

MINUTES

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

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

August 9, 2023 – 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 through December 31, 2025.

CALL TO ORDER

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

ROLL CALL

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

ABSENT: None

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/Martinovich to approve the July 12, 2023 Board Meeting Minutes as submitted. The motion passed by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Klein, Martinovich, Murphy, Poole, 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. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman reported the Fund's preliminary fiscal year net return is 6.31% as of June 30, 2023. The return will be updated to include private credit and private equity portfolios when those valuations come in. So far, the preliminary fiscal year net return is 6.7% over 5 years, 8.1% over 10 years, 7.6% over 20 years, and on a gross basis, 8.2% over 30 years.

Staff signed a lease with First American Title for Suite 150 at One McInnis Parkway, which is now fully leased. Mr. Wickman thanked Attorney Simon Adams of Nossaman for completing the lease work and Scott Pritchard of Woodmont for lease negotiations and preparing the Suite. The lease is expected to commence on November 1, 2023.

Staff renewed MCERA's cybersecurity insurance with a \$5 million insurance limit that had been reduced to \$3 million in the prior year. The cost increase was reasonable and remains under \$15,000 for the annual premium. Mr. Wickman thanked Jim Vorhis of Nossaman for helping to navigate the complicated cyber insurance renewal process.

With the assistance of Board Counsel Ashley Dunning staff have completed an Amended and Restated Agreement with State Street Bank for custodial services.

Another renewed agreement was completed with Institutional Shareholder Services (ISS) for its Governance Risk Report and proxy voting services on MCERA's behalf. The agreement includes renewed terms the Retirement Board adopted on Say on Pay.

The Administrator reported in September the County will be changing the email conventions from .org to a .gov. Emails to the old email address will be forwarded to the new email address for one year.

b. Staffing Update

Mr. Wickman reported the Retirement Benefits Supervisor position adopted by the Board as part of the 2023-24 budget was approved by the Marin County Board of Supervisors.

c. Facility Use Report

No facility use during the period.

d. Future Meetings

- August 16, 2023 Finance and Risk Management Committee
- September 13, 2023 Board

2. Ad Hoc Committee Report – Ad Hoc One McInnis Committee

Mr. Wickman reported the Ad Hoc One McInnis Committee met to review the financial details of the proposed lease for Suite 150. The lease was signed after completing the review. The Administrator was pleased with the broker's work on locating the prospective tenant, noting that the decision to build out a spec suite with offices was a positive factor for marketing the space. Trustee Gladstern pointed out that the Sonoma-Marin Area Rail Transit (SMART) train station on the corner may have been a positive factor considered by the new tenant.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Martinovich reported the SACRS Modern Investment Theory & Practice for Retirement Systems was a 4-day immersive event at the University of California Berkeley Haas School of Business. She said it was an illuminating experience in terms of meeting peers from around the Bay Area and the State. On the first day, the speaker shared thoughts and sentiments on active versus passive management, the idea of benchmarks, how to visualize risk volatility and the efficient frontier to make better decisions, and how to value skill. On the second day, Graham Schmidt of Cheiron walked through the annual valuation process, using MCERA as a model with its method of amortizing the Unfunded Actuarial Liability (UAL) in layers. An engaging governance panel discussion included Q & A on contemporary topics and on pension systems not being all the same. Trustee Martinovich was appreciative of Mr. Wickman's leadership and that he and staff serve as guideposts for the trustees.

Trustee Vasquez echoed Trustee Martinovich's assessment of the course and highlighted his takeaways. He said sessions were broad enough, and also specific enough, to lend nuance to best practices of different public pension plans across California. Governance discussions included CalSTRS being restructured over the years based on Ashby Monk's book, *Reframing Finance: New Models of Long-Term Investment Management*, which presents alternative models for running an investment program. For analyzing manager performance there is a new metric, the Information

Ratio, that measures managers' consistency in outperforming. In discussions on the psychology of investing, Chris Ailman, Chief Investment Officer (CIO) of CalSTRS, discussed scenarios he experienced in his role as CIO. Also, Professor Greg LaBlanc provided examples of cognitive limitations – such as overconfidence, choice paralysis, and home-country bias – when making investment decisions.

For interested trustees, Trustees Vasquez and Martinovich offered to share notes and resources on the course.

b. Other Comments

No other comments.

Chair Murphy directed deliberations to **NEW BUSINESS, Agenda Item C.2, Future Meetings.**

C. NEW BUSINESS

2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

D. OTHER INFORMATION

1. Training Calendar (ACTION)

Administrator Wickman presented the monthly Training Calendar for the Board's consideration, with one update showing Trustee Poole attending the CalAPRS Principles of Pension Governance for Trustees in late August.

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

E. CONSENT CALENDAR (ACTION)

Mr. Wickman presented the monthly Consent Calendar for the Board's consideration. Trustee Werby asked about the partial refund of contributions. The Administrator explained that Classic members cease making contributions after they reach 30 years of service. The timing of when the member reaches the 30 year point and the employer's payroll cycles sometimes creates a situation where MCERA has to refund excess contributions that were paid in after reaching 30 years of service.

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

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, AUGUST 9, 2023

JULY 2023

RETURN OF CONTRIBUTIONS			
Leilani Battiste	Full Refund - Termination	\$	19,619.59
Maribel Giron	Full Refund - Termination	\$	11,995.39
Tara Miller	Full Refund - Termination	\$	26,495.80
Jose Tijero	Full Refund - Termination	\$	13,553.75
Javier Trujillo	Full Refund - Termination	\$	70,912.05
Judith Williams	Partial Refund of contributions (30 year)	\$	3,065.20

BUYBACKS	
Trystin Burke	\$ 27,141.52

NEW RETIREES	
Darcy Campbell	City of San Rafael
James Hammerich	City of San Rafael
David Heida	City of San Rafael
Hyacinth Hinojosa	County of Marin - Administrator
Jamie McGrath	County of Marin - Library
Olga McKenna	County of Marin - Assessor, Recorder, County Clerk
Thomas Moran	Southern Marin Fire
Michael Richardson	County of Marin - Community Development
Arthur Phillips IV	City of San Rafael
David Rothery	County of Marin - Health & Human Services
Douglas Schlieff	County of Marin - Sheriff/Coroner
Jim Schutz	City of San Rafael
Charles Taylor	City of San Rafael

DECEASED RETIREES	
Christopher Henderson	County of Marin - Sheriff/Coroner
Marilyn McGovern	County of Marin - Health & Human Services

Judy Penn	County of Marin - Health & Human Services
Patricia Ryan	County of Marin - Assessor, Recorder, County Clerk
Peter Traumann	City of San Rafael
Sybil Waxman	County of Marin - Public Defender
Irma Williams	County of Marin - Beneficiary
Robert Wilson Jr.	Marin Superior Court - DRO

Chair Murphy recessed Open Session, directing deliberations to **Agenda Item C.1, Public Employee Performance Evaluation**, in Closed Session at 9:39 a.m. The Chair then recessed Closed Session and reconvened in Open Session at 10:41 a.m.

NEW BUSINESS continued

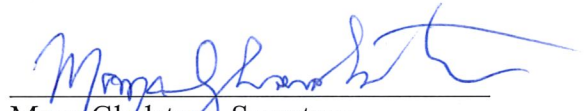
1. Public Employee Performance Evaluation

Title: Retirement Administrator (CLOSED SESSION pursuant to Government code section 54957(b)(1))

Chair Murphy reported there was no reportable action on this agenda item.

There being no further business, Chair Murphy adjourned the meeting at 10:42 a.m.


Laurie Murphy, Board Chair


Maya Gladstern, Secretary