

MINUTES

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

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

January 10, 2024 – 9:00 a.m.

This meeting was held at the address listed above and, absent technological disruption, was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2.

CALL TO ORDER

Chair Murphy called the meeting to order at 9:07 a.m.

ROLL CALL

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

ABSENT: Cooper, Gullett (alternate safety)

CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR “JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW

No Board members requested to teleconference.

MINUTES

It was M/S Gladstern/Silberstein to approve the December 6, 2023 Investment Committee Meeting Minutes as submitted. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby

NOES: None

ABSTAIN: None

ABSENT: Cooper, Gullett

It was M/S Silberstein/Vasquez to approve the December 13, 2023 Board Meeting Minutes as submitted. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

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. MATTERS OF GENERAL INTEREST

1. Preliminary Actuarial Valuation Results June 30, 2023 – Cheiron, Graham Schmidt and Bill Hallmark

Presentation of preliminary results for the annual actuarial valuation

Graham Schmidt, Actuary with Cheiron, presented preliminary Actuarial Valuation results as of June 30, 2023. The final Actuarial Valuation will set forth the employer and employee contribution rates effective July 1, 2024. The preliminary results are based on the same methods and assumptions as for the prior Actuarial Valuation, with one exception which is the valuation of the Cost of Living Adjustment (COLA) banks for retirees. This is considered an experience change reflecting the effect of inflation on the liabilities. Mr. Schmidt stated another factor increasing the total Actuarial Liability is higher-than-expected employee pay increases.

Based on the \$3.1 billion market value of assets, the Unfunded Actuarial Liability (UAL) is \$341 million for the Plan. By valuation group, the Unfunded Actuarial Liability is \$193 million for the County group (including the Courts and smaller Special Districts), \$116 million for the City of San Rafael, and \$32 million for the Novato Fire Protection District. The resulting funded ratios (assets divided by liabilities) are 90.2% for the Plan as a whole, 92.4% for the County group, 83.0% for the City of San Rafael, and 87.3% for the Novato Fire Protection District.

Preliminary employer contribution rates are 26.22% for the Plan as a whole, 21.24% for the County and Special District group, 56.20% for the City of San Rafael, and 44.40% for the Novato Fire Protection District. Mr. Schmidt explained employer contribution rates are composed of the Normal Cost, UAL, and administrative expenses.

Mr. Schmidt discussed factors affecting employer contribution rates. Total Fund assets returned close to 7.0% (based on a dollar-weighted return using asset values taken from the financial statements), slightly above the assumed rate of return of 6.75%, reducing cost by about 0.1% of pay. As Classic members retire they are being replaced by PEPRA members which is reducing

Normal Cost, and the increased payroll base lowered contribution rates slightly. Retiree COLAs increased liabilities and therefore contribution rates.

Mr. Wickman clarified that for the County of Marin the majority of its retirees have a 2% COLA; as a result, the impact of COLAs on the County's final employer contribution rate will likely be slightly less than for the City of San Rafael, the Novato Fire Protection District, and the Special District groups. Trustee Jones asked if the limitation on pensionable pay for PEPRA members will reduce cost. In response, Mr. Schmidt said over time the pensionable pay limit will lower the dollar amount of the Normal Cost.

Trustee Poole asked about the differences in the funded ratio and contribution rates for different Plan sponsors. Mr. Schmidt explained that each group is distinct because the predicate to their joining MCERA was their assets and liabilities could be kept separate from the County and Special District group.

2. 2023 Experience Study Preview – Demographic Assumptions – Cheiron, Graham Schmidt and Bill Hallmark

Presentation of preliminary demographic results from the 2023 Experience Study

Mr. Schmidt discussed preliminary demographic results of the 2023 Experience Study. He reminded the Board that no changes are proposed for economic assumptions. There were minor adjustments within specific employee categories for merit and longevity salary increases. The resulting salary increase assumption including inflation and real wage growth is 3.75%. This is based on averaging three years of demographic experience and combining it with the prior three years of experience. Results are close to current demographic assumptions, Mr. Schmidt said.

Bill Hallmark, Actuary with Cheiron, discussed adjustments made to retirement rates, termination, and mortality factors. The statistical analysis of the data uses confidence intervals to compare assumptions with actual experience. No changes to retirement rates for Miscellaneous Classic members are proposed since current assumptions match well with experience at nearly every age. Replying to Trustee Vasquez's inquiry, Mr. Hallmark said sample size is all members of the group with over 9 years of experience. Noting the Miscellaneous PEPRA group is relatively new, Mr. Hallmark said for the first time there was sufficient experience to review retirement assumptions for those members with 5 to 19 years of service. This group has similar retirement rates to Classic Miscellaneous members, so the proposal is to use the same retirement assumptions for the PEPRA Miscellaneous members. Mr. Hallmark stated Safety retirement rates are higher than the current assumption, so Cheiron is proposing a 50% retirement rate for those with 30 years of service. Minor adjustments to retirement assumptions were made for Safety members with less service time.

Mr. Hallmark said termination rates are based on service. Miscellaneous members terminations match well with current assumptions. For Safety members, modest changes in termination rates are proposed based on years of service.

Turning to mortality assumptions, Mr. Hallmark said assumptions are based on public data published by the Society of Actuaries. Mortality assumptions are categorized according to health, sex, and Miscellaneous or Safety service. For Miscellaneous and Safety Members, proposed

mortality assumptions are the same as current assumptions which match well with experience across age groups. This is the case with all categories but Miscellaneous Disabled retirees, where the mortality assumption was adjusted by 95% for males and females.

