

## Minutes

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

One McInnis Parkway, First Floor  
San Rafael, CA  
October 25-26, 2022

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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 November 11, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

#### Day 1 October 25, 2022

Meeting Chair Todd Werby

9:00 a.m.

#### Call to Order/Roll Call

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

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

ABSENT: Cooper

#### 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.

**Investment Manager Due Diligence – Prudent Practices for the Board**

Yuliya Oryol, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP  
Ashley Dunning, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP

Yuliya Oryol, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP, introduced Ashley Dunning, Co-Chair of the Public Pensions & Investments Group, to discuss fiduciary duties of care and loyalty with respect to investment due diligence. Ms. Dunning stated Board members are acting as prudent fiduciaries who have experience in investment matters. The duty of prudence includes the obligation to educate oneself as to the core activities of the retirement system. Ms. Dunning explained that when fiduciaries' actions have been challenged in litigation, courts will probe the thoroughness of a fiduciary's analysis and basis for decisions. She said this context demonstrates the importance of having substantive materials that describe the topics a board is reviewing and assessing to make its decisions. The duty of care includes the duty to monitor and take corrective action when reasonably appropriate.

Prudence is a forward-looking concept including adapting to changing conditions over time and systematically considering all investments of the trust at regular intervals. Board members have a fiduciary obligation to secure the advice of experts on a reasonable basis, and prudent fiduciaries should question methods and assumptions that do not make sense. Prudence involves delegation and oversight, including, in MCERA's context, reliance on the investment consultant to provide substantial research and assessment of suitable investments for the Fund. This includes identification of any material changes in performance of investment managers or personnel that may warrant action by the Investment Committee. The Investment Committee and Retirement Administrator are responsible for monitoring the investment consultant.

In conclusion, Ms. Dunning stated the fiduciary duty of loyalty is the responsibility to administer the trust solely in the overall best interest of the beneficiaries, in furtherance of the trust's purpose. Under California law, there is a mandate to diversify investments to minimize the risk of loss and maximize the rate of return for the Fund.

Ms. Oryol discussed the due diligence process with respect to investment consultants. The consultant's responsibility as a fiduciary is to conduct due diligence prior to making investment recommendations to the Investment Committee. Objectives include assessing risk, checking compliance with regulations, understanding the investment strategy, and frequent and regular monitoring of performance and compliance. Risk mitigation may include background or reference checks. Monitoring investment managers may include on-site meetings, independent research, and the use of business or legal questionnaires.

Legal due diligence involves determining if the investment consultant does sufficient due diligence to make its recommendations on investments. Once a recommendation is made, outside counsel is involved in the negotiation process, oversight, and monitoring. Counsel will assess if investment documents reflect market terms and items to be addressed. In addition, counsel will focus on compliance with applicable laws and MCERA's policies.

Counsel reviews required data and insurance certificates to assure there is sufficient coverage for directors and officers, a fidelity bond, and cyber coverage. Counsel should check all fund documents to make sure they work together to set up terms and protections for the investor. Considerations include what type of representations and warranties are provided to the investor. She stressed the importance of legal opinions on whether a manager is in good standing.

Representations and warranties include those of the manager, partnership, and the investor. These affirm that entities are duly formed, licensed and registered, and operate in compliance with existing contracts, laws and policies, and state whether there has been litigation against or governmental investigations of the manager or partnership. The manager has the duty to notify investors and consultants if events are triggered that alter these understandings.

Ms. Oryol discussed elements of investment contracts that she said depend on the asset class and type of investment. The fiduciary duties standard of care applies to investment managers and can be difficult to negotiate. Reporting should be annual and quarterly and include the underlying financial assumptions and models. In California there needs to be due diligence on whether the investment manager uses placement agents.

In summary, Ms. Oryol said due diligence is a customized process based on the investor's requirements. She emphasized the importance of supervision and monitoring by the investment consultant on a regular, ongoing basis. In addition, whether geopolitical conditions have changed with time may change the nature of a proposed investment. Ms. Oryol noted the SEC considers failure to implement key risk controls in its assessment of legal liability.

