

MINUTES

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

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

May 4, 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 May 13, 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 9:01 a.m.

ROLL CALL

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

ABSENT: Jones (alternate retired), Martinovich

MINUTES

It was M/S Werby/Murphy to approve the April 13, 2022 Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, 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. 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 June 3, 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 one or both conditions listed above exist to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through June 3, 2022. The extension is recommended by staff and will allow the May 16-17 Strategic Workshop, May 17 Audit Committee, and May 25, 2022 Finance and Risk Management Committee meetings to be held remotely.

It was M/S Gladstern/Murphy to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through June 3, 2022 because both of the circumstances listed above exist. The motion was approved by a vote of 8-0 as follows:

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

C. BOARD OF RETIREMENT MATTERS

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

Mr. Wickman stated Board member positions with elections this summer due to terms expiring October 31, 2022 are the Safety and Alternate Safety Members and the Second General Member. The election processes will begin with nominating petitions available on May 25. These are to be filed with the Registrar of Voters by June 8, 2022, unless the incumbent fails to file by then, in which case the due date is June 15, 2022. Ballots will be sent at the end of June and are due to the Registrar of Voters by July 29, 2022.

Two appointed positions, the Fourth and Sixth Members, expire on October 31, 2022. The Fifth Member position has been vacant since April 28, 2022. Appointments to each position will be addressed by the Marin County Board of Supervisors.

Contribution rates effective July 1, 2022 were communicated to employers. Employer and PEPRA member rates changed, and Classic member rates did not change.

Two Board members are attending the SACRS Spring Conference next week.

b. Staffing Update

La Valda Marshall has accepted a position with the Ventura County Employees' Retirement Association and will remain on staff through May 27, 2022. A recruitment has been opened with the goal of starting interviews before the end of May. Mr. Wickman and Trustees Gladstern, Werby, Murphy and Shaw thanked Ms. Marshall for her service on MCERA's behalf and wished her well.

Staff are making hiring offers to candidates for two Retirement Benefits Technician positions.

c. Facility Use Report

No facility use in the period.

d. Future Meetings

- May 16-17, 2022 Strategic Workshop
- May 17, 2022 Audit Committee
- May 25, 2022 Finance and Risk Management Committee
- June 8, 2022 Board

2. Standing Committee Reports

a. Governance Committee

1. Proxy Voting

a. Proxy Voting Reports

Proxy voting records of public equity managers for December 31, 2021

Governance Committee Chair Chris Cooper reported the Committee reviewed proxy voting reports for the second half of 2022. 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.

b. Proxy Voting Reports – Executive Compensation

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

Proxy votes included votes on executive compensation. Staff will reach out to managers not aligning with ISS recommendations.

2. Governance Risk Report – Institutional Shareholder Services (ISS) – Jack Ferdon
Review and discuss the ISS quarterly Risk Assessment Report

Companies with low governance ratings in the ISS Governance Risk Report in the SSGA Russell 1000 Index portfolio were reviewed with the Committee. MCERA supported shareholder proposals on civil rights, energy emission reporting, and employee pay gaps. Staff will look into a correlation between governance and performance for companies with contested meetings. In response to Trustee Werby’s inquiry, Mr. Wickman explained there were three companies with contested meetings and staff will provide more detail on contested votes at the next Governance Committee meeting.

3. New Policies

a. MCERA Funding Policy (ACTION)

Consider possible action on Governance Committee recommendation to adopt standalone Funding Policy for MCERA

Chair Cooper stated the Governance Committee considered the original version of the Actuarial Funding Policy at its October 25, 2021 meeting and made one change. At its April 20, 2022 meeting the Committee recommended its adoption.

Chair Cooper stated the Governance Committee recommends that the Board adopt the Actuarial Funding Policy as presented.

Trustee Gladstern explained that the Committee determined that duplicating information in the Actuarial Valuation was not needed in the policy. Counsel Dunning noted the proposed policy is a summarization of the Board’s funding policy that is already documented in the Actuarial Valuation.

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

4. Existing Policies – Standard Review with Proposed Updates

a. Policy Regarding Adoption of Actuarial Economic Assumptions (ACTION)

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

Mr. Wickman explained that there are no changes to economic assumptions in the Policy. The effective date of the economic assumptions is updated to reflect the June 30, 2021 valuation.

