

## **MINUTES**

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

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

**October 31, 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 9:01 a.m.

#### **ROLL CALL**

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

**ABSENT:** Cooper, Martinovich

#### **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/Silberstein to approve the October 11, 2023 Board Meeting Minutes with a clarifying amendment by Trustee Silberstein. The motion passed by a vote of 9-0 as follows:

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Cooper, Martinovich

#### **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. Election of Board Chairperson, Vice Chairperson and Secretary (ACTION)**

Retirement Administrator Jeff Wickman stated the election of Board officers is the third step following review of the Election and Duties of Board Officers Policy and the opportunity for trustees to express an interest in serving as an officer. The Administrator explained that each Board officer is to be elected one at a time, beginning with the Board Chairperson, then the Vice Chairperson followed by the Secretary.

It was M/S Werby/Gladstern to elect Laurie Murphy as Chairperson. The motion passed by a vote of 9-0 as follows:

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

It was M/S Gladstern/Murphy to elect Todd Werby as Vice Chairperson. The motion passed by a vote of 8-0-1 as follows:

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

It was M/S Gladstern/Murphy to elect Kelsey Poole as Secretary. The motion passed by a vote of 9-0 as follows:

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

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

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

Mr. Wickman reported Annual Benefit Statements will be sent to members this week. He noted the Statements represent a significant amount of work for Assistant Retirement Administrator Anya Bakerink and her team.



Mr. Wickman congratulated Trustee Vasquez for his reappointment to a new three-year term of office as the Fifth Member beginning November 1, 2023.

The new tenant is moving into Suite 150 on November 1, 2023 and One McInnis Parkway is now fully leased.

b. Staffing Update

The recruitment for the Department Analyst position is ongoing.

Anne Battaglia, Retirement Benefit Technician, has retired and a recruitment for her vacant position is underway.

c. Facility Use Report

No facility usage during the period.

d. Future Meetings

- November 15, 2023 Finance and Risk Management Committee
- November 29, 2023 Audit Committee
- December 6, 2023 Investment Committee
- December 13, 2023 Board

2. Standing Committee Report – Governance Committee

a. Proxy Voting

1. Proxy Voting Reports

Proxy voting records of public equity managers for June 30, 2023

Governance Committee member Maya Gladstern reported for Committee Chair Chris Cooper. At its October 25, 2023 meeting the Governance Committee reviewed proxy voting reports for the first half of 2023. Institutional Shareholder Services (ISS) voted proxies on MCERA's behalf for DFA and State Street portfolios utilizing the Public Fund Policy recommendations.

2. Proxy Voting Reports – Executive Compensation

Review and discuss the ISS executive compensation proxy voting reports for the Dimensional Fund Advisors and State Street Global Advisors portfolios

Trustee Gladstern stated proxy reporting included voting rationales and votes on executive compensation. Staff will follow up on the formatting of Fidelity's report and their explanations for certain votes, and with KBI on its vote for a director compared with MCERA's vote against the same proposed director. Trustee Silberstein observed that MCERA is voting against 22% to 30% of executive pay proposals. He said these percentages are expected to increase once MCERA's custom policy on Chief Executive Officer pay is implemented.



- b. Governance Risk Report – Institutional Shareholder Services (ISS) – Jack Ferdon  
Review and discuss the ISS quarterly Risk Assessment Report

Jack Ferdon reviewed the ISS Governance Risk Report for the second quarter and third quarter of 2023. The report lists companies that rank poorly on the ISS Quality Score. Staff provided two separate reports listing: (1) Which of MCERA's investment managers were investing in the companies on the Quality Score list along with MCERA's specific investment value; (2) Which managers held companies with proxy contests.

- c. Existing Policies – Standard Review with Proposed Updates

1. Credit Card Policy (ACTION)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Credit Card Policy updates reduce four cardholders to three and designate the Chief Financial Officer (CFO) as Approving Officer.

Trustee Gladstern stated the Governance Committee recommends that the Board adopt updates to the Credit Card Policy as submitted. The motion passed by a vote of 9-0 as follows:

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

2. Investment Policy Statement (ACTION)

Consider possible action on Governance Committee recommendation to adopt updates to policy

Trustee Gladstern explained that proposed updates to the Investment Policy Statement clarify the rebalancing process.

Trustee Gladstern stated the Governance Committee recommends that the updates to the Investment Policy Statement be referred to the Investment Committee for consideration at its December 6, 2023 meeting. The motion passed by a vote of 9-0 as follows:

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

3. Policy Regarding Adoption of Actuarial Economic Assumptions (ACTION)

Consider possible action on Governance Committee recommendation to adopt updates to policy

The Policy Regarding Adoption of Actuarial Economic Assumptions has one update aligning the valuation year with the June 30, 2022 Actuarial Valuation.