Trustee Klein referred to the *Allianz* case and asked if an investment consultant should assess trades at the custodian level to validate if the manager is straying from its strategy. In response Ms. Oryol said it is the responsibility of the investment consultant to monitor the managers. Trustee Vasquez asked how much latitude the Board has to have access to documents the consultant uses for due diligence. Counsel Dunning said the Investment Committee has the right to view documents, but there can be an issue with respect to private investments if a document becomes a public record. In effect, this process is delegated to staff to review such documents. Chair Werby questioned if the expertise is available at the Board or staff level to examine such documents. Mr. Wickman replied the Board relies on the investment consultant for its due diligence. To the extent staff can maintain confidentiality this can be done, but the consultant's expertise would be needed. Ms. Oryol noted it is difficult to review financial information in data rooms because the documents cannot be printed, no notes may be taken, and in some instances access to documents expires.

Trustee Silberstein asked if it is appropriate to ask for fee reductions in the case when fees are high. Ms. Oryol and Counsel Dunning advised working with the investment consultant to ask for reduced fees or expenses. Ms. Oryol added the investment consultant should be monitoring fees regularly to make sure they are in accordance with terms of the agreement.

10:00 a.m. – 11:00 a.m.

### **Overview of the Annual Actuarial Valuation Process**

Graham Schmidt, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron  
Bill Hallmark, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron

Graham Schmidt, Actuary with Cheiron, discussed the annual actuarial valuation process. Mr. Schmidt said the goal of the actuarial valuation is to monitor the progress being made to fund benefits and to adjust contributions so that the benefits remain secure. The actuary's equation is investment earnings plus contributions need to equal benefit payments and expenses. He explained that MCERA has control over the investment policy and the contribution policy to fund pension benefits. The benefit policy is established in the state statutes and negotiated between employers and their employees.

Member data for July 1<sup>st</sup> through June 30<sup>th</sup> is analyzed on an annual basis. MCERA has over 45 different tiers across nine employers, with each employer having different benefit provisions. Once data is provided by MCERA to the actuary, demographic and economic assumptions are applied to project benefits into the future. Assumptions are reviewed every three years as part of the Triannual Experience Study to assess if adjustments to any assumptions are needed.

Mr. Schmidt explained that economic assumptions are based on forward-looking indicators. These include the discount rate, currently 6.75%, inflation rate of 2.5%, and payroll growth of 3% per year. The discount rate has the biggest impact and has been declining over the past fifteen years, due in part to a decline in the risk-free rate of return. This year, the risk-free rate has increased, meaning the Plan will need to potentially earn less from equities to achieve the discount rate. In addition, asset values have fallen. As a result of these two items, Mr. Schmidt stated most investment consultants have increased return expectations for many asset classes by 50 to 150 basis points.

Mr. Schmidt stated once benefit payments are projected over the participants' lifetimes, the next step is determining how to achieve benefit security while having predictable and stable contribution rates. The goal is to achieve generational equity by funding benefits during the career of the members who will be retiring.

Bill Hallmark, Actuary with Cheiron, reviewed the process of determining the present value of future benefits. Using the entry age cost method, the Normal Cost for active members is spread as a level percentage of pay throughout the career of the member. The present value of projected benefits is determined using the discount rate and is the funding target. The funding target is then compared with Plan assets and the difference is the unfunded actuarial liability or surplus. Within the unfunded actuarial liability, each amortization layer is a gain or loss (from experience or assumption changes) that has its own amortization schedule. Added together the amortization layers result in a net amortization payment that is projected to remain above zero until the Plan is 120% funded. Mr. Schmidt added the legal requirement is for public pension plans to pay the Normal Cost at a minimum, even if a Plan is in surplus.

Mr. Schmidt discussed the determination of contribution rates to pay for the Normal Cost, Unfunded Actuarial Liability, and Administrative Expenses. Last year the total contribution rate was 39.3% for the Plan as a whole. For the City of San Rafael and Novato Fire District, the contribution rate was higher due to having more Safety members. For employees, Classic member contribution rates are based on statute, PEPRAs employees pay half the Normal Cost, and both pay their share of administrative expenses. In addition to their share of the Normal Cost, employers pay for the unfunded actuarial liability and their share of administrative expenses. Mr. Schmidt presented ranges of projected contribution rates going forward. Preliminary actuarial valuation results as of June 30, 2022 will be presented to the Board prior to the final Actuarial Valuation in early 2023.

