

## **MINUTES**

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

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

**July 12, 2023 – 9:00 a.m.**

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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 through December 31, 2025.

#### **CALL TO ORDER**

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

#### **ROLL CALL**

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

**ABSENT:** Cooper

#### **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 Silberstein/Gladstern to approve the May 16-17, 2023 Strategic Workshop Minutes as amended with clarifications/corrections by Trustees Silberstein and Vasquez, respectively. The motion passed by a vote of 9-0 as follows:

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Cooper

It was M/S Silberstein/Werby to approve the June 14, 2023 Board Meeting Minutes as submitted. The motion passed by a vote of 9-0 as follows:

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

It was M/S Werby/Silberstein to approve the June 21, 2023 Investment Committee Meeting as submitted. The motion passed by a vote of 9-0 as follows:

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

#### **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**

Jeff Wickman, Retirement Administrator, introduced Chief Financial Officer (CFO) Sandra Arebalo to the Board and welcomed her to MCERA. Ms. Arebalo comes from Marin County's Health and Human Services Department where she was Assistant Chief Fiscal Officer, and before that from the Department of Finance where she served as a Senior Treasury Analyst. The Administrator said Ms. Arebalo's focus will be to complete the annual financial statements, support the financial audit, and become familiar with the Fund's investments.

Staff continue to work on a potential lease for Suite 150 at One McInnis Parkway.

b. Staffing Update

No other staffing update to report.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) held a meeting in the Board Conference Room on July 5th.

d. Future Meetings

- August 9, 2023 Board
- August 15, 2023 Audit Committee
- August 16, 2023 Finance and Risk Management Committee

2. Standing Committee Report – Audit Committee

a. Annual Financial Audit Scope of Services and Processes

Consider and discuss annual audit processes

Maya Gladstern, Chair of the Audit Committee, reported at the Committee's June 20, 2023 meeting Brown Armstrong presented an overview of the scope of services for the annual financial audit for MCERA's Financial Statements as of June 30, 2023 and the timeline for its four phases. CPA Neeraj Datta reported there are no changes in personnel from the prior year's audit team.

Phase I, Planning, begins in mid-July and includes identifying significant audit areas and confirmation procedures. Beginning at the end of August Phase II, Interim Field Work, includes assessing the internal control environment and identifying any strengths or weaknesses. During Phase III, Final Field Work, conducted in October amounts and disclosures in the financial statements are substantiated, including the fair value of assets. Phase IV, Completion, includes final reviews and inclusion of the GASB 67/68 Report from the Actuary into the financial statements. Final audit results are prepared and presented to the Audit Committee on November 29, 2023 and then to the Retirement Board during its December 13, 2023 meeting.

The auditors will focus on revenue recognition, management override of controls, investments and related earnings, participant data and actuary data, employer and employee contributions, and benefit payments. The most important deliverable is the Independent Auditor's Report (Opinion) on Financial Statements. This report gives the reader assurance that someone outside MCERA has made the determination that the financial statements are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP). Trustee Martinovich highlighted the continuity in the auditing team, adding that while the Audit Committee discussed the compilation of an Annual Comprehensive Financial Report (ACFR) as a goal, the primary focus is onboarding MCERA's new CFO.



b. Audit Committee 2023 Audit Schedule

Review and discuss schedule of audit activities for 2023

See discussion above.

Chair Murphy directed deliberations to **Agenda Item C, Disability Consent Agenda** at 9:15 a.m.

**C. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:15 a.m.) (ACTION)**

Any item that a Board member requests be pulled from the Disability Consent Agenda will be considered in Closed Session under the authority of Government Code section 54957(b), unless the applicant specifically waives confidentiality and requests that their application be considered in Open Session.

1. James Bellamy                      Service connected                      City of San Rafael

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

It was M/S Werby/Silberstein to adopt the Administrative Recommendation to grant James Bellamy's service-connected disability retirement application with an effective date of October 12, 2022. The motion passed by a vote of 9-0 as follows:

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

Chair Murphy directed deliberations to **Agenda Item B.3, Trustee Comments.**

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman reported at the California Association of Public Retirement Systems (CalAPRS) Administrators' Round Table most of the discussion was on the recent security breach having to do with PBI Research Services (PBI). The Administrator said PBI is used by most California public pension systems for the death verification process. Data was taken as a result of using the upload tool which MCERA does not use, and PBI has confirmed the breach did not impact MCERA. Mr. Wickman stated MCERA is exercising diligence to verify change requests received from members and retirees. In response to Trustee Poole's inquiry about security measures, Mr. Wickman explained that signatures and all of the data on the change request form are scrutinized and validated. In addition, staff verifies change requests by calling retirees. He pointed out that a number of CERL systems are conducting Experience Study's with their actuary this year.

Trustee Vasquez reported on the first ever Catalyst Forum sponsored by CalPERS and CalSTRS. He said the main focus is on equity and inclusion for emerging fund managers CalPERS and CalSTRS have supported over the years. The conference was well attended and discussions resulted in three takeaways: First, what we understand as emerging managers today; second, investment performance; and third, are we as plan sponsors rewarding underperformance. Trustee Vasquez said today there is a broader definition of emerging managers, including first-time managers and funds led by women, military veterans, Black, Latino, LGBTQ, and disabled populations. He said the wide selection of managers making inroads in investment management is evident and inspiring. Secondly, for investment performance, research shows female hedge fund managers from 1994 to 2013 had no inherent difference in skill across asset classes from male hedge fund managers. In more recent data during periods of negative market sentiment, women fund managers took on less risk and had slight outperformance relative to male managers. Lastly, Trustee Vasquez indicated the question is, since some MCERA managers have been on the watchlist for years, are we rewarding underperformance. His experience is emerging managers will go the extra mile, and he suggested, as an issue of meritocracy, at a minimum we should be considering some emerging managers going forward.

