

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

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

November 4, 2020 – 9:00 a.m.

This meeting will be held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. The public may listen to and observe the meeting on YouTube at:

<https://youtu.be/e3UPJovRvWg>

If members of the public wish to comment, those comments may be submitted to MCERA via email at MCERABoard@marincounty.org. This account will be monitored prior to and for the duration of the meeting. If the comment pertains to a particular agenda item, please identify that item number and the comment will be read to the Board during that discussion. Otherwise, the comment will be read under Item A, Open Time for Public Expression. All public comments submitted before or during the meeting that pertain to topics within the jurisdiction of the MCERA Board and otherwise comply with MCERA guidelines will be read in open session and kept as part of the permanent record.

The Board of Retirement encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER

ROLL CALL

MINUTES

October 14, 2020 Board meeting

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.

B. ELECTION OF BOARD OFFICERS

1. Election of Board Chairperson, Vice Chairperson and Secretary (Action)

Consider and discuss nominations for Board of Retirement officer positions

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

b. Staffing Update

c. Facility Use Report

d. Future Meetings

- November 18, 2020 Finance and Risk Management Committee
- November 24, 2020 Audit Committee
- December 9, 2020 Board
- December 16, 2020 Investment Committee

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

b. Other Comments

D. LEGAL MATTERS

1. Conference with Legal Counsel – Existing Litigation (Gov. Code sec. 54956.9(d)(1) (CLOSED SESSION)

Marin Assn. of Public Employees, et al. v. Marin County Employees' Retirement Assn.,
California Supreme Court Case No. S237460

E. NEW BUSINESS

1. Board Meeting Calendar for 2021 (Action)

Consider and take possible action to approve Calendar

2. Voting Instructions to MCERA Delegate re SACRS Business Meeting November 13, 2020 (Action)

a. SACRS Business Meeting Packet

3. Future Meetings

Consider and discuss agenda items for future meetings.

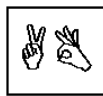
F. OTHER INFORMATION

1. Training Calendar (Action)

G. CONSENT CALENDAR (Action)

Note on Process: Items designated for information are appropriate for Board action if the Board wishes to take action. Any agenda item from a properly noticed Committee meeting held prior to this Board meeting may be considered by the Board.

Note on Voting: As provided by statute, the Alternate Safety Member votes in the absence of the Elected General or Safety Member, and in the absence of both the Retired and Alternate Retired Members. The Alternate Retired Member votes in the absence of the Elected Retired Member. If both Elected General Members, or the Safety Member and an Elected General Member, are absent, then the Elected Alternate Retired Member may vote in place of one absent Elected General Member.



Agenda material is provided upon request. Requests may be submitted by email to MCERABoard@marincounty.org, or by phone at (415) 473-6147.

MCERA is committed to assuring that its public meetings are accessible to persons with disabilities. If you require American Sign Language interpreters, assistive listening devices or other accommodations to participate in this meeting, these may be requested by calling (415) 499-7331 (voice) or (415) 499-6172 (TTY) at least 72 hours in advance.

The agenda is available on the Internet at <http://www.mcera.org>

For consideration at November Board meeting

MINUTES

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

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

October 14, 2020 – 9:00 a.m.

This meeting was held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. The public was able to listen to and observe the meeting on YouTube.

EVENT CALENDAR 9 a.m. Regular Board Meeting

CALL TO ORDER

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

ROLL CALL

PRESENT: Block, Cooper, Given, Gladstern, Jones (alternate retired), Klein, Murphy, Poirier (alternate safety), Shaw (ex officio alternate), Silberstein, Werby

ABSENT: Thomas

MINUTES

It was M/S Gladstern/Given to approve the September 9, 2020 Board Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

It was M/S Given/Block to approve the September 17, 2020 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

For consideration at November Board meeting

A. OPEN TIME FOR PUBLIC EXPRESSION

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No members of the public provided comment.

B. ELECTION OF OFFICERS

1. Candidates for Board Officers

Consider and discuss nominations for Board of Retirement officer positions

Chair Silberstein invited trustees to express their interest in serving in an officer position on the Board of Retirement. In addition to Chair Silberstein, current officers are Vice Chairperson Phillip Thomas and Secretary Laurie Murphy. The election of officers will be at the November Board meeting.

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman reported the final June 30, 2020 fiscal year return of the Fund increased to 3.26%. Callan's updated fiscal year returns for the Fund over time are listed below:

5 Year	6.61%
10 Year	9.52%
15 Year	6.72%
20 Year	5.82%
24 Year	7.18%
25 Year	7.54% (Gross Return)
30 Year	8.46% (Gross Return)

Staff is making good progress on subscription agreements with new investment managers CarVal, Fortress and Varde. Once side letters are completed, everything should be in place by the end of October, Mr. Wickman said. Fortress has indicated the total commitment with them will be \$33 million.

Interviews with custodial services respondents were tabled due to the COVID19 shelter-in-place order. After talking with the Callan team Mr. Wickman reported that MCERA will restart the custodial services search and schedule interviews with the companies.

For consideration at November Board meeting

Upon discussion he will be consulting with Counsel Dunning on the trustees who participate in the interview process.

The Audit Committee is scheduled to meet on October 28, 2020 but this date may be delayed since draft statements are not yet complete and MCERA has not received the GASB 67/68 reports.

Annual member benefit statements will be sent by the end of October and will include additional information on service purchases for certain members.

The Suite 100 Space Reduction Project should be complete by the end of October. The new corridors have been constructed to add new leasable space into Suite 150.

b. Staffing Update

MCERA has hired Deanna O'Brien as Senior Accounting Assistant in the Accounting/Finance team.

c. Facility Use Report

No facility use to report in the period.

d. Future Meetings

- October 27-28, 2020 Strategic Workshop
- October 28, 2020 Audit Committee
- November 4, 2020 Board

2. Standing Committee Reports – Governance Committee

a. Proxy Voting

1. Proxy Voting Reports

Proxy voting records of public equity managers for June 30, 2020

Governance Committee Chair Cooper reported the Committee reviewed proxy voting reports for the last half of 2019. None of the areas of concern have changed, he said, so there is a constant need to follow up with Dimensional Fund Advisors on its votes to review pay packages every three years instead of every year and with State Street Global Advisors' on its numerous abstentions and votes that do not align with Institutional Shareholder Services (ISS). Due to their extensive size, proxy votes are available to the Board on request.

b. Governance Risk Report – Institutional Shareholder Services (ISS) – Nathan Worthington and Jack Ferdon

Review and discuss the ISS quarterly Risk Assessment Report and consider appropriate action, if any.

Jack Ferdon, Senior Associate, Client Service & Consultants with Institutional Shareholder Services (ISS), reviewed the ISS quarterly Governance Risk Report as of June 30, 2020. The report compares voting patterns of companies in MCERA's

For consideration at November Board meeting

portfolio and assigns a quality score to identify areas of high governance risk. Manager proxy voting is compared with ISS policy recommendations and includes a breakdown of various categories of management and shareholder proposals.

After discussing what to do about companies with poor ratings, such as engaging or voting for shareholder resolutions on governance , the Committee made the following motion:

The Governance Committee recommends that the Investment Committee consider engaging Institutional Shareholder Services to vote MCERA's proxies in the State Street Global Advisors S&P 500 and Dimensional Fund Advisors small cap core portfolios using the ISS Public Fund Policy.

As a member of the Governance Committee Chair Silberstein commented that because Dimensional Fund Advisors and State Street Global Advisors portfolios are passive there are quite a few companies with poor governance polices. Managing proxy votes for these portfolios is a way of encouraging such companies to improve their governance. After having communicated with DFA and SSGA on this, the best way is to vote our own proxies to align with ISS guidelines MCERA adopted some time ago.

Trustee Given asked what this will mean with our accounts with DFA and SSGA. Mr. Wickman replied we are in separate accounts with DFA and SSGA so there is no need for any contract change. Trustee Gladstern supported the motion due to the frustration for the Governance Committee to try to get these managers to change their proxy voting practices. Trustee Klein, who chairs the Investment Committee, also voiced her support for the motion contingent on understanding any impacts to staff workload.

The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

c. Existing Policies – Standard Review with Proposed Updates

1. Investment Policy Statement (Action)

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

Updates to the Investment Policy Statement align proxy voting with changes to the Proxy Voting and Corporate Governance Policy.

The Governance Committee recommends that the Board adopt updates to the Investment Policy Statement. The motion was approved by a vote of 9-0 as follows:

For consideration at November Board meeting

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

2. Credit Card Policy (Action)

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

Updates to the Credit Card Policy add a credit card for the Retirement Administrator and clarify card issuance and approvals.

The Governance Committee recommends that the Board adopt updates to the Credit Card Policy. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

3. Election and Duties of Board Officers Policy (Action)

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

Updates to the Election and Duties of Board of Retirement Officers Policy provide for review of the policy at September Board meetings and solicitation of interest in serving in an officer position in October.

The Governance Committee recommends that the Board adopt updates to the Election and Duties of Board of Retirement Officers Policy.

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

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

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

Updates to the Fiduciary Liability Insurance and Claims Reporting Policy reflect the annual process of renewing insurance after review by counsel and a recommendation to the Board. Trustee Block asked why renewing fiduciary liability insurance does not come through the Finance and Risk Management Committee. Mr. Wickman replied the reason is timing because the solicitations from the broker are received in October or early November and therefore doesn't make the timing for the fall Finance and Risk Management Committee. As a result he recommended the renewal of fiduciary liability insurance is presented directly to the Board.

For consideration at November Board meeting

The Governance Committee recommends that the Board adopt updates to the Fiduciary Liability Insurance and Claims Reporting Policy.

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

5. Portable Electronic Device Policy (Action)

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

Updates to the Portable Electronic Device Policy require consulting with the Retirement Administrator before downloading software onto electronic devices.

The Governance Committee recommends that the Board adopt updates to the Portable Electronic Device Policy.

Trustee Block stated his preference to leave the policy as it is because there are already more stringent download guidelines in the policy. Mr. Wickman replied that downloading was opened when new devices were purchased at the request of trustees. Although software can be downloaded trustees must come to staff to get the password. Once provided the password would be changed so it could not be used again. As a result, Mr. Wickman said he does not see additional security risk since trustees need to contact staff to download software. Trustee Block said the word “should” in the update is the operative word and he prefers a more restrictive word such as “must.” The Administrator said the Board can make a substitute motion to make a change to the proposed updates.

Trustee Block made a substitute motion to revise updates to the Portable Electronic Device Policy, Section IV, Policy, Item 5, to change the word “should” to “shall”. The motion failed for lack of a second.

Chair Silberstein asked for more discussion and there was none. The original motion by the Governance Committee was approved by a vote of 8-1 as follows:

AYES: Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: Block
ABSTAIN: None
ABSENT: Thomas

d. Existing Policies – Standard Review without Proposed Updates

1. Governance Committee Charter (Action)

Conduct standard charter review

For consideration at November Board meeting

2. Investment Committee Charter (Action)
Conduct standard charter review

The Charters for the Governance and Investment Committees are presented for standard review with no changes.

The Governance Committee recommends that the Board accept the review of the Governance Committee Charter and the Investment Committee Charter. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

On behalf of the Chair, Mr. Wickman directed deliberations to **Agenda Item D, Disability Consent Agenda.**

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.

1. Daniel Marrett Service-connected County of Marin

Adopt Administrative Recommendation to adopt Administrative Law Judge's proposed findings of fact and recommended decision to grant service-connected disability retirement application.

It was M/S Cooper/Werby to adopt the Administrative Recommendation to adopt the Administrative Law Judge's proposed findings of fact and recommended decision to grant Daniel Marrett's service-connected disability retirement application with an effective date of April 22, 2017.

At the request of the Administrator, the effective date of disability retirement was added to the above motion after the vote shown below was taken. The maker of the motion agreed to revise the motion accordingly, as did Trustee Cooper who had seconded the motion. Counsel Dunning advised confirming that no voting member of the Board objects to amending the motion and no one objected.

The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

For consideration at November Board meeting

The Chair recessed Open Session at 9:53 a.m. and directed deliberations to **Agenda Item E, Non-Consent Agenda Disability Retirement Applications**, and **Agenda Item F, Legal Matters**, in Closed Session.

Trustee Gladstern recused herself from and did not attend Agenda Item F.1, Conference with Legal Counsel, because she is an officer with the Marin Association of Public Employees (MAPE).

Trustee Poirier recused himself from and did not attend Agenda Item E.1, the Marziano disability retirement application, because he had been approached about the application from someone outside the Board. Chair Silberstein recessed Closed Session and reconvened in Open Session at 11:18 a.m.

E. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 9:30 a.m.) (CLOSED SESSION) (Action)

Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session. The Board will move into Closed Session via virtual breakout room. The live stream will indicate the Board is in Closed Session.

1. Lori Marziano Service-connected County of Marin

Initial consideration of an application for service-connected disability retirement

Mr. Wickman reported that Trustee Gladstern made a motion to deny Ms. Marziano's application for service-connected disability retirement and provide the applicant with the opportunity to request an administrative hearing on the denial. Trustee Jones seconded the motion.

A substitute motion was made by Trustee Block to table Ms. Marziano's application for disability retirement and request an affidavit from the applicant regarding the required use of handcuffs for her position. The motion failed for lack of a second.

A second substitute motion was made by Trustee Cooper and seconded by Trustee Werby to grant Ms. Marziano's service-connected disability retirement application. This substitute motion was voted on first and failed on a 3-6 vote. Voting for the substitute motion were Trustees Block, Cooper and Werby. Voting against the substitute motion were Trustees Given, Gladstern, Jones, Klein, Murphy, and Silberstein. Trustee Jones voted for Trustee Thomas who was absent. Trustee Poirier recused as noted above.

The original motion to deny the application was approved by a vote of 6-3. Voting for the motion were Trustees Given, Gladstern, Jones, Klein, Murphy and Silberstein. Voting against the motion were Trustees Block, Cooper and Werby.

For consideration at November Board meeting

F. LEGAL MATTERS

1. Conference with Legal Counsel – Existing Litigation (Paragraph (1) of subdivision (d) of Gov. Code Sec. 54956.9). (CLOSED SESSION)

Marin Association of Public Employees, et al. v. Marin County Employees' Retirement Association, Marin County Superior Court Case No. CIV1300318

Mr. Wickman reported the Board voted 8-0 not to seek to recover legal costs related to the *Marin Association of Public Employees, et al. v. Marin County Employees' Retirement Association* litigation, provided that the case is resolved for all other purposes. Motion was by Trustee Werby and seconded by Trustee Jones. Trustee Jones voted for Trustee Thomas who was absent. Trustee Poirier was absent. Voting for the motion were Trustees Block, Cooper, Given, Jones, Klein, Murphy, Silberstein, and Werby.

Trustee Gladstern recused herself from the discussion and vote because she is an officer of MAPE.

Chair Silberstein directed deliberations to **Agenda Item C.3, Trustee Comments.**

3. Trustee Comments

- a. Educational Training: Reports by Trustees and Staff

Chair Silberstein invited comments on educational events. Trustee Murphy attended the Nossaman Fiduciaries' Forum and found all the sessions to be valuable. Topics included the complexity of writing side letters, selection of service providers, and administrative issues facing fiduciaries. The open meeting law compliance discussion was good to hear again, she said.