Chair Werby asked about the advantage of the amortization schedule as opposed to straight-line amortization. Mr. Schmidt replied that the advantage for the Plan sponsor is to keep the contribution rate level as a percentage of payroll. He pointed out that a level dollar amount would require a greater percentage of payroll in early years. Trustee Vasquez asked to what extent the actuary considers whether members, including younger employees, are working longer. Mr. Schmidt replied in next year's actuarial Experience Study the data will show if adjustments to assumptions are needed due to demographic changes. He noted there has been an

increase in cost due to the rising average age of entry into membership for public employees. Mr. Schmidt added that this cost increase is being counteracted by PEPRA members, because the age at retirement does not have as much impact on cost as for the legacy tiers. Mr. Schmidt is expecting a long-term reduction in Normal Cost due to having more PEPRA members with relatively lower benefits.

Trustee Klein asked if changes to the inflation assumption are being considered. In response, Mr. Schmidt said he is comfortable with the 2.5% inflation assumption, noting the difference between the long-term U.S. Treasury yield and Treasury Inflation-Protected Securities (TIPS) is not far from 2.5%. Mr. Wickman noted the inflation assumption will be reviewed as part of the Experience Study conducted next year.

Chair Werby recessed the meeting at 10:52 a.m. for a break, reconvening the meeting at 11:01 a.m.

11:00 a.m. – 12:00 p.m.

### **Overview of the Asset Allocation Process**

Jim Callahan, President, Callan LLC

Jim Callahan, President of Callan LLC, stated the asset allocation process is based on Modern Portfolio Theory. The tenets of this theory are returns are desirable and variance of return is undesirable. Diversification is sensible and investors are looking for the highest return for a given level of risk. Historically, bonds have returned more than cash and equities have returned more than bonds, reflecting that the higher the risk, the higher the return. Mr. Callahan pointed out that globally, equities have outpaced inflation by about 5% per year since the start of the 20<sup>th</sup> century. In determining return assumptions for assets, earnings and valuations are considered with respect to historical norms.

Trustee Vasquez asked about fat tail risk which increases the role of uncertainty when selecting portfolios. Mr. Callahan replied that fat tails do not happen frequently, meaning the probability of occurrence is low. He said the question is whether there are factors that are increasing the probability of experiencing a fat tail. Mr. Callahan said a return assumption is a median of return distributions over time. Projected risks are uncertain but guided by the probability distribution of historical returns. Callan addresses uncertainty by being conservative in modeling risk as a qualitative measure.

Mr. Callahan explained that diversification occurs when asset classes have different return cycles resulting in reducing the variance of returns. Assets with a correlation of 1.0 have the same returns, and a correlation of zero means returns are random. A correlation of -1.0 means returns are completely unsynchronized. Correlations among asset classes inform optimal portfolios.

Mr. Callahan stated asset allocation is the most important factor in determining return and asset volatility over time. The goal is the 6.75% expected return over a long-term time horizon. Liquidity needs of the Fund are manageable and the portfolio is well diversified. Every five years an asset/liability study is conducted to assess expected ranges of outcomes, and funding and benefits policies are considered in establishing the best investment policy.

Mr. Callahan noted that capital market projections are typically conducted once a year. However, given the market events in 2022, Callan has produced a preliminary 2023 capital market projection:

- Inflation, increase from 2.25% to 2.50%
- Core fixed income, increase return from 1.75% to 3.90%
- U.S. large cap equities, increase return from 6.50% to 7.00%
- Asset class volatility and correlations have not changed

Mr. Callahan discussed increases in bond yields and inflation during 2022 that led to the changes in assumptions. Trustee Klein asked how high the yield on the 10-year U.S. Treasury would need to be to allocate more to fixed income. In response Mr. Callahan noted that the probability of achieving the assumed return has increased and de-risking the portfolio could be considered. Increasing the allocation to fixed income would reduce the expected return and would need to be assessed.

Mr. Callahan stated given preliminary capital market assumptions the current target allocation for the Fund is projected to return 6.9%. As compared with peers, MCERA's private equity allocation is lower, international equity is higher, and other asset class allocations are in line with peers. Mr. Callahan said early next year once capital market assumptions are finalized, Callan will examine alternative mixes. Trustee Vasquez said increases in fixed income yields make the case to revert to a more simplified asset allocation. In response, Mr. Callahan noted different asset classes have diversification benefits which would be reduced if asset classes were eliminated. These issues need to be thought through to determine the best posture for the Plan going forward, he said.