Trustee Werby indicated there could be a survivorship bias in study results, with managers that failed not in the results. Trustee Vasquez pointed out the managers that do endure are into their second and third funds, with 7- to 10-year track records. Trustee Klein asked about the percentage of emerging hedge fund managers which Trustee Vasquez said it is increasing, but still small at 4 to 5% of managers.

Trustee Klein reported on the May 2023 SACRS Conference. In the Practical Leadership Lessons the speaker shared how to negotiate with power to attain good outcomes. In negotiating on behalf of National Football League players in an industry with little regulation or transparency, the speaker and players' association have reduced exploitation and lessened injuries occurring during practice. Trustee Klein reported the Girls Who Invest session had dishearteningly low attendance. This program trains women to enhance their chances for success in the asset management industry. The Developing a Risk Mitigation Strategies Action Plan sets forth three alternative diversifiers to the standard 60-40 equity/fixed income asset allocation. The concept is that combining all of the proposed strategies results in less risk. Trustee Klein stated she was skeptical about these ideas.

Trustee Shaw asked if the SACRS Conference presentations are available and Mr. Wickman will follow up.

b. Other Comments

At a Southern Marin Fire Fighters barbeque, Trustee Werby spoke with a number of MCERA members and retirees who were uniformly complimentary about their experience with MCERA staff. Trustee Vasquez echoed his experience.



#### **D. NEW BUSINESS**

##### **1. Future Meetings**

Consider and discuss agenda items for future meetings

No discussion.

#### **E. OTHER INFORMATION**

##### **1. Training Calendar (ACTION)**

Mr. Wickman reviewed updates to the monthly Training Calendar. In September Trustee Silberstein will attend the CII Conference and the Administrator will attend the CalAPRS Administrators' Institute. A new event sponsored by the Stanford Directors' Consortium has been added in October. Trustee Vasquez noted this event was recommended and is akin to the Wharton program, but focused on board issues such as finance, executive compensation, cybersecurity and liability risk for board members. In November Mr. Wickman and Trustee Silberstein will attend the SACRS Conference and the Board Clerk will return to the annual California Special Districts Association Board Secretary conference.

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

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

#### **F. CONSENT CALENDAR (ACTION)**

The monthly Consent Calendar was presented for consideration by the Board. Assistant Retirement Administrator Anya Bakerink explained the large withdrawal of contributions was the result of an active death that had not previously been reported to MCERA as a death.

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

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

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**CONSENT CALENDAR****MCERA BOARD MEETING, WEDNESDAY, JULY 12, 2023****JUNE 2023**

<b>RETURN OF CONTRIBUTIONS</b>			
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Amy Carr	Full Refund - Termination	\$	3,939.57
Lisa Dickey	Full Refund - Termination	\$	21,256.15
Eric Lucan	Partial Refund - Age Change	\$	626.60
Elaisha Murrell	Full Refund - Termination	\$	7,842.26
Jennifer Nance	Full Refund - Active Death of Kathryn Sibbald	\$	231,915.53
Stefan Parnay	Partial Refund - Age Change	\$	989.41

<b>BUYBACKS</b>			
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Henry Duler		\$	21,563.64
Colin Gray		\$	3,786.44
Scott Klunk		\$	21,268.71
Garrett Lane		\$	3,000.00

<b>NEW RETIREES</b>	
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Victoria Creighton Lemos	County of Marin - Probation
John Mosher	County of Marin - Health & Human Services
LaDonna Thompson	County of Marin - Community Development
Scott Wallace	County of Marin - Sheriff/Coroner
Marc Woo	County of Marin - Health & Human Services

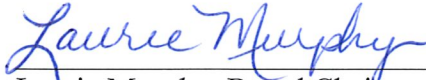
<b>DECEASED RETIREES</b>	
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Raymond Ahearn	County of Marin - Community Development
Ulla Chandler	City of San Rafael
James Crank	City of San Rafael
William Doyle	County of Marin - Health & Human Services
Earl Dewey Ezell	County of Marin - Public Works
Astrid Jansson	County of Marin - Child Support Services
Garrett Mc Donald	County of Marin - Sheriff/Coroner
Barbara Richter	County of Marin - Sheriff/Coroner
Steven Soderman	County of Marin - Public Works
Jacquelyn Vallier	County of Marin - Health & Human Services

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Mr. Wickman said Marin County Counsel Kerry Gerchow is taking over for Counsel Pat Richardson on disability matters. Mr. Wickman stated that Counsel Richardson has provided legal services in a calm and professional manner on behalf of MCERA for the past 20 years. Mr. Wickman thanked Counsel Richardson for his work with MCERA that is greatly appreciated. Counsel Richardson graciously thanked Mr. Wickman, staff and the Board for the opportunity to serve.

There being no further business, Chair Murphy adjourned the meeting at 10:20 a.m.

  
Laurie Murphy, Board Chair

  
Maya Gladstern, Secretary