MINUTES

Marin County Employees' Retirement Association (MCERA)
Retirement Board Strategic Workshop

One McInnis Parkway, First Floor
San Rafael, CA
May 16-17, 2022

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 June 3, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

Day 1
May 16, 2022

Meeting Chair Stephen Silberstein

9:00 a.m.
Call to Order/Roll Call

Chair Silberstein called the meeting to order at 9:00 a.m.

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

ABSENT: None

Open Time for Public Expression
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.

9:00 a.m. – 10:00 a.m.
China Investment Considerations
Dr. Robert Spalding, Author and Former U.S. Air Force Brigadier General (Ret.)

Retirement Administrator Jeff Wickman introduced Dr. Robert Spalding, retired U.S. Air Force Brigadier General and former White House National Security Council Senior Director for Strategic Planning. Dr. Spalding previously presented to the CalAPRS General Assembly in 2021 and the Sonoma County Employees' Retirement Association Board. There he discussed the importance of understanding the underlying risks of investing in China. These are the same topics the Board has been asking to discuss in recent months.

Dr. Spalding said he lived and studied Civil Engineering in China from 2002 to 2004 when China had just joined the World Trade Organization. Upon returning to the U.S., Dr. Spalding worked for the Secretary of Defense negotiating directly with the Chinese military on behalf of U.S. interests. On the Council on Foreign Relations he was a Senior Military Fellow working with investment industry and financial leaders. Then he worked for the Chairman of the Joint Chiefs as the Senior Advisor on China and China policy. Dr. Spalding commented that, at the time, the main issue was the islands in the South China Sea being built on by China in international waters. He stated that this was determined to be illegal, but now the islands have become completely militarized with Chinese naval and air bases. This informed his understanding of how the Chinese Communist Party was operating militarily and in a broader sense.

Dr. Spalding described the Pentagon's initiation of a study on implications of the U.S. relationship with China. In one example, a hedge fund exited China because it was believed the country was heading in the wrong direction. In another instance, a chemical firm received an unsolicited offer at a low value from a Chinese company that had been partnering with the firm. A private equity firm became suspicious and found the firm had been hacked into and had its records altered to reflect a decrease in performance.

Dr. Spalding compared China's methods of attacking U.S. companies to a war campaign in which the political sovereignty of other nations is attacked. This type of infiltration applied to companies in many industries across the U.S. as a result of a sophisticated campaign by China. Dr. Spalding said his view changed in wanting to explain how China's interference extended far beyond the militarization of the islands in the South China Sea. He stated there is growing bipartisan consensus in Washington, D.C. that something needs to be done about this.

Dr. Spalding discussed geopolitical risks. Prior to invading Ukraine, Russia's leader met with his Chinese counterpart and the two released a statement about strengthening their partnership and imposing their values on the world order. Then, Russia invaded Ukraine. Dr. Spalding noted that the resulting sanctions against Russia have become increasingly stringent and have destructive outcomes for the Russian economy and for investors in that economy. Dr. Spalding stated several Indo-Pacific commanders believe China will invade Taiwan within the next five years. At the end of April 2022 the Chinese called in a large group of world bankers to discuss the implications of sanctions on China, if they should happen as a result of invading Taiwan.

Dr. Spalding discussed an example of the Commerce Department putting technology companies on the Entity List. China has the ability to use data and artificial intelligence in a systematic way to understand human behavior. Dr. Spalding explained this practice extends to U.S. interactions with China. This influence takes many forms, he said, and extends to our financial and political systems, as well as academia. Another example Dr. Spalding identified of China's influence on our policies is with corporations, such as those in the chip industry, lobbying Congress.

