

MINUTES

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

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

January 11, 2023 – 9:00 a.m.

This meeting was held via videoconference pursuant to MCERA Board of Retirement Resolution 2021/22-01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through January 13, 2023. The public was able to listen to and observe the meeting and provide comment through Zoom.

CALL TO ORDER

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

ROLL CALL

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

ABSENT: None

MINUTES

It was M/S Werby/Silberstein to approve the December 7, 2022 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Gullett, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby

NOES: None

ABSTAIN: None

ABSENT: None

It was M/S Gladstern/Cooper to approve the December 14, 2022 Board Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Gullett, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby

NOES: None

ABSTAIN: None

ABSENT: None

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. TOPIC OF GENERAL INTEREST

1. Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (ACTION)

Reconsider and take possible action to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through February 10, 2023, 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 February 10, 2023. The extension would allow the January 18, 2023 Investment Committee and February 8 Board meetings to be held remotely. Staff recommends extending remote meeting provisions for this purpose. The State of Emergency will be lifted on February 28, 2023 as announced by the Governor. Beginning in March Retirement Board meetings will be held in person. The public will continue to have access to meetings through live streaming.

It was M/S Gladstern/Silberstein to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through February 10, 2023 because both of the conditions listed above still exist. The motion was approved by a vote of 8-1 as follows:

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

C. MATTERS OF GENERAL INTEREST

1. Preliminary Actuarial Valuation Results June 30, 2022 – Cheiron, Graham Schmidt, Bill Hallmark

Presentation of preliminary results for the annual actuarial valuation

Graham Schmidt, Actuary with Cheiron, presented preliminary results of the Actuarial Valuation as of June 30, 2022. Mr. Schmidt stated the Actuarial Valuation is a snapshot in time and is used to establish employer and employee contribution rates effective July 1, 2023. The funding target, which is the Actuarial Liability, is \$3,327 million, an increase of about 3.4% from the prior valuation. Assets available to pay the benefits are \$3,010 million which means there is a \$317 million Unfunded Actuarial Liability. This results in a funded ratio of 90.5% for the Plan as a whole. By employer, the funded ratio is 92.3% for the County and Special District group, 83.5% for the City of San Rafael, and 90.7%, for the Novato Fire Protection District.

Mr. Schmidt explained that employer contribution rates are developed by combining the Unfunded Actuarial Liability amortization payment, employer Normal Cost, and administrative expenses as a percentage of payroll. This results in an employer contribution rate of 26.9% for the Plan as a whole. For the County and Special District group the employer contribution rate is 21.85%. The City of San Rafael has a higher employer contribution rate of 56.74% due to its higher ratio of Safety members and larger Unfunded Actuarial Liability as compared with assets. The Novato Fire Protection District employer contribution rate of 44.27% is a result of its relatively higher Normal Cost due to having mostly Safety members.

Mr. Schmidt noted the employer contribution rates have declined from the prior year, with the exception of the Novato Fire Protection District. The reason for this is the portion of the investment gains from June 30, 2021 being phased in this year exceeded this year's funding losses. Bill Hallmark, Actuary with Cheiron, explained that the 2022 loss is amortized over 24 years with phase in and phase out periods. When compared with the amortization of the prior year's investment gains, the loss amortization is smaller. Another factor decreasing the employer contribution rate was the Normal Cost rate decreasing by 0.25% due to the increase in active PEPPRA members. In addition, payroll grew more than expected, resulting in the expenses being funded across a higher payroll base.

Mr. Schmidt discussed differences in employer contribution rates among employer groups. Both the City of San Rafael and the Novato Fire Protection District had a larger expected decline in contribution rates than the County. This is because in general asset gains and losses affect these two employers more as a percentage of pay because they have more Safety benefits. Also, San Rafael had an increase in Miscellaneous members as compared with Safety members, which reduced its contribution rate. Both the County of Marin and San Rafael had an increase in overall payroll that reduced their contribution rates. For Novato payroll shrank, causing their employer contribution rate to increase. The net change in employer contribution rates from the prior year for MCERA as a whole was a decrease of 0.7%. Employer contribution rates decreased 0.5% for the County of

Marin group and 2.2% for the City of San Rafael, and increased for the Novato Fire Protection District by 1.3%.

The final Actuarial Valuation report will be presented at the February 2023 Board meeting. Trustee Gladstern asked about funding for the COLA and Mr. Schmidt replied the cost of the post-retirement COLA is included in the contribution rates paid by the employees and employer. Trustee Werby asked about the liability increase which Mr. Schmidt said is a combination of items. Liabilities are expected to increase as more benefits accrue, and there were some actuarial losses due to wages increasing more than the assumption.

D. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Mr. Wickman reported Trustee Tomlin has resigned her position as the Third Member of the Retirement Board effective January 3, 2023. MCERA Bylaws require an election to fill the position prior to the normal election in the summer for the Third Member's next 3-year term of office beginning November 1, 2023. In the interim, the law provides that the Alternate Safety Member fills the position until a successor qualifies. The discussion about how the election will occur will be agendaized for the February 8, 2023 Board meeting.

The mid-year Retirement Administrator informal performance evaluation occurs at the February Board meeting. Mr. Wickman will provide updated Business Objectives in support of this process.

Activity has picked up with potential tenants touring Suite 150 at One McInnis Parkway. The Administrator will engage the Ad Hoc One McInnis Committee on proposed lease terms as needed.

Staff have reached an agreement with Linea Secure for Chief Information Security Officer services.

b. Staffing Update

The Assistant Retirement Administrator recruitment has been published and applications are due in early February.