Chair Cooper stated that the Governance Committee recommends that the Board adopt updates to the Policy Regarding Adoption of Actuarial Economic Assumptions as presented. The motion was approved by a vote of 8-0 as follows:

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

5. Existing Policies – Standard Review without Proposed Updates

Chair Cooper stated that the Governance Committee recommends that the Board accept the review of the three policies listed below in Agenda Item C.2.a.5.a-c. The motion was approved by a vote of 8-0 as follows:

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

- a. Policy Regarding Annual Affirmation as to Key Policies (ACTION)
Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates
- b. Statement of Investment Policy Regarding Divestment (ACTION)
Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates
- c. Whistleblower Policy (ACTION)
Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Chair Silberstein attended the Callan National Conference and reported the first speaker, Bob Woodward, had interesting stories to tell from his book, *Peril*, on the last days of the Trump administration. Mr. Woodward indicates that the Clinton administration and the Chair of the Federal Reserve (the Fed), Alan Greenspan, reached an agreement that Clinton would raise taxes and cut spending and the Fed would keep interest rates low. Now, the Biden administration wants to increase government spending and is unable to raise taxes, with the result that the Fed is raising interest rates. The other speaker, Michael Greenstone, discussed climate challenges, pointing out that generating electricity from coal is cheaper than renewable energy. Absent reducing demand, the solution proposed is for the U.S. government to spend on innovation to equalize the cost of renewable energy with coal. Another session outlined two strategies using leverage by pension funds. CalPERS is using leverage to increase the allocation to alternative investments that have higher returns but more volatility. Other pension funds are using leverage to add to bond positions to reduce volatility. Callan reported increases in staffing and its focus on ESG issues, and a new consulting unit for smaller entities.

Trustee Werby also attended the Callan National Conference, reporting regarding the global energy challenge there is tension between the desire to grow and the use of energy. Fossil fuels are expected to be reduced from 80% to about 72% of total energy usage, but total usage is still going up because of the cost advantage. In a study in China life span was reduced by three years on one side of a river as compared to the other side where fossil fuels use was expanded.

Trustee Werby shared that an expert in China said the Chinese do little business in Russia, depending more on the West for their economy. The Chinese economy is being hurt by Covid-related lockdowns, and demographics are trending to more older people relative to the total population. The United States has been decoupling from China, notably in technology. Taiwan remains a dangerous situation and is subject to creeping aggression. The Capital Markets panelists expect commodity price increases to stick and see the biggest risk as the way the Fed manages interest rates and monetary policy. The Fed is focused on keeping long-term inflation expectations at 2%. If those expectations increase, the Fed's actions are not fully priced into markets.

Referring to the leverage strategy to invest in bonds, Trustee Klein asked if the terms of bonds were matched up with investments. Trustee Werby replied matching the bond term with investments is not a viable strategy because the yield on bonds is lower than the borrowing cost.

Trustee Gladstern reported 39 trustees attended the virtual CalAPRS Trustees' Roundtable. The Institutional Limited Partners Association (ILPA) made a presentation on how private equity helps the economy through direct employment and consumer spending. Other advantages to private equity are higher long-term returns driven by improved operating efficiencies of portfolio companies, and an opportunity set twice that of public companies. Industry challenges include transparency of fees, fiduciary duty headwinds for investing entities, the significant resources needed for valuations and due diligence, and headline risk. Trustee Gladstern suggested having ILPA as a presenter for a future MCERA Strategic Workshop.

b. Other Comments

No other comments by the trustees.

D. NEW BUSINESS

1. SACRS Voting Delegate (ACTION)

Select delegate and alternate delegate to vote on MCERA's behalf at the 2022 SACRS Business Meeting May 13, 2022.

Mr. Wickman said the Board is to select a delegate and alternate delegate to vote on MCERA's behalf on four action items at the May 13, 2022 Business Meeting during the SACRS Spring Conference. Trustees Murphy and Cooper will be attending the conference.

It was M/S Gladstern/Cooper to select Laurie Murphy as delegate and Chris Cooper as alternate delegate to vote on MCERA's behalf at the May 13, 2022 SACRS Business Meeting. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, 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 stated at the SACRS semi-annual Business Meeting May 13, 2022 the MCERA delegate will be asked to vote on the following four items in the Business Meeting packet:

Agenda Item #2 – Secretary’s Report: Fall 2021 SACRS Business Meeting Minutes

Agenda Item #3 – Treasurer’s Report: July 2021 – February 2022 Financials

Agenda Item #6 – SACRS Nominating Committee: 2022-23 SACRS Board of Directors Election

Agenda Item #7 – SACRS Audit Report: Audited Financial Statements for fiscal years ending June 30, 2021 and 2020

The Administrator stated staff have reviewed each of the items and recommend that the Board to direct the delegate to vote in favor of a motion to adopt the four action items listed above. Mr. Wickman noted that the Board already approved the SACRS Nominating Committee’s slate of officers for the Board of Directors for 2022/23 at its April 13, 2022 Board meeting.