Trustee Gladstern stated the Governance Committee recommends that the Board adopt the update to the Policy Regarding Adoption of Actuarial Economic Assumptions as submitted. The motion passed by a vote of 9-0 as follows:

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

d. Existing Policies – Standard Review without Proposed Updates

Four policies/charters were presented for standard review without proposed updates.

Trustee Gladstern stated the Governance Committee recommends that the Board accept the review of the policies and charters listed in Agenda Items C.2.d.1-4 below. The motion passed by a vote of 9-0 as follows:

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

1. Portable Electronic Device Policy (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates

2. Governance Committee Charter (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates

3. Investment Committee Charter (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendations to review without making updates

4. Fiduciary Liability Insurance and Claims Reporting Policy (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendations to review without making updates

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

No discussion.

b. Other Comments

Trustee Maya Gladstern announced that she will not run for reelection when her term expires on October 31, 2024. Trustee Gladstern has served on the Board for over 20 years. She recalled instigating the Board's adoption of the Proxy Voting and



Corporate Governance Policy and acknowledged Trustee Silberstein for using that policy as a framework to advance governance.

Chair Murphy directed deliberations to **Agenda Item E.2, New Business, Board Meeting Calendar for 2024** at 9:21 a.m.

2. Board Meeting Calendar for 2024 (ACTION)

Consider and take possible action to approve Calendar.

Mr. Wickman presented the proposed Board Meeting Calendar for 2024 for consideration by the Board.

It was M/S Werby/Gladstern to approve the Board Meeting Calendar for 2024 as submitted. The motion passed by a vote of 9-0 as follows:

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

3. SACRS Voting Delegate (ACTION)

Select delegate and alternate delegate to vote on MCERA's behalf at the SACRS Business Meeting November 10, 2023.

Mr. Wickman stated the Board is to select a delegate and alternate delegate to vote on MCERA's behalf during the SACRS Business Meeting on November 10, 2023.

It was M/S Gladstern/Poole to select Steve Silberstein as delegate and Daniel Vasquez as alternate delegate to vote on MCERA's behalf at the November 10, 2023 SACRS Business Meeting. The motion passed by a vote of 9-0 as follows:

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

4. SACRS Business Meeting Agenda and Action Items (ACTION)

Consider and discuss items on the business meeting agenda that will be voted on by member systems and provide direction to the MCERA voting delegate.

Mr. Wickman stated SACRS will hold its semi-annual business meeting at the Fall Conference on November 10, 2023. At the Business Meeting delegates from the member systems will be asked to vote on the following action items:

Agenda Item #2 – Secretary's Report: Spring 2023 SACRS Business Meeting Minutes.

Mr. Wickman stated staff have reviewed the minutes and recommend the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the May 12, 2023 SACRS Business Meeting Minutes.



Agenda Item #3 – Treasurer’s Report: July 2023 – August 2023 Financials. Mr. Wickman stated staff have reviewed the financial statements and budget and recommend the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the financial statements and budget as presented by the Treasurer.

Agenda Item #5 – SACRS Legislative Committee: Legislative Proposal.

Mr. Wickman said staff reviewed the proposed changes and agrees that language provides additional clarity for the consistent administration of the system and conforms statutory language to current business practices. Staff recommends the Board direct the voting delegate to vote in favor of a motion that the legislation be sponsored by SACRS.

It was M/S Silberstein/Vasquez to direct MCERA’s voting delegate to vote to approve SACRS Business Meeting Agenda Items #2, #3, and #5 to be considered at the SACRS Business Meeting on November 10, 2023. The motion passed by a vote of 9-0 as follows:

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

Chair Murphy directed deliberations to **Agenda Item D, Disability Consent Agenda**, at 9:38 a.m.

**D. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:30 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.

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| 1. Michael Moline | Service-Connected | Marin County Department of<br>Public Works |
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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 Michael Moline’s service-connected disability retirement application with an effective date of August 15, 2019. The motion passed by a vote of 9-0 as follows:

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

Chair Murphy directed deliberations to **Agenda Item E.1, Investment Consulting Request for Proposal.**



## E. NEW BUSINESS

### 1. Investment Consulting Request for Proposal (ACTION)

Consider and take action regarding whether to issue a Request for Proposal

Mr. Wickman explained that the Investment Consultant Request for Proposal (RFP) was a 2022-23 business objective for the Retirement Administrator. Because the objective was not completed during the evaluation period it was carried over to the 2023-24 Retirement Administrator Business Objectives that were adopted by the Board in September. At the October 17, 2023 Strategic Workshop, the Administrator provided an outline of the Investment Consultant RFP process. Upon discussion of the Board's prior actions and the current consultant, the Board agendaized a discussion of whether to continue with the RFP at this meeting.