A recruitment for a Retirement Benefits Technician was opened due to recent turnover.

c. Facility Use Report

Beginning in March, MCARE will be holding its monthly meetings in the Executive Conference room.

d. Future Meetings

- January 18, 2023 Investment Committee
- February 8, 2023 Board

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Counsel Dunning attended the CalAPRS Attorney Breakout Session at the fall SACRS Conference. The first topic of discussion was Brown Act teleconferencing options reflected in a related assembly bill which have been presented to the Board. There was a presentation on disability retirement law regarding presumptions and another on felony forfeiture law. In a litigation update unpublished decisions were reviewed in support of the Los Angeles County Employees Retirement Association (LACERA) application of retirement law for its members and being affirmed by the courts.

Ms. Dunning's colleague Yuliya Oryol presented proposed SEC rules that were discussed at the Nossaman Fiduciaries' Forum.

b. Other Comments

No other comments by the trustees.

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 2022. The current provider, Euclid/Hudson Insurance Company, has offered to renew the fiduciary liability insurance policy with an increase of just under \$2,000 from the prior year. Board Counsel Ashley Dunning and her colleague Jim Vorhis reviewed the proposal and were satisfied with its terms. Staff recommends that the fiduciary liability insurance renewal be approved.

It was M/S Werby/Gladstern to select Euclid/Hudson Insurance Company as fiduciary liability insurance provider for 2023 in accordance with the proposed agreement. The motion was approved by a vote of 9-0 as follows:

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

2. Notification of SACRS Board of Directors election 2023-2024

Consider and discuss election process and deadlines

Mr. Wickman presented the annual Notification of SACRS Board of Directors election for 2023-2024. It sets forth the timeline for receiving nominations, sending the ballots, and

the election date. Trustees interested in being nominated were encouraged to let him know.

3. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion of future meetings.

F. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar, highlighting additional events and attendees for 2023. These included numerous new CalAPRS events and a Callan Introduction to Investments course. He noted the Pension Bridge Conference is in San Francisco in April and that the DFA Institutional Symposium overlaps with the May Board meeting. Trustees Silberstein and Vasquez plan to attend the Council of Institutional Investors (CII) Spring Conference in Washington, D.C.

It was M/S Werby/Gladstern to approve the Training Calendar as submitted. The motion was approved by a vote of 9-0 as follows:

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

G. CONSENT CALENDAR (ACTION)

Mr. Wickman presented the monthly Consent Calendar for consideration by the Board. He reported that the member who received the large refund of contributions was advised the refund would terminate any future pension benefit from MCERA.

It was M/S Gladstern/Silberstein to approve the Consent Calendar as submitted. The motion was approved by a vote of 9-0 as follows:

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

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, January 11, 2023****DECEMBER 2022****RETURN OF CONTRIBUTIONS**

Letitia Bauer	Partial Refund of Contributions (30 year)	\$	7,136.89
Madeline Bryant	Partial Refund of Contributions (correction)	\$	1,528.22
Michael Garrison	Refund of Contributions (termination)	\$	121,849.87
Cameron Hunter	Refund of Contributions (termination)	\$	5,512.34
Houa Lor	Refund of Contributions (termination)	\$	17,125.04
John Tanner	Refund of Contributions (termination)	\$	13,535.36

BUYBACKS

Gabriela Chiapellone		\$	1,147.29
Carol Farrer		\$	3,726.06
Kristian Louie Nadal		\$	2,681.29
Dillon Plumbtree		\$	30,040.24
Martha Rojas		\$	412.62
Rachel Roomian		\$	1,500.00

NEW RETIREES

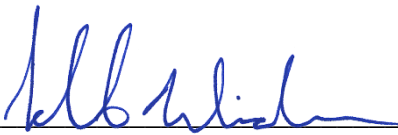
Charles Edwards	County of Marin - Sheriff/Coroner
Lisa Holton	City of San Rafael
Erin Lynch	County of Marin - Health & Human Services
Michael A. Martinez	Southern Marin Fire
Donna McLeran	County of Marin - Sheriff/Coroner
Debbie Meyer	County of Marin - Health & Human Services
Josie Sanguinetti	County of Marin - Sheriff/Coroner
Anthony Tantarelli	County of Marin - Sheriff/Coroner
Kristie Wheeler	County of Marin - Community Development

DECEASED RETIREES

Reno Angiolini	County of Marin - Fire
Christine Bassett	County of Marin - Health & Human Services
Roberta Boyer	County of Marin - Health & Human Services

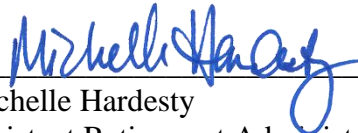
Larry Elliott	County of Marin - Cultural Services
Jennifer Fisher	County of Marin - Sheriff/Coroner
June Garrett	County of Marin - Beneficiary
Marjorie Harmon	County of Marin - Health & Human Services
Richard McKone	County of Marin - Probation
Margaret Patterson	County of Marin - Administrator
Frank Prim	City of San Rafael
Anthony Russo	County of Marin - Sheriff/Coroner
Sandra Vaughn	City of San Rafael - Beneficiary

There being no further business, Chair Murphy adjourned the meeting at 9:49 a.m.



Jeff Wickman
Retirement Administrator

On behalf of:
Laurie Murphy, Board Chair



Michelle Hardesty
Assistant Retirement Administrator

On behalf of:
Maya Gladstern, Secretary