Trustee Jones attended the Nossaman Fiduciaries' Forum and spoke to the competency of presenters making the sessions worthwhile. Trustee Block was not able to attend and asked if the meeting was recorded and Ms. Dunning said it is not, but backup materials are available.

- b. Other Comments

No other comments.

G. NEW BUSINESS

1. Board Meeting Calendar for 2021 (Action)

Consider and take possible action to approve Calendar

Mr. Wickman presented a proposed Board Meeting Calendar for 2021 for the Board's consideration. Staff coordinated with consultants to make sure there were no conflicts for them. The Administrator noted Committee Chairs have some flexibility in moving dates of their meetings, so the primary concern is with Board meeting dates. Trustee Gladstern suggested moving the March Board and Finance and Risk Management Committee meetings in view of conflicts with the Council of Institutional Investors and CalAPRS General Assembly conferences. The Administrator will adjust the schedule and bring the proposed meeting calendar for 2021 to the November Board meeting for approval.

For consideration at November Board meeting

2. **SACRS Voting Delegate (Action)**

Select delegate to submit MCERA's vote for the SACRS Board of Directors

Mr. Wickman said the SACRS fall conference will be a virtual meeting and delegates will be voting on MCERA's behalf at the business meeting. The business meeting packet will be available at the November 4, 2020 Board meeting for discussion and instructions on voting.

It was M/S Gladstern/Murphy to select Mr. Wickman as delegate and Trustee Jones as alternate delegate to vote on behalf of MCERA at the November 13, 2020 SACRS business meeting. The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

3. **Future Meetings**

Consider and discuss agenda items for future meetings.

No discussion on future meetings.

H. OTHER INFORMATION

1. **Training Calendar (Action)**

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

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

I. CONSENT CALENDAR (Action)

It was M/S Werby/Block to approve the Consent Calendar as submitted.

Trustee Gladstern asked if a comparison of the number of deceased retirees in prior years can be done to assess if COVID19 is having an effect and the Administrator will report back to the Board at the November meeting.

The motion was approved by a vote of 9-0 as follows:

AYES: Block, Cooper, Given, Gladstern, Klein, Murphy, Poirier, Silberstein, Werby
NOES: None
ABSTAIN: None
ABSENT: Thomas

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, October 14, 2020****September 2020**

RETURN OF CONTRIBUTIONS			
Zongar Johnson	Full Refund - Termination	\$	3,417.04
Joseph Jordan	Partial Refund - Correction	\$	713.47

BUYBACKS			
Steve White		\$	7,173.17

RESCINDED RETIREMENTS			
Michael Gadoua	County of Marin - Child Support Services		
Teresa Yamanoha	County of Marin - Sheriff/Coroner		

NEW RETIREES			
Celia Allen	County of Marin - Health & Human Services		
Brian Auger	City of San Rafael		
Lynne Bracken	City of San Rafael		
Stacy Carlsen	County of Marin - Agricultural Weights & Measures		
Brian Crawford	County of Marin - Community Development Agency		
Kerrie Desbiens	County of Marin - Health & Human Services		
Diane Dillon	City of San Rafael		
Suporn Lin	City of San Rafael		
Jennifer Lueder	County of Marin - DRO		
Gregory Mobley	County of Marin - Public Works		
Amy Reisch	County of Marin - Children & Families Commission		
Andrew Roberts	County of Marin - Sheriff/Coroner		
Yihew Sahlemariam	City of San Rafael		
Teressa Snyder	County of Marin - Library		
Larry Trafford	County of Marin - Health & Human Services		
Mabel Turrini	County of Marin - District Attorney		
Rudolph Yamanoha	County of Marin - Sheriff/Coroner		
Kristine Yoder	County of Marin - Sheriff/Coroner		

DECEASED RETIREES			
Barbara Butler	City of San Rafael		
Edmond Henry	County of Marin - Community Development Agency		

For consideration at November Board meeting

Lavina Hinerman	County of Marin - Beneficiary
Margaret Levine	County of Marin - Health & Human Services
Elizabeth Rohrs	City of San Rafael - Beneficiary
Paul Sasse	City of San Rafael
Alva Shine	County of Marin - Elections
Warren Taylor	City of San Rafael
Peter Valconesi	County of Marin - Fire

There being no further business, Administrator Wickman adjourned the meeting at 11:37 a.m.

Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair

Michelle Hardesty, Assistant Retirement
Administrator

On behalf of:
Laurie Murphy, Secretary


B.1



Phone 415 473-6147
Fax (benefits) 415 473-3612
Fax (admin) 415 473-4179
MCERA.org

October 29, 2020

To: Members of the Retirement Board
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman 
Retirement Administrator

Subject: Election of Board Officers

At the October 14, 2020 Board Meeting, the Board discussed the question of officers for the upcoming year and proposed that the current officers serve in their same capacity for the year beginning December 2020. The current Board Officers are:

Board Chair: Steve Silberstein
Vice-Chair: Phillip Thomas
Secretary: Laurie Murphy

As defined in the Election and Duties of Board of Retirement Officers Policy (see attached) the election of officers occurs in November of each year. The Board will first elect a Chair, then Vice-Chair and finally Secretary.

Consistent with the Board's use of Roberts Rules of Order, the Board Chair will ask if there is a motion to nominate a candidate for a Board Officer position, beginning with the position of Chair of the Board. A second on the motion is required before any discussion. After discussion closes the Chair will call for the vote. This process will also be followed for the election to the Vice Chair and then the Secretary positions.

C.1 Administrator's Report

This is a discussion with no backup.

VIRTUAL TRUSTEES ROUNDTABLE

Friday, October 23, 2020
9:30 a.m. – 3:30 p.m. Pacific | Held Virtually On Zoom

AGENDA

9:30 a.m. – 12:30 p.m.

Session I: "What is the Role of Trustees in Choosing and/or Monitoring Money Managers?"

Moderator: Hank Levy, ACERA Trustee, Treasurer-Tax Collector, Alameda County

Session I Description

Should Trustees choose money managers, or should they delegate this to staff or to outside investment counsel? If yes, are there better ways to do it? If no, how should trustees monitor the managers and/or their staff who selects them? In all cases, there is a need for the board to monitor manager performance, and boards must choose reporting tools and methodologies to do that.

Panel #1: Two industry professionals will give their perspectives on the role of Trustees to choose and/or monitor money managers. (40 minutes)

Speakers include:

Von Hughes, Partner & Managing Director of PAAMCOP Prisma, and author, *U.S. Public Pension Handbook*

Ben Carlson, Director of Institutional Investment, Ritholtz Wealth Management, author of multiple books, latest one being *Organizational Alpha*, and host of a podcast, Animal Spirits

BREAK: 10 MINUTES

Panel #2: Two county pension plans will be represented, with different perspectives and practices on choosing of money managers. (45 minutes)

Speakers include:

Steve Delaney, CEO, Orange County Employee Retirement System

Russell Baldwin, former Trustee, Orange County Employee Retirement System

Steve Jolly, Trustee, Fresno City Employees Retirement System

Investment (Doug Kidd) and/or CEO (Donald Kendig) Fresno City Employees Retirement System

BREAK: 10 MINUTES

Panel #3: Two speakers from the financial industry to discuss monitoring tools.

“Monitoring Tools for Money Managers”

Speaker: Cindy Lau, BlackRock

“Best Practices of how Trustees Can Monitor Money Managers”

Speaker: Alan Emkin, Meketa

BREAK: 30 MINUTES

Afternoon Session: 12:30-2:30

Session II: What is the Role of Trustees on Corporate Policies?

Moderator: Paul Rosenstiel, Former Trustee, CalSTRS

Session II Description

Corporations, as well as other entities in which pension plans invest, all have policies which may or not contribute to performance as well as other long-term sustainability. While there are various monitoring tools to help trustees, it is very difficult for either plan trustees or staff to become involved in all potential issues and with all the investments of a typical plan. There are shareholder activist groups which try to choose the issues with certain businesses. However, most plans have given the control to staff, which in turn have given it to one of two proxy-voting firms to vote on behalf of the board.

It is not possible for trustees to vote on all the proxies coming before corporate shareholder meetings (not to mention getting more involved in limited partnerships), so trustees need to understand the resources available for them. Furthermore, for those boards which delegate manager selection process to staff, getting involved in policy issues may become the major work that trustees do.

Topics for discussion include:

- 1) What might be some of the fiduciary responsibilities for trustees to consider before getting involved in corporate policy work?
- 2) What are the typical issues that engagement typically covers?
- 3) How do trustees decide and communicate their priorities? To staff? To their beneficiaries?
- 4) What are the various tools to measure performance and sustainability metrics?

Speakers include:



Ariane de Vienne, Global Head of Asset Owner Strategy, Institutional Shareholder Services (ISS)

Amy Borrus, Executive Director, Council of Institutional Investors (CII)

Aeisha Mastagni, Sustainable Investment & Stewardship Strategy, CalSTRS

Michelle Edkins, Managing Director, Investment Stewardship, Blackrock

Ted White, Managing Director, Legion Partners and former Director of Corporate Governance, CalPERS

C.2.b Other Comments

This is a discussion with no backup.

Confidential Matter
Nossaman Memo
Agenda Item D.1

MCERA Board Meeting
November 4, 2020

Recusals:
Maya Gladstern and Phillip Thomas

MCERA BOARD MEETING CALENDAR for 2021**Draft for November 4, 2020 Board Meeting**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
BOARD	13	10	3	14	5	9	14	11	8	13	3	8
INVESTMENT COMMITTEE	20		17			16			16			15
AUDIT COMMITTEE				7			7			27		
FINANCE COMMITTEE			24		19			18			17	
GOVERNANCE COMMITTEE				21						6		
STRATEGIC WORKSHOP				27-28						26-27		



Phone 415 473-6147
Fax (benefits) 415 473-3612
Fax (admin) 415 473-4179
MCERA.org

October 30, 2020

To: Members of the Board of Retirement
 Marin County Employees' Retirement Association (MCERA)
From: Jeff Wickman *[Signature]*
 Retirement Administrator
Subject: State Association of County Retirement Systems (SACRS) Fall Business Meeting

Background

SACRS will hold its semi-annual Business Meeting at the end of the virtual fall Conference on November 13, 2020. At the Business Meeting delegates from the member systems (including MCERA) will be asked to vote on two items in the Business Meeting packet.

Business Meeting Agenda Item #7 - SACRS Audit Report

The SACRS Audit Committee is presenting the Audited Financial Statements for June 30, 2019 and 2018 to the Board and member systems for adoption. The statements have been audited by James Marta & Company LLP. In the auditor's opinion, "the financial statements referred to above present fairly, in all material respects, the cash receipts and distributions of the State Association of County Retirement Systems for the years ended June 30, 2019 and 2018..."

Recommendation

We believe the SACRS Audit Committee will recommend that the SACRS Board make a motion to adopt the Audited Financial Statements for June 30, 2019 and 2018 and request the member systems to vote in favor of that motion. Staff recommends the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the Audited June 30, 2019 and 2018 Financial Statements.

Business Meeting Agenda Item #11 – SACRS Bylaws Committee Report

The SACRS Bylaws Committee has proposed three changes to existing bylaws:

- A. Add a new section dealing with the use of SACRS intellectual property (name, logo, member database, copyrighted material etc.) to Article 1, Name, Mission, Purpose and General Policy.
- B. Add three new sections outlining termination of membership in SACRS, suspension of membership in SACRS and procedures for termination or suspension of membership in SACRS to Article III, Membership.
- C. Add new sections to Article V, Member Meetings, Article VIII, Board of Directors and Article IX Meetings of the Board of Directors that would create the ability within the bylaws to hold meetings electronically.

Recommendations

We believe the SACRS Bylaws Committee will recommend that the SACRS Board make a motion to adopt the changes to Articles I, III, V, VIII and IX of the bylaws and request the members systems to vote in favor of that motion. Staff have reviewed the bylaw changes and recommend the MCERA Board direct the voting delegate to vote in favor of a motion to adopt the bylaw changes.



SACRS Business Meeting Packet

Friday, November 13, 2020

9:00 AM - Upon Adjournment

SACRS Event Tech Platform

(Link will be sent via email to all registered attendees. Access is email specific to attendee)



SACRS Business Meeting Agenda
Friday, November 13, 2020
9:00 AM - Upon Adjournment
Online Via SACRS Conference Platform

SACRS Parliamentarian – TBD
Sergeant at Arms – Bob Goodchild, San Diego CERA

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

- A. November 2019 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2020 – August 2020 Financials
- B. 2020 – 2021 Annual Budget

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2020 Legislative Report – No Action
- B. Los Angeles CERA Proposal – No Action

6. SACRS Nomination Committee - 2021-2022 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Election Notice 2021-2022

7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2018-2019 Annual Audit
Carry over item from Spring 2020 Conference that was cancelled due to COVID-19

**8. SACRS Education Committee Report – No Action**

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Virtual Fall 2020 Conference Evaluations/Feedback

9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

- A. SACRS Annual Virtual Fall Conference Report 2020

10. SACRS Affiliate Committee Report – No Action

Teri Noble, Pathway, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

11. SACRS Bylaws Committee Report – Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

- A. Use of SACRS' Intellectual Property
- B. Termination of Membership
- C. Electronic Meetings

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- A. Administrators
- B. Counsel
- C. Disability/ Operations & Benefits Combo
- D. Internal Auditors
- E. Investment Officers
- F. Safety Trustees
- G. General Trustees

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 14, 2021 at the Long Beach Renaissance.



1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary



1. SACRS System Roll Call
Kathryn Cavness, SACRS Secretary

System	In Attendance	Absent	Delegate/Alternate Name
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			



2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. November 2019 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, November 15, 2019
10:00 AM - Upon Adjournment
Hyatt Regency Monterey
Monterey, CA

Sergeant at Arms – Bob Goodchild, San Diego CERA

SACRS Board of Directors in Attendance: Dan McAllister; President, Vivian Gray, Vice President; Harry Hagan, Treasurer; Kathryn Cavness, Secretary; Ray McCray, Past President; Roger Hilton, Board member; Chris Cooper, Board member; and Ben Lazarus, Affiliate Chair

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

20 SACRS Member Systems Present

Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. May 2019 SACRS Business Meeting Minutes

Motion: Mendocino CERA made motion to approve the minutes as presented.

2nd: San Mateo CERA

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura

No: 0

Motion Passes 20-0

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2019 – August 2019 Financials

Motion: Santa Barbara made a motion to approve the Treasurers report on the July 2019 – August 2019 financials.



2nd: Imperial

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura

No: 0

Abstain: 0

Motion Passes 20-0-0

4. SACRS President Report - No Action

Dan McAllister, San Diego CERA, SACRS President

A. SACRS President Update

Discussion: No action, verbal report given by Dan McAllister, SACRS President

5. SACRS Legislative Committee Update - Vote

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2019 Legislative Report – No Action

B. SACRS Omnibus Bill SB 783- Vote

C. Los Angeles CERA Proposal – Vote

1st Motion: A motion to approve support of SB783, SACRS Omnibus bill, to address clean up, tax law and alignment with CalPERS and CalSTRS was made by San Mateo.

