

MINUTES

**FINANCE AND RISK MANAGEMENT COMMITTEE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

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

November 15, 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.

CALL TO ORDER

Chair Werby called the meeting to order at 9:02 a.m.

ROLL CALL

PRESENT: Klein, Martinovich, Vasquez, Werby

ABSENT: None

**CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR
“JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW**

No Committee members requested to teleconference.

MINUTES

It was M/S Klein/Vasquez to approve the August 16, 2023 Finance and Risk Management Committee Meeting Minutes as submitted. The motion passed by a vote of 4-0 as follows:

AYES: Klein, Martinovich, 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. NEW BUSINESS

1. Administrative Budget Fiscal Year 2023/24 Quarterly Review

Consider and review expenses for the quarter ending September 30, 2023

Retirement Administrator Jeff Wickman reviewed administrative expenditures for the 1st quarter of the 2023/24 fiscal year. Salaries and Benefits were slightly under budget due to vacancies. He noted Innovest retiree payroll processing and records retention for storing records offsite were near budget at 25%. Conferences and training expenditures were over budget at 37% due in part to two trustees attending the CalAPRS Principles of Pension Governance multi-day course. Overall Services and Supplies expenses for the quarter were 21.3%. Total administrative expenditures for the quarter were 19.4%.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

The Administrator reported the biggest non-budgeted expense for the quarter is retiree payroll of \$47.5 million. Other non-budgeted items include the Chief Information Security Officer services being provided by Linea Secure. He said the work provided by Linea Secure has been an immediate benefit helping MCERA to test potential vulnerabilities on a daily basis and coordinate work with the County Information Services Technology Department. Legal expenses totaling \$121.5 thousand included specialized legal work on the lease for Suite 150. In addition, Nossaman provided expertise on MCERA's annual insurance renewals.

Investment manager fees by manager were presented for the quarter. Trustee Vasquez inquired about a difference in two reported amounts and Ms. Bakerink explained one amount represents only investment fees paid in cash. Trustee Vasquez also inquired about the formula to calculate the investment fees according to basis points. Mr. Wickman said he will follow up with the Committee on how the numbers in the document are being calculated.

3. Quarterly Checklist

Consider, review and updates on the following:

a. Other expenses per Checklist Guidelines

Mr. Wickman presented credit card expenses, pointing out the charge for the Claremont Club was for the lodging during the SACRS University of California at Berkeley Modern Investment Theory & Practice course. Trustees Vasquez and Werby expressed their interest in electronic versions of the Economist, Barron's, and the Wall Street Journal. Trustee Martinovich indicated there may be bundled subscriptions available at a lower rate.

b. Variances in the MCERA administrative budget in excess of 10%

See discussion above.

c. MCERA educational and event-related expenses

The Educational and Event-related Expenses lists conference expenses for trustees, staff and counsel. Mr. Wickman noted the amount of \$799.79 for Trustee Poole's CalAPRS Principles of Pension Governance course will be corrected to \$3,799.79. The California Special Districts Association will be refunding the amount for the Board Secretary Conference, minus a cancellation fee of \$75, since the Board Clerk was not able to attend.

d. Continuing Trustee Education Log

The Continuing Trustee Education Log shows all trustees are achieving needed hours of 24 hours every two years.

e. Internal controls, compliance activities and capital calls

Mr. Wickman reported Abbott Capital Management sent \$3.4 million in distributions to MCERA and issued capital calls totaling \$1.625 million for the quarter. Pathway Capital Management sent almost \$7.7 million in distributions and issued \$1.65 million in capital calls during the quarter. Total private equity distributions received were \$11 million and total capital calls were over \$3.2 million.

In the Opportunistic sleeve there was one capital call from Fortress of just under \$1 million in the quarter. In the real estate portfolio, UBS Trumbull Property Fund dividends received were \$734,000 and AEW Core Property Trust dividends were just over \$1 million.

The Administrator presented post-September 30, 2023 transactions. In the private equity portfolio MCERA received a distribution of over \$1.4 million from the Abbott VII Fund and a total of \$1.4 million from Pathway funds. Together these distributions were over \$2.8 million. Pathway issued capital calls totaling \$705,571. Opportunistic manager Carval issued just under \$1.7 million in capital calls and Fortress issued just over \$1.6 million. Total Opportunistic capital calls were just over \$3.3 million. In real estate the UBS Trumbull Property fund distributed dividends of over \$737,833 (corrected from the AEW column). An addition to the reported amounts, today MCERA received a \$974,436 million dividend from the AEW Core Property Trust.

f. Vendor services provided to MCERA

No new vendor services in the period.

g. MCERA staffing status

Work on the recruitment of a Media Specialist is proceeding. Following that staff will initiate the recruitment of a Retirement Manager and a Retirement Benefits Technician. In addition, a recent vacant accountant position will be recruited once an assessment of whether the need fits the classification is completed. In response to Chair Werby's inquiry, Mr. Wickman discussed the nature of recruiting for different positions within MCERA, noting accounting positions are more portable throughout Marin County.

h. Audits, examinations, investigations or inquiries from governmental agencies

Nothing to report.

i. Other items from the Administrator related to risk and finance

Nothing to report.

4. Annual Audit of Financial Statements Update

Update on annual audit process

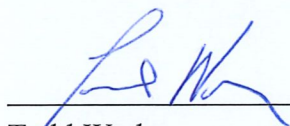
Mr. Wickman reported good progress on the annual audit of financial statements and no findings to date. He commended Sandra Arebalo, Chief Financial Officer, and her team for being on schedule to present the audited Financial Statements to the Audit Committee on November 29, 2023 and then to the Board at its December 13, 2023 meeting.

5. Future Meetings

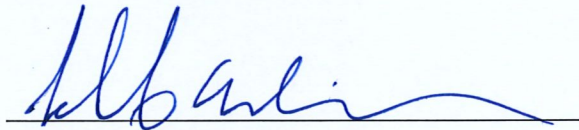
Consider and discuss agenda items for future meetings

No discussion.

There being no further business, Chair Werby adjourned the meeting at 9:38 a.m.



Todd Werby
Finance and Risk Management Committee Chair



Attest: Jeff Wickman
Retirement Administrator