In conclusion, Dr. Spalding said globalization and the internet have bound us together with an authoritarian regime. He argued that democratic order is under assault from the subtle undermining of the principles and values under which the international order was established. The prelude to the United Nations, the Atlantic Charter signed by Winston Churchill and Franklin Delano Roosevelt, laid out the idea of the four freedoms speech. This became pivotal in the formation of the United Nations, trade organizations, and international institutions to support these principles in the U.S. and abroad. Dr. Spalding stated that after the end of the Cold War, the U.S. stopped promoting these principles and interests in a way to ensure they continued to thrive. Now, he asserted, global institutions and member countries are being influenced by the Chinese Communist Party to detract from these principles. For example, China placed three directors in the World Bank to ensure China receives money, despite China being the second largest economy in the world. Dr. Spalding said this is a challenge our system is not equipped to deal with. He described it as global political warfare designed to promote the interests of the Chinese Communist Party and its allies and partners. Dr. Spalding said this is to the detriment of investors in China once this becomes more understood and the U.S. begins to push back.

Chair Silberstein asked if there is danger in investing with other authoritarian regimes. Dr. Spalding stated Saudi Arabia is strategically problematic and will be the factor that limits the number of sanctions on Middle East countries. He noted that this is weighing on those who think about national security in Washington, D.C.

Mr. Wickman asked about the impact of the rise of the Chinese internet. Dr. Spalding replied the move from 4G to 5G enables the widespread use of cameras with artificial intelligence inference. He said China seeks to dominate data and artificial intelligence, noting it does not have laws restricting how the data is used. Algorithms are not just useful in an economic sense, but in a social and political sense. Dr. Spalding said mobile internet data can be bought and is how China runs its authoritarian system. As an example, he described a Chinese student who comes to the U.S. and goes on Chinese social media platforms which are censored and curated by the Communist Party. He said there is a Chinese 50c Army paid to post on social media to promote China and enflame divisions in democracy. He asserted that the goal is to pit American against American and erode people's beliefs in the fundamental premise of democracy. Dr. Spalding claimed that China uses information technology tools as a bonding agent to control the narrative. Further, he stated, the ability to monitor and control social media is how they intend to slowly erode support of democracy as an institution and nation states that otherwise would be free.

Trustee Klein asked about onshoring manufacturing back into the U.S. for national security reasons and the risk of U.S. manufacturers being kicked out of China. In response Dr. Spalding said onshoring has not happened in a significant way. He said companies will fight to keep supply chains in China because China subsidizes the cost of factories there. According to Dr. Spalding, the social contract in China is to give up your political freedom in exchange for economic support. He is more concerned about the fact that once the Chinese decide to invade Taiwan, the U.S. will not have a diversity of supply chains in pharmaceuticals, microelectronics, or rare earth metals. This is due to failure to invest in manufacturing or infrastructure in our own communities, which he states will lead to significant challenges ahead.

Trustee Murphy joined the meeting at 9:45 a.m.

Asked by Trustee Klein about the chances of a Taiwan invasion and what the U.S. response might be, Dr. Spalding put the probability at 100%, noting that direct involvement by the U.S. leading to nuclear war needs to be avoided. He stated that resupply and evacuation of Taiwan would be the alternative course of action. Trustee Werby asked if there is a way for us to win in the Taiwan situation. In response Dr. Spalding said no because U.S. interests in the area could be hit by overwhelming Chinese military power.

Chair Silberstein asked if foreign investors pulling out of China are causing the decline in the Chinese stock market. Dr. Spalding replied he is starting to see that, adding that China is trying to reduce reliance on the U.S. now so it will be less susceptible to U.S. sanctions. One such strategy is the closed economic system known as the Belt and Road Initiative. Mr. Wickman asked Dr. Spalding to expand on this plan. In response, Dr. Spalding said the idea is to create satellites in other countries to interact with China's economy. He gave the example of China's biggest investment in Africa of low value-added manufacturing including smart phones and infrastructure such as ports, which exclude the U.S. and India, to bring resources back to China and create external capabilities.

10:00 a.m. – 11:00 a.m.
Inflation: A Historical Perspective and Looking Forward
Jay Kloepfer, Executive Vice President, Head of Capital Markets Research, Callan LLC

Jay Kloepfer, Executive Vice President with Callan, stated the Consumer Price (CPI) Index based on a basket of goods is the best-known measure of inflation. Another measure preferred by the Federal Reserve (Fed) is the Personal Consumption Expenditures (PCE) Index, based on a survey of what is being sold. Mr. Kloepfer explained the CPI tends to be static and does not capture changes in prices as fast as the PCE. This is due to component weights in the CPI changing over time, and the challenge of capturing imputed rent that increases with home values.