Trustee Silberstein said another factor to consider is the maturity of the Plan given the higher portion of inactive members. Mr. Callahan said this has an impact on liquidity and is factored in when considering asset allocation. Trustee Klein asked about Callan's view on if there is a recession whether the Federal Reserve (Fed) would continue with quantitative tightening or would return to buying bonds. Mr. Callahan replied currently the Fed is keen on bringing inflation down regardless of the collateral damage. He said in a recession the Fed would need to reconsider its policy.

Chair Werby recessed the meeting at 12:25 p.m. for a lunch break, reconvening the meeting at 1:16 p.m.

Trustee Martinovich was excused from the meeting at 12 noon.

12:00 p.m. – 1:15 p.m.

**Lunch Break**

1:15 p.m. – 2:15 p.m.

**Real Asset Allocation Structure Review**

Jim Callahan, President, Callan LLC

Avery Robinson, Senior Vice President, Real Assets Consulting, Callan LLC

Mr. Callahan discussed the Fund's real asset structure which has a 15% target consisting of 8% in private real assets and 7% in public real assets. Real assets provide diversification and are tangible investments such as real estate, infrastructure, agriculture and commodities.

Public real assets were introduced to diversify the Fund and consist of equal weights of TIPS, REITs, commodities, and global natural resources. Commodities are accessed through the futures markets. REITs are publicly traded real estate securities that provide diversification to real estate exposure. Natural resource equities are the equity securities of natural resource providers.

Mr. Callahan introduced Avery Robinson, real assets consultant with Callan, to discuss private real assets. Mr. Robinson said the private real asset portfolio consists of two core real estate portfolios managed by AEW Capital Management and UBS Realty Investors. He said private real estate returns are driven by rental income and appreciation, and capitalization rates are determined by the amount of income per year divided by the value of the property. The four main property types are office, retail, apartment and industrial.

Private infrastructure includes transportation, energy, renewables, utilities, water, and communications. Mr. Robinson said the asset class is becoming more common in investment portfolios. Returns are driven by income and less so from appreciation. Leverage is used in this capital-intensive asset class.

Other real assets include private farmland and private timber. Farmland includes row crops and permanent crops. For private timber investing factors to consider include the housing market and its cyclical nature. The major return component is from the harvesting of the trees. Leverage is not commonly used at a high level for farmland or timber investing. Trustee Werby requested long-term returns for these asset classes that are discussed below.

Trustee Vasquez asked if the mechanics of the security acquired for private real assets is like a private equity structure with an offering memorandum. Mr. Robinson replied that the structure for private real assets securities does follow the private equity model. There are two main vehicles which are Closed- or Open-end vehicles. Duration of closed-end vehicles is similar to private equity where investments are made over a period of years.

Allocations to timberland, infrastructure or agriculture would be supplementary to the core real estate allocation. Mr. Robinson discussed different strategies for private real estate and infrastructure across the risk-return spectrum. Closed-end funds are in the higher return-risk category where vintage-year diversification is recommended.

Responding to Chair Werby's inquiry, Mr. Callahan stated over 10 years returns are 9.7% for private real estate, 9.6% for farmland, 9.7% for timber, and 12.9% for private infrastructure.

Chair Werby asked about the effect of climate change on private real assets. In response, Mr. Robinson said for farmland and timber access to water is a factor. Longer term, rising sea levels will affect coastal properties, where insurance is increasing for coastal real estate. Mr. Callahan noted the demand for timber may rise due to its carbon offset characteristics. Trustee Vasquez asked about investing in convertible securities to ride out potential risk and uncertainty. Mr. Callahan said convertible securities are not commonly used in long-only investment strategies, but are used in the hedge fund space for arbitrage purposes.

2:15 p.m. – 2:30 p.m.

### **Closing and Follow-up Items from Today's Agenda**

Mr. Wickman invited trustees to share comments on today's presentations. Chair Werby noted the limited returns from commodities and indicated a different investment may be preferable. Mr. Wickman thanked Trustee Poirier for his service on the Board of Retirement since this was his last meeting. Trustee Gladstern gave her well wishes to Trustee Poirier.

## **Day 2 October 26, 2022**

9:00 a.m.