2nd: San Joaquin

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura

No: 0

Abstain: 0

Motion Passes 20-0-0

2nd Motion: A motion to support the LACERA legislative proposal was made by Los Angeles.

2nd: Ventura

Yes: Alameda, Contra Costa, Fresno, Imperial, Los Angeles, Marin, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Mateo, Santa Barbara, Sonoma, Tulare and Ventura



No: Kern, Merced, San Joaquin, Stanislaus

Motion Passes 16-4-0

6. SACRS Nomination Committee - 2020-2021 SACRS Election Notice – No Action

Ray McCray, San Joaquin CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2020-2021

Discussion: Ray McCray gave a verbal update; elections begin in January 2020. No action taken, information only.

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Audit Committee Update

Discussion: Dominic Brown, Kern CERA, gave a verbal update that the audit would be presented at the Spring 2020 conference. No action taken, information only.

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Fall Conference Evaluations 2019

Discussion: A verbal report was provided by JJ Popowich, Committee Chair, great conference! Danny Glover and Suneel Gupta were really well received. Encouragement to submit evaluations when people return home, feedback at conferences was positive. No action taken, verbal report on committee meeting. Evaluations are electronic, therefore will be presented at the Board meeting in January 2020.

9. SACRS Program Committee Report – No Action

Vivian Gray, Los Angeles CERA, SACRS Program Committee Chair

A. SACRS Fall Conference Report 2019

Discussion: Verbal report provided by Vivian Gray, feedback on conference was very positive. No action taken, Vivian thanked the Program Committee and Education Committee for their time and dedication to the conference.



Suggestions for future conferences can be submitted online at the SACRS website.

10. SACRS Affiliate Committee Report – No Action

Ben Lazarus, Parametric, SACRS Affiliate Committee Chair

A. Affiliate Committee Update

Discussion: Ben Lazarus, Committee Chair gave a verbal update, really appreciate the commitment and dedication of the Board and fellow committee members. No action taken, Ben Lazarus gave a verbal update on the Affiliate Breakout, attendance was great and members really enjoyed the format. The committee will be selecting a new Chair at their meeting following the conference. Affiliate committee will be presenting Affiliate Membership Bylaws to the Board in December.

11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update

Discussion: Vivian Gray gave a quick verbal report on upcoming Bylaws to be submitted. No action, no report.

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- A. Administrators – Dave Nelsen, Alameda CERA, reported that the meeting was very productive. Leanne Malison, Tulare CERA, will moderate the Spring 2020 Conference.
- B. Counsel – Jason Moorish Los Angeles CERA, Johana did a great job along with Ashley Dunning in the session. Jason Moorish will be moderating the Spring 2020 Conference.
- C. Disability/ Operations & Benefits Combo – JJ Popowich, Los Angeles CERA, reported that the session was really well balanced. Preliminary discussion on reciprocity. No volunteer for Spring 2020 Conference.



- D. Internal Auditors – Dave Nelsen, Alameda CERA, reported that the group had a great meeting and that Harsh would continue to serve as moderator in the Spring 2020 conference.
- E. Investment Officers – Tim Price, Contra Costa CERA, reported that the Breakfast meeting they had was really productive and they also participated in an afternoon session with the Affiliates. Tim will volunteer for the Spring 2020 Conference moderator.
- F. Safety Trustees – Roger Hilton, Orange CERA, reported that the meeting was well attended and Brian Williams, Sonoma CERA will continue to serve as moderator for Spring 2020 Conference.
- G. General Trustees – Kathryn Cavness, Mendocino CERA, reported that the session was fantastic. Harvey Leiderman and Von Hughes were great presenters and hope they can return in the future. Great meeting. Kathryn Cavness will serve as the moderator for Spring 2020 Conference.

13. Adjournment

Motion: A motion to adjourn the SACRS Annual Business Meeting Fall 2019 at 10:31 am was made by Orange.

2nd: Santa Barbara

Yes:

No: 0

Abstain: 0

Motion passes 20-0-0

Next scheduled SACRS Association Business Meeting will be held Friday, May 15, 2020 at the Paradise Point Hotel and Resort in San Diego, CA.

Minutes respectfully submitted by:

Cathryn Cavness, SACRS Secretary

Sulema Peterson, SACRS Executive Director

**3. Treasurer's Report - Receive and File**

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2020 – August 2020 Financials
- B. 2020 – 2021 Annual Budget

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

E.2.a

As of August 31, 2020

Aug 31, 20

ASSETS

Current Assets

Checking/Savings

1000 - First Foundation Bank-Checking	325,335.60
1001 - BofA Interest Checking 4389	130,026.68
1002 - First Foundation Bank ICS Acct	57,524.35

Total Checking/Savings 512,886.63

Other Current Assets

1100 - CalTrust - Medium Term	978,222.40
1107 - CalTrust Liquidity Fund	8,221.15
1110 - CAMP-SACRS Liquidity Fund	790,343.64
1201 - Deposits in Transit	13,139.33

Total Other Current Assets 1,789,926.52

Total Current Assets 2,302,813.15

TOTAL ASSETS 2,302,813.15

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 - First Foundation Credit Card	705.06
-------------------------------------	--------

Total Credit Cards 705.06

Other Current Liabilities

2100 - Unrealized Gain (Loss)	137,709.20
-------------------------------	------------

Total Other Current Liabilities 137,709.20

Total Current Liabilities 138,414.26

Total Liabilities 138,414.26

Equity

32000 - Retained Earnings	1,847,593.74
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Net Income 316,805.15

Total Equity 2,164,398.89

TOTAL LIABILITIES & EQUITY 2,302,813.15

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

E.2.a

July through August 2020

Jul - Aug 20

Ordinary Income/Expense

Income

4100 · Membership Dues	
4101 · Affiliates	186,250.00
4102 · Non Profit - Organizations	2,250.00
4103 · Non Profit - Systems	4,500.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
Total 4100 · Membership Dues	287,000.00
4200 · Webinar Symposium Registration	350.00
4270 · UC Berkeley Program	
4271 · Registrations	11,500.00
4272 · Sponsorships	21,000.00
Total 4270 · UC Berkeley Program	32,500.00
4300 · Fall Conference Registration	
4306 · Non-Members	2,670.00
4307 · Fun Run	10.00
Total 4300 · Fall Conference Registration	2,680.00
4900 · Interest Earned	106.28

Total Income 322,636.28

Gross Profit 322,636.28

Expense

5000 · Administrative Fee	30,000.00
5003 · Bank Charges/Credit Card Fees	3,700.37
5010 · Berkeley & Symposium	
5017 · UC Berkeley	-20,301.00
Total 5010 · Berkeley & Symposium	-20,301.00
5020 · Webinar Symposium	
5022 · Webinar Technology	22,550.00
Total 5020 · Webinar Symposium	22,550.00
5041 · Consulting	7,832.00
5050 · Fall Conference	
5054 · Hotel	0.00
Total 5050 · Fall Conference	0.00
5071 · Legal & Professional Fees	5,180.00
5072 · Legislative Advocacy	10,002.00
6010 · Office Expenses / Supplies	-55.47
6011 · Postage & Delivery	1,758.92
6020 · Spring Conference	
6022 · Delivery & Shipping	122.41
6024 · Hotel	
6024.2 · Conference	0.00
6024 · Hotel - Other	-60,000.00
Total 6024 · Hotel	-60,000.00
6026 · Speakers	-210.36

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

E.2.a

July through August 2020

	<u>Jul - Aug 20</u>
Total 6020 - Spring Conference	-60,087.95
6053 - Technology/AMS/Website	5,021.07
6054 - Travel	231.19
Total Expense	<u>5,831.13</u>
Net Ordinary Income	<u>316,805.15</u>
	<u><u>316,805.15</u></u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

E.2.a

July through August 2020

	Jul - Aug 20	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 • Membership Dues				
4101 • Affiliates	186,250.00	268,750.00	-82,500.00	69.3%
4102 • Non Profit - Organizations	2,250.00	3,000.00	-750.00	75.0%
4103 • Non Profit - Systems	4,500.00	6,000.00	-1,500.00	75.0%
4104 • Systems - Medium	52,000.00	52,000.00	0.00	100.0%
4105 • Systems - Large	42,000.00	42,000.00	0.00	100.0%
Total 4100 • Membership Dues	287,000.00	371,750.00	-84,750.00	77.2%
4200 • Webinar Symposium Registration	350.00			
4250 • Product Income				
4255 • Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
Total 4250 • Product Income	0.00	2,000.00	-2,000.00	0.0%
4270 • UC Berkeley Program				
4271 • Registrations	11,500.00	100,000.00	-88,500.00	11.5%
4272 • Sponsorships	21,000.00	55,000.00	-34,000.00	38.18%
Total 4270 • UC Berkeley Program	32,500.00	155,000.00	-122,500.00	20.97%
4300 • Fall Conference Registration				
4301 • Affiliates - Early	0.00	30,000.00	-30,000.00	0.0%
4302 • Affiliates - Regular	0.00	26,250.00	-26,250.00	0.0%
4303 • Affiliates - Late/Onsite	0.00	10,000.00	-10,000.00	0.0%
4304 • Non Profit	0.00	1,000.00	-1,000.00	0.0%
4305 • Systems	0.00	12,000.00	-12,000.00	0.0%
4306 • Non-Members	2,670.00	25,000.00	-22,330.00	10.68%
4307 • Fun Run	10.00	1,000.00	-990.00	1.0%
4308 • Yoga	0.00	100.00	-100.00	0.0%
Total 4300 • Fall Conference Registration	2,680.00	105,350.00	-102,670.00	2.54%
4350 • Spring Conference Registration				
4351 • Affiliates - Early	0.00	80,000.00	-80,000.00	0.0%
4352 • Affiliates - Regular	0.00	50,000.00	-50,000.00	0.0%
4353 • Affiliates - Late/Onsite	0.00	17,500.00	-17,500.00	0.0%
4354 • Non Profit	0.00	500.00	-500.00	0.0%
4355 • Systems	0.00	11,250.00	-11,250.00	0.0%
4356 • Non-Members	0.00	127,500.00	-127,500.00	0.0%
4357 • Fun Run	0.00	700.00	-700.00	0.0%
4358 • Yoga	0.00	350.00	-350.00	0.0%
Total 4350 • Spring Conference Registration	0.00	287,800.00	-287,800.00	0.0%
4900 • Interest Earned	106.28			
Total Income	322,636.28	921,900.00	-599,263.72	35.0%
Gross Profit	322,636.28	921,900.00	-599,263.72	35.0%
Expense				
5000 • Administrative Fee	30,000.00	180,000.00	-150,000.00	16.67%
5001 • Administrative Services	0.00	500.00	-500.00	0.0%
5002 • Awards	0.00	500.00	-500.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

E.2.a

July through August 2020

	Jul - Aug 20	Budget	\$ Over Budget	% of Budget
5003 · Bank Charges/Credit Card Fees	3,700.37	36,000.00	-32,299.63	10.28%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5013 · Hotel	0.00	12,000.00	-12,000.00	0.0%
5014 · Food & Beverage	0.00	13,000.00	-13,000.00	0.0%
5015 · Materials/Printing/Design	0.00	2,900.00	-2,900.00	0.0%
5016 · Travel	0.00	2,500.00	-2,500.00	0.0%
5017 · UC Berkeley	-20,301.00	206,000.00	-226,301.00	-9.86%
Total 5010 · Berkeley & Symposium	-20,301.00	238,600.00	-258,901.00	-8.51%
5020 · Webinar Symposium				
5022 · Webinar Technology	22,550.00			
Total 5020 · Webinar Symposium	22,550.00			
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	0.00	20,000.00	-20,000.00	0.0%
5041 · Consulting	7,832.00	19,992.00	-12,160.00	39.18%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	50,000.00	-50,000.00	0.0%
5053 · Entertainment	0.00	4,000.00	-4,000.00	0.0%
5054 · Hotel	0.00			
5055 · Program Material	0.00	10,000.00	-10,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%
5057 · Supplies	0.00	1,000.00	-1,000.00	0.0%
5058 · Travel	0.00	15,000.00	-15,000.00	0.0%
Total 5050 · Fall Conference	0.00	130,000.00	-130,000.00	0.0%
5070 · Insurance	0.00	5,000.00	-5,000.00	0.0%
5071 · Legal & Professional Fees	5,180.00	35,000.00	-29,820.00	14.8%
5072 · Legislative Advocacy	10,002.00	60,012.00	-50,010.00	16.67%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	0.00	20,000.00	-20,000.00	0.0%
5083 · Magazine - Other	0.00	5,200.00	-5,200.00	0.0%
Total 5080 · Magazine	0.00	25,800.00	-25,800.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	0.00	5,950.00	-5,950.00	0.0%
6001.2 · Printing/Supplies	0.00	2,800.00	-2,800.00	0.0%
6001.3 · Travel - BOD Meetings	0.00	7,700.00	-7,700.00	0.0%
6001.4 · Travel - Miscellaneous BOD	0.00	840.00	-840.00	0.0%
6001.5 · Board Of Directors - Other	0.00	3,000.00	-3,000.00	0.0%
Total 6001 · Board of Directors	0.00	20,290.00	-20,290.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

E.2.a

July through August 2020

	Jul - Aug 20	Budget	\$ Over Budget	% of Budget
6002 • Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 • Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 • Board & Committees	0.00	23,040.00	-23,040.00	0.0%
6010 • Office Expenses / Supplies	-55.47	2,500.00	-2,555.47	-2.22%
6011 • Postage & Delivery	1,758.92	3,000.00	-1,241.08	58.63%
6020 • Spring Conference				
6021 • Audio/Visual	0.00	50,000.00	-50,000.00	0.0%
6022 • Delivery & Shipping	122.41	3,000.00	-2,877.59	4.08%
6023 • Entertainment	0.00	6,500.00	-6,500.00	0.0%
6024 • Hotel				
6024.1 • Wednesday Night Event	0.00	52,500.00	-52,500.00	0.0%
6024.2 • Conference	0.00			
6024.4 • Hotel - Other	0.00	192,500.00	-192,500.00	0.0%
6024 • Hotel - Other	-60,000.00			
Total 6024 • Hotel	-60,000.00	245,000.00	-305,000.00	-24.49%
6025 • Program Material	0.00	24,500.00	-24,500.00	0.0%
6026 • Speakers	-210.36	50,000.00	-50,210.36	-0.42%
6027 • Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 • Travel	0.00	15,000.00	-15,000.00	0.0%
Total 6020 • Spring Conference	-60,087.95	395,000.00	-455,087.95	-15.21%
6050 • Strategic Facilitator	0.00	10,000.00	-10,000.00	0.0%
6051 • Taxes & Licenses	0.00	50.00	-50.00	0.0%
6053 • Technology/AMS/Website	5,021.07	35,000.00	-29,978.93	14.35%
6054 • Travel	231.19	7,500.00	-7,268.81	3.08%
Total Expense	5,831.13	1,248,994.00	-1,243,162.87	0.47%
Net Ordinary Income	316,805.15	-327,094.00	643,899.15	-96.85%
	316,805.15	-327,094.00	643,899.15	-96.85%



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update



No Printed Materials For This Item

**5. SACRS Legislative Committee Update – No Action**

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2020 Legislative Report – No Action
- B. Los Angeles CERA Proposal – No Action



October 2, 2020

TO: State Association of County Retirement Systems

FROM: Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – October 2020**

The Governor just finished working his way through the few hundred bills that made their way to his desk at the end of session. Among those bills that were signed was AB 2101, the SACRS sponsored cleanup bill we have discussed in previous updates.

