

**MINUTES**

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

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

**June 8, 2022 – 9:00 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 June 16, 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:** Gladstern, Klein, Murphy, Silberstein, Tomlin, Werby, Jones (alternate retired), Poirier (alternate safety), Shaw (ex officio alternate)

**ABSENT:** Cooper, Martinovich

**MINUTES**

It was M/S Werby/Murphy to approve the May 4, 2022 Board Meeting Minutes as submitted. 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, Martinovich

**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. BOARD OF RETIREMENT MATTERS**

### 1. Administrator's Report

#### a. Administrator's Update

Retirement Administrator Jeff Wickman reported elections will be held this summer for the Seventh Member Safety and the Second Member General positions on the Retirement Board. Nomination petitions will be available on June 8, 2022, for submission by June 22. Ballots will be mailed on July 8. The vacant Fifth Member position will close on July 1 and the Board of Supervisors will be considering applicants.

Consideration of extending remote meetings another 30 days in accordance with AB 361 is planned for the June 15, 2022 Investment Committee meeting. Today's meeting falls within the extension approved by the Board on May 17, 2022 during the Strategic Workshop.

The Marin County Association of Retired Employees (MCARE) has requested to use MCERA's board conference room for their Board meetings. The Administrator is considering approving this request based on current public health guidelines.

As part of its strategic plan SACRS will be holding meetings of its Board of Directors at different member systems around the state. MCERA's Retirement Administrator and Board Chair have been invited to attend the SACRS Board meeting in Sonoma on June 21, 2022. Mr. Wickman said he plans to attend and will confer with Chair Silberstein on his plans.

The cyber insurance renewal application has been submitted to the broker for quotes.

#### b. Staffing Update

Staff are in the process of the recruitment for a Chief Financial Officer (CFO). The initial closing date for applications is June 10, 2022. First round of interviews is scheduled for the week of June 13-17.

David Paganini has been hired as the Retirement Benefits Technician

#### c. Facility Use Report

There was no facility use in the period.

d. Future Meetings

- June 15, 2022 Investment Committee
- July 13, 2022 Board

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. Administrative Budget Fiscal Year 2021/22 Quarterly Review

Consider and review expenses for the quarter ending March 31, 2022

Finance and Risk Management Committee Chair Laurie Murphy reported total expenditures through the 3rd quarter of the fiscal year were 65.5% of the budgeted amount. Salaries and Benefits expenses were 56% of the budgeted amount for the year primarily due to position vacancies. Services and Supplies were 79.9% of the budgeted amount for the year. Expenses included annual insurance premiums, the annual 1099R production, and electronic equipment needed for telework and ergonomics.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

No report – see Committee minutes.

3. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

Educational and event-related expenses were \$7,500 for the fiscal year to date. Event expenses included the SACRS Fall Conference, CalAPRS Administrators' Institute and General Assembly.

b. Continuing Trustee Education Log

The Continuing Trustee Education Log shows trustees have met fall deadlines.

c. Other expenses per Checklist Guidelines

No report – see Committee minutes.

d. Variances in the MCERA administrative budget in excess of 10%

See discussion above.

e. Vendor services provided to MCERA

No new vendor services.

f. MCERA staffing status

See staffing update in Administrator's Report above.

g. Internal controls, compliance activities and capital calls

For the private equity program MCERA received \$81.3 million in distributions and paid \$16.7 million in capital calls so far this fiscal year. MCERA has received all of the \$20 million redemption request from UBS.

h. Audits, examinations, investigations or inquiries from governmental agencies

Nothing to report.

i. Other items from the Administrator related to risk and finance

See discussion of cyber insurance in Administrator's Report above.

j. Form 700 Summary

The annual Form 700 Summary identified no financial interests that would lead to potential recusal. Trustee Gladstern noted some items list names of interested parties and some do not. Counsel Dunning indicated the additional specificity is meant to address any ambiguity on the financial interest.

