board would need to go through a separate process led by the Actuary and counsel to determine the termination liability including what discount rate would be applied.

It was M/S Gladstern/Murphy to adopt the Actuarial Valuation Report as of June 30, 2021 and the employer and employee contribution rates therein to be effective on July 1, 2022. 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

D. BOARD OF RETIREMENT MATTERS

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

Mr. Wickman reported the April 26-27, 2022 dates for the Strategic Workshop conflict with the 2022 Callan National Conference and will need to be moved so that everyone is available.

The CalAPRS General Assembly will be held in early March in San Diego for those interested in attending.

At One McInnis Parkway, work continues on Suite 175 in preparation for the new tenant. Some supply chain issues will cause a one- or two-week delay. A marketing plan for Suite 150 is being developed to provide to prospective tenants.

- b. Staffing Update

No staffing update to report.

c. Facility Use Report

No facility use in the period to report.

d. Future Meetings

- March 2, 2022 Board
- March 16, 2022 Investment Committee
- March 23, 2022 Finance and Risk Management Committee

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

There were no educational events to report.

b. Other Comments

No discussion.

E. NEW BUSINESS

1. Form 700 Refresher – Nossaman, Ashley Dunning

Presentation on updated Fair Political Practices Commission Form 700 and related rules

Ashley Dunning, Board Counsel, presented an overview of Form 700 and related rules. Ms. Dunning stated Form 700 is a requirement set forth in the Political Reform Act for most state and local officials to disclose personal economic interests and income. The Fair Political Practices Commission (FPPC) issues the Form 700, interprets the Political Reform Act, and enforces the regulations. The most common amendment from year to year are for gift limits.

All MCERA Board members are deemed to be public officials who manage public investments; designated filers are listed in MCERA's Conflict of Interest Code. Form 700 is filed annually and upon assuming or leaving office, and may be amended as needed. The Form 700 once submitted is a public record. Types of personal financial interests include non-government income, business positions, investments, and real estate. Gifts above certain limits are reported with some exceptions.

Disclosures on Form 700 are to include those of a spouse and dependent children. Ms. Dunning discussed filling out the Cover Page and Schedules of the Form 700. Schedule A-1 relates to investments such as individually held stocks or bonds, including those held in an IRA or 401K. Schedule A-2 relates to ownership greater than 10% in business entities or trusts. Schedule B relates to interests in real property within Marin County, other than a personal residence not used for business purposes. Schedule C is for reporting personal income or loans from non-government sources. Schedule D is for reporting gifts, including fair market value and the donor. There are two gift limits for trustees: first is an “ethics” gift limit applying to the calendar year of \$520; the second is the “conflict of interest” gift limit applying to the rolling 12 months prior to participation in a related matter.

Gifts, with some exceptions and limits, are anything of value and include discounts and tickets not available to the public, meals and beverages, and non-reportable campaign contributions. Gifts during the same calendar year of \$50 or more from a single source are reportable.

Exceptions from the definition of reportable gifts include: informational material to assist in the performance of duties, gifts that are returned or donated within 30 days, items from close family members, home hospitality when the home owner is present, reciprocal exchanges from non-lobbyists, unused tickets that are not given to another person, admission to an event at which the filer is speaking, a bona fide contest prize or award, wedding attendance benefits that are available to all attendees, gifts due to neighborliness or bereavement, and gifts from best friends forever. In a group setting only gifts of \$50 or more from a single source are reportable.

Finally, Schedule E applies to gifts in the context of travel paid for by a non-governmental entity for an official giving a speech. In conclusion, Ms. Dunning advised that to keep within gift limits, gifts may be bought down, timely returned or donated, or refused. The Board Counsel provided avenues for receiving advice on the Form 700.

Chair Silberstein directed deliberations to **Agenda Items E.3, E.4, F and G.**

3. Notification of SACRS Board of Directors Election 2022-2023
Consider and discuss election process and deadlines.

Mr. Wickman presented the notification from SACRS of its Board of Directors election for 2022-2023 and the timeline for the election process. The Chair inquired if trustees would like to serve on the SACRS Board.

4. Future Meetings
Consider and discuss agenda items for future meetings.

No discussion.

F. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar, noting the CalAPRS Administrators' Round Table has a new date. The CalAPRS Principles of Pension Governance for Trustees is now scheduled as an in-person conference, and the Pension Bridge Annual conference now has a date.

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

G. CONSENT CALENDAR (ACTION)

Mr. Wickman presented the Consent Calendar for the month of January 2022.

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, FEBRUARY 9, 2022

JANUARY 2022

RETURN OF CONTRIBUTIONS

Nick Codioli	Full Refund - Termination	\$47,918.33
Irene Emma	Full Refund - Termination	\$28,688.31
Christian Hernaez	Full Refund - Termination	\$363.08
Michael Koppel	Full Refund - Termination	\$10,543.76
Joy Madayag	Full Refund - Termination	\$21,429.33
Ian Madfes	Full Refund - Termination	\$70,022.79
Ashley Martinez	Full Refund - Termination	\$4,608.37
Diana Miranda	Full Refund - Termination	\$6,705.59
Ryan Przestrzelski	Full Refund - Termination	\$9,435.96

BUYBACKS

None

NEW RETIREES

Joni Anderson	County of Marin - Health & Human Services
David Beck	Marin/Sonoma Mosquito & Vector Control
Diana Bishop	City of San Rafael
Rachel Creyer	Marin County Superior Court
John Decarlo	County of Marin - Public Works
Jen Fujimoto	County of Marin - Parks
Kelly Gerhardt	City of San Rafael
Jacqueline Holzhauser	County of Marin - Public Works
Ronald Scranton	County of Marin - Sheriff/Coroner
Michael Seybold	County of Marin - Fire

DECEASED RETIREES

Edna Beedle	County of Marin - Beneficiary
Jeffrey Burrill	County of Marin - Health & Human Services
Allen Martino	City of San Rafael
Xenia Miram	City of San Rafael
Verena Schumacher	County of Marin - Health & Human Services
Cecilia Truax	County of Marin - Health & Human Services

Chair Silberstein recessed Open Session and reconvened the meeting in Closed Session at 10:58 a.m.

Chair Silberstein recessed Closed Session and reconvened the meeting in Open Session at 11:58 a.m.

NEW BUSINESS, continued

2. Public Employee Performance Evaluation (CLOSED SESSION)

In accordance with MCERA's Retirement Administrator Annual Performance Evaluation Policy, Section 3(b), conduct informal mid-year performance review.

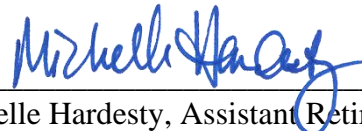
Chair Silberstein reported there is nothing to report on this agenda item.

There being no further business, Chair Silberstein adjourned the meeting at 11:59 a.m.



Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty, Assistant Retirement Administrator

On behalf of:
Laurie Murphy, Secretary