Trustee Klein requested a recap of concerns about moving forward with the RFP that were raised at the October 17<sup>th</sup> Workshop. Trustee Werby said he is concerned about removing Callan and losing access to the company's president as MCERA's lead consultant. Trustee Silberstein noted it is considerable work to conduct the RFP process and thinks Callan has done a good job for MCERA. He prefers to find out what other CERL systems are doing about investment consultants before embarking on an RFP.

Trustee Vasquez expressed a preference for moving forward with the RFP. He indicated that having managers on the watchlist for six years was an example of complacency and questioned whether the Board is sufficiently exercising its fiduciary duty if it does not perform additional analysis of investment consultants through an RFP. He stated the RFP would also provide price discovery for the investment consultant market and the Board could properly assess value and cost. Trustee Klein supported his view, observing it has been nine years since the last investment consultant RFP. Trustee Klein expressed a concern that managers brought to the Board by the investment consultant should not be among the worst performers in their sector. Trustee Vasquez questioned the concept of efficient markets and suggested seeking new investment approaches in order to serve MCERA's members well.

Trustee Gladstern indicated she is not in favor of moving forward with an RFP, noting MCERA is well funded and it is not likely MCERA would get the president of another investment consulting firm to be its lead consultant. Trustee Silberstein observed the Investment Committee can remove managers as it chooses. He and Trustee Werby indicated they are agreeable to proceeding with the investment consultant RFP. Mr. Wickman observed that the Watchlist was created at the request of the Board.

It was M/S Klein/Vasquez to issue an Investment Consultant Request for Proposal. The motion passed by a vote of 6-3 as follows:

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



5. Future Meetings

Consider and discuss agenda items for future meetings.

No discussion.

**F. OTHER INFORMATION**

1. Training Calendar (ACTION)

The monthly Training Calendar was presented to the Board for consideration. Mr. Wickman highlighted the Dimensional Fund Advisors Institutional Symposium in Santa Monica as a new event for 2024.

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

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

**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 9-0 as follows:

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

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**CONSENT CALENDAR**

**MCERA BOARD MEETING, TUESDAY, OCTOBER 31, 2023**

**October 2023**

RETURN OF CONTRIBUTIONS		
Yuma Argo	Full Refund - Termination	\$16,403.91
Robert Bonner	Partial Refund - Contributions - Reciprocity	\$1,674.17
Lisa Burton	Full Refund - Termination	\$26,445.14
Kyle Clausen	Full Refund - Termination	\$17,647.34
Azadeh Honarmand	Partial Refund - Contributions - Reciprocity	\$852.38
Maria E. Mendoza	Full Refund - Termination	\$40,872.86
Luis Olivera Jr.	Full Refund - Termination	\$47,936.83



<b>BUYBACKS</b>
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Bridget Scheiner	\$443.77
Bryan Bostjancic	\$12,870.00

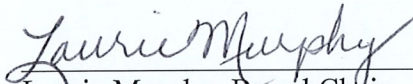
<b>NEW RETIREES</b>
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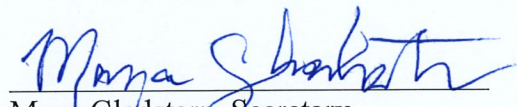
Robert Bonner	County of Marin - Human Resources
Christopher Hahn	Marin Superior Court
Terry Hardesty	County of Marin - DRO
Karen Marozick	County of Marin - Sheriff/Coroner
Meherdad Namiranian	City of San Rafael
David Osaki	County of Marin - Sheriff/Coroner
Frank Peterson	County of Marin - Probation
Desiree Reitknecht	County of Marin - Health & Human Services
Ann Rose	County of Marin - Health & Human Services
Marta Selvi	Marin Superior Court
Michelle Urquhart	County of Marin - Retirement
Raoul Wertz	County of Marin - Agriculture, Weights & Measures

<b>DECEASED RETIREES</b>
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Girard Courteau	County of Marin - District Attorney
Carol Mayberry	County of Marin - Health & Human Services
Elfriede Posey	County of Marin - Beneficiary
Christopher Shea	County of Marin - District Attorney

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

  
Laurie Murphy, Board Chair

  
Maya Gladstern, Secretary