It was M/S Gladstern/Murphy to direct the MCERA voting delegate to vote in favor of the four action items listed above to be considered at the May 13, 2022 SACRS Business Meeting.

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

3. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion.

E. OTHER INFORMATION

1. Training Calendar (ACTION)

The Administrator presented the updated monthly Training Calendar. The Dimensional Fund Advisors Annual Symposium was added, which overlaps with MCERA’s Board

meeting. New attendees for the SACRS Spring Conference and the Callan Introduction to Investments course are listed.

It was M/S Werby/Murphy to approve the Training Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

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

F. CONSENT CALENDAR (ACTION)

Mr. Wickman presented the monthly Consent Calendar, noting many members retired to take advantage of the April Cost of Living Adjustment (COLA).

It was M/S Werby/Murphy to adopt the Consent Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, MAY 4, 2022

APRIL 2022

RETURN OF CONTRIBUTIONS			
--------------------------------	--	--	--

Timothy Farrell	Partial Refund - 30 Year Overpayment	\$	5,810.34
Sean Green	Full Refund - Termination	\$	41,482.59
Jamil Jack	Full Refund - Termination	\$	701.90
Patraya Lowe-Smith	Full Refund - Termination	\$	17,271.57
Caroline Mercado	Partial Refund - Correction	\$	2,796.50
America Velasco	Full Refund - Termination	\$	25,840.36

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

Kori Graff		\$	884.27
Will Sink		\$	5,084.24

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

Fredric Baker	County of Marin - Finance
Deborah Borruso	County of Marin - Information Services & Technology

Rolando Calvo	City of San Rafael
Donald Carpenter	County of Marin - Sheriff/Coroner
Jerry Channel	County of Marin - Public Works
Gina Compton	Marin County Superior Court
Kenneth Corley	County of Marin - Probation
Robert DeLambert	City of San Rafael
Steven Elbing	City of San Rafael
Kevin Engler	County of Marin - Fire
Stephen Evans	County of Marin - Public Works
Roy Given	County of Marin - Finance
Frank Godino	County of Marin - Information Services & Technology
Marsha Grant	County of Marin - Health & Human Services
Charles Haase	County of Marin - Information Services & Technology
Lori Hendricks	City of San Rafael
Ramona Indrebo	County of Marin - Health & Human Services
Tamara Jucutan	Marin County Superior Court
M. Donato Madayag	County of Marin - Public Works
Robert Mahoney	County of Marin - Information Services & Technology
Christine Mayerchak	County of Marin - Health & Human Services
John McHugh	Southern Marin Fire
Kirk Mercereau	County of Marin - Sheriff/Coroner
Carey Moody	County of Marin - Health & Human Services
David Nicholson	City of San Rafael
Diane Patterson	County of Marin - Board of Supervisors
Carolyn Perez	County of Marin - Child Support Services
Richard Racich	County of Marin - Fire
Maritza Samartin	County of Marin - Health & Human Services
Carla Ann Scott	County of Marin - Parks
Rose Sismil	County of Marin - Health & Human Services
Eric Smith	County of Marin - Sheriff/Coroner
Stephen Stafford	City of San Rafael
Jennifer Stephens	County of Marin - Health & Human Services
James Toth	County of Marin - Information Services & Technology
Margaret Turner	County of Marin - Probation
Benjamin Warren	County of Marin - Health & Human Services
Lorraine Wilson	County of Marin - Health & Human Services

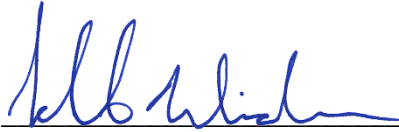
DECEASED RETIREES

Dan Daniels	County of Marin - Health & Human Services
Zane Gray	County of Marin - Fire
Guenter Pinkus	City of San Rafael - Beneficiary

Michael Syroid
Barbara Vaughn

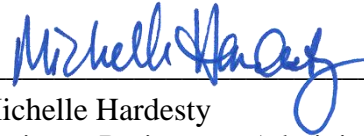
County of Marin - Health & Human Services
City of San Rafael - DRO

There being no further business, Chair Silberstein adjourned the meeting at 10:21 a.m.



Jeff Wickman
Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair



Michelle Hardesty
Assistant Retirement Administrator

On behalf of:
Laurie Murphy, Secretary