4. Administrative Budget for Fiscal Year 2022/23 (ACTION)

Consider and take possible action on Finance and Risk Management Committee recommendation to adopt Administrative Budget for Fiscal Year 2022/23

Salaries and benefits are 64% of the proposed budget. Cost of living adjustments include 2.5% effective July 1, 2022 and the current fiscal year 1.5% increase that was not included in when it was approved last June. Benefits were calculated at 52% of pay, the same percentage used for the current fiscal year. The Chief Financial Officer position was used for the salary budget. The services and supplies budget increased from the prior year due to higher insurance and independent medical examinations costs.

The total proposed budget is \$4.69 million, 15 basis points of the accrued actuarial liability.

Finance and Risk Management Committee Chair Murphy stated the Committee recommends the Board approve the Administrative Budget for Fiscal Year 2022/23 as submitted. 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, Martinovich

5. Annual Audit of Financial Statements Update  
Update on annual audit process

The Audit Committee met with Brown Armstrong May 17, 2022 to review the audit process, schedule, and deliverables. A new audit team leader has been assigned by Brown Armstrong.

b. Audit Committee

1. Annual Financial Audit Scope of Services and Processes  
Consider and discuss annual audit processes

Audit Committee Chair Maya Gladstern reported CPA Rosalva Flores is this year's audit Engagement Partner and Alaina Vandermade is the Engagement Manager. Audit Objectives include issuing opinions that the financial statements conform to all applicable standards. Observations and advice on best practices for financial reporting, accounting, and internal controls are directed to management.

Audit areas of focus include revenue recognition, journal entry control, and investments and related earnings. The audit will also focus on employer contributions, benefit payments, actuarial data, and participant data. This year's audit will include evaluating the County payroll system and conducting a survey to determine appropriate general controls for information technology.

2. Audit Committee 2022 Audit Schedule  
Review and discuss schedule of audit activities for 2022

The planning phase begins in June with auditors deciding what information to gather and request from MCERA. Interim fieldwork will be conducted in August, followed by final fieldwork in September when any findings or additional procedures are considered. Final reports will be presented to the Committee in November, with the auditors scheduled to present to the Board at the December 14, 2022 Board meeting.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Murphy shared her takeaways from the May SACRS Conference. The first session on inflation included the speaker's prediction that inflation would decline to the 2% to 2.5% range over the next five years. Cryptocurrency platforms will have more efficient functionality for financial transactions. The speaker on China is pro investing in China, pointing out that more is being done to hold businesses accountable. In the second session on inflation, investing in commodities and real estate was proposed. Ms. Murphy shared references to resources from the presentation with the Board.

Counsel Dunning reported on the CalAPRS Attorneys' Roundtable. Topics included common pitfalls occurring in investment documentation that can be addressed in Side

Letters. This was followed by discussion on what types of communications retirement systems have with deferred members about the timing of their retirement relative to their age. The next topic was a discussion of the legal considerations when resolving 1099-R errors, such as overreporting of tax-exempt income. Steps CalPERS has taken with its Board to propose regulations dealing with retirees going back to work in an effort to refine what “limited duration” means were discussed. The next topic was on Assembly Bill 2493, which some CERL systems are considering opposing. (See also Agenda Item C.1 below.) There was also discussion on a Brown Act amendment that would allow remote meetings to continue as long as a quorum of the Board meets in person. Ms. Dunning stated a Russia/Belarus divestment bill making its way through the state legislature would impact CERL systems.

Counsel Dunning also reported on the Attorneys’ Breakout at the May SACRS Conference. Discussions included the demands of certain investment managers for personally identifiable information of trustees that has become a problem in some systems. There is a pending lawsuit in the Court of Appeal involving the Orange County Employees’ Retirement System about the intersection of disability retirement and service retirement from two different systems at the same time. Ms. Dunning invited questions on her report.

b. Other Comments

No other comments by the trustees.