Since 1926 the average CPI is 3%. In the 1970's with higher unemployment and lower GDP, a wage-price spiral was fueled by the OPEC oil embargo and inflation peaked at 12.3% in 1979. Early inflation drivers were housing and food. In the late 1980's another inflationary period was driven by rising housing costs. Inflation reached 6.2% and subsided following the Fed raising interest rates and implementing tight monetary policy to slow the economy.

In April 2022, year-over-year inflation was 8.2% and both stock and bond markets fell in the first quarter. Contributors to recent inflation are food and beverage, housing and transportation. In addition, GDP declined driven by inventory building and weak net exports. As a result, forecasters are lowering GDP estimates, which may lead to lower inflation. Complicating factors include supply chain challenges, the invasion of Ukraine, and pressure on energy and food prices.

Mr. Kloepfer stated the Fed has made it clear it will act to reduce inflation by increasing interest rates. Currently the forecasted inflation median is 3.5 to 4.0% for the near term. The breakeven rate has climbed to just below 3%, and the five-year forward rate is just under 2.5%. Longer term, the consensus is inflation is transitory, will average back to 2.0% in 10 years, and will not affect growth.

Mr. Kloepfer said in inflationary periods equity returns average 7.35%, lower than in other environments. The best scenario for equity returns is low inflation and high economic growth.

Factors leading to forecasters being wrong on the upside for inflation could be labor and manufacturers fueling one another with rising prices, commodities entering a super cycle, the Fed failing to tame inflation, or geopolitical upheaval extending for several years. On the downside, the Fed could over-tighten and push the economy into recession, demand could fall, or geopolitical conflict could abate. Mr. Kloepfer said the risk for inflation seems to be on the upside.

Chair Silberstein asked if the increase in the federal deficit affects inflation. Mr. Kloepfer said yes, and deficits matter and have to be paid. He noted the Fed indicates it will taper bond purchases, and as bonds mature they naturally reduce the balance sheet.

Trustee Gladstern asked about bond returns in the early 1980's and Mr. Kloepfer replied short-term yields peaked at 14% in 1980 and returns were volatile. As yields came down, bond returns rose. Mr. Callahan explained that when interest rates are high the price change has less of an effect on return. Now, with coupons so low, bonds are overwhelmed by price declines and higher interest rates. Trustee Klein noted the unusually wide range of projections for inflation, which Mr. Kloepfer attributed to uncertainty around geopolitics.

11:00 a.m. – 12:00 p.m.
COVID-19 Mortality Impacts and Projections
Graham Schmidt, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron

Graham Schmidt, Actuary with Cheiron, discussed COVID-19 mortality impacts and projections using data through June 30, 2021. Mr. Schmidt stated in the U.S. most COVID-related deaths in females occur for those over 85 years old. Centers for Disease Control and Prevention (CDC) data show that for deaths in those over age 35, 12 to 15% are COVID related. Mr. Schmidt said there is likely under reporting of COVID-related deaths.

Mr. Schmidt stated since April 2020 through March 2022, excess deaths from what is expected for all causes are just over 15%. During that period, in California the excess death average was 20%. In Marin County the percentage of deaths related to COVID were lower, in part due to the County's high vaccination rate. Mr. Schmidt said even at a 15 to 20% rate for excess deaths, life expectancy is reduced 1 to 2 years on average assuming the death rate increase is permanent. If instead the increase in the death rate lasts for two years, then the mortality projections do not affect the Plan as much, reducing liabilities by about 0.3%. Most actuaries have concluded it is too soon to tell if the higher death rate will continue into the future, Mr. Schmidt said.

