

## **MINUTES**

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

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

**October 11, 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.

#### **CALL TO ORDER**

Chair Murphy called the meeting to order at 9:02 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 Werby/Gladstern to approve the September 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. ELECTION OF BOARD OFFICERS**

### **1. Candidates for Board Officers**

Consider and discuss nominations for Board of Retirement officer positions

Mr. Wickman stated today's discussion is the second of three steps toward election of Board Officers. The first step is the review of the Election and Duties of Board Officers Policy at the September Board meeting. At its November 1, 2023 meeting the Board will take action to elect the Board Chairperson, Vice Chairperson and Secretary. Trustee Werby said he endorsed having Chair Murphy continue to serve as Chairperson for another year, and Chair Murphy indicated that she is willing to do so. Chair Murphy voiced her support for Vice Chair Werby continuing to serve as Vice Chairperson, and Vice Chair Werby indicated that he is willing to do so. Trustee Gladstern recommended Kelsey Poole as Secretary. Trustee Poole indicated that she is willing to serve as Secretary.

## **C. BOARD OF RETIREMENT MATTERS**

### **1. Administrator's Report**

#### **a. Administrator's Update**

Mr. Wickman reported staff are busy working on the annual Actuarial Valuation and completing annual financial reports. In addition, Annual Benefit Statements will be sent before the end of October.

Trustee Vasquez's appointed term of office as the Fifth Member expires October 31, 2023. Trustee Poole will finish her term of office as the Third Member through October 31, 2023 and will begin another 3-year term on November 1, 2023 without another election.

#### **b. Staffing Update**

Staff continues to work on the Department Analyst position recruitment.

#### **c. Facility Use Report**

No facility usage in the period.

#### **d. Future Meetings**

- October 17, 2023 Strategic Workshop
- October 25, 2023 Governance Committee
- November 1, 2023 Board



## 2. Standing Committee Reports

### a. Audit Committee

#### 1. Financial Audit Review – Interim Fieldwork Phase

Review and discuss interim fieldwork phase results

Audit Committee Chair Maya Gladstern stated at its September 18 meeting Auditor Neeraj Datta reported the audit is progressing in accordance with the Critical Dates list and interim fieldwork has been completed. The test of controls based on 40 samples for active members and 40 samples for retirees resulted in no issues to report. SAS 99 Fraud Evaluation Procedures including interviews have been completed. The Information Technology Controls Review is in progress, and the Board meeting Minutes Review is complete.

Mr. Datta reported there are no potential findings or issues to report to the Committee at this point, and he expects to meet the November 29, 2023 Audit Committee meeting date for final deliverables.

## 3. Trustee Comments

### a. Educational Training: Reports by Trustees and Staff

Board Counsel Dunning reported her associate at Nossaman, Aalia Taufiq, attended the CalAPRS Attorneys' Roundtable. Three main topics discussed: (1) Artificial Intelligence in the Workplace; (2) tax qualification developments of the Internal Revenue Service (IRS); and (3) Required Minimum Distribution Rules. Trustee Werby asked about the process for informing members about the required minimum distributions and Mr. Wickman replied staff contact deferred members about the requirements prior to them reaching the minimum distribution age. Ms. Dunning said the roundtable concluded with a discussion on a case Nossaman recently won that was not appealed and another case set for oral argument.

Trustee Vasquez reported on several sessions he attended at the Council of Institutional Investors (CII) Fall Conference. During the Takeaways from the Silicon Valley Bank (SVB) Collapse session, issues of governance within SVB were discussed, one being the collapse of communication between the Chief Executive Officer and the Board of Directors. Trustee Vasquez said his takeaway is when everyone thinks alike, no one is thinking. There was a similar conclusion from the View from the Boardroom presentation, which focused on the process of perceptions and groupthink. Discussions during the CIOs Speak session included the use of flexible investment structures for private market deals. Allocations to private credit are increasing, and fixed income is back in the game. In view of rising interest rates, there is a return to fundamentals in evaluating potential investments. In the Engaging on Dual-Class Stock session it was noted that one out of four recent Initial Public Offerings (IPOs) are in dual-class stock, which distinguish voting rights from economic rights.

Trustee Silberstein also attended the CII Conference, reporting CII member organizations are also concerned that with dual-class shares, some shareholders have more voting power. He said a sunset provision for dual-class stock is being

considered and noted issuance of dual-class stock has declined. Under relaxed SEC rules, there are more shareholder resolutions addressing corporations actions. Of these additional resolutions, the average level of support is less. On the SVB failure, people knew there were problems at the bank, which experienced extraordinary growth in three years prior to the collapse. Six months before the collapse, the bank's risk officer resigned and sold all his shares. Another issue was the lack of diversity amongst the SVB board.

Trustee Poole summarized the Callan Introduction to Investments course. The role of the fiduciary and the duty of care regarding investments were addressed. Other topics included asset allocation, having a balanced portfolio, how to choose management style depending on what is to be accomplished, and different performance metrics. The point was made to take the long-term view when investing, and case studies were discussed to illustrate investing concepts.

Reporting on the Nossaman Pensions, Benefits & Investments Fiduciaries' Forum, Trustee Vasquez said one interesting session was on the challenges with completing subscription documents for private offering memorandums and partnership agreements. Another session on tax updates for public and other pension plans was instructive in terms of recent ballot measures and case law relating to tax policy. In a session on disability retirement standards the discussion was around presumptions and adjudication issues. The implication from the final session on pending fiduciary litigation against different pension plans is to watch for ripple effects from cases relating to challenges to Environmental-Social-Governance (ESG) matters.