Meanwhile, legislators have returned to their districts and are preparing for the November 3 election, which is fast approaching and unlike past elections, due to COVID-19, all California voters will be mailed a ballot that can be returned to election officials by mail or dropped off at designated locations. California's voter registration statistics show that a record-high 83 percent of those eligible are registered to vote and that number will climb as California allows voters to register right up until the election. Record-high voter registration, combined with the high interest generated from a Presidential election year and ease of casting a ballot means we are expecting a high and early voter turnout in California.

Below is a rundown of what you will see on November 3, with the biggest fights and most relevant propositions listed first, followed by an overview of key races in the Senate and Assembly.

Proposition 15: Split Roll Tax

Proposition 13 (1978) limited property taxes for residential, commercial, and industrial properties by basing taxes on the purchase price of the property rather than current market value. Proposition 15 would "split" the property tax roll allowing commercial and industrial properties worth more than \$3 million to be assessed at current market value. This change would go into effect in 2022 but is delayed until 2025 for those properties where more than 50% of the tenants are small businesses.

Prop. 15 is expected to raise between \$6.5 billion and \$11.5 billion in new tax revenue with 60% allocated to local governments and 40% to K-12 schools and community colleges. Democrats and public employee unions have long bemoaned the provisions of Prop. 13 which had serious impacts on local government funding. Having raised some \$20 million in support of the measure, public employee unions hope that Prop. 15, which continues to protect residents but increases the tax burden of businesses, will be palatable to voters who have historically been very wary of any change to Prop. 13.

Last Friday, Governor Newsom endorsed Prop. 15 while rejecting other proposals to tax high income earners in California. This could be a much needed boost to the proponents of Prop. 15 which is currently polling at 51% support and 40% opposition among likely voters.

At the same time, opponents led by the Small Business Roundtable are hoping sympathy for small businesses forced to close due to the pandemic will tip the scales in their favor. With \$5 million in their campaign account and tens of millions more ready for independent expenditure, Prop. 15 will likely be one of the most hard fought measures on the November ballot.

Proposition 22: Classifying Gig Economy Workers

In 2018, the California Supreme Court made its landmark “Dynamex” decision (Dynamex), changing the rules governing when a worker is an independent contractor, and when they are an employee. The upshot of the decision is that the standards established by Dynamex make it far harder to classify a worker as an independent contractor. The distinction is very important as employees are entitled to the minimum wage, overtime pay, unemployment insurance, and workers’ compensation.

In 2019 the Legislature passed AB 5, which effectively carved some industries and some business relationships out of Dynamex. While subsequent legislation has expanded the exemptions in AB 5, many industries continue to seek an exemption.

For app-based companies like Uber, Lyft, Postmates, and Doordash, this issue is life and death. These companies have historically classified their drivers/deliverers as independent contractors. Shortly after AB 5 passed, they qualified Prop. 22 for the ballot. Prop. 22 would treat drivers for these companies as independent contractors. While the measure would guarantee better compensation and healthcare, it falls short of what would be required if drivers were classified as employees.

Prop. 22 will be another big money fight on the ballot. The companies listed above have dumped a whopping \$180 million into the campaign. Meanwhile, the opponents, particularly the Teamsters Union, have raised just shy of \$5 million. While organized labor could invest more heavily in the fight via independent expenditure before the election, they will be forced to prioritize between Prop. 22 and Prop. 15.

Proposition 24: The California Privacy Rights Act (CPRA).

This initiative comes just two years after the California Consumer Privacy Act of 2018 (CCPA), was pulled off the ballot in exchange for a legislative compromise. The CCPA, as negotiated and passed by the Legislature two years ago provides rights to consumers to know the types of data being collected about them, the right to request that this data be deleted and the right to request that this data not be sold.

Among its provisions, Prop. 24 builds upon the CCPA and establishes an enforcement agency known as the California Privacy Protection Agency to implement the law and

impose fines on businesses for violations. The initiative also contains a provision that prohibits the Legislature from adopting any future laws that reduce the privacy of Californians. This provision is concerning to the business community as it essentially blocks any future attempts to amend California privacy statute.

The coalition opposing Prop. 24 is particularly interesting because it contains both privacy/consumer advocacy groups and entities from the advertising and internet industry. Privacy and consumer protection groups oppose the initiative because they do not believe it goes far enough in protecting consumer privacy, while the advertising and internet industry have concerns that the initiative's broad changes come at a time when businesses are still learning to comply with the CCPA of 2018.

Proposition 16: Affirmative action.

Prop. 16 would reverse California's voter-approved 1996 ban on affirmative action (Prop. 209). Prop. 209 prohibits public universities, schools and government agencies from using race or sex in their admissions criteria, hiring and contract decisions. While introduced earlier in the year, Prop. 16 was placed on the November ballot by legislators in the months following the murder of George Floyd. While proponents of the measure are well funded, recent polls have indicated that only 31% of likely voters supported Prop. 16 compared to 47% who oppose.

Proposition 20: Criminal Justice

In 2009, federal judges ordered California to reduce overcrowding in its prison system. In 2011, newly re-elected Governor Jerry Brown, facing both the court order and a massive state budget deficit, championed AB 109 which transferred the "supervision" of some felons to Counties and made it easier for some to qualify for parole. In an effort to further reduce prison populations, Governor Brown backed Proposition 47 in 2014. Prop. 47 made certain theft-related misdemeanors instead of felonies. Most notably, theft involving property worth \$950 or less is considered a misdemeanor under Prop. 47.

The provisions of Prop. 47 were not well received by some retailers and by some in law enforcement. Assemblymember Jim Cooper, a career police officer and candidate for Sacramento County Sheriff, has championed Prop. 20 which would change the provisions of Prop. 47 to make it easier to once again prosecute certain acts of retail theft as a felony. The measure also makes changes to Prop. 56 (2016) which loosened certain parole restrictions for non-violent offenders.

Prop. 14: Stem cell research.

Prop. 14 would re-fund the California Institute for Regenerative Medicine, the state's stem cell agency, by allowing it to issue \$5.5 billion in bonds for research, training and facilities construction.

Proposition 17: Parolee voting.

Prop. 17 would restore the voting rights of all people on parole if they've completed their state or federal prison terms.

Proposition 18: Voting age.

Democrats in the Legislature have made a number of changes to election years including allowing online voter registration and increased reliance on mail-in balloting coupled with the ability to allow campaign workers to return your ballot. While there are legitimate arguments for these changes, they have thus far helped increase voter turnout among Democrats. Prop. 18 was also passed by Democrats in the Legislature and would allow 17-year-olds to vote in primary elections if they would turn 18 before the general election.

Proposition 19: Property tax transfers.

Prop. 19 would allow people age 55 and older, and victims of wildfires and other disasters, to keep lower property tax rates when they move to new homes.

Proposition 21: Rent control

Backed by the Aids Healthcare Foundation, Prop. 21 would allow local governments to impose rent control on certain properties. Prop. 21 is strikingly similar to a 2018 measure rejected soundly by voters. Governor Newsom, who negotiated a statewide rent control law with legislators, property owners, realtors, and tenant groups last year, is opposing Prop. 21.

Proposition 23: Kidney Dialysis

Among other things, Prop. 23 would require a physician to be on site at a dialysis clinic when patients are being treated. Prop. 23 is another round in a running labor dispute between the two companies operating most dialysis clinics in California, and the union who has been attempting to organize their workforce since 2016. That union, SEIU-UHW, has lobbied several bills and a failed 2018 ballot measure at the companies while their dispute is ongoing.

Proposition 25: Money Bail

In 2018, the Legislature passed and the Governor signed SB 10 (Hertzberg), which would end the use of money bail in California in favor of pre trial assessments of a defendants likelihood to be a flight risk. The bill was hard fought and controversial in the Legislature with the bail industry defending its right to exist vigorously. Prop. 25 extends that fight to the November 2020 ballot.

Legislative Races

At the time of this writing, California's voter registration numbers show that there are almost twice as many registered Democrats versus Republicans and No-Party Preference (NPP) voters with 46 percent registered as Democrats and 24 percent registered as Republicans and NPP. With such a huge statewide advantage in registration and with NPP voters tending to vote for Democrats, there is an obvious reason that 75 percent of the Legislature is comprised of Democrats.

Heading into the November 3 election, the question is whether Republican legislators can maintain the status quo, gain seats, or continue the decades-long reduction in representation and relevancy.

SENATE RACES

Democrat vs. Republican

The State Senate is currently comprised of 29 Democrats and 11 Republicans. Heading into the election there is little-to-no-chance for the Republicans to pick up seats in the State Senate. As discussed below, the Democrat versus Republican races involve four Republican seats, while the Democrat held seats involve Democrats facing off against Democrats.

Senate District 29 – Senator Ling Ling Chang (R) vs. Josh Newman (D) --

This three-county (LA, Orange, San Bernardino) race is the third ballot fight involving Josh Newman and Ling Ling Chang. In 2016, Newman surprised many by defeating Chang in a close election and thereby exposed the Republicans' vulnerability in what was previously thought to be safe Republican territory. Senator Newman was then recalled by voters due to his vote to increase gas taxes in 2018 and replaced by Chang in a Special Election. Now, they are facing each other in a rematch from 2016. This time, however, the voter registration is strongly in favor of Newman who also enjoys a significant fundraising advantage having raised approximately \$3 million to date.

Senate District 37 – Senator John Moorlach (R) vs. Dave Min (D) – This race, which is fully in Orange County, pits Senator John Moorlach against a former congressional aide and UC Irvine Professor, Dave Min. Moorlach, an accountant by profession, is widely recognized as a serious and thoughtful legislator on matters pertaining to the state budget and long-term debt. His views on public pension obligations raise the ire of public employee unions who have contributed heavily to his challenger. The voter registration in this district is essentially even. It would be expected that Senator Moorlach would benefit from significant name identification having previously held countywide office as the Orange County Treasurer and as a County Supervisor. However, Min will likely have a significant fundraising advantage to get his name and message out.

Senate District 23 – Rosilicie Ochoa Bogh (R) vs Abigail Medina (D) – This Inland Empire seat is currently held by a Republican Senator who declined to run for re-election. Comprising both San Bernardino and Riverside Counties, this historically Republican seat has seen significant Democratic voter registration gains in recent years and now Democrats have a registration advantage in this district. Bogh is a realtor by profession and it would be expected that the CA Realtors Association would devote financial resources to an independent expenditure effort on her behalf. Medina is a school board member and community organizer and she has received and will continue to receive significant support from the Democratic Party establishment. This is expected to be a close race.

Senate District 21 – Senator Scott Wilk (R) vs. Kipp Mueller (D) – This Los Angeles County portion of this seat stretches from Santa Clarita up through Lancaster to the High Desert communities of Apple Valley and Victorville. Again, another historically Republican seat that has undergone a change in voter registration where the Democrats now have significant 7-point registration advantage. Senator Wilk is known for his hard work representing his district and has prevailed over previous well-funded efforts to unseat him. In recent weeks, however, significant financial resources have poured into the Mueller campaign making this a race to watch on election night.

Democrat vs. Democrat

There are two races that will not impact the Democrat versus Republican split in the Senate. Though, they could impact the ideological split within the Senate Democratic Caucus between moderate Democrats and progressive Democrats.

SD 15 Dave Cortese (D) vs. Ann Ravel (D) – This race in San Jose/Silicon Valley is between two Democrats. Ann Ravel is an attorney and former election compliance official in the Obama Administration while Dave Cortese has been a locally elected county supervisor, city council member and rancher. Cortese has the support of traditional Democratic allies in organized labor and public employee unions who spent heavily in the March primary. Ravel is supported by broader base of business, community groups and enjoys editorial support for her election. While Cortese significantly outpolled Ravel in the primary, with only the two Democrats on the ballot it becomes a matter of whether Ravel can pick up the voters who voted for the Republican and NPP candidates in the primary.

SD 9 Senator Scott Wiener (D) vs. Jackie Fielder (D) – Only in San Francisco can one of the most progressive and liberal legislators in the Capitol be considered a moderate. That is the situation facing incumbent Senator Scott Wiener who is facing a challenge from the left by community activist Jackie Fielder. As a challenger to an incumbent, Fielder is getting a surprising amount of fundraising support from groups within labor and tribal gaming. We believe Senator Wiener will prevail on election day. But, the dynamics of the race and its implications on intra party politics make it a race worth watching.

ASSEMBLY RACES

Republican Gains: Assembly District 38 – Open Seat --- Suzette Valladares (R)

This Assembly seat in Santa Clarita is currently held by Democrat Christy Smith who is running for Congress in the seat that was vacated by Katie Hill. The March primary featured a slew of candidates on the Democratic side who proceeded to split the primary vote among themselves. That left the top-two vote getters as Republicans and the Republicans have rallied around Suzette Valladares, a former congressional staffer and childcare and non-profit executive director. This is the only certain partisan change in the Assembly.

Contested Seats Held by Democrats

Defending incumbents is typically a higher priority and takes the first call on available resources. The Democrats must defend three seats that were won from Republicans in 2018.

Assembly District 74 – Assemblymember Cottie Petrie-Norris (D) vs. Diane Dixon (R). This Orange County Coastal seat was one of the safest seats for the Republicans for years. Registration is now almost even. Most likely, it will be the hardest of all the seats the Democrats must defend. In 2018, as part of the anti-Trump wave, Assemblymember Petrie-Norris beat the Republican incumbent Matt Harper who, by all accounts, was an uninspired candidate and fundraiser who spent little time working in his district. Assemblymember Petrie-Norris has been the opposite. She has been district-focused, especially with issues involving the pandemic and the economy. She has raised a lot of money and has a great deal of financial support from the Democratic Party. Her opponent, Diane Dixon is a Newport Beach City Councilmember, who if not running against an incumbent, would probably be considered a front-runner and a natural fit for this seat. This race will be close.

Assembly District 76 – Assemblymember Tasha Boerner-Horvath (D) vs. Melanie Burkholder (R). Boerner-Horvath won this coastal North San Diego County seat in 2018 when the Republicans failed to place a candidate in the general election. The primary that year featured strong Republican candidates who split the vote and left the door open for the two Democrats to make the top two. It was thought that a strong Republican candidate would emerge in 2020 and easily defeat Boerner-Horvath. However, one front running candidate dropped out during the primary leaving Burkholder as the candidate to run against Boerner-Horvath. It remains to be seen whether Burkholder, who is a faith-based counselor with views against school-mandated vaccinations, is a fit for this coastal, socially moderate district.

Assembly District 77 – Assemblymember Brian Maienschein (D) vs. June Yang-Cutter (R). Maienschein is a four-term Assemblyman from suburban San Diego who was a moderate Republican until 2019. The voters in this seat resoundingly voted against Trump in 2016 and in 2018 Maienschein barely won by 600 votes. After the election, Maienschein, saying that the Trump Republican party does not reflect his values, became a Democrat. Some would say he saw the writing on the wall – either become a Democrat or get defeated by one in 2020. Now he is running against June Yang-Cutter, an employment lawyer who is campaigning on government accountability and as a government outsider. With an approximate 3-1 fundraising advantage and registration advantage, it is expected Maienschein will prevail.