**C. NEW BUSINESS**

1. Assembly Bill 2493 (ACTION)

Discuss Assembly Bill 2493 and consider letter of concern or opposition.

Mr. Wickman stated Assembly Bill (AB) 2493 provides relief to county retirement systems that did not implement the Public Employees’ Pension Reform Act of 2013 (PEPRA) until after the California Supreme Court upheld its constitutionality in the *Alameda County Deputy Sheriff’s Association v. Alameda County Employees’ Retirement Association* (2020) 9 Cal.5<sup>th</sup> 1032 (*Alameda*) decision. Staff is recommending the Board consider sending a letter of opposition to the proposed legislation.

As background the Administrator explained MCERA timely implemented the PEPRA provisions on January 1, 2013. Specifically, the Board adopted a Compensation Earnable and Pensionable Compensation policy that clarified which items on compensation could be included in the retirement benefit calculations for PEPRA members and Classic members under the provisions of Assembly Bill 340. The result was certain pay items were excluded from that date forward.

Subsequently, MCERA was challenged on its implementation of the PEPRA provisions. The California Supreme Court affirmed the action was appropriate, and MCERA has been administering the PEPRA law consistent with what the courts have said. A number of CERL systems did not implement PEPRA provisions and continued to accept contributions on pay items that should have been excluded. The *Alameda* decision ruled

on the items of pay in question and subsequently these systems have been forced to take action to exclude pay items and adjust paid-in contributions and retirement benefits.

The bill allows those systems that did not implement PEPRA to provide extra compensation from their employers to be added to their retirement benefits, which PEPRA did not permit. The Administrator pointed out this would complicate the work of the actuary with regard to benefit calculations and is inconsistent with the stated goal of the PEPRA legislation. The California State Association of Counties (CSAC) has written a letter in opposition of the bill.

Counsel Dunning added that this proposed legislation makes MCERA subject to regulations the CalPERS Board adopts to implement compensation earnable. MCERA's Board Counsel advised the bill thus adds a level of vulnerability that is ripe for potential litigation and abrogates the role of this Board by incorporating pensionability rules adopted by a retirement board that is not subject to CERL.

Chair Silberstein asked if AB 2493 changes the PEPRA legislation. Mr. Wickman replied the bill applies only to public Safety members of CERL systems and makes amendments to some existing PEPRA provisions. Chair Silberstein noted if the bill passes then benefits would increase and some employers would oppose this legislation due to the added cost, and Ms. Dunning and Mr. Wickman affirmed this would be the case.

Trustee Gladstern said the legislation should be opposed because it would result in different pay rules for Safety members versus General members. Trustee Poirier asked if other systems did not do anything to comply with PEPRA. Mr. Wickman noted some systems that were unsure about pay items outside of the normal work schedule continued to take contributions on these pay items and include them in benefit calculations.

Ms. Dunning said there were additional dynamics with some systems having to do with settlement agreements the systems entered into in order to implement the *Ventura* decision. The courts have made clear that settlement agreements may not alter PEPRA provisions. Trustee Poirier asked if AB 2493 would change what is pensionable for MCERA. Mr. Wickman said he does not see a change in how MCERA has implemented PEPRA; however, that does not mean that someone could not challenge MCERA's implementation based on the new law if it passes.

It was M/S Werby/Murphy to authorize the Retirement Administrator to send a letter jointly signed by MCERA and the Sonoma County Employees' Retirement Association in opposition to Assembly Bill (AB) 2493. The motion was approved by a vote of 7-1 as follows:

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

2. Future Meetings

Consider and discuss agenda items for future meetings.

Mr. Wickman said if pending California legislation on divesting from Russia and Belarus passes, the matter will be agendaized for a future meeting to discuss what it will mean for MCERA. Ms. Dunning said the Senate passed the Bill and it is moving to the Assembly, and that it contains an urgency clause, meaning it would take effect immediately if enacted. Chair Silberstein and Trustee Werby asked if the topic can be placed on the June 15, 2022 Investment Committee agenda, and Mr. Wickman said he will check, but at a minimum, the matter can be considered at the July 13, 2022 Board meeting.