### **Call to Order/Roll Call**

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

**PRESENT:** Gladstern, Klein, Murphy, Silberstein, Tomlin, Vasquez, Werby, Jones (alternate retired), Shaw (ex officio alternate)

**ABSENT:** Cooper, Martinovich, Poirier (alternate safety)

### **Open Time for Public Expression**

No members of the public provided comment.

9:00 a.m. – 10:00 a.m.

### **MCERA Business Priorities for the next 2-3 Years**

Jeff Wickman, Retirement Administrator

Jeff Wickman, Retirement Administrator, discussed operational, organizational and strategic priorities for the next two to three years. He began the presentation by reviewing four potential operational areas of focus:

- Evaluating current benefit management system and its functionality
- Assessment of current organization structure
- Production of an Annual Comprehensive Financial Report (ACFR)
- Evaluation and implementation of a financial system

Mr. Wickman said the CPAS benefit management system has met MCERA's operational needs over the past eleven years, but the question is does it meet future needs. Michelle Hardesty, Assistant Retirement Administrator, said the CPAS system allows for considerable customization but the complexity of the system requires additional staff effort to make sure it functions as expected. She noted that although other benefit management systems may require less customization the question for MCERA would be whether those systems could handle all the level of benefit complexity MCERA must manage. Mr. Wickman noted a replacement benefit management system would be a multi-year effort and would likely involve hiring a system



integrator to support the project. The Administrator added this proposed evaluation is driven by the age of the current CPAS system.

Trustee Silberstein asked if CPAS is used by peer systems and Mr. Wickman said it is. Mr. Wickman said that any system that would be brought in would require customization because each of the County Retirement systems operates differently. Trustee Vasquez asked about data security. In response Mr. Wickman said a cybersecurity assessment two years ago included analysis and penetration testing of CPAS databases. Resulting recommendations were implemented and he is comfortable about the current status of data security. Ms. Hardesty noted there is a dedicated VPN through Marin County to the physical CPAS hosting center, which also has physical security.

Trustee Gladstern asked if peer systems are changing benefit management systems and how the change may affect staffing levels. Mr. Wickman said a few peer systems are in the middle of upgrades or transitions to benefit management systems. From a staffing standpoint, the project would need dedicated staff with a lead person to work with the consultant. Trustee Murphy asked if there is something lacking in CPAS, or cost or age, and Mr. Wickman said it is a little bit of all three. He said given the complexity of CPAS, staff struggle to make sure software updates and changes work correctly after being implemented.

Turning to the organizational structure, Mr. Wickman said an assessment would include whether functions are properly aligned with the staff performing the work, if the knowledge of how the benefit management system functions has been properly transferred to staff, and whether all processes are working as expected. In addition, having procedures accountability for work at all levels of the organization needs to be ensured. To this end, the Administrator has engaged a firm to come in and work with staff to conduct process reviews and provide leadership training. He said another assessment is how remote work is managed. It may be necessary to require additional days per week in the office for staff that are working remote schedules.

Regarding the commitment to produce an Annual Comprehensive Financial Report (AFCR), Mr. Wickman has asked the Chief Financial Officer to assess whether resources and technology are sufficient to complete the required work. Mr. Wickman sees the need for the evaluation of a financial system that would be compatible with CPAS. Trustee Vasquez urged caution using connected databases with respect to cybersecurity.

Mr. Wickman discussed three potential organizational focuses:

- Ensuring processes are in place to support any transition in leadership
- Evaluating whether an additional leadership role needs to be added
- Evaluating whether additional resources are needed in the Finance and Accounting Unit

With respect to senior leadership Mr. Wickman stated there should be a process in place for a potential orderly transition in either the Retirement Administrator or Assistant Retirement Administrator positions. Chair Werby asked if someone should be groomed for such a transition and Mr. Wickman advised such transitions could be managed through the recruitment process. Trustee Vasquez asked about the Senior Management Contingency Plan Policy which Mr. Wickman said addresses unexpected changes in senior management and is reviewed regularly in accordance with the Policy Review Schedule.

Mr. Wickman stated that he is considering whether the vacant Retirement Manager position should be filled to support the benefit management function. In response to Chair Werby's inquiry, Mr. Wickman explained that originally the Retirement Manager function was to provide continuity of operations between the Finance and Benefit teams. Ensuring consistency of overall processes currently falls on the Assistant Retirement Administrator, he said. The-day-to-day effort to ensure accurate calculation of retirement benefits and timely paying of benefits to retirees and beneficiaries has not allowed the Assistant Retirement Administrator to be able to focus on any strategic goals. He is also looking at whether additional resources should be added to the Finance and Accounting Unit, in either investment or financial positions. Trustee Silberstein supported the need to fill the Retirement Manager position, and Mr. Wickman said he will discuss the position with the Finance and Risk Management Committee.