Contested Republican Held Seats

Continuing the trend started in 2018, the remaining Republican-held Assembly seats in Orange County, could turn to the Democrats in 2020. With unlimited financial resources and given the likelihood of a high Democratic turnout due to the presidential election, the Democrats could sweep up just as they did in 2018.

Assembly District 68 – Assemblymember Steven Choi (R) vs. Melissa Fox (D).

This eastern Orange County seat comprises the communities of Tustin, Lake Forest, Orange and parts of Irvine is currently represented by Steven Choi who has served as a traditional smaller government, lower taxes, fewer regulations Republican. He is running again Melissa Fox who is campaigning on similar themes as a Democrat. The voter registration in this district has recently shifted to become a slight advantage for the Democrats. Fox has raised more money than any challenger in the state. This race will turn on whether Republicans in this district turn out for Trump or stay home.

Assembly District 72 – Janet Nguyen (R) vs. Deidre Nguyen (D). This seat comprising the cities of Fountain Valley, Seal Beach, and Westminster still has a slight Republican voter registration advantage. The Republican, former State Senator Janet Nguyen, has successfully won elections in races where Democrats outnumber the Republicans. Her challenger is a research scientist and City Councilmember in Garden Grove. As in all other contested races, the Democrat challenger has a significant fundraising advantage.

Assembly District 55 – Assemblymember Phil Chen (R) vs. Andrew Rodriguez (D)

This three-county district bordering Orange, Los Angeles, and San Bernardino Counties has been held reliably by Republicans even as voter registration and Presidential voter sentiment has turned to Democrats. Chen, a moderate Republican who has worked at bipartisanship, is being challenged by 27-year old Andrew Rodriguez. Chen has a sizable campaign account but will still be outspent by his Democratic challenger. This could be a close race.

Assembly District 35 – Assemblymember Jordan Cunningham (R) vs. Dawn Addis (D).

Because the Democrats have so much money to spend, it allows the Assembly Democrats to target seats that would otherwise look untouchable. Republican Assemblyman Jordan Cunningham in the San Luis Obispo County Assembly seat is very popular, has bipartisan appeal, and has consistently run ahead of his party registration. Yet, the Democrats have enough financial resources to mount a serious campaign against him.

Conclusion

Ballots are being received now. We believe underlying concerns over the post office and ballot counting will lead to ballots being returned early. Therefore, the ability of campaigns to influence voters in the last month will be more limited than previous elections. Further, the campaigns and party efforts to get ballots from voters and have them returned for counting will be paramount. In past elections, the Democrats have shown superiority at this practice, deemed “ballot harvesting” and have turned election night defeats into victories once all ballots were counted.



October 21, 2020

To: SACRS Systems
Fr: SACRS Board of Directors
Re: COVID-19 Presumption for Disability Retirement Legislative Proposal

Attached please find a proposal brought forward by LACERA that was presented to the Legislative Committee at their September 18th meeting.

The proposal would establish an additional presumption for certain members who apply for disability retirement due to COVID-19.

After discussion and consideration by the Legislative Committee, the Committee ultimately recommended that SACRS not sponsor the legislation this upcoming session. There was concern among the committee members that creating a new COVID-19 presumption is considered a benefit enhancement. Historically, SACRS has taken the view that such issues should be decided by the plan sponsors and their employees.

The Legislative Committee's decision was discussed at the following SACRS Board meeting on October 12. The Board decided that at the November Business Meeting, the SACRS membership would discuss this proposal as a body once it has been reviewed by the member systems. The purpose of this packet is to inform the SACRS systems of the proposal on the table as well as the discussions held by the Legislative Committee and Board on the subject.

In the meantime, the proposal will be vetted further to determine language and the proposal's impact on plan sponsors and systems. After the systems have vetted the proposal and more of the specifics have been developed by LACERA, SACRS will consider the proposal further next year.



EDELSTEIN GILBERT ROBSON & SMITH ^{LLC}

Donald B. Gilbert Michael R. Robson Trent E. Smith Alan L. Edelstein ^{OF COUNSEL}

TO: SACRS ADMINISTRATORS AND RETIREMENT BOARD CHAIRS

FROM: Mike Robson and Trent Smith on behalf of SACRS Legislative Committee

SUBJECT: **SACRS 2021 LEGISLATIVE TIMELINES**

If you intend to propose legislation to be sponsored by SACRS, please return your request, EXPLAINED ON THE ATTACHED WORKSHEET, before August 30, 2020 to:

Mike Robson & Trent Smith
Edelstein, Gilbert, Robson & Smith LLC
1127 11th Street, Suite 1030
Sacramento, CA 95814

Email to both:

Mike@EGRSlobby.com

Trent@EGRSlobby.com

SACRS also encourages the use of the Legislative Proposal survey found on the SACRS website. <https://www.surveymonkey.com/r/sacrslegislativeproposals>

Below is the SACRS Legislative Committee calendar for soliciting legislative proposals from SACRS retirement associations for consideration in the 2021 Legislative Session:

July 3, 2020

Emailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2021 Legislative Platform.

August 30, 2020

Deadline for requests to be received by Edelstein, Gilbert, Robson & Smith LLC.

September 18, 2020

Date of Legislative Committee meeting at which requests will be discussed.

October 16, 2020

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 13, 2020

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

2021 SACRS LEGISLATIVE PLATFORM WORKSHEET
PLEASE COMPLETE AND RETURN BY AUGUST 30, 2020

Title of Issue: COVID-19 Disability Retirement Presumption

Association: LACERA

Contact Person: Barry Lew

Phone #: 626-564-2370

Fax #: N/A

Please answer the following questions as fully as possible:

1. Description of issue.

A member who applies for service-connected disability retirement generally has the burden of proving that his or her permanent incapacity was the result of injury or disease arising out of and in the course of employment and that the employment contributed substantially to the incapacity.

However, for certain diseases and injuries, presumptions exist under the rationale that those diseases and injuries appear to be service-connected but would be difficult for a member to prove as being service-connected.

Given the challenges of contact tracing¹ due to the increasingly widespread nature² of the COVID-19 pandemic, there may be cases where members contracted COVID-19 and became permanently incapacitated but have difficulty proving that the disease arose out of and in the course of employment.

2. Recommended solution.

A rebuttable presumption related to a service-connected permanent incapacity due to COVID-19 would provide that members are presumed to have contracted COVID-19 arising out of and in the course of employment, unless the presumption is controverted by other evidence.

¹ Steinhauer, J., & Goodnough, A. (2020, July 31). Contact Tracing Is Failing in Many States. Here's Why. *New York Times*. <https://www.nytimes.com/2020/07/31/health/covid-contact-tracing-tests.html>; Petersen, M. (2020, July 31). L.A. County's Tracing Team Repeatedly Failed to Detect Coronavirus Outbreaks at Workplaces. *Los Angeles Times*. <https://www.latimes.com/california/story/2020-07-31/la-contact-tracers-struggle-to-keep-up-with-coronavirus-cases>

² The Johns Hopkins Center for Health Security. (2020, July 29). *Resetting Our Response: Changes Needed in the US Approach to COVID-19*. https://www.centerforhealthsecurity.org/our-work/pubs_archive/pubs-pdfs/2020/200729-resetting-our-response.pdf

E.2.a

Although an award of workers' compensation benefits does not necessarily mean that a member also qualifies for disability retirement benefits under CERL, courts have found that the two types of benefits are related in subject matter and harmonious in purpose.

There are currently three workers' compensation bills (AB 196, AB 664, and SB 1159) in the California Legislature that provide a disputable presumption for COVID-19-related injuries that can assist us in the formulation of a new disability retirement presumption. Each bill uses different approaches as noted in the staff memo dated August 4, 2020 to the IBLC. However, SB 1159 appears to be the most comprehensive of the three bills in that it codifies Governor Newsom's Executive Order N-62-20, which provided a COVID-19 presumption for workers' compensation benefits for a specified period of time that has since expired for essential workers, and provides a presumption after that period for employees who are safety members and health care workers whose jobs cannot be done remotely and require contact with members of the public and who may be at higher risk of contracting COVID-19.

Therefore, the proposed COVID-19 presumption for disability retirement in CERL is modeled after the provisions of SB 1159 and CERL's existing disability retirement presumption that deals with other infectious diseases. The proposed presumption would apply to members in county service during the period of March 19, 2020—July 5, 2020 who are considered essential workers and were unable to shelter in place by working remotely.

Beginning July 6, 2020, the workers' compensation presumption expired. However, SB 1159 extends the presumption on and after this date for safety members and certain health care workers whose jobs require contact with members of the public potentially infected with the coronavirus. The proposed disability retirement presumption follows this rationale by designating county workers whose jobs cannot be done remotely but require contact with the public and who may be at higher risk of contracting COVID-19.

If this proposal is enacted in the 2021 legislative year, it will be effective January 1, 2022. However, there may be disability retirement applications for COVID-19-related illnesses that are filed before the effective date of the presumption. The proposal would provide that the presumption applies to new and pending applications as of the effective date and that the board may reconsider COVID-19-related applications that were denied before the effective date.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

Add a new Section 31720.10:

(a) If a member becomes ill or dies due to a COVID-19-related illness, the illness so developing or manifesting itself in those cases shall be presumed to arise out of, and in the course of, employment. The illness so developing or manifesting itself in those cases shall in no case be attributed to any illness

E.2.a

existing prior to that development or manifestation.

(b) Any member described in subdivision (a) permanently incapacitated for the performance of duty as a result of a COVID-19-related illness shall receive a service-connected disability retirement.

(c) The presumption described in subdivision (a) is rebuttable by other evidence. Unless so rebutted, the board is bound to find in accordance with the presumption. The presumption shall be extended to a member following termination of service for a period of 14 days.

(d) “COVID-19” means the coronavirus disease 2019 caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

(e) “Member” means a person—

(1) (A) in county service on or after March 19, 2020, and on or before July 5, 2020, who was designated by the State Public Health Officer in a list of essential critical infrastructure workers in accordance with the Governor’s Executive Order of March 19, 2020 (Executive Order N-33-20); and

(B) who is diagnosed with COVID-19 within 14 days after a day on or after March 19, 2020, and on or before July 5, 2020 that the person performed labor or services at the person’s place of employment at the employer’s direction. For the purpose of this subdivision, “person’s place of employment” does not include a person’s home or residence.

(2) (A) in county service on or after July 6, 2020, who is a safety member, firefighter, member active in law enforcement, county probation officer, nurse or physician who provides direct patient care at a health facility, or a custodial employee in contact with COVID-19 patients at a health facility; and

(B) who is diagnosed with COVID-19 within 14 days on or after July 6, 2020 that the person performed labor or services at the person’s place of employment at the employer’s direction. For the purpose of this subdivision, “person’s place of employment” does not include a person’s home or residence.

(f) This section applies to new and pending applications for disability retirement. This section also applies to applications for disability retirement due to COVID-19 that the board denied prior to the effective date of this section but in its discretion may reconsider after the effective date of this section.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The current disability retirement presumptions apply to all SACRS systems and not just to any individual retirement system. The proposed presumption would also apply to all SACRS systems.

E.2.a

5. Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

The proposed legislation should not cause any conflicts with Proposition 162 or any administrative issues with the other SACRS retirement associations.

6. Who will support or oppose this proposed change in the law?

Support: labor organizations. Opposition: plan sponsors and plan sponsor organizations such as the California State Association of Counties, Urban Counties of California, and Rural County Representatives of California.

7. Who will be available from your association to testify before the Legislature?

Barry Lew and Joe Ackler.

Email or mail your legislative proposals to:

Mike Robson and Trent Smith
Edelstein, Gilbert, Robson, & Smith LLC
1127 11th Street, Suite 1030
Sacramento, CA 95814

Email to both:

Mike@EGRSlobby.com

Trent@EGRSlobby.com

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COVID-19 Presumption for Disability Retirement Fact Sheet

Summary

The County Employees Retirement Law of 1937 currently has four presumptions that certain injuries and diseases arise out of and in the course of employment for purposes of determining a service-connected disability retirement for certain members: heart trouble, cancer, blood-borne infectious diseases, and exposure to biochemical substances.

This proposal would establish an additional presumption for certain members who apply for disability retirement due to COVID-19 that the disease arose out of and in the course of employment.

Background

Members who apply for service-connected disability retirement generally have the burden of proving that their permanent incapacity was the result of injury or disease arising out of and in the course of employment and that the employment contributed substantially to the incapacity.

Presumption of Service Connection

For certain injuries and diseases, presumptions exist under the rationale that those injuries and diseases appear to be service-connected but would be difficult for members to prove as being service-connected. Although the presumption relates to the service connection of the injury or disease, members are never presumed to be permanently incapacitated and have the burden of proving permanent incapacity.

Disability Retirement Benefits

A disability retirement provides benefits to members whose careers are cut short by permanent incapacity and who may not qualify for a service retirement. However, for those disabled members who are eligible for a service retirement, their disability retirement benefit may be equal to a service retirement benefit.

Service-connected disability retirement: the benefit is the greater of 50 percent of final compensation or a service retirement benefit. The benefit is tax excludable, and survivors receive 100 percent of the benefit.

Nonservice-connected disability retirement: the benefit is the greater of a service retirement

benefit or, depending on the member's age and service, a benefit that is up to 1/3 of final compensation. The benefit is not tax excludable, and survivors receive 60 percent of the benefit.

Issue

Members who contract COVID-19 on the job and become permanently incapacitated may be granted a service-connected disability retirement.

Given the challenges of contact tracing due to the increasingly widespread nature of the COVID-19 pandemic, there may be cases where certain members in high-risk jobs contracted COVID-19 at work and became permanently incapacitated but have difficulty proving that the disease arose out of and in the course of employment.

Solution

A rebuttable presumption related to COVID-19 would provide that certain members who contracted COVID-19 are presumed to have contracted the disease arising out of and in the course of employment, unless the presumption is controverted by other evidence.

The presumption would apply to members who were essential workers during the time period defined in Governor Newsom's Executive Order N-62-20 (March 19, 2020 – July 5, 2020), which provided a presumption for COVID-19 for workers' compensation claims. Beginning July 6, 2020, it would apply to safety members and certain health care workers who may be at higher risk of contracting COVID-19 because their jobs cannot be performed remotely and require frequent contact with members of the public.

The proposal would apply to new and pending disability retirement applications as of its effective date of enactment into law and would provide that a retirement board may reconsider COVID-19-related applications that were denied prior to the effective date.

Contact

Barry Lew, LACERA
blew@lacera.com



6. SACRS Nomination Committee - 2021-2022 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2021-2022



October 1, 2020

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2021-2022 - Elections Notice

SACRS BOD 2021-2022 election process will begin January 2021. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2021	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2021	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 15, 2021	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 15, 2021	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.



Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference May 11-14, 2021 at the Hyatt Regency Long Beach, Long Beach, CA. Elections will be held during the Annual Business meeting on Friday, May 14, 2021.