**D. OTHER INFORMATION**

1. Training Calendar (ACTION)

Mr. Wickman reviewed new items on the Training Calendar – the California Retired County Employees Association fall conference, and for 2023 the CalAPRS General Assembly, CII Spring Conference, and Callan National Conference.

It was M/S Werby/Gladstern to approve the Training Calendar with administrative corrections. 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, Martinovich

**E. CONSENT CALENDAR (ACTION)**

The monthly Consent Calendar was presented for consideration. Assistant Retirement Administrator Michelle Hardesty explained the large return of contributions was for the beneficiary of a member who deferred his retirement upon terminating employment and since then has passed away. She explained the one-time payment includes the member's accumulated contributions, interest, and a death benefit based on 50% of earnings paid in the 12 months prior to death.

It was M/S Gladstern/Murphy to approve the Consent Calendar as submitted. 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, Martinovich



**CONSENT  
CALENDAR  
MCERA BOARD MEETING, WEDNESDAY, JUNE 8, 2022**

**MAY 2022**

<b>RETURN OF CONTRIBUTIONS</b>		
Lorenzo Cordova	Refund of Contributions (termination)	\$ 50,594.41
Kathleen Fitzhugh Remitz	Partial Refund of Contributions (correction)	\$ 260.93
Jorge Flores	Refund of Contributions (termination)	\$ 6,173.45
William Guerin	Partial Refund of Contributions (age change)	\$ 959.05
Shibani Nag	Refund of Contributions (termination)	\$ 34,040.87
Jacob Noonan	Partial Refund of Contributions (age change)	\$ 419.03
Jeremy Santos	Refund of Contributions (termination)	\$ 43,954.13
Steven Seidler	Refund of Contributions (termination)	\$ 30,202.84
Sophea Uch-Castillano	Refund of Contributions (termination)	\$ 18,037.92
Anthony Vasco	Refund of Contributions (deferred death - Joe Vasco)	\$ 561,446.64

<b>BUYBACKS</b>	
Lea Aschkenas	\$ 9,736.11
Zachary Baron	\$ 14,558.41
Mark Hale	\$ 3,563.40
Brittany Laino	\$ 20,416.89
Silvia Molina	\$ 5,189.25
Vincent Reybet-Degat	\$ 2,488.92
Susanna Struzzo	\$ 3,731.16
Earl Titman	\$ 24,027.13
Haydon Turpin	\$ 1,840.66

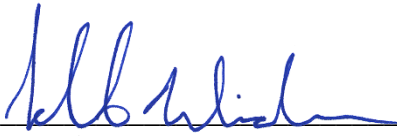
<b>NEW RETIREES</b>	
Steve Buffenbarger	City of San Rafael
Matthew Bouchard	Southern Marin Fire
Jack Stage Jr.	County of Marin - Child Support Services
Susan Ventura	County of Marin - Agriculture, Weights and Measures

<b>DECEASED RETIREES</b>
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Kathleen Baca	County of Marin - Health & Human Services
Timothy Garthwaite	County of Marin - Probation
Timothy Haddad	County of Marin - Community Development
Michael Kildow	Southern Marin Fire
Edwin Koehn	County of Marin - Sheriff/Coroner
Walter Kosta	City of San Rafael
Richard Tipping	County of Marin - Cultural Services
Nancy Zaharin	County of Marin - Child Support Services

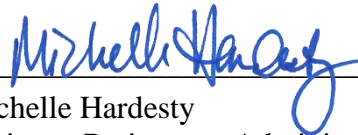
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There being no further business, Chair Silberstein adjourned the meeting at 10:18 a.m.



Jeff Wickman  
Retirement Administrator

On behalf of:  
Steve Silberstein, Board Chair



Michelle Hardesty  
Assistant Retirement Administrator

On behalf of:  
Laurie Murphy, Secretary