Mr. Wickman discussed two potential strategic focuses:

- Whether the Board wants to consider developing a multi-year strategic plan
- Whether the Board wishes to conduct a search for an investment consultant

Mr. Wickman said a multi-year strategic plan could encompass items discussed today as well as management of investments and actuarial valuations. The plan would help focus on educational items to be presented at the Board's Strategic Workshops. In addition, operations goals could be developed for use in the annual evaluation of the Retirement Administrator. Another strategic focus could be conducting a search for an investment consultant, last conducted eight years ago.

Mr. Wickman invited questions on business priorities. Trustee Gladstern asked if the new consultant Mr. Wickman just brought on could assist with Strategic Plan. Mr. Wickman said he believed they could and he would follow up on that question. Trustee Vasquez supported an investment consultant search as a good process to understand the latest thinking among the investment consultant community. Trustee Klein agreed with his view, and Mr. Wickman said he could take the lead on the investment consultant search and the Board Chair could at their discretion form an Ad Hoc Committee for this matter.

10:00 a.m. – 11:00 a.m.

### **Service Enhancement - Overview of Potential Member Portal**

Michelle Hardesty, Assistant Retirement Administrator  
Syd Fowler, Department Analyst

Ms. Hardesty introduced Syd Fowler, Department Analyst, to provide an overview of the CPAS member portal features. Ms. Fowler stated the member portal could provide different information for active and retired members. For active members it could show maximum benefit and earliest retirement date. The portal could also provide the ability to log into Workshops and track attendance. Members could also access benefit calculations, look up retirement planning information, and locate documents such as Annual Benefit Statements and retirement applications. The portal could also show the status of any pending member requests such as service purchase.

For retirees the portal could show the amount and date of the next monthly benefit payment, a summary of the retiree's benefit option, and the ability to update payment instructions as well as provide access to the retiree's 1099R.

The portal could allow for the updating of demographic information such as marital status, address, beneficiary and health coverage. The portal could be used by active members to request service purchase calculations. Members could also upload documents, such as proof of age, passports, name changes, birth certificates, and certain forms.

A retirement modeler can be added to allow members to run retirement estimates and to include other items such as Social Security. Members could also be provided with the ability to initiate a retirement application and set up direct deposit and tax withholding amounts. Additional components the member portal could offer are address changes, on-demand letters and statements, divorce processing, tax withholding instructions, and healthcare information.

Ms. Hardesty said the most important aspect that would have to be fully vetted before providing a member portal is security. This includes determining login and password requirements in addition to the methods MCERA would need to follow to monitor and secure the portal. The other issue MCERA would need to be prepared to manage is the increase in contacts from members and retirees who access data in the portal. This would likely lead to short term spikes in requests for service that would need to be managed. Ms. Hardesty said there would also need to be an assessment of how to transition current processes that require signatures on hard copies over to an electronic process within the portal. Ms. Hardesty noted that, although there may be an initial impact on staffing workload if a portal feature were added, it could potentially save staff time over time.

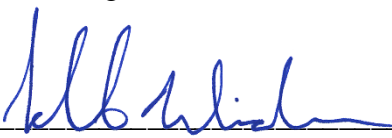
Trustee Silberstein asked whether other systems have found that member portals impact staff time. Ms. Hardesty said she understood that in other systems members like having a portal, but the level of support and amount of complexity associated with the portal is somewhat unknown. Chair Werby supported the member portal concept, noting it would become more productive over time. In summary, Mr. Wickman agreed the goal is streamlining service. He noted that understanding what experience peers have had when implementing a portal would be one of the first items staff would need to research before beginning a project.

### **Closing and Follow-up Items from Today's Agenda**


11:00 a.m. – 11:30 a.m.

Mr. Wickman invited comments on the Strategic Workshop and Chair Werby complemented Syd Fowler on her member portal presentation.

There being no further business, Chair Werby adjourned the meeting at 10:41 a.m.

  
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Jeff Wickman, Retirement Administrator

On behalf of:  
Todd Werby, Meeting Chair

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