If you have any questions, please contact Dan McAllister, Dan.McAllister@sdcounty.ca.gov

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee & San Diego County Treasurer Tax Collector
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

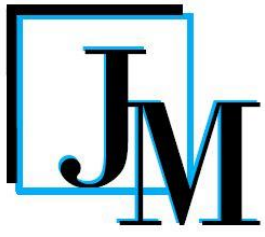
Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	

**7. SACRS Audit Report – Action**

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2018-2019 Annual Audit

Carry over item from Spring 2020 Conference that was cancelled due to COVID-19



JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

701 HOWE AVENUE, E3
SACRAMENTO, CA 95825

(916) 993-9494
(916) 993-9489 FAX
WWW.JPMCPA.COM

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2019

BOARD OF DIRECTORS

Dan McAllister
President

Vivian Gray
Vice President

Harry Hagen
Treasurer

Kathryn Cavness
Secretary

Raymond McCray
Immediate Past President

Benjamin Lazarus
Affiliate Chair

Roger Hilton
Board Member

Chris Cooper
Board Member

* * * *

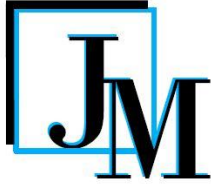
Sulema Peterson
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2019 AND 2018

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James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2019 and 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2019 and 2018, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

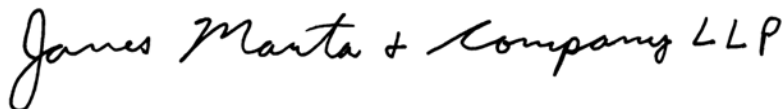
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 12, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.



James Marta & Company LLP
Certified Public Accountants
March 2, 2020

FINANCIAL SECTION

E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2018-19</u>	<u>2017-18</u>
<u>Cash Receipts</u>		
Dues	\$ 372,250	\$ 324,000
Conference		
Fall	616,640	581,490
Spring	590,260	546,710
Seminars	118,500	181,000
Other Admin Receipts	2,830	18,180
Other Conference Receipts	-	40
Interest	63,668	11,510
Total Cash Receipts	<u>1,764,148</u>	<u>1,662,930</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2018 and 2017		
Hotel and meals	307,724	304,155
Audio and visual	52,180	43,826
Program materials	102,702	78,637
Spring - 2019 and 2018		
Hotel and meals	81,224	167,017
Audio and visual	48,498	40,300
Program materials	80,389	56,567
Seminars	243,450	247,190
Conference Administration	27,228	12,416
Prior Year and Other Expenses	162,462	216,357
Total conference disbursements	<u>1,105,857</u>	<u>1,166,465</u>
Administration	375,233	345,134
Legislative representation	237	836
Lobbying	71,627	76,477
Committee meetings	27,315	24,997
Special projects	17,458	17,642
Total administration disbursements	<u>491,870</u>	<u>465,086</u>
Total Cash Disbursements	<u>1,597,727</u>	<u>1,631,551</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	166,421	31,379
Cash and Investments, Beginning	<u>2,206,001</u>	<u>2,174,622</u>
Cash and Investments, Ending	<u>\$ 2,372,422</u>	<u>\$ 2,206,001</u>
<i>Supplementary Information</i>		
Cash and Investments at June 30,	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,195,688	\$ 1,075,711
Non current portion of investments	<u>1,176,734</u>	<u>1,130,290</u>
Total Cash and Investments	<u>\$ 2,372,422</u>	<u>\$ 2,206,001</u>

The accompanying notes are an integral part of this financial statement.

E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Shaw/Yoder/Antwih, LLC from July 2018 to April 2019 and Sulema Peterson & Associates from April 2019 to June 2019, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

Management has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. COMPARATIVE DATA (CONTINUED)

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2019	2018
Bank accounts	\$ 409,088	\$ 305,726
Money market accounts	786,600	769,985
Total cash and cash equivalents	<u>\$ 1,195,688</u>	<u>\$ 1,075,711</u>

Cash in bank accounts at June 30, 2019 consisted of the following:

	Bank of America	Community First Bank	Total
Per bank	\$ 297,541	\$ 89,588	\$ 387,129
Deposits in transit	-	21,959	21,959
Total bank accounts	<u>\$ 297,541</u>	<u>111,547</u>	<u>\$ 409,088</u>

Cash in bank accounts at June 30, 2018 consisted of the following:

	Bank of America	Community First Bank	Total
Per bank	\$ 186,544	\$ 137,881	\$ 324,425
Checks outstanding	(1,186)	(17,513)	(18,699)
Total bank accounts	<u>\$ 185,358</u>	<u>120,368</u>	<u>\$ 305,726</u>

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). There was \$47,541 in excess of FDIC as of June 30, 2019. There was no amount in excess of FDIC as of 2018.

E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the “Fund”), depositing \$1,104,130. The balance as of June 30, 2019 and 2018 presented in the financial statement is \$1,176,734 and \$1,130,290; respectively. This balance includes reinvested interest income totaling \$62,336 and \$15,892, respectively, but does not include changes in fair market value for the year ended June 30, 2019 and 2018 totaling \$4,661 and (\$1,140) respectively. The fair market value of SACRS’ investment in the Fund at June 30, 2019 and 2018 is \$1,181,395 and \$1,129,150, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2019 and 2018 was \$0. The Fund is not rated or insured. Total return on the Fund for the years ended June 30, 2019 and 2018 was 2.43% and 1.41%, respectively.

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

Conference	Cancellation Fees	Food and Beverage Minimums	Guest Room Nights Reserved	Guest Room Nights Minimum	Rooms Attrition
Fall 2019	\$84,596-\$181,192	\$120,000	875	700	\$199 plus tax
Spring 2020	\$214,705-\$316,464	\$170,000	1145	973	\$229 plus tax
Fall 2020	\$49,194-\$408,276	\$80,000	890	700	\$226 plus tax
Spring 2021	\$174,603-\$279,364	\$150,000	1145	916	\$239 plus tax
Fall 2021	\$184,462-\$332,031	\$165,000	1145	916	\$239 plus tax
Spring 2022	\$135,682-\$421,365	\$150,000	1185	948	\$229 plus tax
Fall 2022	\$136,762-\$288,524	\$150,000	1145	916	\$249 plus tax
Spring 2023	\$224,848-\$404,726	\$170,000	1145	916	\$247 plus tax
Fall 2023	\$123,832-\$397,665	\$150,000	1185	948	\$209 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS’ management has evaluated subsequent events through March 2, 2020, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

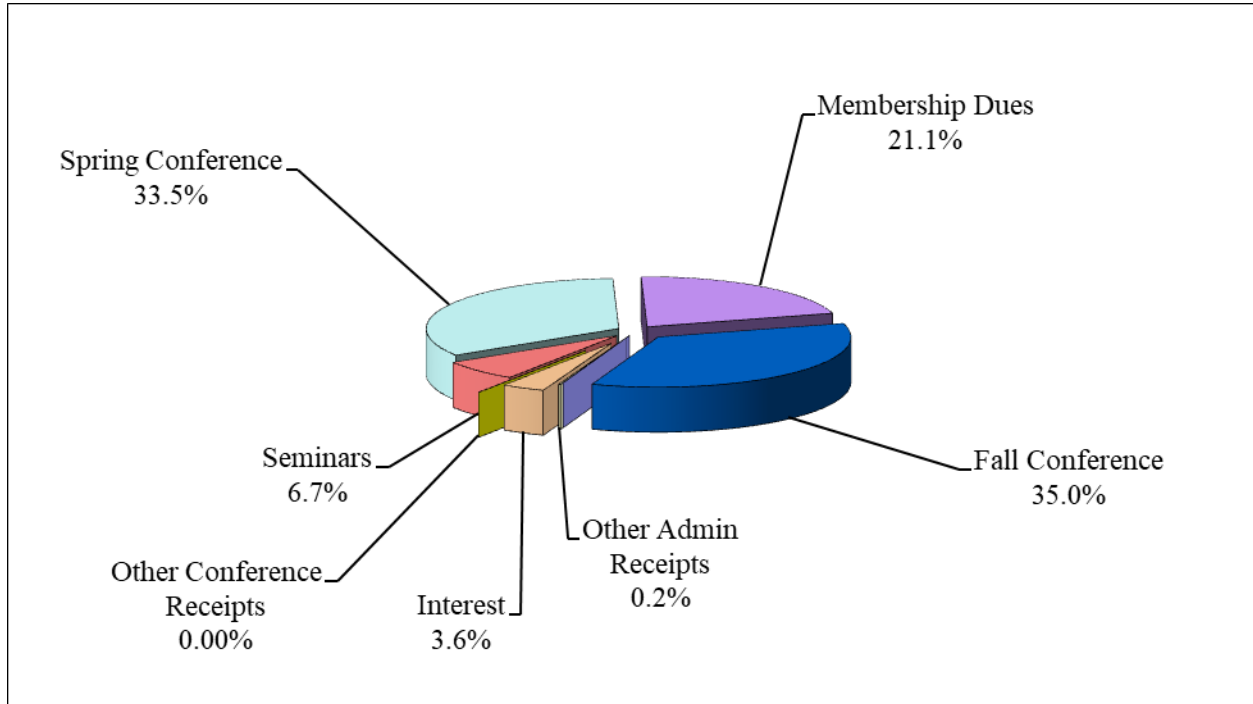
SUPPLEMENTARY INFORMATION

E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 372,250	\$ 372,250
Conference			
Fall	616,640	-	616,640
Spring	590,110	-	590,110
Seminars	118,500		118,500
Other Admin Receipts	-	2,980	2,980
Interest	63,668	-	63,668
	<u>1,388,918</u>	<u>375,230</u>	<u>1,764,148</u>
Total Cash Receipts			
<u>Cash Disbursements</u>			
Conference			
Fall - 2018			
Hotel and meals	307,724	-	307,724
Audio and visual	52,180	-	52,180
Program materials	102,702	-	102,702
Spring - 2019			
Hotel and meals	81,224	-	81,224
Audio and visual	48,498	-	48,498
Program materials	80,389	-	80,389
Seminars	243,450	-	243,450
Conference Administration	27,228	-	27,228
Prior Year and Other Expenses	162,462	-	162,462
Total conference disbursements	<u>1,105,857</u>	<u>-</u>	<u>1,105,857</u>
Administration	-	375,233	375,233
Legislative representation	-	237	237
Lobbying	-	71,627	71,627
Committee meetings	-	27,315	27,315
Special projects	-	17,458	17,458
Total administration disbursements	<u>-</u>	<u>491,870</u>	<u>491,870</u>
Total Cash Disbursements	<u>1,105,857</u>	<u>491,870</u>	<u>1,597,727</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	283,061	(116,640)	166,421
Cash and Investments, Beginning	<u>3,037,923</u>	<u>(831,922)</u>	<u>2,206,001</u>
Cash and Investments, Ending	<u><u>3,320,984</u></u>	<u><u>(948,562)</u></u>	<u><u>2,372,422</u></u>

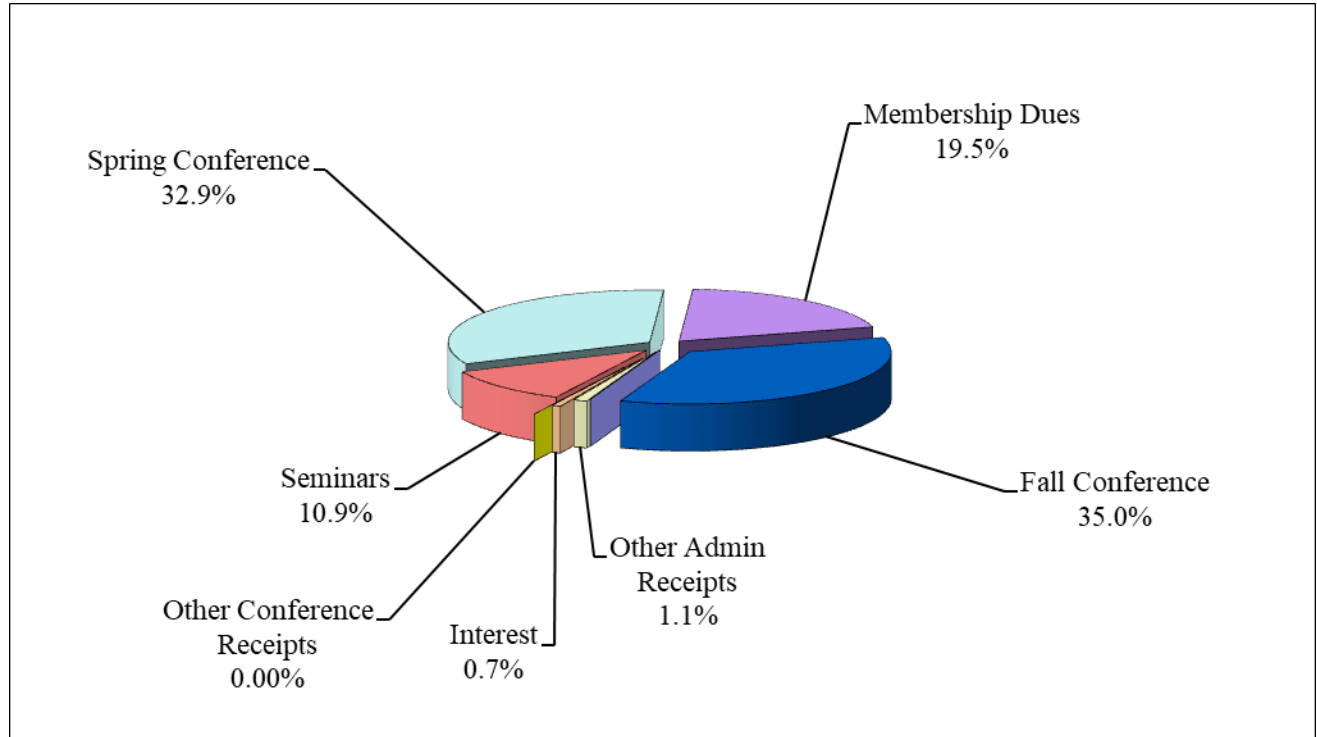
E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH RECEIPTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CASH RECEIPTS BY SOURCE



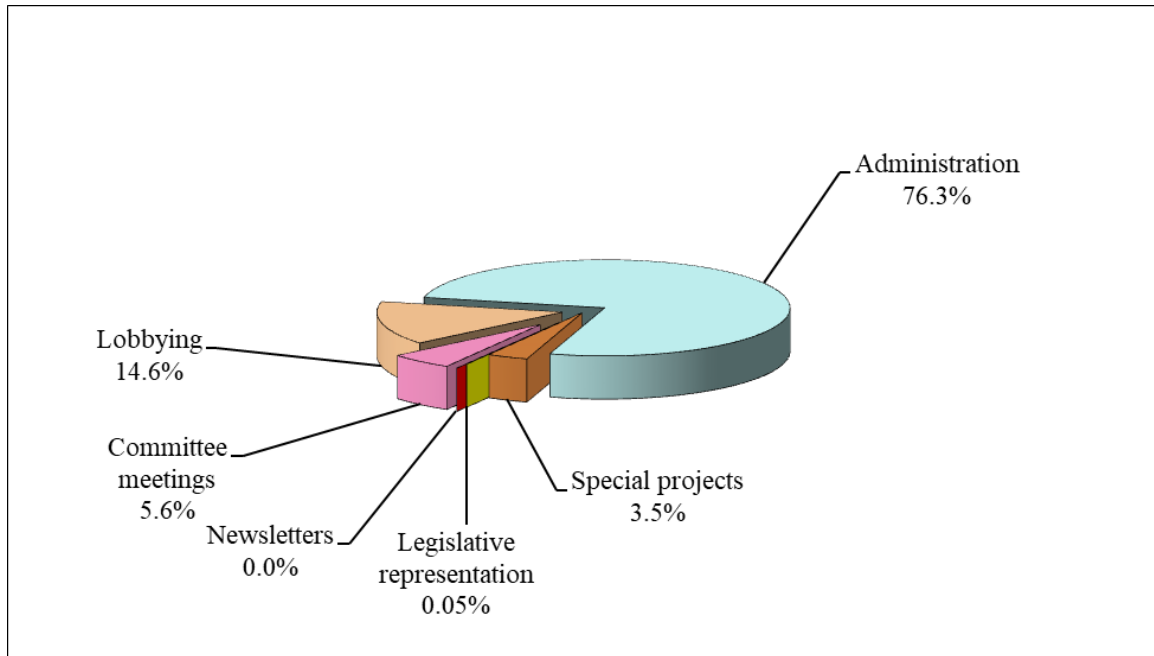
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STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH RECEIPTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CASH RECEIPTS BY SOURCE