In conclusion, Mr. Schmidt stated Experience Study results closely match the experience of the Plan. Having no big changes in demographic assumptions means current assumptions have generally predicted member behavior. He said the biggest cost impact of demographic assumption changes were salary increases for merit and longevity. Overall demographic assumption changes reduced preliminary contribution rates by about 0.30% for the Plan. Mr. Schmidt said Cheiron will finalize results and present the final Experience Study at the February 14, 2024 Board meeting.

Chair Murphy recessed Open Session for a break and reconvened the meeting in Closed Session for deliberations on **Agenda Item D, Non-Consent Disability Retirement Applications**, at 10:20 a.m.

Chair Murphy recessed Closed Session and reconvened in Open Session at 11:07 a.m.

D. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 9:30 a.m.) (CLOSED SESSION) (ACTION)

Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session. The Board will move into Closed Session via virtual breakout room if the applicant or counsel appear before the Board remotely. The live stream will indicate the Board is in Closed Session.

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| 1. Rachael Yamanoha | Service-Connected | Marin County District Attorney |
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Initial consideration of an application for service-connected disability retirement.

It was M/S Gladstern/Silberstein to deny Rachael Yamanoha's service connected disability retirement application and provide the applicant with the opportunity to request an Administrative Hearing. Trustees Cooper and Gullett were absent. The motion was approved by a vote of 8-0 as follows:

AYES:	Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby
NOES:	None
ABSTAIN:	None
ABSENT:	Cooper, Gullett

Chair Murphy directed deliberations to **Agenda Item C, Board of Retirement Matters**.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Mr. Wickman reported the Chief Information Security Officer services agreement with Linea Secure has been renewed for another year. The renewal will include a full security assessment, including vendor relationship security, with results being reported to the Finance and Risk Management Committee.

In December 2023 the Investment Committee decided to move the large cap international equity allocation to the State Street Global MSCI World ex-US Index. The related agreement is expected to be in place this month.

At the February 14 Board meeting Actuary Graham Schmidt will present MCERA's final Actuarial Valuation Report, Experience Study, and Cost of Living Adjustment (COLA) for retirees.

The Administrator encouraged Board members to attend the CalAPRS General Assembly in March in Rancho Mirage.

b. Staffing Update

After applicants for the Retirement Benefits Technician and Media Specialist positions have been screened, interviews will be scheduled. The vacant accounting position has been posted and will close shortly.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) met in the Board Conference Room.

d. Future Meetings

- January 17, 2024 Investment Committee
- February 14, 2024 Board

Trustee Shaw was excused from the meeting at 11:14 a.m.

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

No educational events were attended in the period.

b. Other Comments

Trustee Gladstern shared her experience at the luncheon for MCARE retirees in December.

E. NEW BUSINESS

1. Fiduciary Liability Insurance (ACTION)

Consider and take possible action on selection of fiduciary liability insurance provider

Mr. Wickman presented provisions for the renewal of fiduciary liability insurance. He noted the insurance renewal process was started in August 2023. The current provider, Euclid/Hudson Insurance Company, has offered to renew the fiduciary liability insurance policy with no increase in the premium from the prior year. Board Counsel Ashley Dunning and her colleague Jim Vorhis reviewed the proposal and were satisfied with its terms.

Mr. Wickman's recommendation is to approve binding fiduciary liability insurance with Euclid/Hudson Insurance Company. Trustee Vasquez asked how many related lawsuits there have been. In response, Mr. Wickman and Counsel Dunning indicated there have been fewer than ten cases, mostly on benefit-related issues.

It was M/S Werby/Vasquez to select Euclid/Hudson Insurance Company as fiduciary liability insurance provider for 2024 and bind the coverage in accordance with the proposed agreement. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez,
Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

F. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar showing a number of new events, most of which are CalAPRS events for 2024. He highlighted the Stanford Director's College in June. Trustee Gladstern recommended the CalAPRS Trustees Round Tables to members of the Board.

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

AYES: Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

G. CONSENT CALENDAR (ACTION)

The monthly Consent Calendar was presented for the Board's consideration.

It was M/S Gladstern/Silberstein to approve the Consent Calendar as submitted. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, January 10, 2024

December 2023

RETURN OF CONTRIBUTIONS			
Armeia Gibson	Full Refund - Termination	\$	11,073.88
Sandra Ruiz Morales	Full Refund - Termination	\$	275.50

BUYBACKS			
Lea Aschkenas		\$	15,287.07
Brian Cardoza		\$	20,900.03
Adrian Chow-Danel		\$	20,026.58
Melinda Franco		\$	3,873.68
Raquel Heraldez		\$	9,839.21
Catherine Rice		\$	36,509.82
Thomas Wong		\$	30,344.32

NEW RETIREES			
Debra Anderson-Leyva	County of Marin - Public Defender		
Margaret Bandel	County of Marin - Child Support Services		
Jane Myrddin	County of Marin - Health & Human Services		
Nancy Neary	County of Marin - Sheriff-Coroner		
David Roberts	City of San Rafael		
Glenn Samson	County of Marin - Public Works		
Michael Moline	County of Marin - Public Works		
Sarah Martinez-Ospital	County of Marin - Sheriff-Coroner		

DECEASED RETIREES

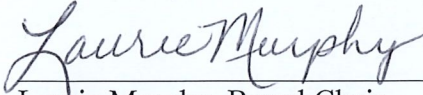
David Hill

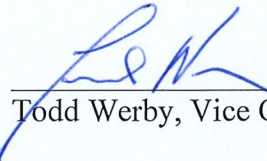
County of Marin - Information Services &
Technology

Robert May

County of Marin - Public Works

There being no further business, Chair Murphy adjourned the meeting at 11:25 a.m.


Laurie Murphy, Board Chair


Todd Werby, Vice Chair