Bill Hallmark, Actuary with Cheiron, discussed how the pandemic has disrupted the workforce and its effect on retirement and termination experience. He said in national data, resignations since 2020 are up to 3%, which is relatively high. However, Social Security has not seen in increase in retirement rates, and employment rates have bounced back from levels when the pandemic began. For MCERA the average number of retirements per year were about the same in the years before and after COVID. Mr. Hallmark concludes these data points suggest people are looking for different jobs rather than retiring. Mr. Schmidt confirmed that more workers have been looking for lateral transfers, which does not impact liabilities either way.

In the new Experience Study scheduled for next year, the actuaries will be looking at all assumptions relative to the experience in the study that covers the COVID period. If the experience differs, then an assessment of whether the change will continue into the future will be needed. Mr. Hallmark added inflation is a building block for assumptions and will be higher this year. Currently the long-term inflation assumption is 2.5%. He pointed out that because over one-half of liabilities are attributed to groups with a 2% maximum COLA, the effect of higher inflation on liabilities is muted. Mr. Schmidt said what is interesting is how much inflation can change, and he emphasized the importance of not overreacting to these changes. He said as part of the Experience Study, there may be small changes in assumptions depending on the data.

Chair Silberstein recessed the meeting for lunch at 11:44 a.m., reconvening at 1:15 p.m.

12:00 p.m. – 1:15 p.m.
Lunch Break
1:15 p.m. – 2:15 p.m.

Tail Risk Hedging
Mark Spitznagel, Chief Investment Officer
Brandon Yarckin, Chief Operating Officer
Ron Lagnado PhD, Director, Research
Universa Investments L.P.

Brandon Yarckin, Chief Operating Officer with Universa Investments L.P., introduced Mark Spitznagel, Chief Investment Officer and founder, and Dr. Ron Lagnado, Director of Research, for an educational session on tail risk hedging. Mr. Yarckin said Universa is known for turning tail risk hedging (tail hedging) into an institutional asset class. The objective of tail hedging is to build a more efficient portfolio resulting in lower risk and increased returns. Mr. Yarckin stated a Universa-hedged portfolio with a 3% allocation for the tail risk has outperformed an unhedged S&P 500 portfolio by over 400 basis points life to date.

Mr. Spitznagel stated maximizing the compounded rate of return is the goal of both investing and tail hedging. He said tail hedging can be compared to other forms of risk mitigation, and the costs of risk mitigation should not be higher than the cost of what you are trying to mitigate against. Using the statistically based example of the Petersburg Merchant Trade developed by Daniel Bernoulli, Mr. Spitznagel demonstrated that tail hedging can raise the rate of compounding over time. Pointing out that a 50% loss requires a 100% return to get back to even, Mr. Spitznagel said it becomes apparent that big losses are so important, one can afford risk mitigation. Mr. Spitznagel emphasized the need to look wholistically at the cost effectiveness of risk mitigation, pointing out that the underperformance of diversifying assets is an opportunity cost.

Trustee Klein asked if Universa is buying puts on the S&P 500. Mr. Yarckin replied when hedging S&P 500 exposure they use S&P 500 puts and other mechanisms to subsidize the puts, with the objective of minimizing cost and maximizing payoff in stress environments. He explained hedges are linked to the investor's exposure. Trustee Klein asked if delta hedging is employed and if it affects portfolio rebalancing. In response, Mr. Yarckin explained there is predefined amount of equity exposure to hedge, and in a down market the hedge makes up the loss which is converted into realized cash. This process could involve delta hedging or trading positions around, he said.

Trustee Cooper was excused from the meeting at 1:55 p.m.

In summary, Mr. Yarckin said the idea of tail hedging is to eliminate less cost-effective risk mitigation. As an example, some clients lowered the fixed income allocation to add a tail hedge and additional equities over time. Doing so minimizes drawdowns by making the portfolio asymmetric and provides cash in a market crash to pay capital calls and benefits so that assets need not be liquidated at inopportune times. Mr. Yarckin said a small amount of capital can have a meaningful impact on systematic risk mitigation.

Trustee Werby asked about counterparty risk. Mr. Yarckin replied that basic exchange-traded options are used and counterparties have the highest credit worthiness of any counterparty. In rising markets there may be losses in the hedge allocation.