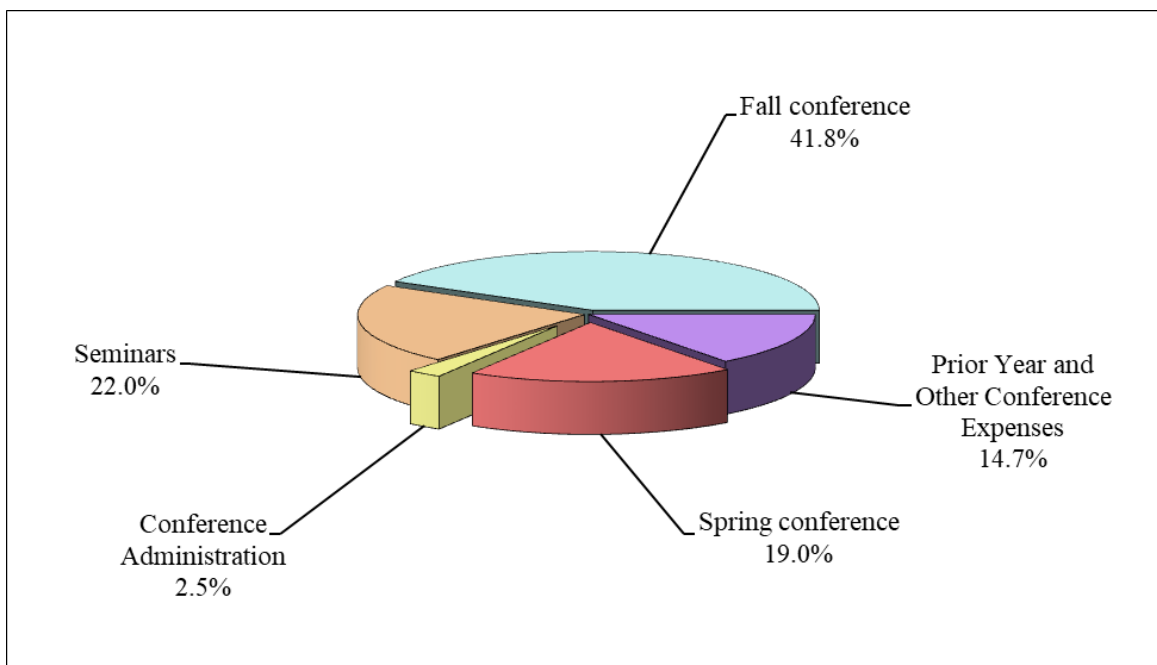


E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ADMINISTRATION CASH DISBURSEMENTS

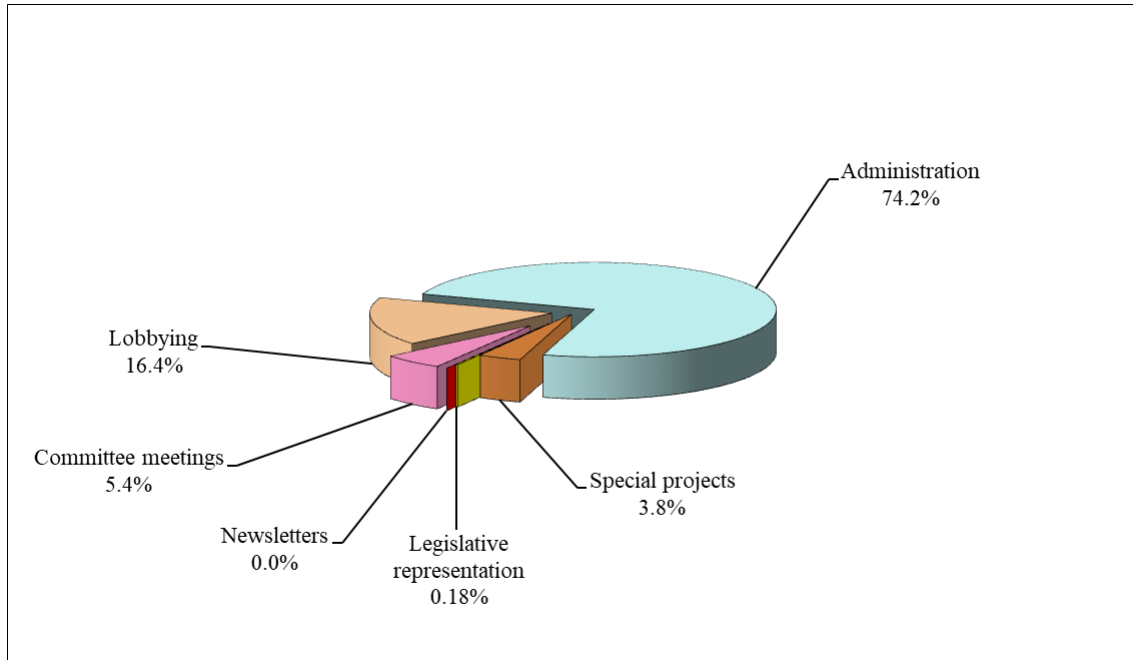


CONFERENCE CASH DISBURSEMENTS

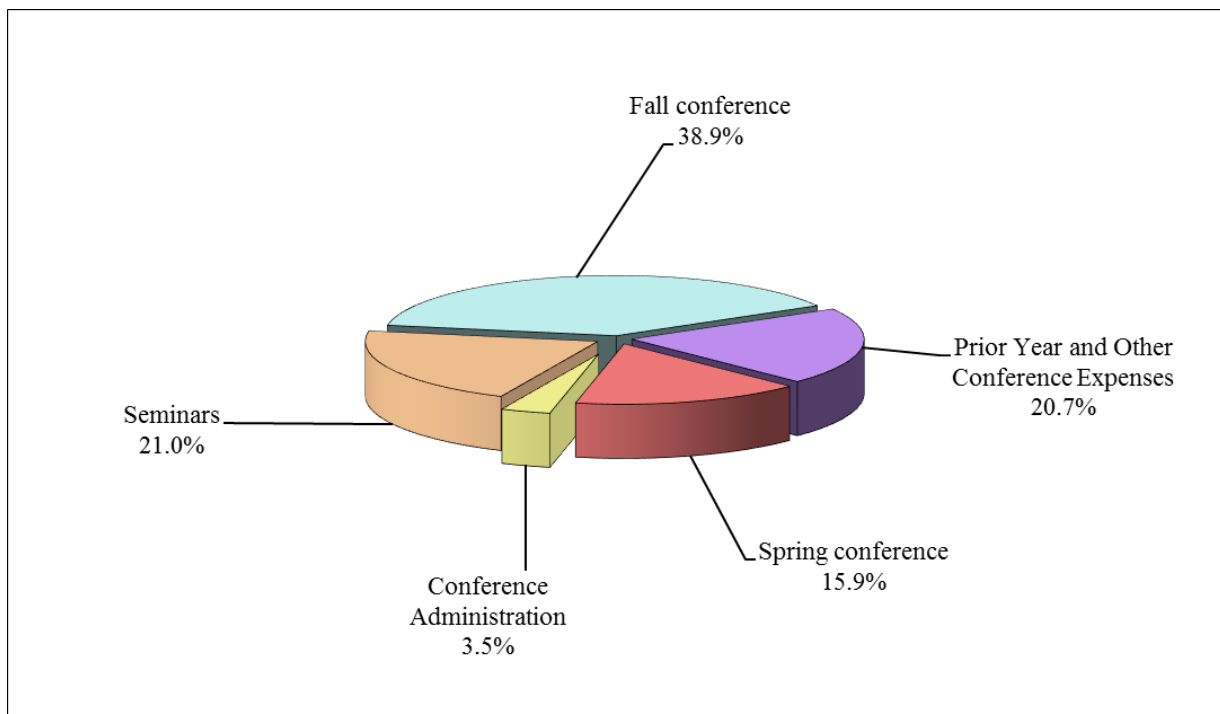


E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

ADMINISTRATION CASH DISBURSEMENTS

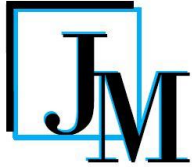


CONFERENCE CASH DISBURSEMENTS



E.2.a
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
CONFERENCE SUMMARY REPORT

	Spring 2019 Lake Tahoe	Fall 2018 Indian Wells	Spring 2018 Anaheim	Fall 2017 San Francisco	Spring 2017 Napa	Fall 2016 Indian Wells
Cash receipts						
Conference	\$ 592,590	\$ 591,530	\$ 546,750	\$ 581,490	\$ 572,159	\$ 566,265
Total cash receipts	<u>592,590</u>	<u>591,530</u>	<u>546,750</u>	<u>581,490</u>	<u>572,159</u>	<u>566,265</u>
Cash disbursements						
Hotel and meals	195,278	312,670	152,017	304,155	295,157	310,266
Audio and visual	57,731	52,180	40,300	43,826	10,000	49,186
Program materials	42,342	32,086	20,909	26,722	42,282	77,666
Program Speakers	3,974	74,457	35,159	50,363	-	-
Conference Administration	14,094	9,634	7,183	11,333	6,921	7,198
Total cash disbursements	<u>313,419</u>	<u>481,027</u>	<u>255,568</u>	<u>436,400</u>	<u>354,361</u>	<u>444,317</u>
Net cash provided by conference	<u>\$ 279,171</u>	<u>\$ 110,503</u>	<u>\$ 291,182</u>	<u>\$ 145,090</u>	<u>\$ 217,798</u>	<u>\$ 121,948</u>
Total attendees	590	588	599	603	611	597



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
INDEPENDENT AUDITOR'S REPORT

Board of Directors
 State Association of County Retirement Systems
 Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2019 and 2018 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated March 2, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered SACRS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

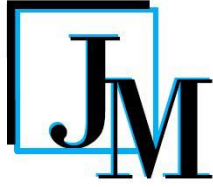
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
 Certified Public Accountants
 March 2, 2020



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2019 and 2018, and have issued our report thereon dated March 2, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 4, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement. Our audit of the financial statement does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statement is free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SACRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our report on internal control over financial reporting in a separate letter to you dated March 2, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are typically an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. As the accounting of SACRS is prepared on a cash basis, no estimates are necessary for the preparation of the financial statement.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We are not aware of any sensitive disclosures affecting SACRS' financial statement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SACRS' financial statement or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 2, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

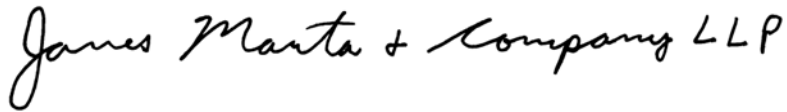
Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SACRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SACRS' auditors.

We are contracted to prepare the fiscal year 2019 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

James Marta & Company LLP
Certified Public Accountants

This report is intended solely for the information and use of the Board of Directors, and management of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The script is cursive and fluid, with the letters connected. The "J" is large and loops around the "M". The "LLP" is written in a slightly more upright script at the end.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 2, 2020



MANAGEMENT REPRESENTATION LETTER

March 2, 2020

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2019 and 2018, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 2, 2020:

Financial Statement

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 4, 2019, for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.



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- All events subsequent to the date of the financial statement which requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statement all assets under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators, or others.



- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report accompanying the financial statement:

- We acknowledge our responsibility for the presentation of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements in accordance with the cash basis accounting as described in Note 1 to the financial statement. We acknowledge our responsibility for the presentation of the Conference Summary Report which presents all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- We believe the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, including its form and content, is fairly presented in accordance with the cash basis accounting as described in Note 1 to the financial statement. We believe the Conference Summary Report, including its form and content, is fairly presented and inclusive of all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.



Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:
 - We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
 - We are responsible for establishing and maintaining effective internal control over compliance.
 - We have performed an evaluation of the Association's compliance with tax filing requirements and we are not aware of any instances of noncompliance.
 - We have reviewed and approved the tax returns prepared by your office.
 - We have made available to you all documentation related to compliance with specified requirements.
 - We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
 - We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
 - We accept responsibility for the results of the services.



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Sulema H. Peterson 3/2/2020
Sulema Peterson, SACRS Executive Director

Adjusting Journal Entries:

Adjusting Journal Entry JE # 1	
To reclass unrealized gain that was instead recognized in the PY.	

1100	Unrealized Gain	11,197	
2020	Retained Earnings		11,197
Total		<u>11,197</u>	<u>11,197</u>

Reclassifying Journal Entries:

None



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Virtual Fall 2020 Conference Evaluations/Feedback



No Printed Materials For This Item



9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

A. SACRS Annual Virtual Fall Conference Report 2020



No Printed Materials For This Item



10. SACRS Affiliate Committee Report – No Action

Teri Noble, Pathway, SACRS Affiliate Committee Chair

A. Affiliate Committee Update



No Printed Materials For This Item

**11. SACRS Bylaws Committee Report – Action**

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

- A. Use of SACRS' Intellectual Property
- B. Termination of Membership
- C. Electronic Meetings



October 21, 2020

To: SACRS Membership**From:** SACRS Board of Directors**Re:** SACRS Bylaw Amendments – Section 7 Article I; Section 8, 9 & 10 Article III;

The following suggested Bylaws are being submitted by SACRS Board of Directors with approval from the SACRS Bylaws committee.

- Item A limits the use of SACRS and SACRS logo as SACRS Intellectual Property.
- Item B addresses the process of termination of membership.
- Item C implements the ability to hold meetings electronically.

Item A.

Add the following **new Section 7 to Article I, Name, Mission, Purposes and General Policy**:

Section 7. Use of SACRS' Intellectual Property. The SACRS' name, logo, member database, copyrighted materials, trademarks, intellectual property, or any photographs and materials appearing on SACRS' website or in any SACRS' written materials (collectively, the "SACRS' Intellectual Property") cannot be used for advertising, solicitation, or for any other purpose by any member without the prior written approval of the Board. In addition, no member may write for publication, hold any type seminar, or conduct a member survey under the name or authority of SACRS without the prior written approval of the Board.

Item B.