Counsel Dunning added Nossaman is tracking the lawsuit filed against the New York City pension plans relating to their divestment from fossil fuels. There is a motion to dismiss this lawsuit. In another lawsuit 25 State Attorneys General sued to suspend the Department of Labor (DOL) ESG Final Rule, which failed. Ms. Dunning explained MCERA's current practice follows the DOL rule that Board members do not have to consider ESG factors unless they are material to the investment analysis.

Mr. Wickman reported on the CalAPRS Administrators' Institute. The conference began with a presentation by Richard Stensrud, the former CEO for the Sacramento County Employees' Retirement System who is now the CEO of the School Employees Retirement System of Ohio (OhioSERS). Mr. Stensrud noted that Ohio does not have the same vested rights rules as California, so it has the ability to adjust future benefit accruals. Next, Northern Trust gave a presentation on banking in 2023. Discussion centered on the impact on balance sheets of higher interest rates and challenges banks face when scanning and identifying cyber threats. The discussion also included regulatory changes requiring investment advisors to validate they have a relationship with a qualified custodial bank. In the session on impacts of Artificial Intelligence (AI) a futurist was clear about preparing for the future, not predicting the future. Takeaways include AI is not going to take over jobs, but tasks, and will work best with routine analytical tasks. The health care industry is likely to be impacted by AI disruptions to outcomes, costs and efficiencies.

b. Other Comments

Trustee Gladstern recommended the Spring and Fall CII Conferences to fellow Board members.

**D. NEW BUSINESS**

1. Board Meeting Calendar for 2024 (ACTION)

Consider and take possible action to approve Calendar.

Mr. Wickman presented a preliminary Board Meeting Calendar for 2024 for consideration by the Board. The November 2024 Board meeting date is corrected to the 6<sup>th</sup>. He noted the April 10, 2024 Board meeting falls on the last day of the Callan National Conference. The Administrator asked the trustees to let staff know if they have conflicts with the proposed Calendar. Trustees Poole and Martinovich mentioned a few conflicts in the March – April 2024 time frame, and Mr. Wickman indicated there may be flexibility for Committee Chairs to move meeting dates.

2. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

**E. OTHER INFORMATION**

1. Training Calendar (ACTION)

Mr. Wickman discussed updates to the monthly Training Calendar. Trustee Poole plans to attend the November 2023 SACRS Fall Conference. In 2024 the Spring CII Conference location will be Washington, D.C., and the 2024 SACRS Spring and Fall Conferences will be held in Santa Barbara and Monterey, California, respectively.

It was M/S Gladstern/Vasquez 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

**F. CONSENT CALENDAR (ACTION)**

Mr. Wickman presented the monthly Consent Calendar for consideration by the Board. He explained that the large lump sum payment was a return of contributions resulting from an active member death with no surviving spouse.



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**CONSENT CALENDAR****MCERA BOARD MEETING, WEDNESDAY, OCTOBER 11, 2023****SEPTEMBER 2023**

RETURN OF CONTRIBUTIONS			
James Bellamy	Partial Refund - Age change	\$	4,692.82
Lynn Ervin	Full Refund - Termination	\$	9,428.42
Samuel Haggard	Full Refund - Termination	\$	16,351.87
Cassandra Hobbs	Partial Refund - Age change	\$	4,269.16
Robert Johnstone	Partial Refund - Age change	\$	270.24
Stephen Mason	Partial Refund - Age change	\$	2,029.41
Diana Powers	Full Refund - Active Death of James Powers	\$	203,614.52
Kyle Remy	Full Refund - Termination	\$	1,222.61
Matthew Sagues	Partial Refund - Age change	\$	907.17
Leandre Williams	Full Refund - Termination	\$	26,558.07

BUYBACKS	
Melinda Franco	\$ 20,625.85
Nicholas Youney	\$ 8,922.24

NEW RETIREES	
James Bellamy	City of San Rafael
Roy Chernus	Marin Superior Court
Karen Coleman-Harrison	County of Marin - Sheriff/Coroner
Gregory Cornett	County of Marin - Fire
Liza Cruz	County of Marin - Health & Human Services
Russell Garcia	County of Marin - Sheriff/Coroner
Daniel Gemma	Southern Marin Fire
Jerod Kansanback	County of Marin - Sheriff/Coroner
Rhonda Kutter	County of Marin - Board of Supervisors
Carol Lucchese	County of Marin - Health & Human Services
Jeremey Pierce	County of Marin - Fire
Maria Rohner-Storniolo	County of Marin - County Counsel
Matthew Sagues	County of Marin - Parks
Kimberlee Schroeder	Marin Superior Court
Jeffrey Smiley	Southern Marin Fire
Carl Szawarzenski	County of Marin - Parks
Lauri Thompson	County of Marin - Fire

Bill Wasdyke

City of San Rafael

<b>DECEASED RETIREES</b>
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Karen O'Rourke

City of San Rafael

James Pack

County of Marin - Sheriff/Coroner

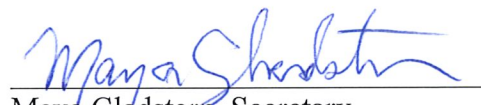
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It was M/S Gladstern/Poole to approve the Consent Calendar as submitted. The motion passed by a vote of 8-0 as follows:

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

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

  
Laurie Murphy, Board Chair

  
Maya Gladstern, Secretary