Dr. Lagnado discussed his experience implementing the tail risk hedge at a public pension plan. The strategy was employed subsequent to a lack of liquidity experienced during the Global Financial Crisis and the portfolio drag of the increased allocation to fixed income. He discussed cognitive biases that lead to poor decisions, noting tail risk hedging mitigates panic selling at a market bottom, attempting to time the market, and over-rebalancing. Dr. Lagnado advised recognizing that risk mitigation has a cost, comparing the costs of alternative risk mitigation strategies, maintaining a long-term view, and taking necessary risk.

Chair Silberstein asked if other Callan clients are using this strategy, and Mr. Callahan replied some clients are using tail risk hedging or are considering it. He said challenges have been the explicit cost and being able to hold onto the strategy long enough for it to work. Mr. Callahan said tail risk hedging is a portfolio construction process that is useful to hear about to begin the education process. In response to Trustee Werby's inquiry on the effectiveness of tail hedging, Mr. Callahan said he did not know for the recent downturn, noting it depends on the variables including time frame. Chair Silberstein asked about details for how the tail risk would be constructed, and Mr. Yarckin indicated details could be discussed in another session.

2:15 p.m. – 2:30 p.m.
Closing and Follow-up Items from Today's Agenda

No discussion.

Chair Silberstein recessed the meeting for the evening at 2:28 p.m.

Day 2
May 17, 2022

9:00 a.m.
Call to Order/Roll Call

Chair Silberstein called the meeting to order at 9:01 a.m.

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

ABSENT: Cooper

Open Time for Public Expression

No members of the public provided comment.

TOPIC OF GENERAL INTEREST
<u>Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (ACTION)</u>
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 16, 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 16, 2022. The extension is recommended by staff and will allow the June 8 Board and June 15, 2022 Investment 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 16, 2022 because both of the circumstances listed above exist. The motion was approved by a vote of 8-0 as follows:

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

9:00 a.m. – 10:00 a.m.
Meet MCERA Members
Syd Fowler-Pata, Department Analyst
Jeff Wickman, Retirement Administrator

Mr. Wickman introduced Peter Mixon, Partner at Nossaman, serving as Board Counsel for today's meeting. Mr. Wickman said this topic gives an overview of who MCERA members are and how we serve them. Michelle Hardesty, Assistant Retirement Administrator, outlined the presentation and introduced Syd Fowler-Pata, Department Analyst, who began with MCERA's history. The Plan began on July 1, 1950 with the County of Marin as Plan sponsor. In the following years multiple special districts followed, as well as the City of San Rafael and Novato Fire Protection District, totaling nine current employers. Employers are diverse across member type, General or Safety, and the types of services provided.

Ms. Fowler-Pata defined a member of MCERA as any person working at least 75 percent of full time in a permanent position for a participating employer. Members may be active, deferred, retired, or beneficiaries. Most members are Classic members, but the number of Public Employees' Pension Reform Act of 2013 (PEPRA) members is growing. About 75% of members are General members and the remainder are Safety members. Of MCERA's 7,037 total member population, the majority, 3,592, are retirees. Employers differ in that the County of Marin members are mostly General members, whereas Novato Fire Protection District members are mostly Safety members. The oldest payee is 102 years old, the youngest payee is 9 years old, and one active member has 55 years of service credit. Ms. Fowler-Pata listed multiple roles and services provided by active members, ranging from child welfare workers to park rangers and public defenders.

Retirement benefits are determined by each employer and defined in the different benefit tiers. In total there are 45 tiers across all 9 MCERA employers. A member's tier is based on when they entered MCERA membership. The tier includes the benefit formula, highest average compensation period, maximum cost of living adjustment, and minimum retirement age. In some situations the member may have multiple tiers. This can happen when an employee changes positions with the same employer or leaves to work for another MCERA employer who has a different retirement tier. Benefits are calculated separately for each tier and then combined together for the benefit payment. Ms. Fowler-Pata reviewed the tiers for each employer.