Add the following **new Sections 8, 9 & 10 to Article III, Membership**:

Section 8. Termination of Membership. A membership shall terminate on the occurrence of any of the following events:

- A. Resignation of the member;*
- B. The member's failure to pay dues, fees, or assessments as set by the Board [within 30 days after they are due and payable] **OR** [by July 31 of each year];*
- C. Any event that renders the member ineligible for membership, or failure to satisfy membership qualifications; or*
- D. Termination of membership pursuant to Section 10 of these Bylaws based on the good faith determination by the Board, or a committee or person authorized by the Board to make such a determination, that the member has failed to observe these Bylaws and/or SACRS' rules of conduct, or has engaged in conduct prejudicial to SACRS' purposes, interests and tax-exempt status.*



Section 9. Suspension of Membership. A member may be suspended, under Section 10 of these Bylaws, based on the good faith determination by the Board, or a committee or person authorized by the Board to make such a determination, that the member has failed to observe these Bylaws and/or SACRS' rules of conduct, or has engaged in conduct prejudicial to SACRS' purposes, interests and tax-exempt status.

Section 10. Procedure for Termination or Suspension of Membership. If grounds appear to exist for terminating or suspending a member under Sections 8 and 9, respectively, of these Bylaws, the following procedure shall be followed:

- A. The Board shall give the member at least 15 days' prior notice of the proposed suspension or termination, and the reasons for the proposed suspension or termination. Notice shall be given by any method reasonably calculated to provide actual notice. Notice given by mail shall be sent by first-class or registered mail to the member's last address as shown on SACRS' records.*
- B. The member shall be given an opportunity to be heard, either orally or in writing, at least 5 days before the effective date of the proposed suspension or termination. The hearing shall be held, or the written statement considered, by the Board or by a committee or person authorized by the Board, to determine whether the suspension or termination should occur.*
- C. The Board, committee, or person shall decide whether the member should be suspended, expelled, or sanctioned in any way. The decision of the Board, committee, or person shall be final.*
- D. Any action challenging an expulsion, suspension, or termination of membership, including a claim alleging defective notice, must be commenced within one year after the date of the expulsion, suspension, or termination.*

Item C.

Add the following language to ARTICLE V MEMBER MEETINGS

Section 1. Regular Meeting – Remains the same

Section 2. Special Meeting – Remains the same

Section 3. Site Selection for Meetings – Remains the same

Section 4. Agenda for Business Meetings. The Board shall be responsible for the final agenda of all SACRS meetings. The business meeting agendas shall be mailed by first-class postage or provided by electronic transmission to all members no later than ten (10) days prior to any meeting.

Section 5. Quorum. The presence of eleven (11) credentialed delegates (as defined in Article IV, Section 4) shall constitute a quorum for the transaction of business at all SACRS meetings.



If, however, the attendance or participation by mail or electronic transmission at any SACRS meeting, whether in person or by proxy, is less than one-third (1/3) of the voting power, the credentialed delegates may vote only on those matters specified in the meeting agenda described in Article V, Section 4 herein. Meetings may be restricted to regular members only by a majority vote of the quorum present.

Section 6. Voting. Voting at meetings of SACRS shall be the exclusive privilege of the delegates or alternate delegates. Voting delegates or alternate delegates must have proper credentials on file consistent with Article IV, Section 4 herein prior to voting. Each delegate or alternate delegate may cast one (1) vote on each matter submitted to vote of the members. A simple majority vote of the quorum present at a meeting shall pass all issues considered by the regular membership unless otherwise specified in the Articles of Incorporation or these Bylaws.

- A. Voting at In-Person Meetings. Voting at in-person meetings shall be by open roll-call. A roll-call vote of delegates and alternate delegates shall decide any voice vote in doubt by the regular members present.
- B. Voting by Mail or Electronic Transmission. Any matter of business to be voted upon by the delegates or alternate delegates, including the election of officers and Directors, may be submitted by mail or electronic transmission to all of the delegates or alternate delegates for their written vote without a meeting at the motion and approval of a majority of the members of the Board.

The Board shall prescribe in a written resolution the procedures necessary to conduct the election or obtain approval by the members on any matter submitted by mail to all the delegates or alternate delegates entitled to vote.

Voting by mail or electronic transmission shall be valid only if the following conditions are met:

- (1) The number of votes cast must equal or exceed the number of delegates or alternate delegates constituting a quorum as provided in Article V, Section 5, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting of the delegates or alternate delegates present in person or proxy as provided in this Section.
- (2) The written ballots shall be mailed or transmitted to the address appearing on the delegates or alternate delegates list that shall be maintained by SACRS.
- (3) All solicitations of written ballots by mail or electronic transmission shall (i) indicate the number of responses needed to meet the quorum requirement, (ii) state the percentage of approvals necessary to pass the matter submitted to the delegates or



alternate delegates, and (iii) specify the date and time by which and the address at which the ballot must be received in order to be counted.

- (4) The results of an election or the vote to approve or disapprove any matter submitted by written ballot to the delegates or alternate delegates by mail and electronic transmission must be certified by the President and the Secretary in the minutes of the Board meeting following the determination of the results of the vote. The certification shall also certify that the written ballot was conducted in conformity with the provisions of applicable law and these Bylaws.

Nothing in this section shall preclude the Board of Directors from employing third parties to conduct or assist in conducting a written ballot by mail in accordance with applicable law, regulations and these bylaws.

Section 7. Proxy – THIS SECTION REMAINS THE SAME, NO CHANGES

Section 8. Procedures - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 9. Resolutions - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 10. Travel Expenses - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 11. Meetings of Members by Electronic Transmission. A meeting of the members may also be conducted, in whole or in part, by electronic transmission by and to SACRS under Article V, Section 12, or by electronic video screen communication if SACRS implements reasonable measures to provide members a reasonable opportunity to participate in and for the delegates or alternate delegates to vote on matters submitted to the members, including an opportunity to read or hear the proceedings substantially concurrently with the proceedings. A record of any votes or other actions taken at a meeting by electronic transmission shall be maintained by SACRS.

Section 12. Notice, Ballots and Other Communications to Members by Electronic Transmission.

- A. Notices, Ballots and Other Communications. For any notice, ballot, or other communication which is required by these Bylaws or the Board to be mailed to members, mailed by member to SACRS, or given to Directors or committees, such notice, ballot, or other communication may be delivered by electronic transmission, provided that the electronic transmission meets the requirements in Article XVII, Section 2-B.
- B. Consent. Electronic transmission of notices or other communications shall only be made to members who have provided an unrevoked consent to the use of that means of electronic communication in accordance with this paragraph, The consent must describe (i) any right of the recipient to have the record provided or made available on paper or in non-electronic form; (ii) whether the consent applies only to



that transmission, to specified categories of communications, or to all communications from SACRS; and (iii) the procedures required to withdraw consent.

Any request by SACRS to members to conduct meetings by electronic transmission shall also include a notice that absent consent of the member to communicate by electronic transmission or hold a meeting by electronic means, the meeting shall be held at the physical location established in accordance with these Bylaws.

ARTICLE VIII BOARD OF DIRECTORS

Section 1. Board of Directors.

Section 2. Elections of Directors. Any regular member may submit nominations for the election of a Director to the Nominating Committee by mail or electronic transmission, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25 by mail or electronic transmission.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote if an in-person meeting or by written ballot if the election is by mail or electronic transmission, and shall conform to Article V of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

Section 3. General Powers - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 4. Special Powers - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 5. Term - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 6. Vacancies - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 7. Resignation of Directors - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 8. Conflicts of Interest - THIS SECTION REMAINS THE SAME, NO CHANGES



Section 9. Compensation/Travel Policy - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 10. Non-Liability of Directors - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 11. Insurance for Corporate Agents - THIS SECTION REMAINS THE SAME, NO CHANGES

ARTICLE IX

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Place of Meeting - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 2. Annual Meeting - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 3. Special Meetings - THIS SECTION REMAINS THE SAME, NO CHANGES

Section 4. Notice of Meetings. Written notice of the time and place of any special meeting shall be given to each Director by one of the following methods (i) personal delivery, (ii) first class mail, postage prepaid, (iii) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or (iv) electronic transmission if the Director has consented to accept notice in this manner. All notices shall specify the purpose of the special meeting and shall be given or sent to the Director's address, phone number, facsimile number or email address as shown on SACRS' records.

Notices sent by first class mail shall be deposited into a United States mail box at least four (4) days prior to the time set the meeting. Notices given by personal delivery, telephone, voice messaging system, electronic transmission, or other similar means of communication shall be delivered at least forty-eight (48) hours prior to the time set for the meeting. Any notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director.

Section 5. Meeting by Telephone, Electronic Transmission, or Other Telecommunications Equipment. Any Board meeting may be held by conference telephone, electronic video screen communication, or electronic transmission. Participation in a meeting under this Section shall constitute presence of the Director at the meeting if the following requirements are satisfied:

- A. When the meeting is through the use of conference telephone or electronic video screen communication, all the Directors participating in the meeting must be able to hear one another.
- B. When the meeting is through the use of electronic transmission (i) each Director participating in the meeting can communicate concurrently with all other Directors; and (ii) each Director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Board.

Section 6. Validation of Meeting - THIS SECTION REMAINS THE SAME, NO CHANGES



Section 7. Waiver of Notice - THIS SECTION REMAINS THE SAME, NO CHANGES
 Section 8. Quorum - THIS SECTION REMAINS THE SAME, NO CHANGES
 Section 9. Majority Action as Board Action - THIS SECTION REMAINS THE SAME, NO CHANGES
 Section 10. Prohibition against Voting by Proxy - THIS SECTION REMAINS THE SAME, NO CHANGES
 Section 11. Adjournment - THIS SECTION REMAINS THE SAME, NO CHANGES

ARTICLE XVII CONSTRUCTION AND DEFINITIONS

Section 1. Construction and Definitions.

Section 2. Specific Definitions. For purposes of these Bylaws, the following terms have the following meanings specified:

- A. Business Day.
 - B. Electronic Transmissions. Electronic transmission means a communication delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively; (ii) posting on an electronic message board or network which has been designated for those communications, as further described below; or (iii) such other electronic communication.
- (1) Electronic Transmission by SACRS. For electronic transmission by SACRS, the applicable notice or other communication shall be directed to the facsimile number or electronic mail address appearing on SACRS' membership list; or posted on an electronic message board or network that SACRS has designated for those communications, together with a separate notice to the members of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof; or by such other electronic communication means as designated by the Board. The recipient of the electronic transmission must have provided an unrevoked consent to the use of those means of transmission for communications. Any electronic communication shall be made in such a way as to create a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notice shall not be given by electronic transmission by SACRS after either of the following: (1) SACRS is unable to deliver two (2) consecutive notices to the recipient by that means, or (2) the inability so to deliver the notices to the recipient becomes known to the Secretary or any other person responsible for the giving of the notice.



- (2) Electronic Transmission to SACRS. For any electronic transmission to SACRS, the communication shall be delivered when directed to the facsimile number or electronic mail address which SACRS has provided for sending the applicable communication; or posted to an electronic message board or network that SACRS has designated for those communications and which transmissions shall be validly delivered upon posting; or by such other electronic communication means as designated by the Board. SACRS shall put into effect reasonable measures to verify that the sender is the member, Director, or committee member purporting to send any transmission to which this Section applies. Any electronic communication to which this Section applies shall be made in such a way as to create a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

**12. SACRS Fall Conference Breakout Reports – No Action**

A representative from each breakout will give report on their meetings.

- A. Administrators
- B. Counsel
- C. Disability/ Operations & Benefits Combo
- D. Internal Auditors
- E. Investment Officers
- F. Safety Trustees
- G. General Trustees



No Printed Materials For This Item

**13. Adjournment**

Next scheduled SACRS Association Business Meeting will be held Friday, May 14, 2021 at the Long Beach Renaissance.

E.3 Future Meetings

This is a discussion with no backup.

**F.1
MCERA
CONFERENCE AND TRAINING CALENDAR
November 2020**

Block	Cooper	Given	Gladstern	Jones	Klein	Murphy	Poirier	Shaw	Silberstein	Thomas	Werby	Wickman	Hardesty	Dunning	DATE	APPROVED	SPONSOR	PROGRAM	LOCATION
															11/4-6/20	*	CalAPRS	Intermediate Course in Retirement Plan Administration	Virtual
				✱								✱			11/10-13/20	*	SACRS	Fall Conference	Virtual
															11/16-19/20	**	Committee on Workers' Capital	2020 Conference	Virtual
															11/16-20/20	**	Wharton	Investment Strategies & Portfolio Management	Virtual
															11/20/20	*	CalAPRS	Disability Retirement Administration	Virtual
															12/2-4/20	*	CalAPRS	Advanced Course in Retirement Plan Administration	Virtual
												✱			3/6-9/21	*	CalAPRS	General Assembly	Monterey, CA
															3/8-10/21	*	CII	Spring Conference	Washington, DC
															3/31/21-4/2/21	*	CalAPRS	Advanced Principles of Pension Governance for Trustees	Los Angeles, CA
															5/11-14/21	*	SACRS	Spring Conference	Long Beach, CA
															CANCELLED		NCPERS	Annual Conference	CANCELLED
															6/14-18/21	**	Wharton	Investment Strategies & Portfolio Management	Philadelphia, PA
															6/21-23/21	*	Callan	National Conference	San Francisco, CA
															9/22-24/21	*	CII	Fall Conference	Chicago, IL
															11/9-12/21	*	SACRS	Fall Conference	Hollywood, CA

*Pre-approved events: CalAPRS; Callan; CII; Nossaman LLP; NASRA; SACRS – ** Board-approved events – **New event or attendee**

F.1

CALLAN

Callan College
<http://www.callan.com/education/college>
Callan investment Institute
<http://www.callan.com/education/cii/conferences.asp>

NASRA

National Association of State Retirement Administrators

SACRS

State Association of County Retirement Systems
<http://www.sacrs.org>

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, November 4, 2020****October 2020****RETURN OF CONTRIBUTIONS**

Scott Brooks	Partial Refund - Correction	\$	1,135.24
Christy Sawicki	Full Refund - DRO	\$	32,510.22

BUYBACKS

Brian J. Fay	\$	5,299.26
Kristina M. Tierney	\$	1,760.42

NEW RETIREES

Thomas Alipio	County of Marin - Sheriff/Coroner
Eileen Becker	County of Marin - Health & Human Services
Michele Berrong	County of Marin - Health & Human Services
Cirilo Carino	County of Marin - Library
Stephanie Errante	Marin County Superior Court
Kenneth Frey	County of Marin - Sheriff/Coroner
Alicia Garrett	County of Marin - Sheriff/Coroner
Laura Hettwer	County of Marin - Health & Human Services
Jean Joseph	County of Marin - Cultural Services
Victoria Kemp	Marin County Superior Court
Lawrence Lewis	County of Marin - Public Works
Elaine Ninkovich	Marin County Superior Court
Robert Rappa	County of Marin - Health & Human Services
Susan Verhalen	County of Marin - Health & Human Services

DECEASED RETIREES

Eugene Brannon	County of Marin - Sheriff/Coroner
Marina Cassimus	County of Marin - Probation
Raymond Cleary	Novato Fire
Kenneth Frey	County of Marin - Sheriff/Coroner
Ann Hovey	County of Marin - Health & Human Services
Sarah Mollison	County of Marin - District Attorney