In response to Chair Silberstein's inquiry, Mr. Wickman said MCERA's benefit management system tracks service credit according to each employer and the benefit tier in order to calculate retirement benefits. Chair Silberstein asked when employers negotiate with unions what tier changes can be made. Mr. Wickman replied the only tiers that can be offered are those described in the County Employees Retirement Law of 1937 (CERL). He explained that PEPRA created new tiers that all employers must use from January 1, 2013 forward and removed the ability to provide enhanced benefit tiers.

Ms. Hardesty said MCERA complies with governing laws including: the CERL, Internal Revenue Code, PEPRA, Family Code, MCERA Bylaws, policies and resolutions, employer-specific governance, and other regulations such as HIPAA and those governing cybersecurity. MCERA's Plan Document incorporates all the above provisions and is maintained by staff.

MCERA is organized into the benefits team/customer service, finance, administration, information technology and security, and employer audit. Mr. Wickman said customer service is a key aspect to MCERA operations, so although he does not calculate retirement benefits, he does pay close attention to how we interact with our members and how they feel about the service MCERA provides. He does meet with members who are planning for retirement or have service issues they want to discuss. Chair Silberstein asked about the number of staff members, and Ms. Fowler-Pata said there are 18 total employees, with one onboarding at the end of June.

Ms. Hardesty said the benefits and finance teams provide the following services: benefit estimates and purchase calculations, annual benefit statements, Forms 1099 for retired members, disability retirement, counseling on retirement options, administering the retirement process, accurate financial accounting, and retiree medical benefits administration. MCERA also prioritizes being accessible to members and demonstrated this by providing on-site member services throughout the pandemic.

In response to Trustee Gladstern's inquiry, Ms. Hardesty said since the pandemic staff provides one-on-one counseling virtually or by phone call. Staff will also meet in person with members and retirees in the redesigned counseling room. Ms. Fowler-Pata said the member Workshop program will return in the form of broadcast workshops and customized videos covering specific topics. She explained that due to the complexity of the Plan, it is difficult to tailor live workshops to each member.

For employers Ms. Hardesty said the Retirement Administrator regularly meets with the various employer boards and governing bodies. He also attends new employee orientation for the County of Marin. Staff also provide information on contribution rate changes and retiree medical benefits, and provide support including training for active payroll. Employer audits involve a review of the information provided to MCERA by employers and are an avenue for education on potential efficiencies. In the coming year employers will have access to resources on a customized employer web page.

In conclusion, Ms. Hardesty stated the mission is to provide superior customer service. Staff understand the importance of being responsive to members and employers. Chair Silberstein asked when imaging member files began, and Ms. Hardesty said in 2007. She said staff use the electronic system to access member records as opposed to reviewing a member's paper file.

Chair Silberstein thanked Ms. Hardesty and Ms. Fowler-Pata for the interesting presentation.

10:00 a.m. – 11:00 a.m.
MCERA Retiree Population by Geography and Economic Impact
Michelle Hardesty, Assistant Retirement Administrator
Syd Fowler-Pata, Department Analyst

Ms. Fowler-Pata gave an overview of where MCERA retirees live and receive pension benefits as of December 31, 2021. Of 3,422 total retirees, 2,835 are located in California with the majority living in Marin County. Sonoma County has the second highest number of retirees. Of $14.4 million in total benefits paid each month, $12.3 million stays in California, and of that amount $10.7 million (87%) stays in the Bay area with $5.1 million staying in Marin County.

Responding to Chair Silberstein's inquiry, La Valda Marshall, Accounting Unit Manager, stated employer contributions are between $9 million and $11 million per month.

Closing and Follow-up Items from Today's Agenda

11:00 a.m. – 11:30 a.m.

Trustee Martinovich thanked Ms. Fowler and Ms. Hardesty for lending a deeper understanding of MCERA, its members, and where the benefits flow. Trustee Jones thanked presenters for the interesting workshop.

There being no further business, Chair Silberstein adjourned the meeting at 10:30 a.m.

Jeff Wickman, Retirement Administrator	Michelle Hardesty, Assistant Retirement Administrator
On behalf of: Steve Silberstein, Meeting Chair	On behalf of: Laurie Murphy, Secretary